



4finance Holding SA

Investor presentation for full year 2022 results

2 March 2023

Disclaimer

While all reasonable care has been taken to ensure that the facts stated herein are accurate and that the forecasts, opinions and expectations contained herein, are fair and reasonable, no representation or warranty, express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information, or opinions contained herein. Neither 4finance nor any of 4finance's advisors or representatives shall have any responsibility or liability whatsoever (for negligence or otherwise) for any loss howsoever arising from any use of this document or its contents or otherwise arising in connection with this document. The information set out herein may be subject to updating, completion, revision, verification and amendment and such information may change materially.

This presentation is based on the economic, regulatory, market and other conditions as in effect on the date hereof. It should be understood that subsequent developments may affect the information contained in this document, which neither 4finance nor its advisors are under an obligation to update, revise or affirm.

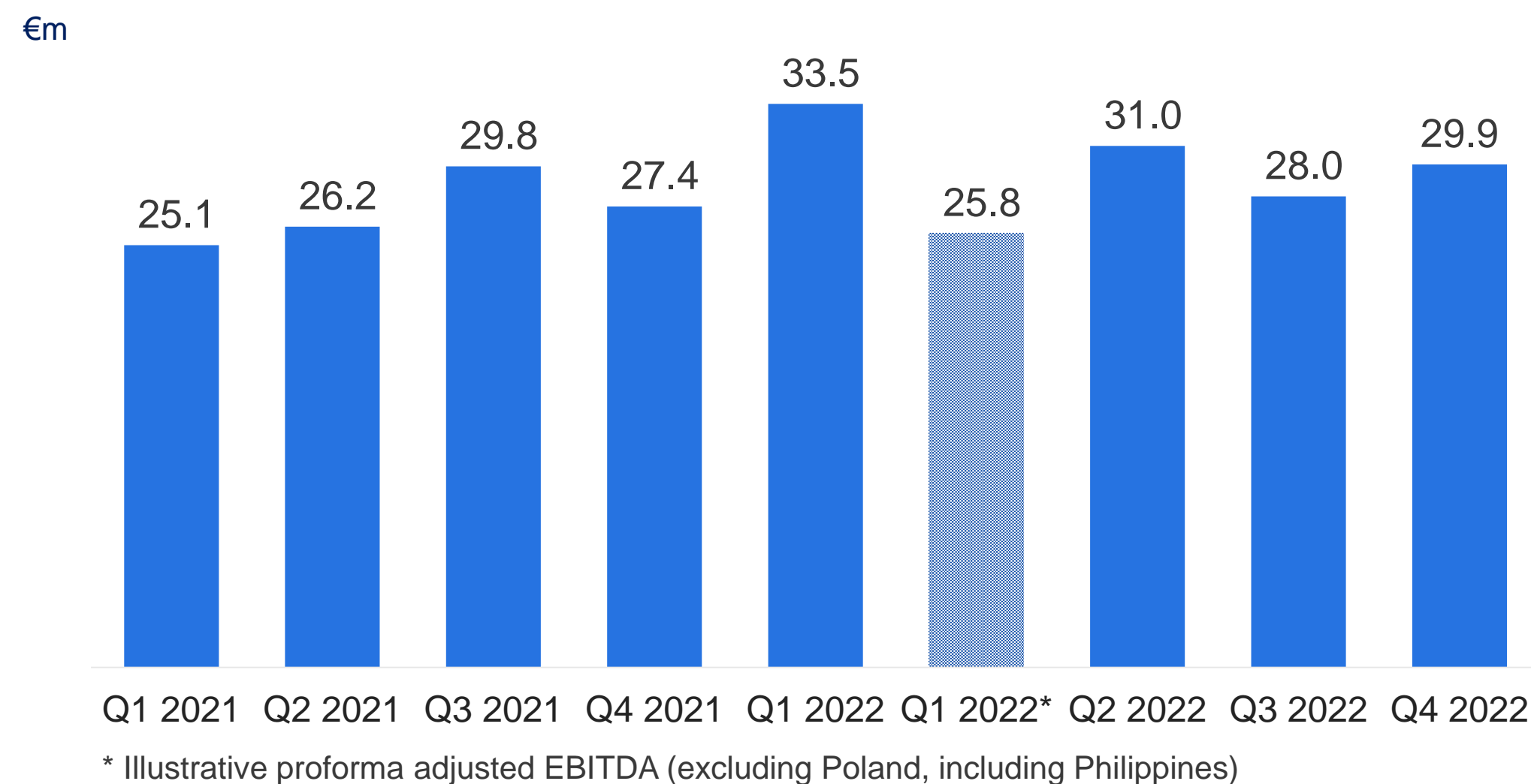
The distribution of this presentation in certain jurisdictions may be restricted by law. Persons into whose possession this presentation comes are required to inform themselves about and to observe any such restrictions.

The following information contains, or may be deemed to contain, "forward-looking statements". These statements relate to future events or our future financial performance, including, but not limited to, strategic plans, potential growth, planned operational changes, expected capital expenditures, future cash sources and requirements, liquidity and cost savings that involve known and unknown risks, uncertainties and other factors that may cause 4finance's or its businesses' actual results, levels of activity, performance or achievements to be materially different from those expressed or implied by any forward-looking statements. In some cases, such forward-looking statements can be identified by terminology such as "may," "will," "could," "would," "should," "expect," "plan," "anticipate," "intend," "believe," "estimate," "predict," "potential," or "continue," or the negative of those terms or other comparable terminology. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Future results may vary from the results expressed in, or implied by, the following forward-looking statements, possibly to a material degree. All forward-looking statements made in this presentation are based on information presently available to management and 4finance assumes no obligation to update any forward-looking statements.

Summary of full year 2022 results

- Strong FY 2022 performance with net profit up 32% to €41m
- Delivered €30m Adjusted EBITDA in Q4 and €122m for full year 2022 with robust EBITDA margin of 37%
- Overall gross income – including interest income and fees – up 10% in Q4 after being stable Q1-Q3
- Q4 online loan issuance sustained at strong Q3 levels bringing income and portfolio growth QoQ
- Cost/income ratio improved to 45% in Q4
- Growing business footprint at TBI Bank, with another quarter of record origination and portfolio size
- Broadly stable asset quality, with provisions reflecting portfolio growth over the last 6-9 months
- Balance sheet enhanced in Q4: related party loan reduced by €30m and €19m bonds repurchased

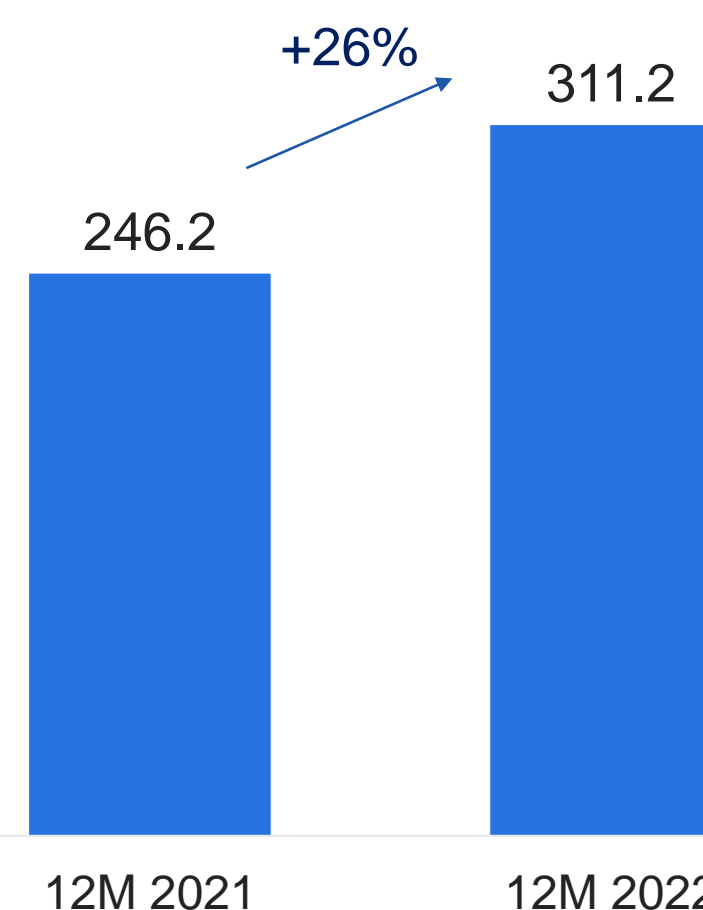
Adjusted EBITDA by quarter



Year-on-year comparison

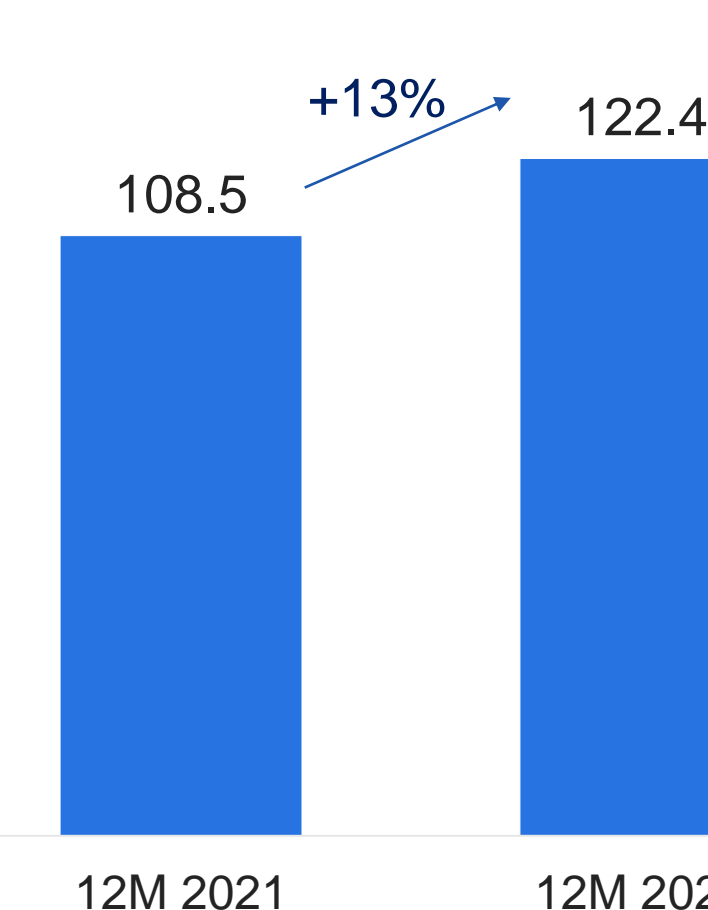
Interest Income

€m



Adjusted EBITDA

€m



TBI Bank continues profitable growth

- Continued issuance growth, up 35% YoY, driving revenue and profit increase
- Strong deposit growth in 2022 with proactive management of funding sources and cost
- Positive launch in Greece, with over 1,650 merchant partners and monthly lending volume now over €3.5m
- Increasing proportion of customers onboarded to market-leading banking App: up to 21% from 12% during 2022, with more self-service functions
- Direct-to-consumer neon card launched in January
- Further digitisation initiatives across the business, including onboarding and risk management
- Lithuanian near-prime loan purchases over €28m in 2022
- €10m dividend paid, with further dividend potential to be balanced with growth opportunities

tbi bank

Book value 31 Dec 2022

€180m +17% YoY*

Revenue FY 2022

€163m +31% YoY

Net profit FY 2022

€35m +28% YoY

Return on Equity FY 2022

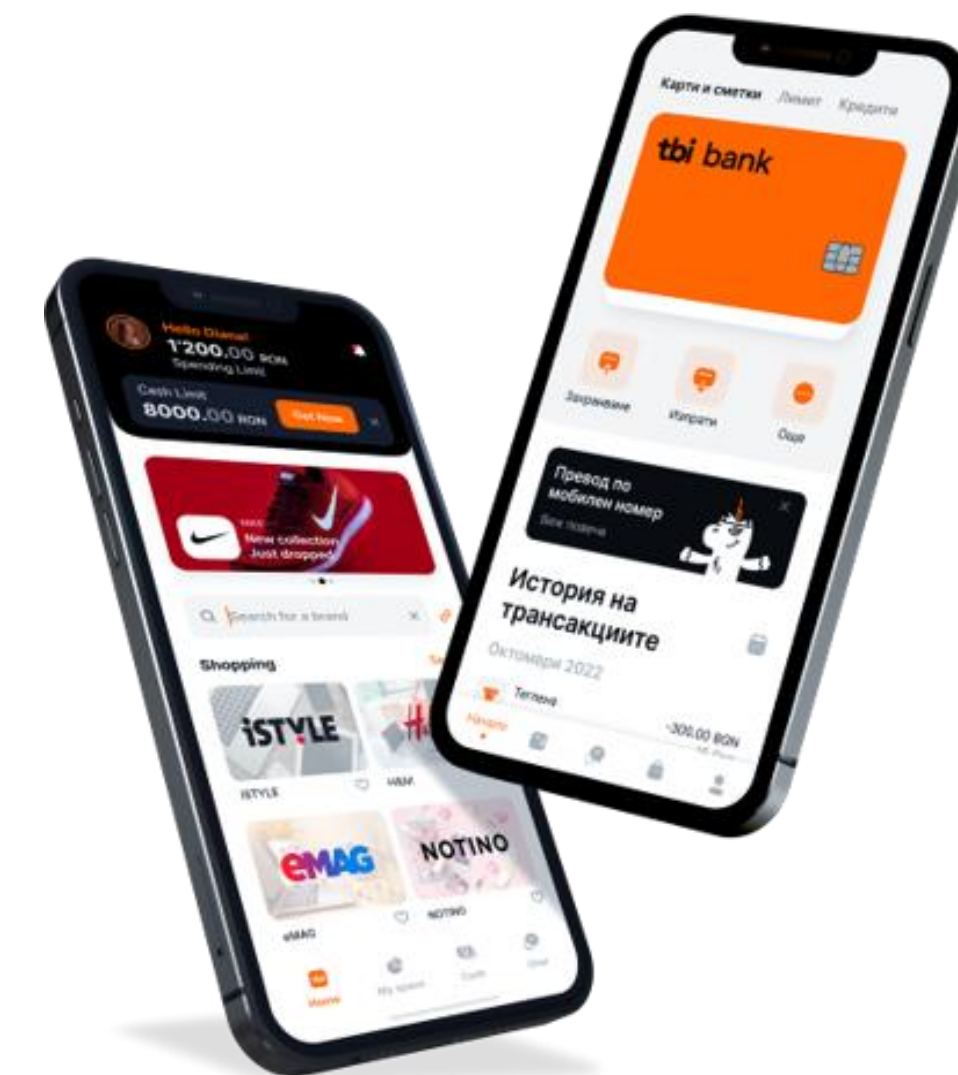
21% +2ppts YoY

6-year revenue CAGR

22%

Active customers

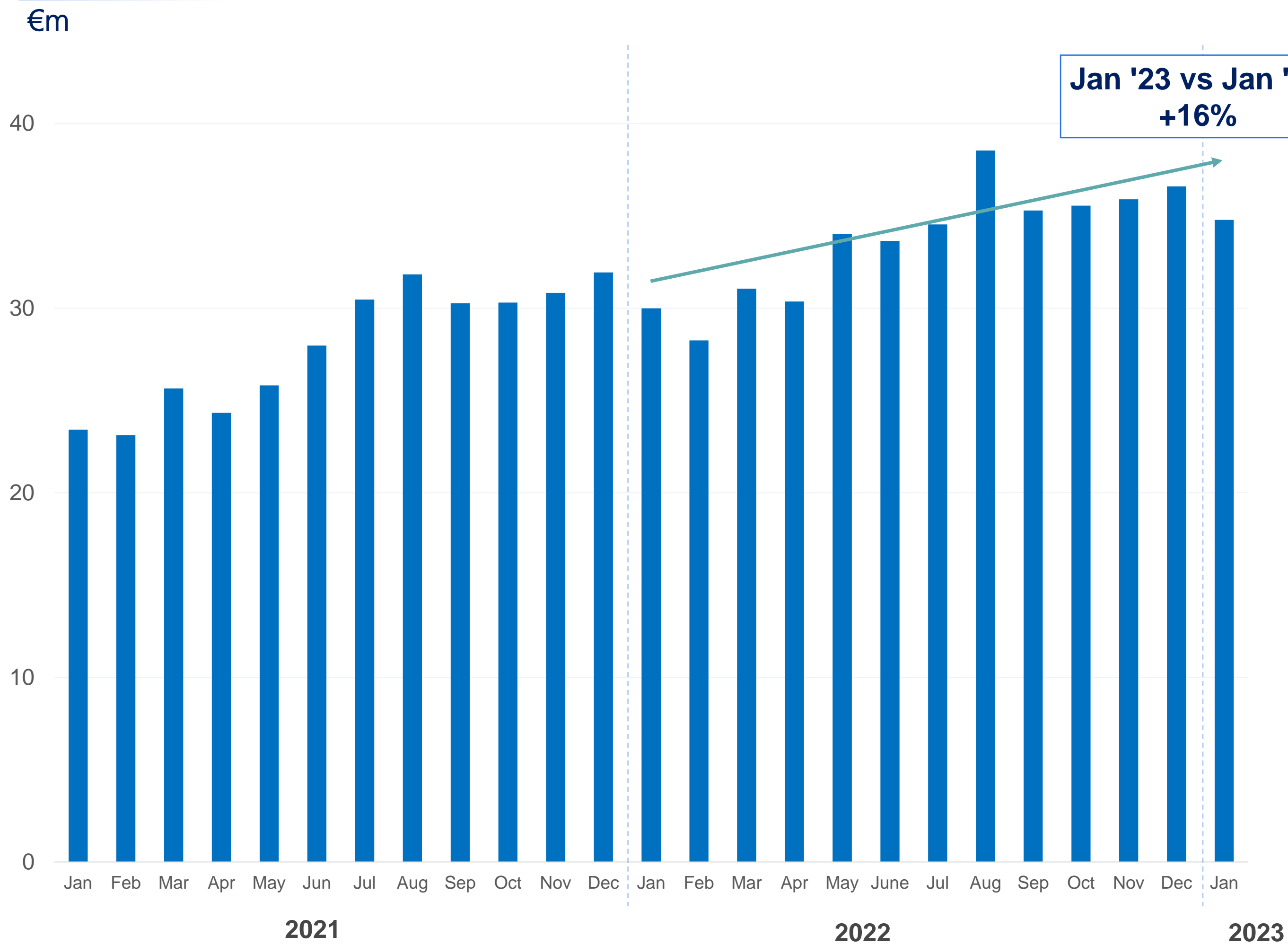
601k



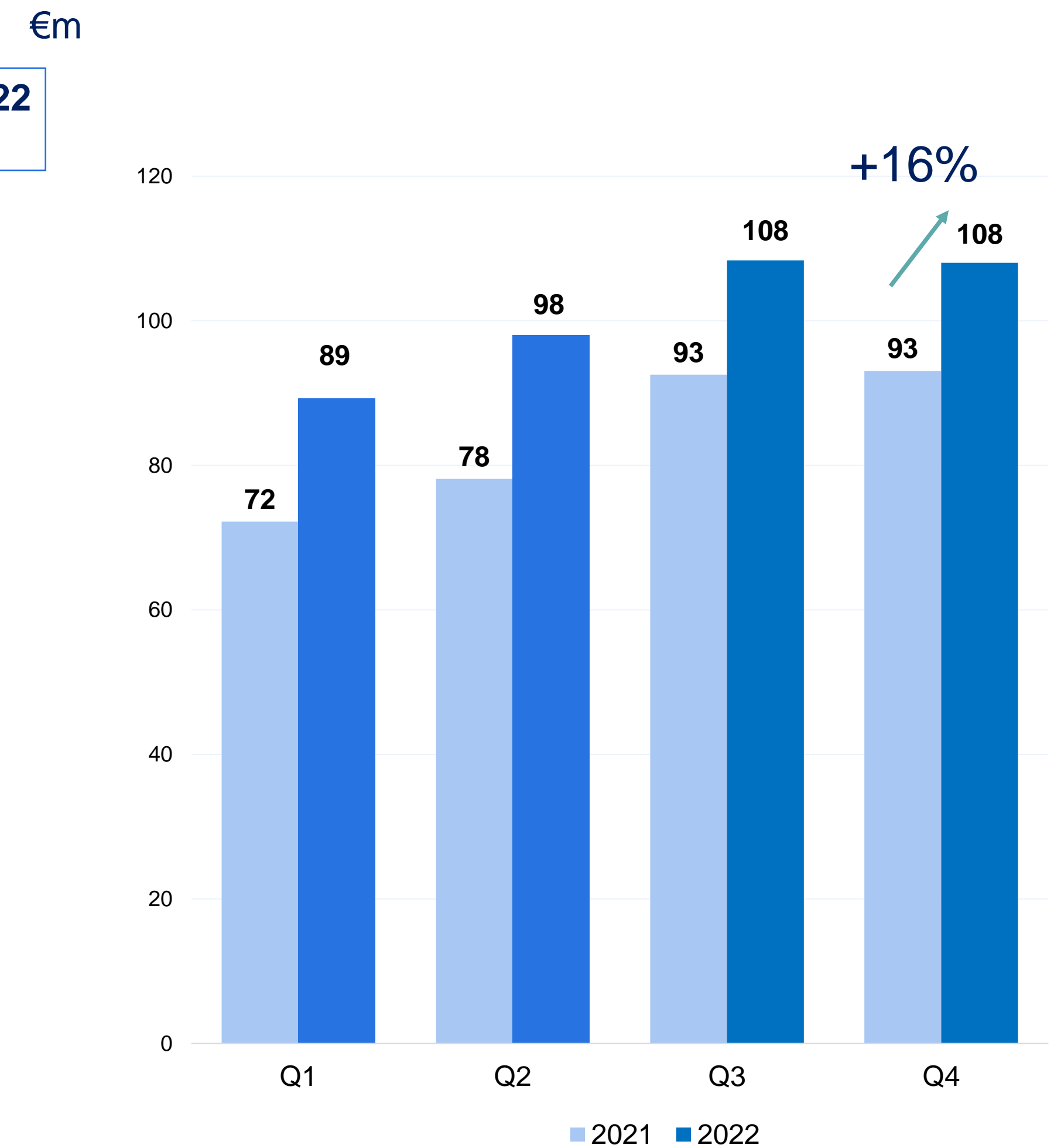
* Including €10m dividend paid in 2022

Growth in 'like for like' online loan issuance

Monthly loan issuance ⁽¹⁾



Quarterly loan issuance ⁽¹⁾



Note (1): Active online products as of 31 Dec 2022 (excluding Poland, TBI Bank and Philippines)

Philippines business is profitable and growing



Business Performance

- Issuance: €66m in 2021 and €105m in 2022
- Net loan portfolio: €9.4m as of 31 Dec 2022
- Net profit of €4.2m on total revenue of €29.5m for 2022 since acquisition, above budget



Products

- Single-payment loan up to PHP 20,000 (€342)
- Instalment loan up to PHP 30,000 (€514)
- 100% online, second brand launched in Q4



Funding

- Generating cashflow to support growth
- Exploring local PHP funding options



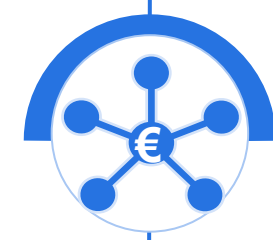
Regulation

- Both entities (one for each brand) registered as financing companies with the Philippines SEC
- Strong supervision of the sector in 2022 with interest rate caps in place since March and review of OLP's app in H2, now relaunched



Market

- Large market of 110m people
- Significantly underserved group of creditworthy people: great potential
- A stepping stone into South-East Asia



Market Position

- Top 3 market position for main brand

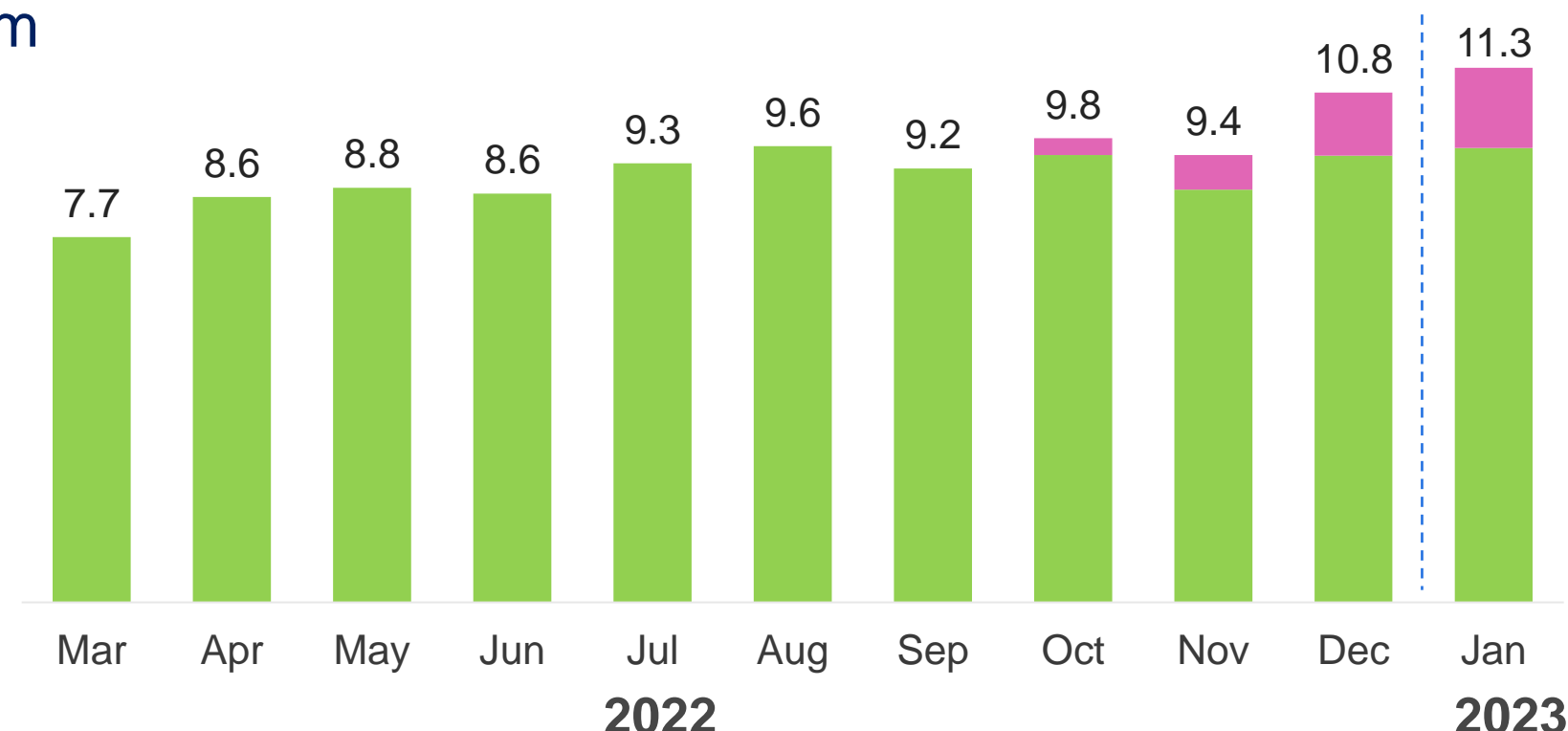


Earnout

- 100% of the business for €6.6 million, with €5.0m of funding to replace existing debt
- Earn-out payment of up to €8.0 million (at 4x P/E) payable subject to 2022 audited IFRS net profit

Monthly loan issuance

€m



Online Loans Pilipinas

Peso Redee



Summary income statement

In millions of €

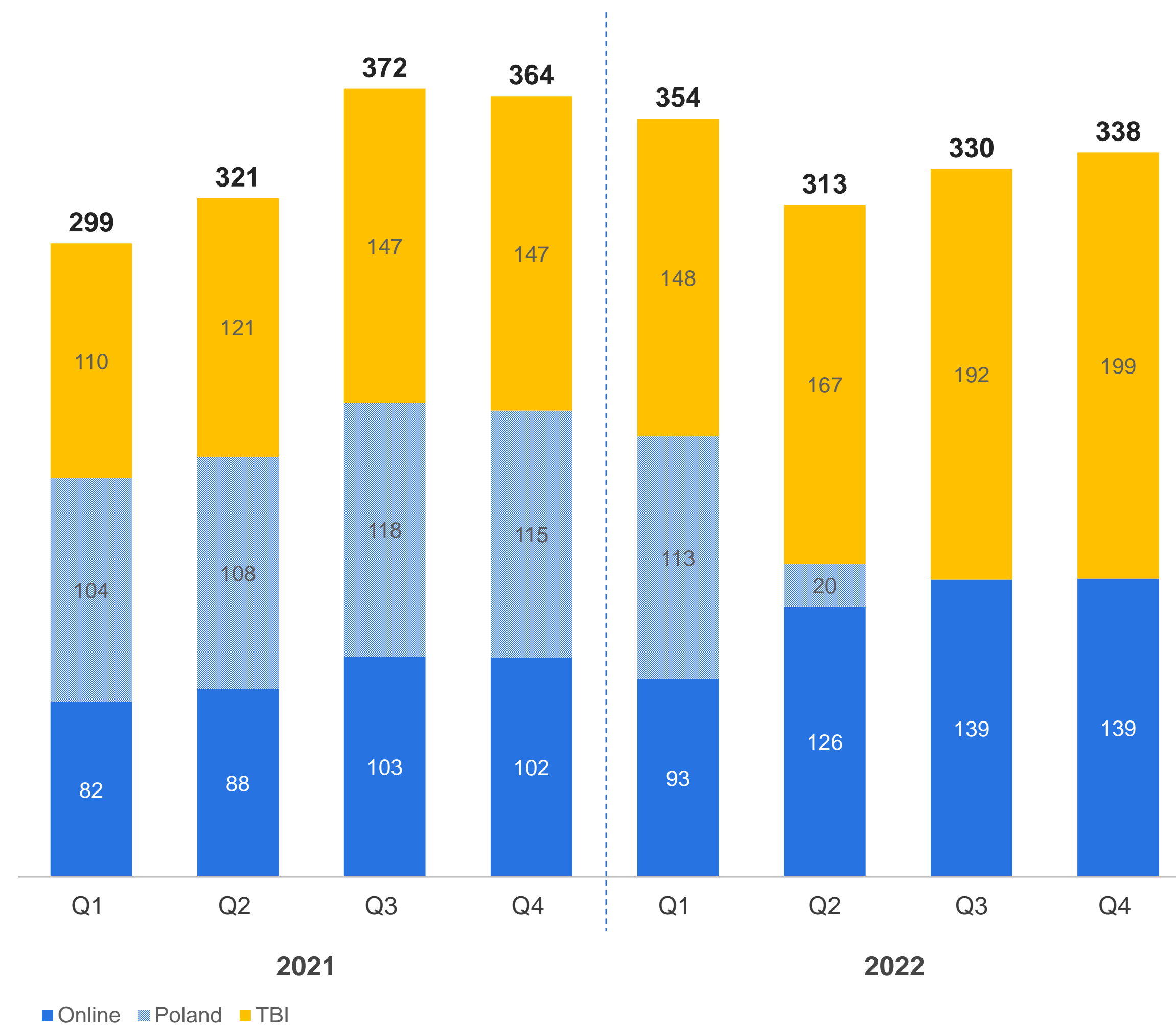
Apr 2022 - Dec 2022
(unaudited)

Net Interest Income	25.6
Non-Interest Income	3.9
Operating Income (Revenue)	29.5
Total operating costs	(8.3)
Net impairment charges	(15.3)
Post-provision operating profit	6.0
Profit for the period	4.2

Overall loan issuance and interest income

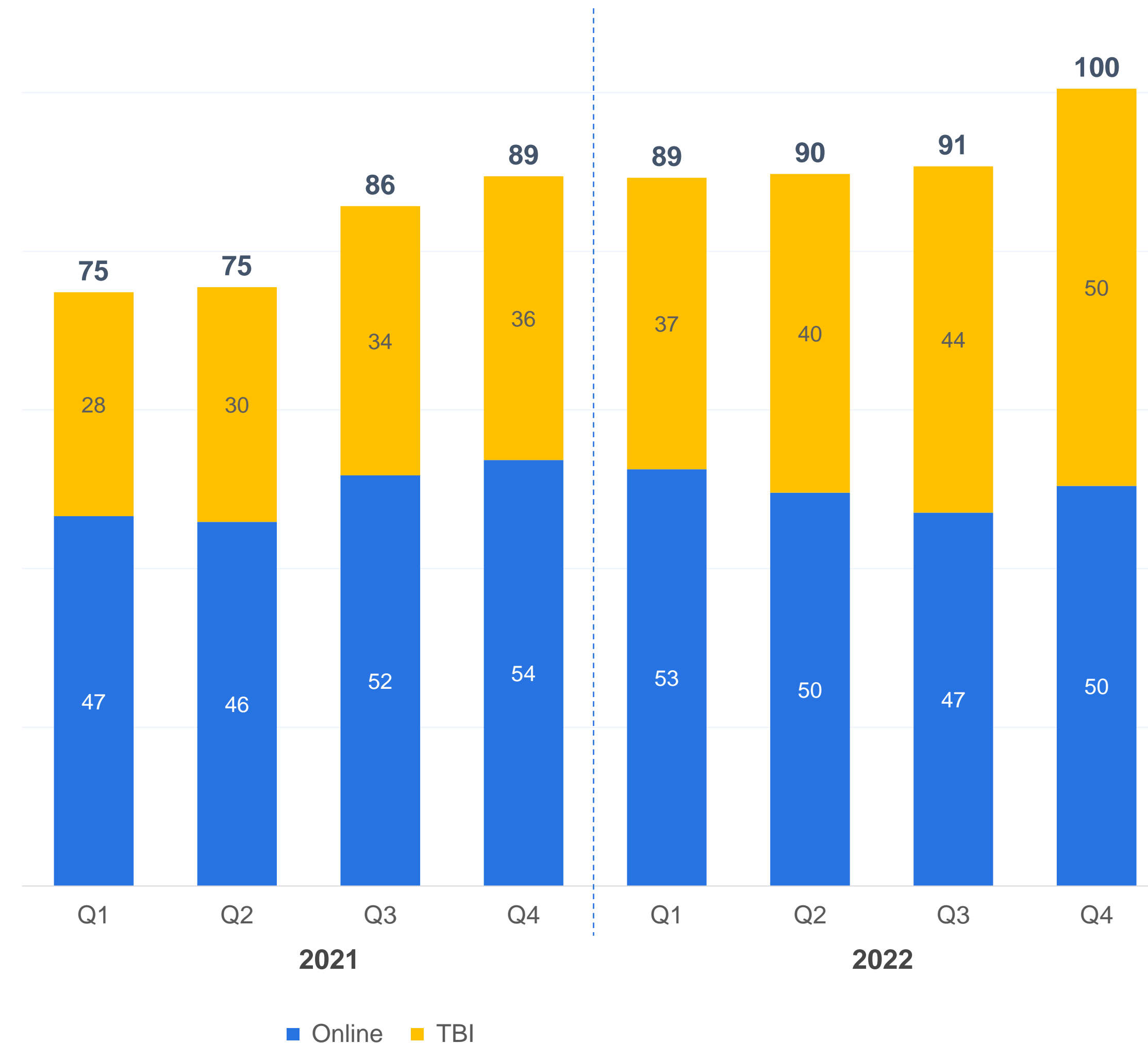
Quarterly loan issuance

€m



Quarterly gross income ⁽¹⁾

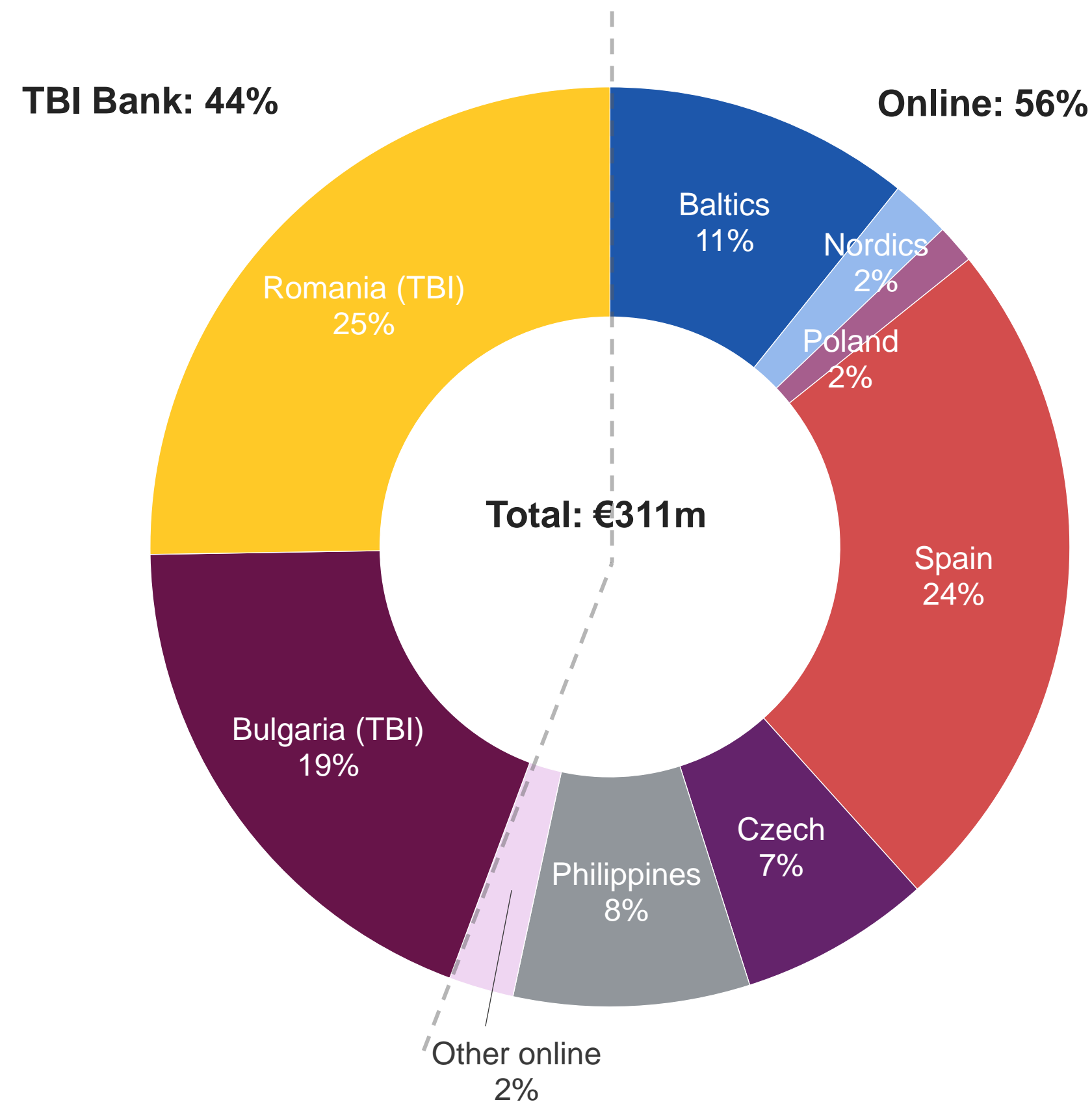
€m



Note (1): Gross income includes interest income, net fees & commissions and other operating income. No restatement has been made for Poland

Interest income remains diversified

FY 2022 interest income by country

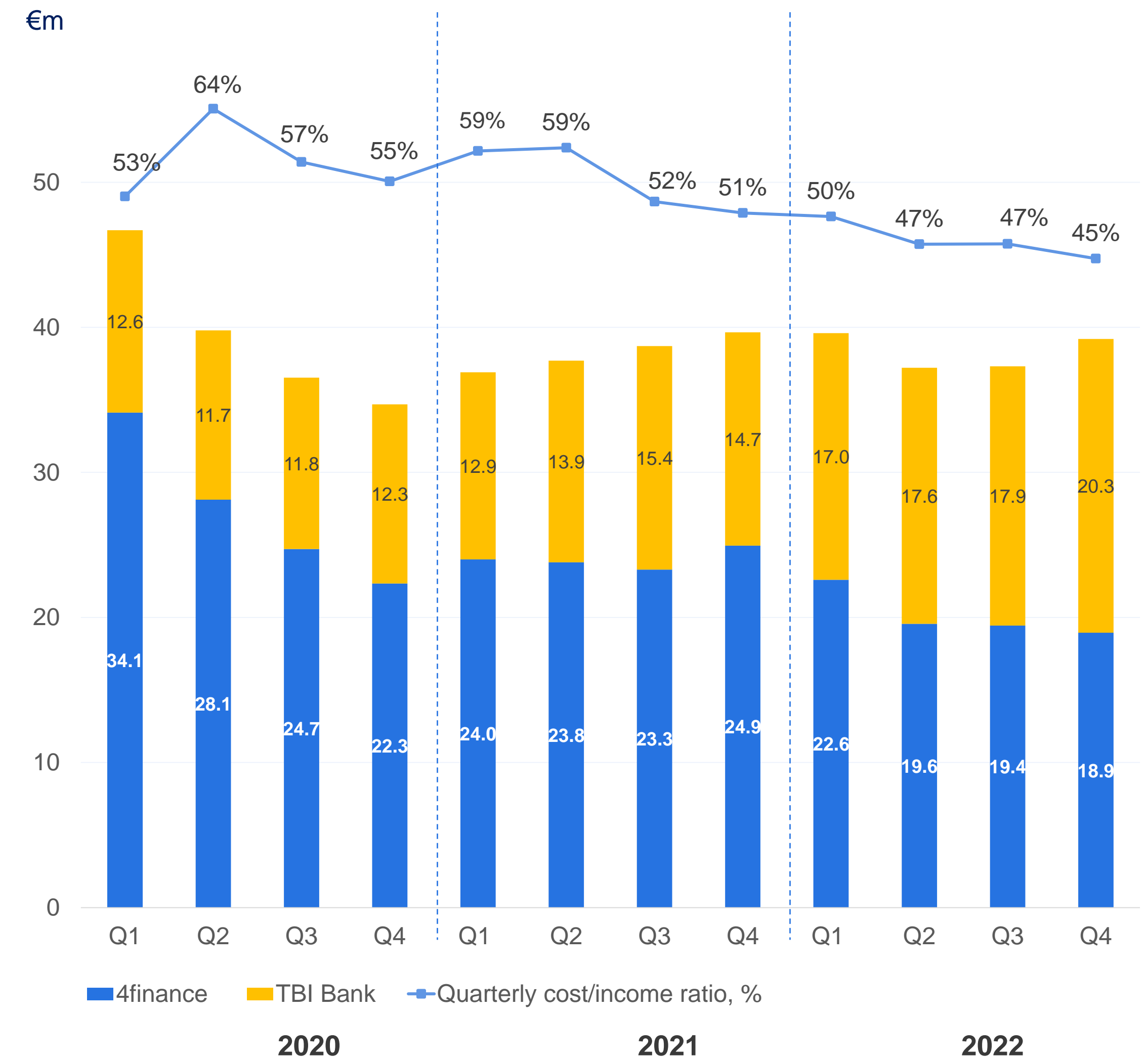


- Focus on 6 online markets plus TBI Bank
 - Baltics: Latvia & Lithuania
 - Sweden
 - Spain
 - Czech Republic
 - Philippines
- Clear regulatory framework in place in most markets
 - Contrast to position of 3+ years ago
 - Demonstrated ability to adapt and share best practice
- Disciplined approach to further growth opportunities
 - New segment/product pilots
 - Investing for growth at TBI Bank, including Greece
 - UK joint venture started lending in February 2023

Operating cost drivers

- Online business: Q4 quarterly operating costs slightly lower vs Q3 2022. Online costs for FY 2022 have decreased by €6m vs 2021 excluding impact of Poland & Philippines
- TBI Bank costs higher QoQ continuing to support growing business and investment in strategic initiatives
- Cost/income ratio improvement in Q4 helped by seasonally strong revenues
- Continued focus on operational efficiency given inflationary environment

Total operating costs (1)



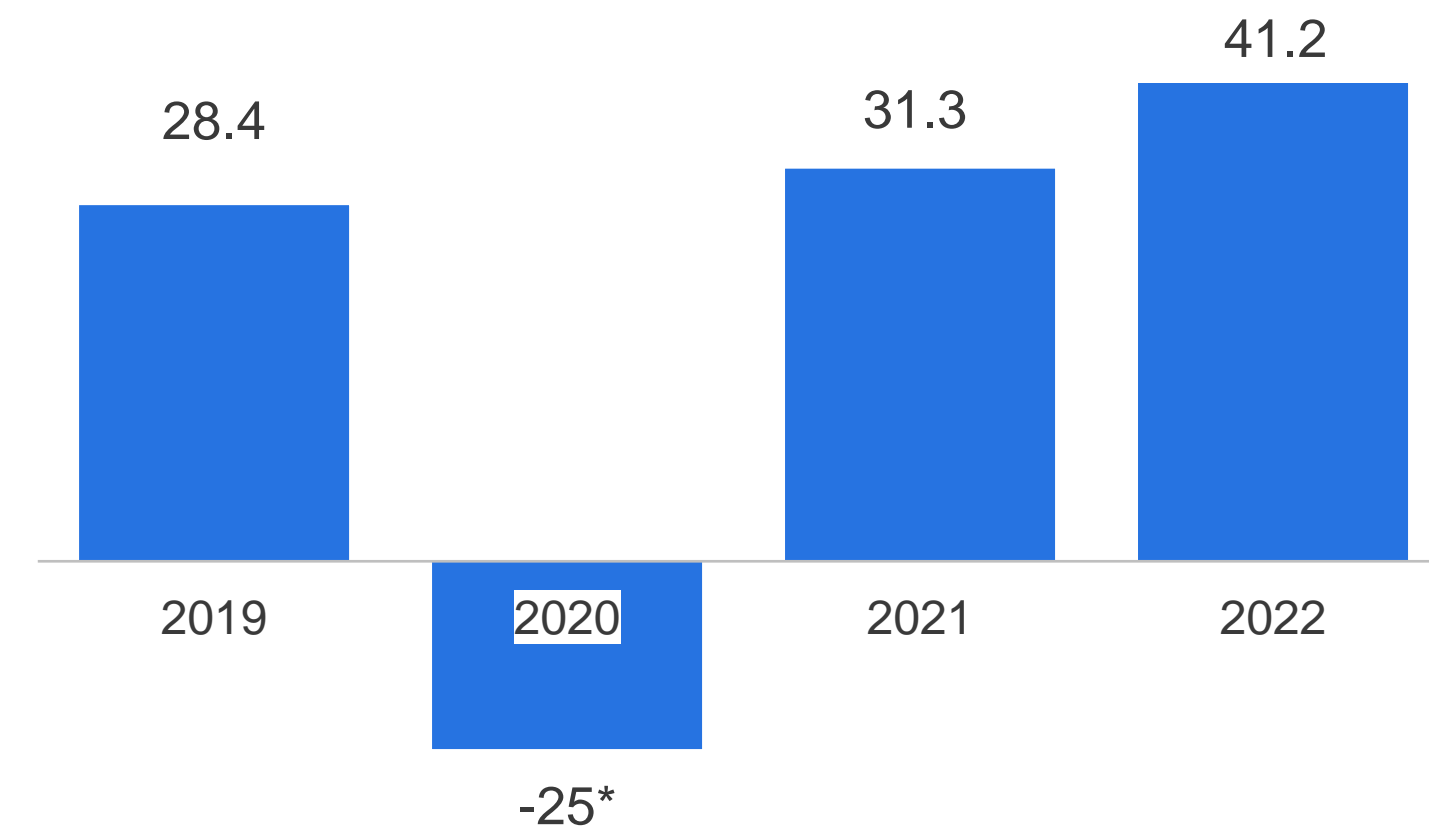
Note (1): Q4 costs for 2020 & 2021 have been adjusted to reflect respective year's audited figures and include Poland until point of sale

See appendix for definitions of key metrics and ratios

Resilient financial track record

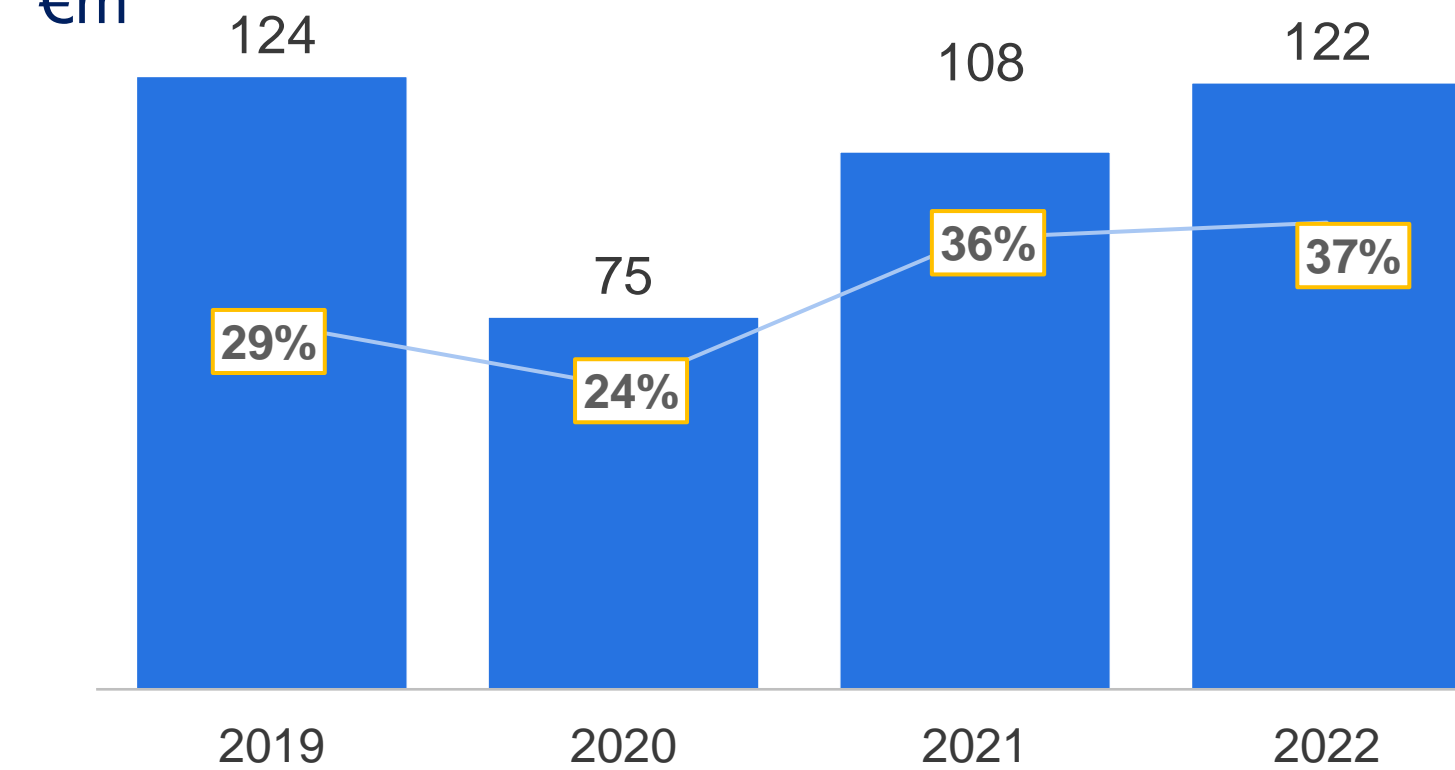
Profit after tax

€m



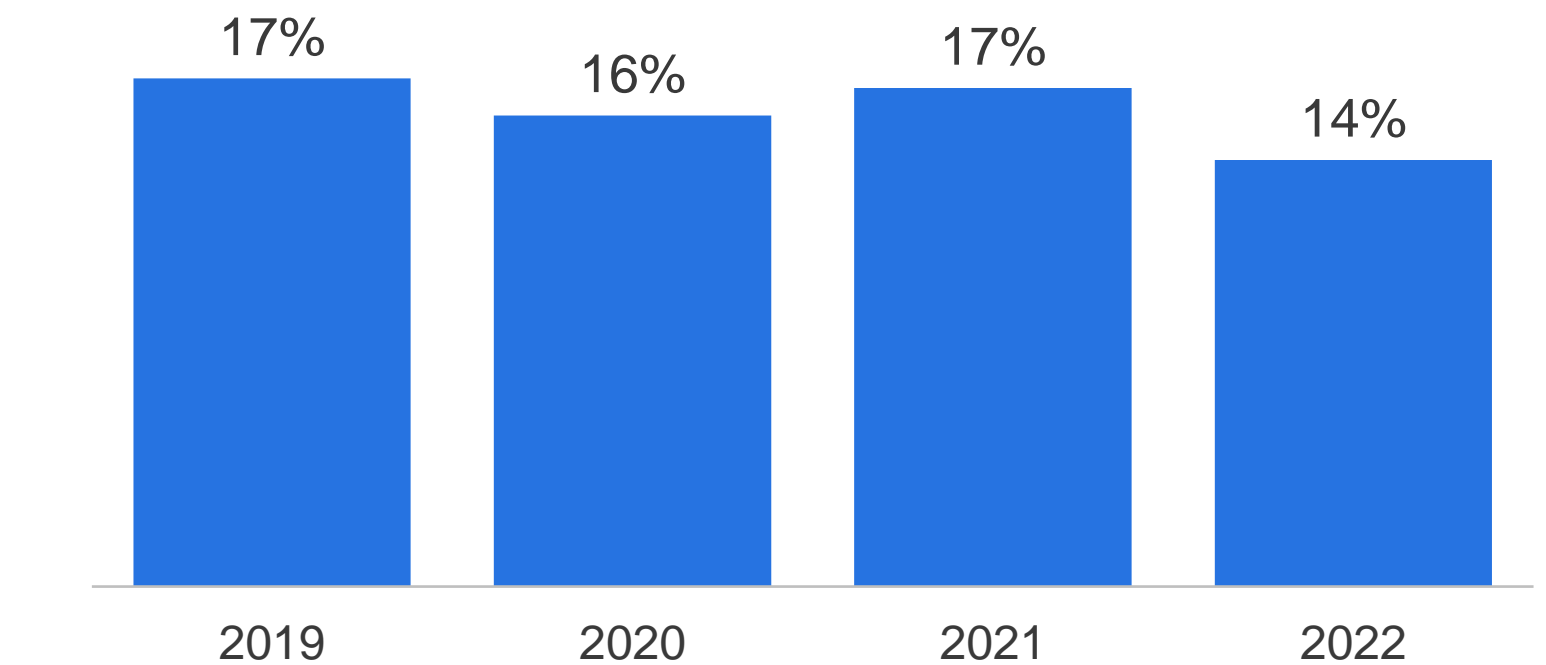
Adj. EBITDA / Adj. EBITDA margin (%)⁽¹⁾

€m



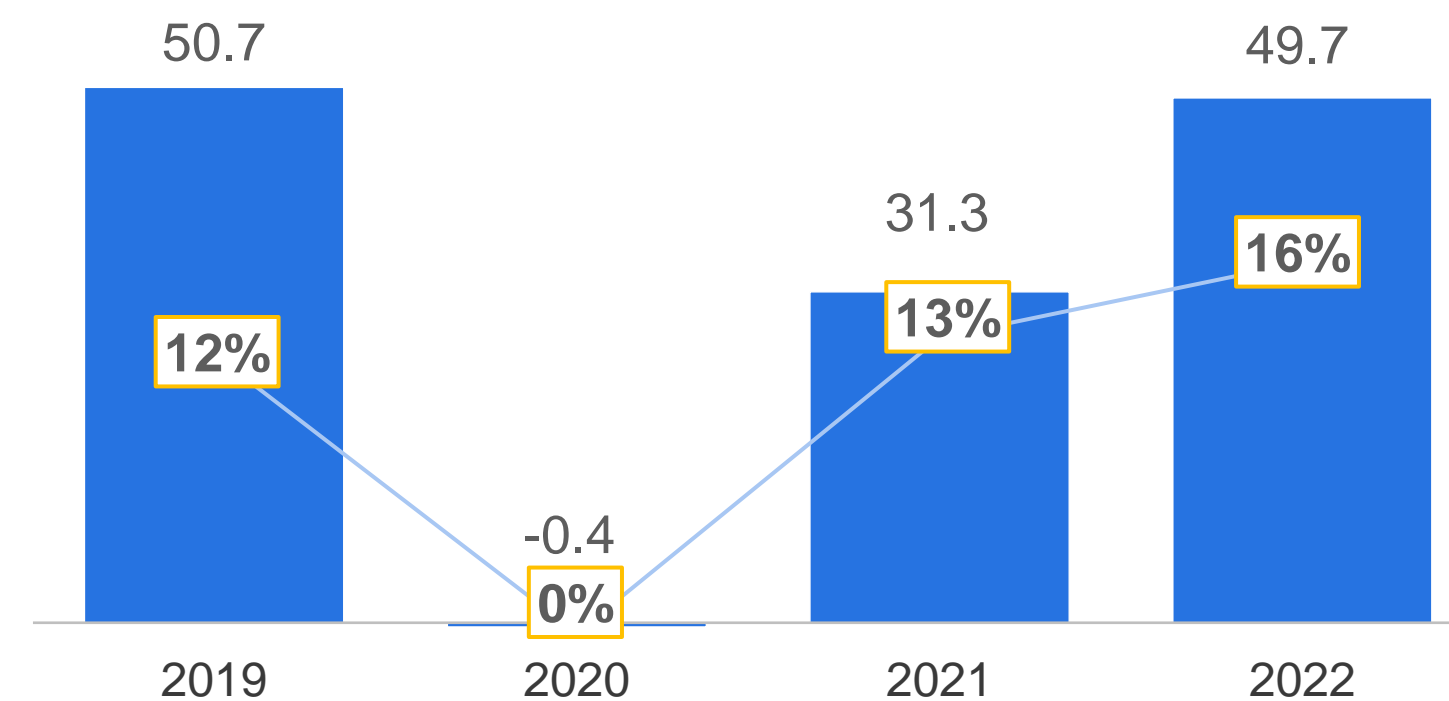
Equity to assets ratio

%



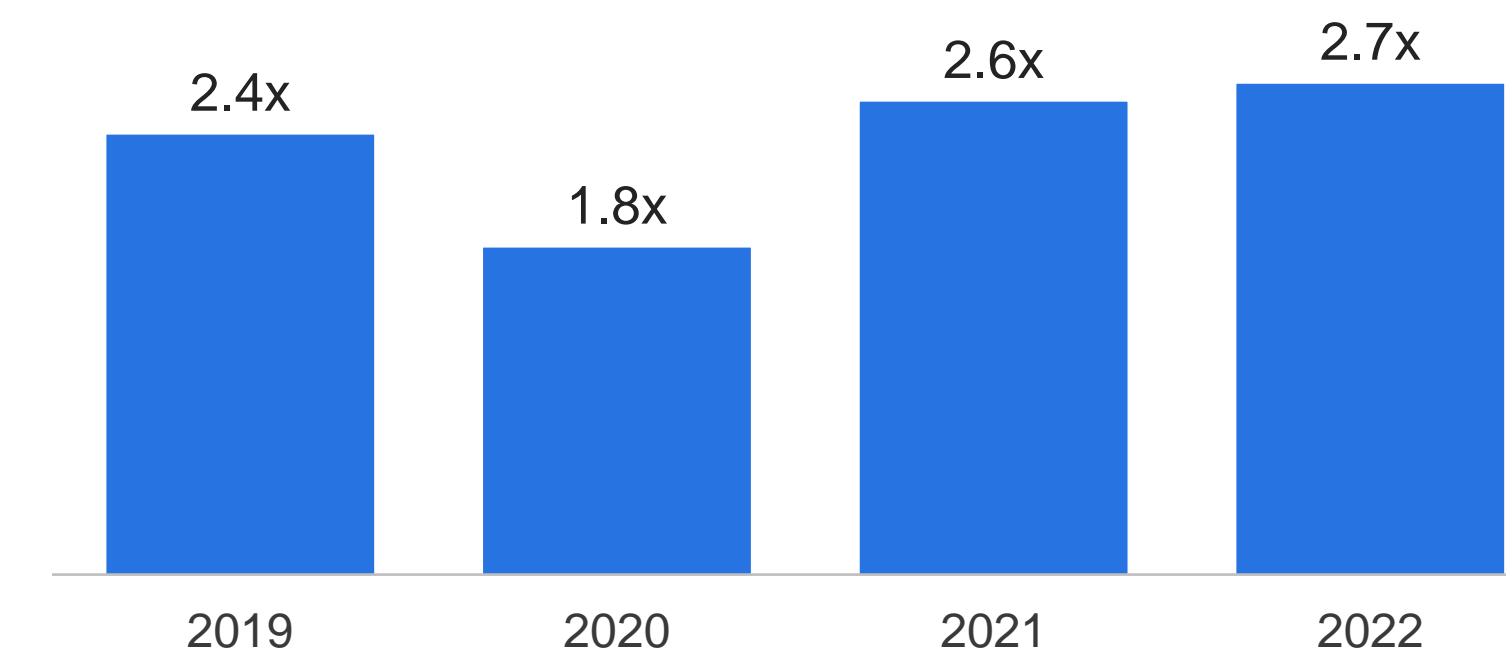
Profit before tax / PBT margin (%)

€m, %



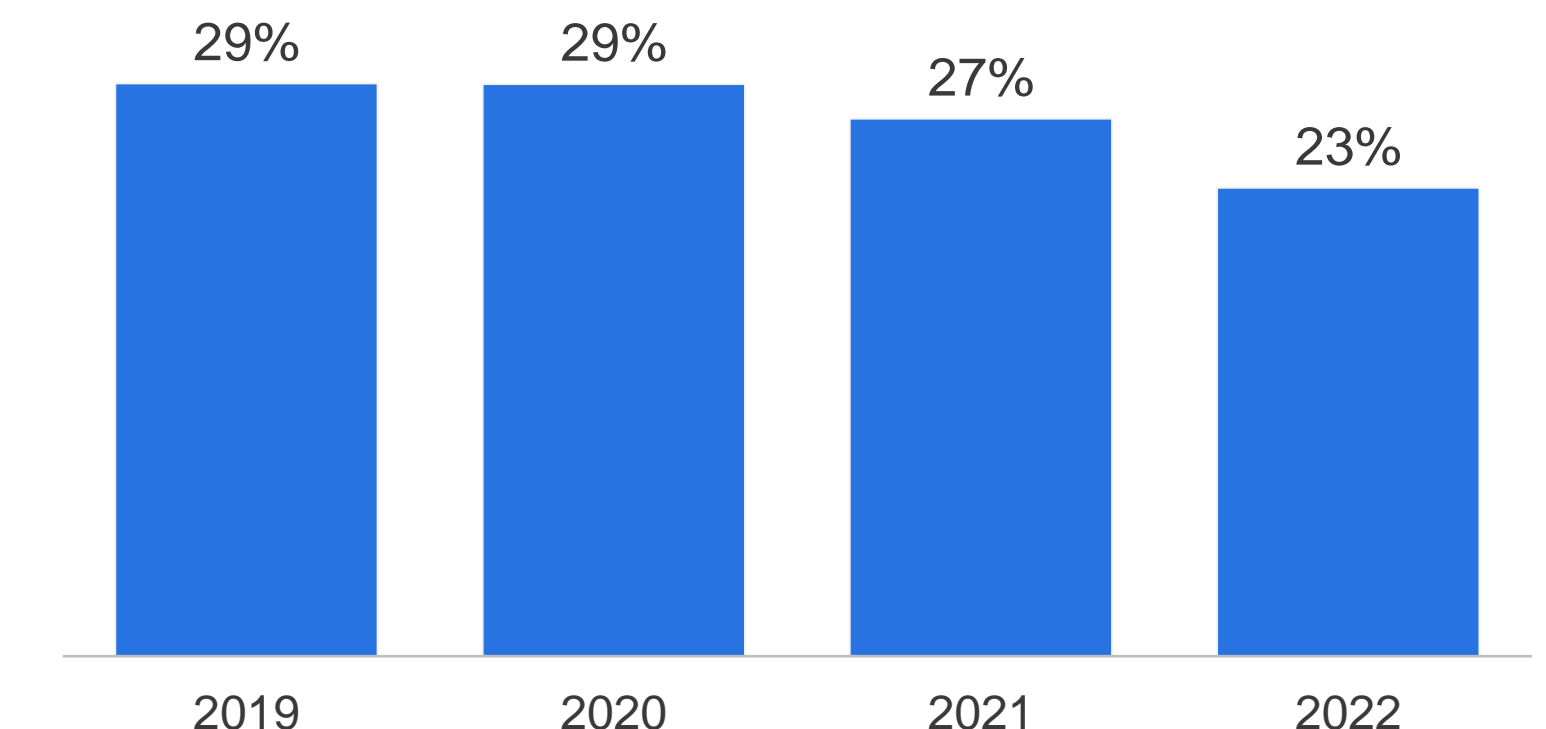
Covenant interest coverage ratio⁽²⁾

Times



Equity to net receivables ratio⁽³⁾

%



Notes:

(1): Poland not reflected as discontinued operations here

(2): The graph is shown based on covenant calculation of interest coverage ratio as described in results report, based on proforma last twelve-month figures, as at the date of publication of the respective period results

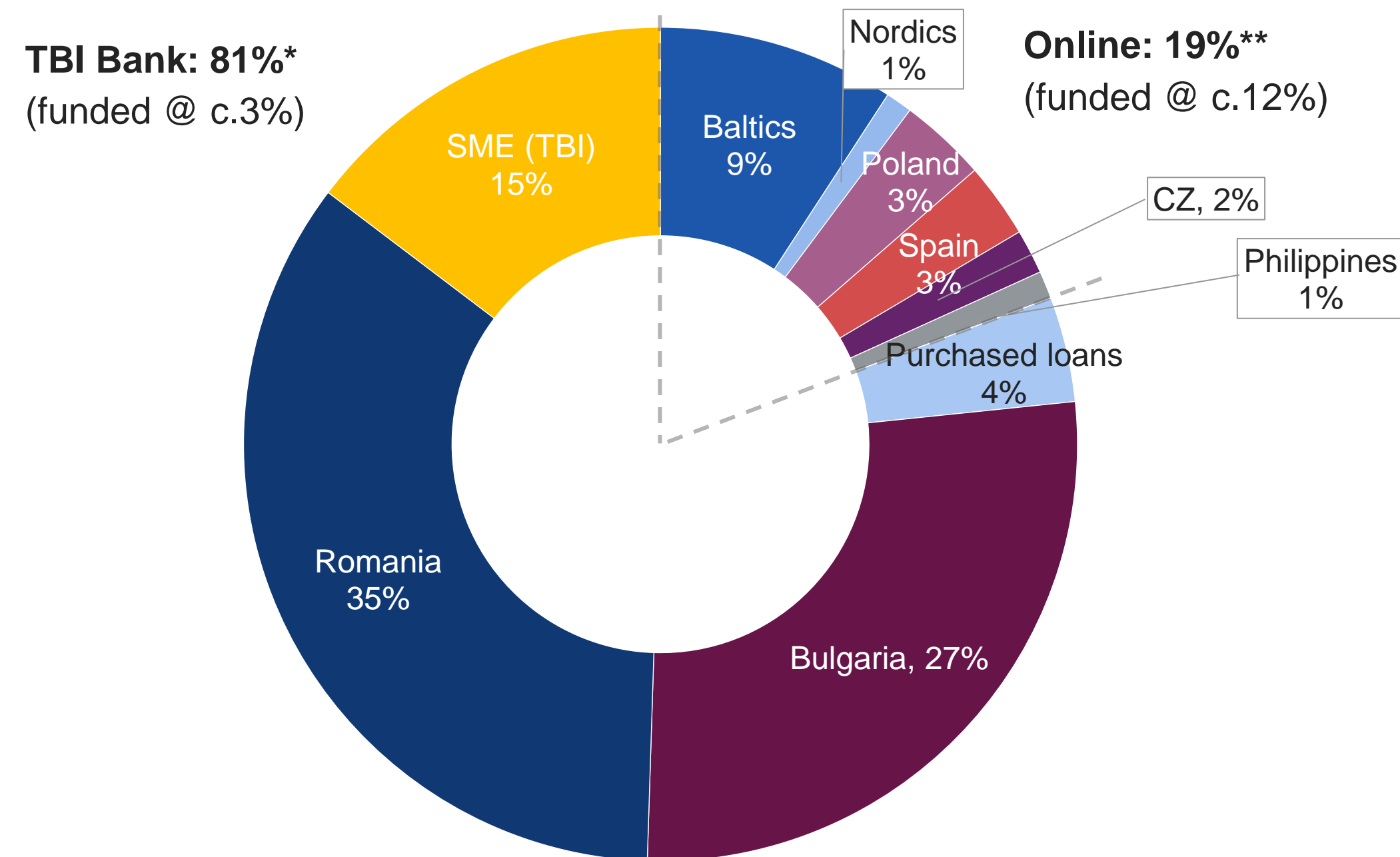
(3): The full covenant calculation of equity/net loans includes other loans and finance leases, and is currently 22%

* not to scale

Diversified and growing loan portfolio

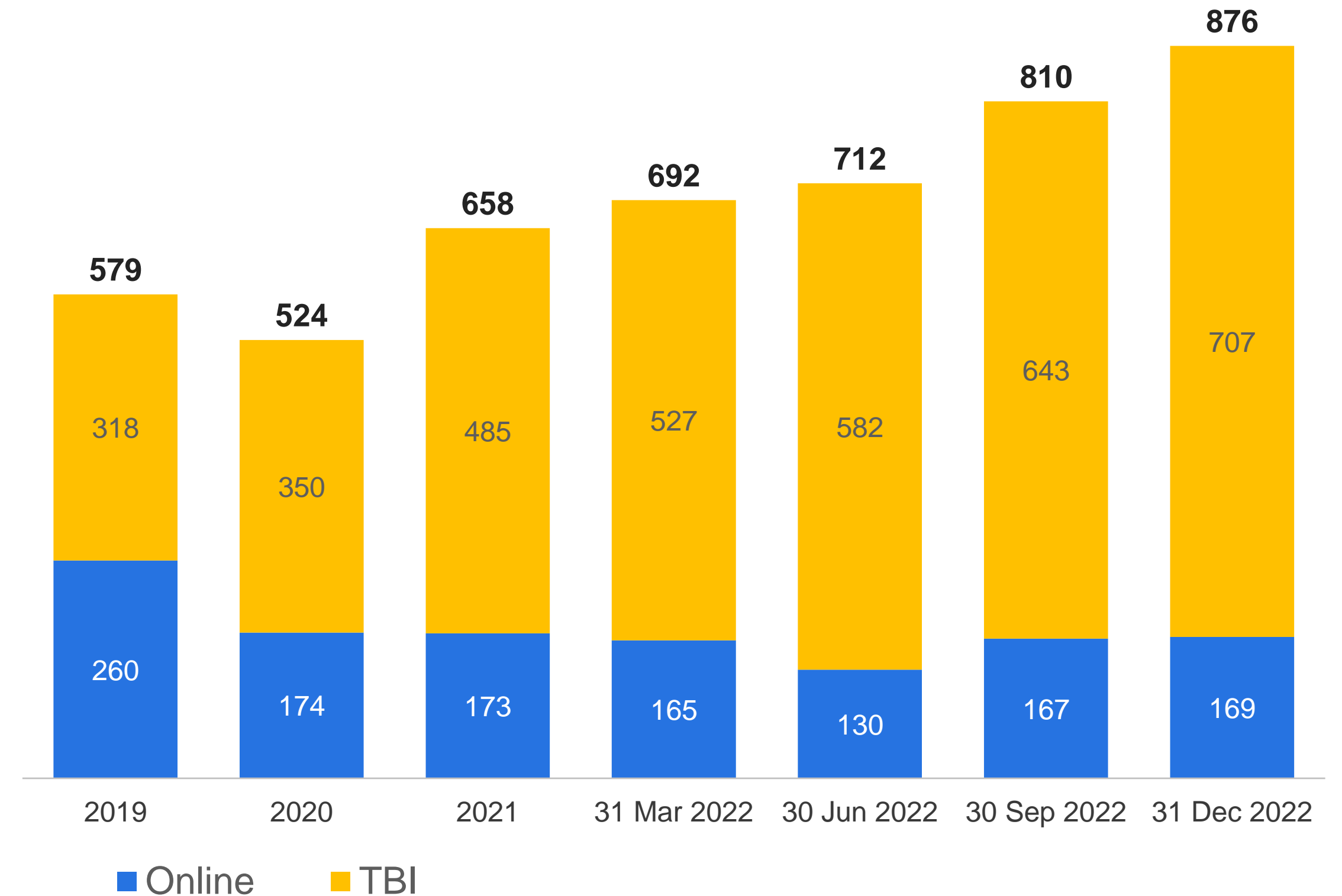
- Strong performance in loan issuance in Q4 supported net receivables growth in Online and TBI Bank portfolios
- Overall net receivables, including Poland loan, of €876m
 - 8% increase during Q4
 - 85% consumer loans
- NPL ratio improved to 8.8% in Dec '22 from 11.3% in Dec '21

Net receivables, 31 December 2022



Net receivables**

€m



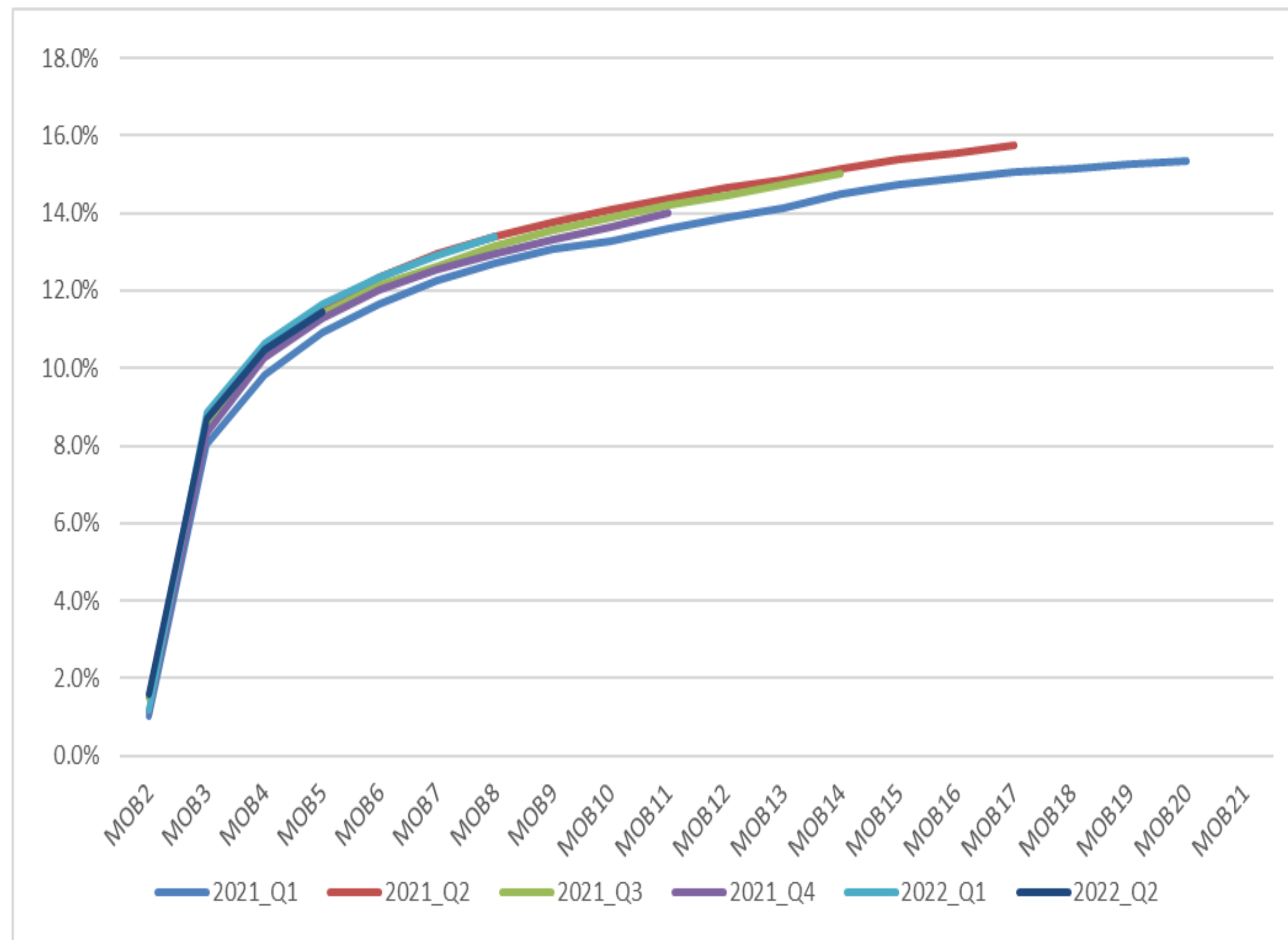
See appendix for definitions of key metrics and ratios

* Includes TBI bank, BG online and €36m of purchased Poland and Lithuania portfolios

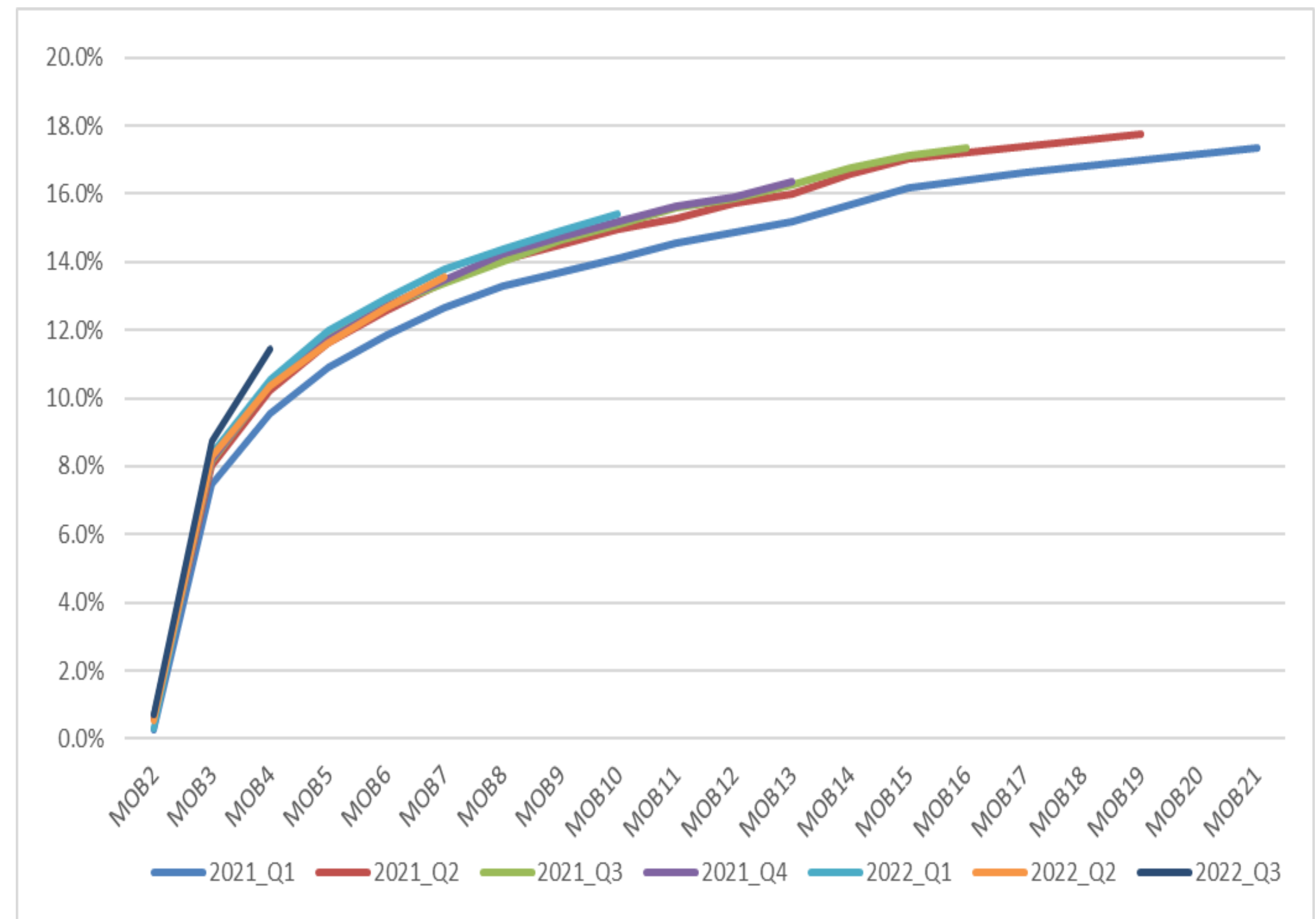
** Includes loan to Polish business

Online portfolio asset quality

Vintage 'ever' 90+ DPD ⁽¹⁾



Vintage 'ever' 30+ DPD ⁽¹⁾

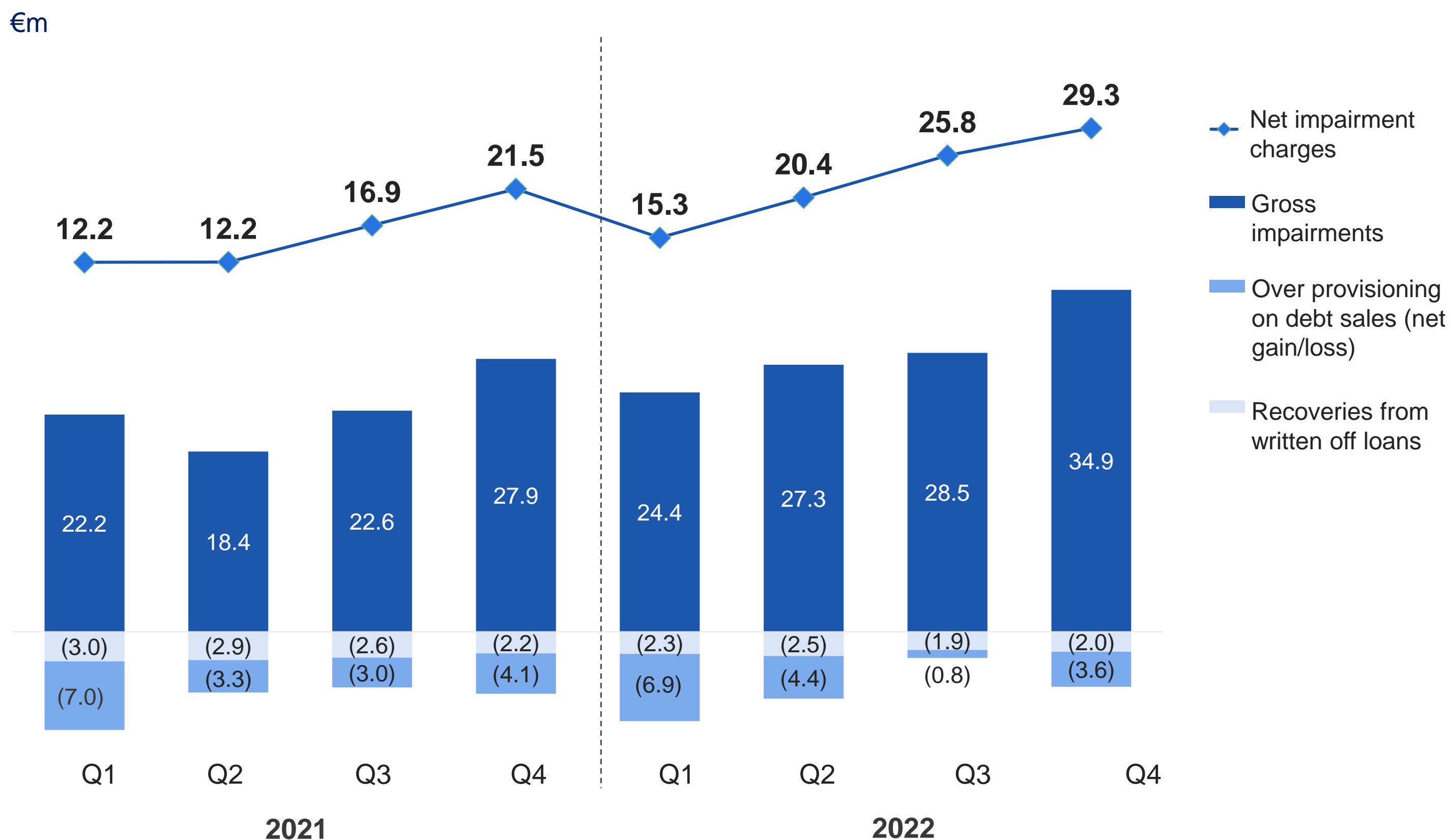


- Portfolio vintages demonstrate broadly stable asset quality
- Graph represents actual product portfolio belonging to the Group (Poland excluded, Philippines data from Q1 '21)
- Parameters vary between products and markets, so changing mix of portfolio impacts overall averages

Note (1): Represents current business footprint, ie including Philippines, excluding Poland. Vintages 'ever' = outstanding amount of principal at the moment of entering 90+ and 30+ DPD to total principal issued for all online loans in the analysed period. MOB = months on book

Analysis of net impairment charges

Net impairment charges by quarter



- Online net impairment charges:
 - Broadly stable asset quality within the countries, being closely monitored
 - FY 2022 net impairment in line with budget, adjusting for higher issuance levels
 - Q4 increase in gross impairment of €2m from increased issuance since spring 2022
 - Continuing active forward-flow debt sales while reviewing in-house collections opportunities
 - Cost of risk not a relevant metric for short-term loans
- TBI Bank net impairment charges
 - Cost of risk a more relevant measure for TBI Bank given nature of loan portfolio
 - Overall cost of risk for FY 2022 at 5.1% similar to 2021 at 5.5%
 - Contributed €4m to growth in gross impairment QoQ and majority of Q4 debt sale gains

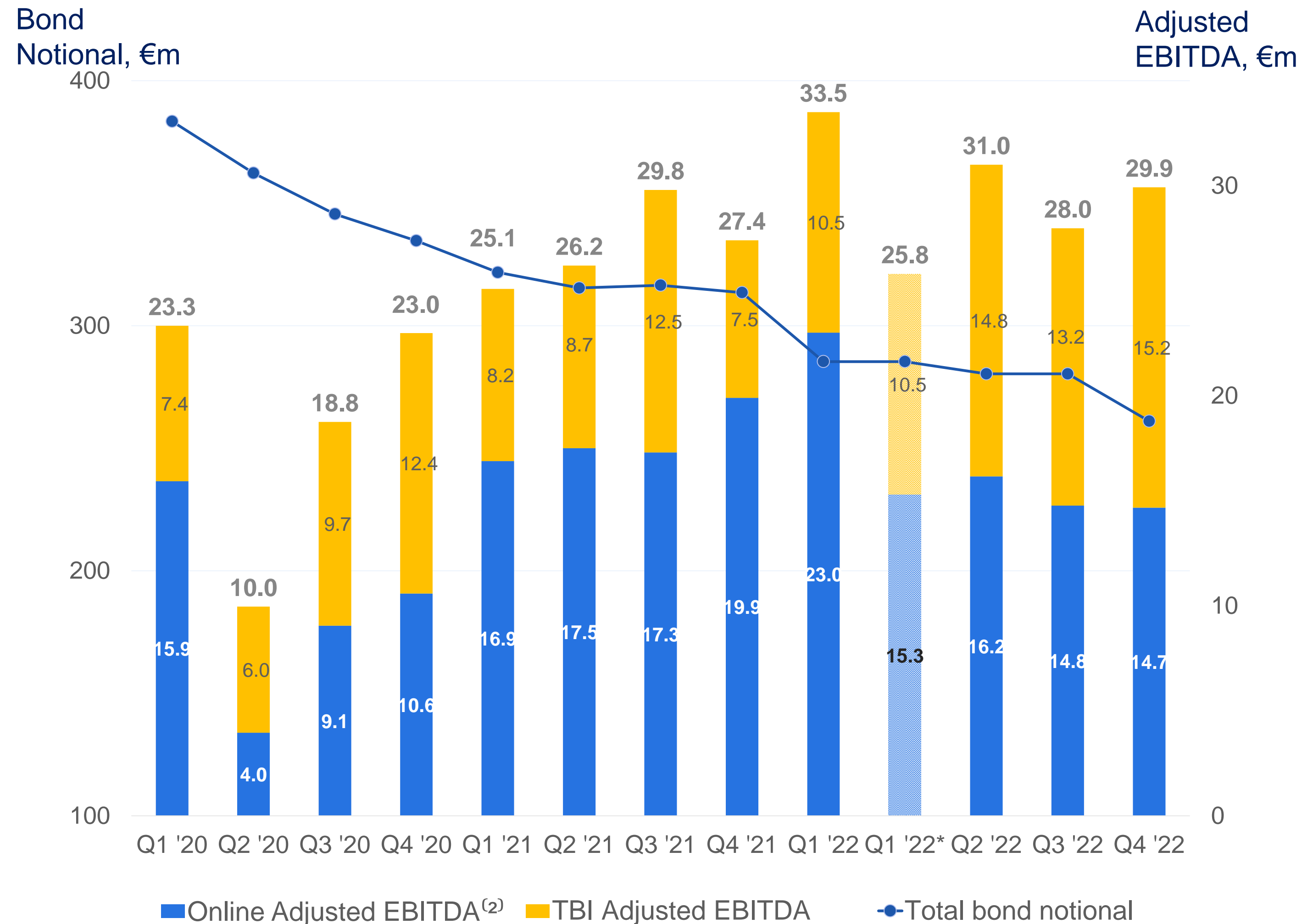
Annualised cost of risk ⁽¹⁾

	2020	2021	2022
TBI Bank	6.1%	5.5%	5.1%
Overall	14.2%	8.5%	11.1%

Note (1): Annualised net impairment charges / average gross receivables (average total gross receivables as of the start and end of each period)

Improvement in EBITDA and leverage metrics

Adjusted EBITDA vs bond notional outstanding⁽¹⁾



- Continued to deliver solid quarterly EBITDA
- Significant reduction in leverage and interest expense in recent years
- Current online business footprint is delivering EBITDA of c.2x bond interest
- €30m repayment of related party loan by 4finance Group in Q4 (€13m cash, €17m value of bonds)
- Overall credit metrics improved significantly from pre-Covid levels. In approximate run-rate terms:

	Early 2020	FY 2022
Net debt (€m)	~360	~250
Adj. EBITDA (€m)	~90	~115
Multiple	~4x	~2.2x

Notes: (1): Bond notional in issue minus bonds held in treasury

(2): Online EBITDA includes income from loan sales to TBI that is eliminated on consolidation

* Proforma adjusted EBITDA

Summary

- Strong overall 2022 performance, including Poland exit and Philippines acquisition
- Delivered 32% growth in profit after tax and Adjusted EBITDA 13% increase year-on-year alongside reduction in leverage
- Interest income increased 26% year-on-year and from continuing online products up 7% in Q4 vs Q3
- TBI Bank growing in all products and successful new initiatives: Greece launch, consumer app & orange card
- Balance sheet enhanced in Q4: 4finance Group loan reduced by €30m and further €19m bonds repurchased
- Strong credit metrics: diversified business, €115m Adjusted EBITDA from current footprint, strong asset coverage (€170m online portfolio, €180m TBI Bank book value)
- 4finance: 15-year track record of adapting to changes in the macro, regulatory and competitive environment... a resilient business!

A wide-angle, high-angle photograph of a city at night. In the foreground, there are several large, multi-story brick buildings with blue-tiled roofs, illuminated by warm yellow lights. A river flows through the middle of the city, with a large, illuminated bridge spanning across it. The bridge has a complex steel truss structure and is lit with blue and white lights. In the background, more city buildings are visible, including a tall, illuminated tower. The sky is dark with some clouds, and the overall atmosphere is vibrant and urban.

Thank you and Questions

Appendix – responsible lending and regulatory overview

Sustainability through good governance and responsible lending

Operating as a mainstream consumer finance business

- “Bank-like” policies and procedures with strong compliance function
- Continued investment in AML, GDPR, whistleblowing and other strategic compliance priorities
- Robust corporate governance
- 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 and sharing our ESG approach and credentials as we move towards formal corporate sustainability 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
- Actively engaged in the discussions surrounding revisions to the EU Consumer Credit Directive as it moves to completion under the Swedish presidency

Responsible lending: putting customers first

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

Regulatory overview

Country	% of interest income (12M 2022)*	Products ⁽¹⁾	Regulator	CB ⁽²⁾	License required ⁽³⁾	Interest rate cap ⁽¹⁾	Status
Bulgaria	19%	SPL (online), IL, LOC, POS, SME	Bulgarian National Bank	Yes	Yes	APR (inc. fees)	Draft Bill for Amendments in Contracts and Obligations Act, lowering default interest from 10% to 4% for individuals, which may reduce APR cap from 50% to 20%. Parliamentary process postponed
Czech Republic	7%	SPL, IL	Czech National Bank	Yes	Yes	-	Stable framework
Denmark	1%	IL	FSA and Consumer Ombudsman	Yes	Yes	APR & TCOC	Ceased offering and lending; managing current portfolio
Latvia	8%	MTP, IL	Consumer Rights Protection Centre	-	Yes	Nominal, fees & TCOC	Stable framework
Lithuania	3%	IL	Central Bank of Lithuania	Yes	Yes	Nominal, fees & TCOC	Stable framework
Philippines	8%	SPL, IL	Securities and Exchange Commission	-	Yes	Nominal, fees, penalties & TCOC	Cost caps introduced in March 2022
Romania	25%	IL, LOC, POS, SME	National Bank of Romania	Yes	Yes	-	Stable framework
Spain	24%	SPL, IL	N/A	-	-	-	Stable framework
Sweden	1%	MTP	Swedish Financial Supervisory Authority	Yes	Yes	Nominal & TCOC	Stable framework

Notes:

(1) APR – Annual Percentage Rate; IL – Instalment loans; LOC – Line of Credit / Credit Cards; MTP – Minimum to pay; POS – Point of Sale; SPL – Single Payment Loans; SME – Business Banking; TCOC – Total Cost of Credit

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

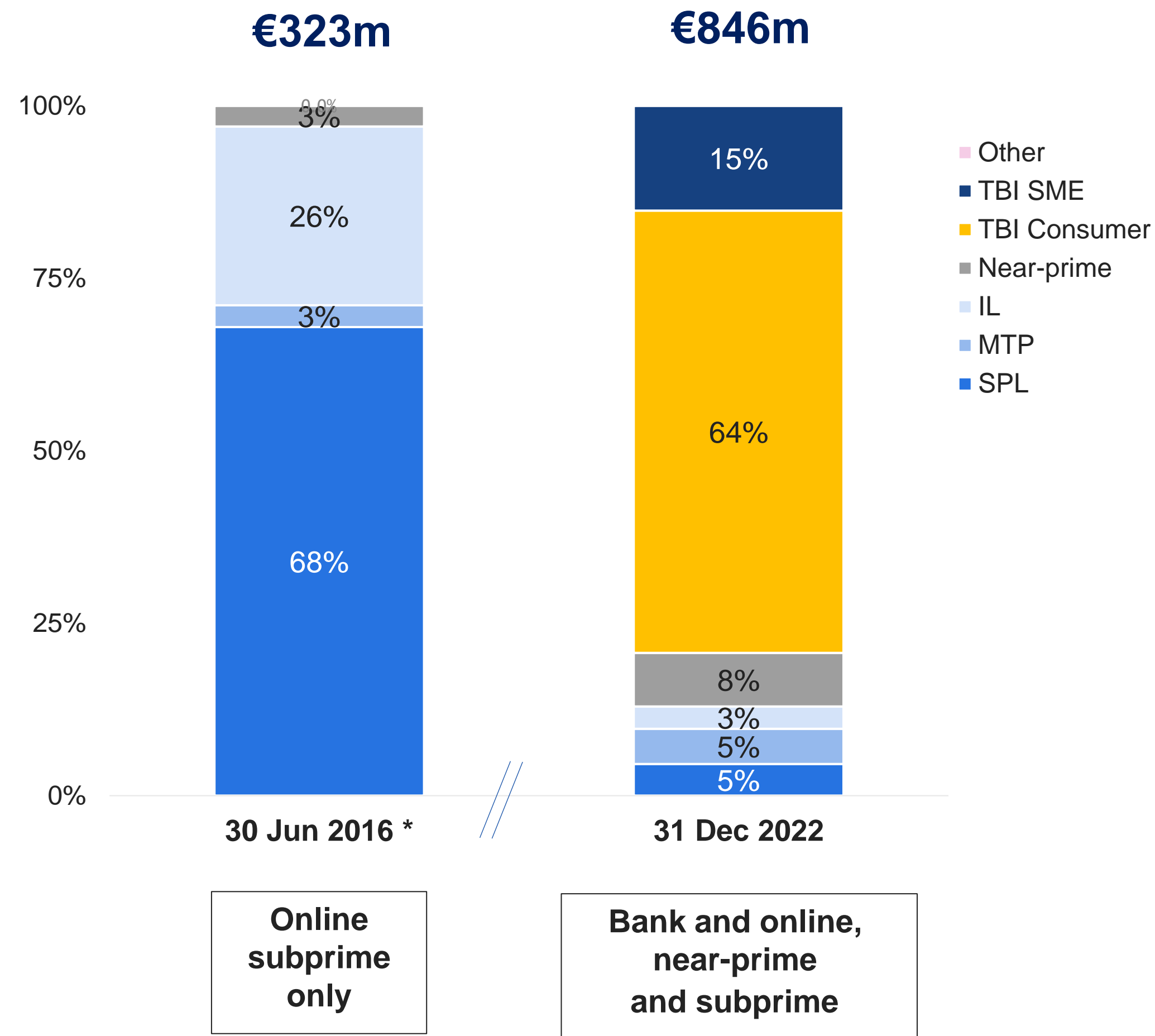
(3) Indicates license or specific registration requirement

* Additional 4% of interest income comes from other corporate loans

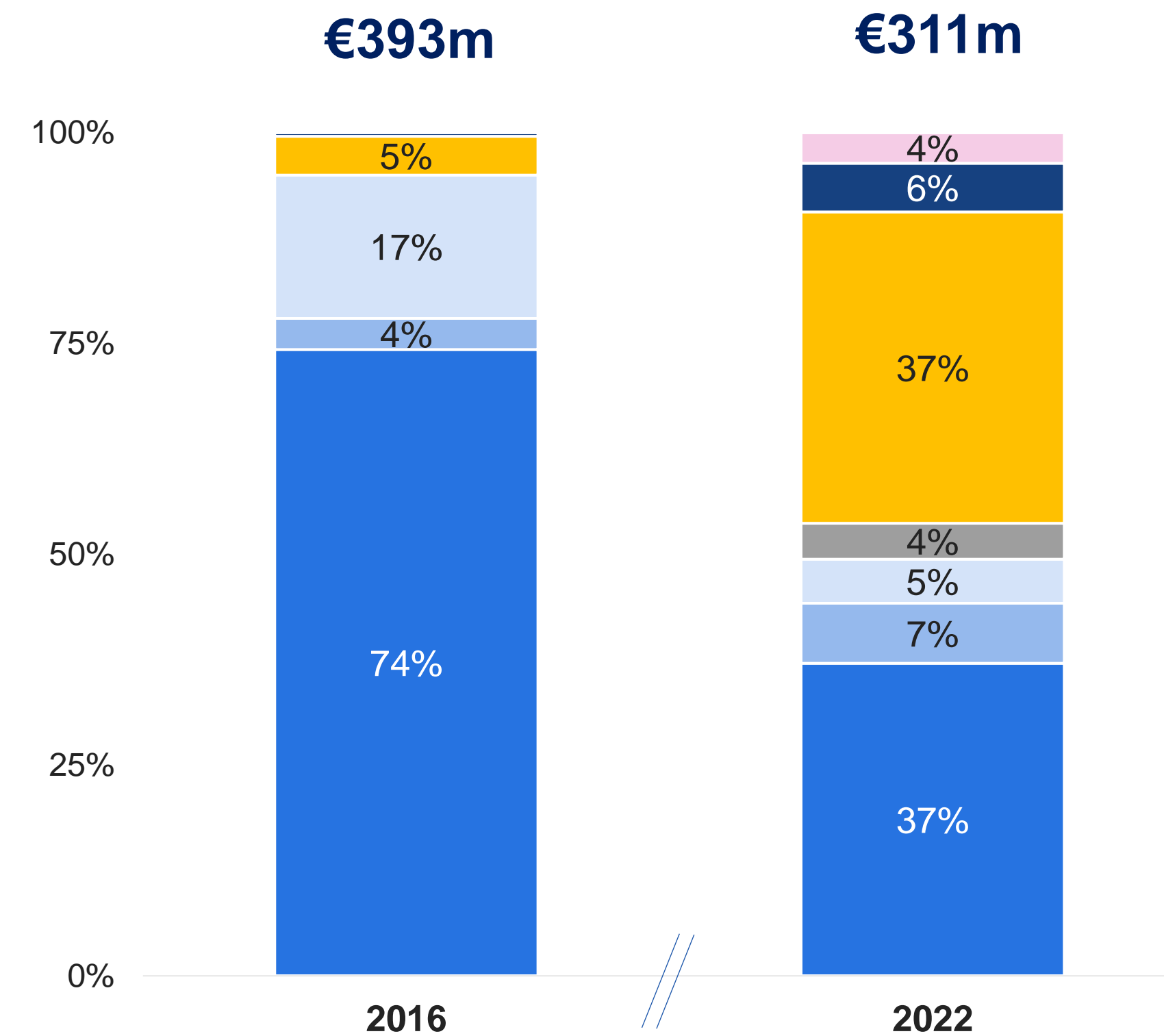
Appendix – strategic evolution of portfolio and funding

Evolution of product mix

Net receivables by product



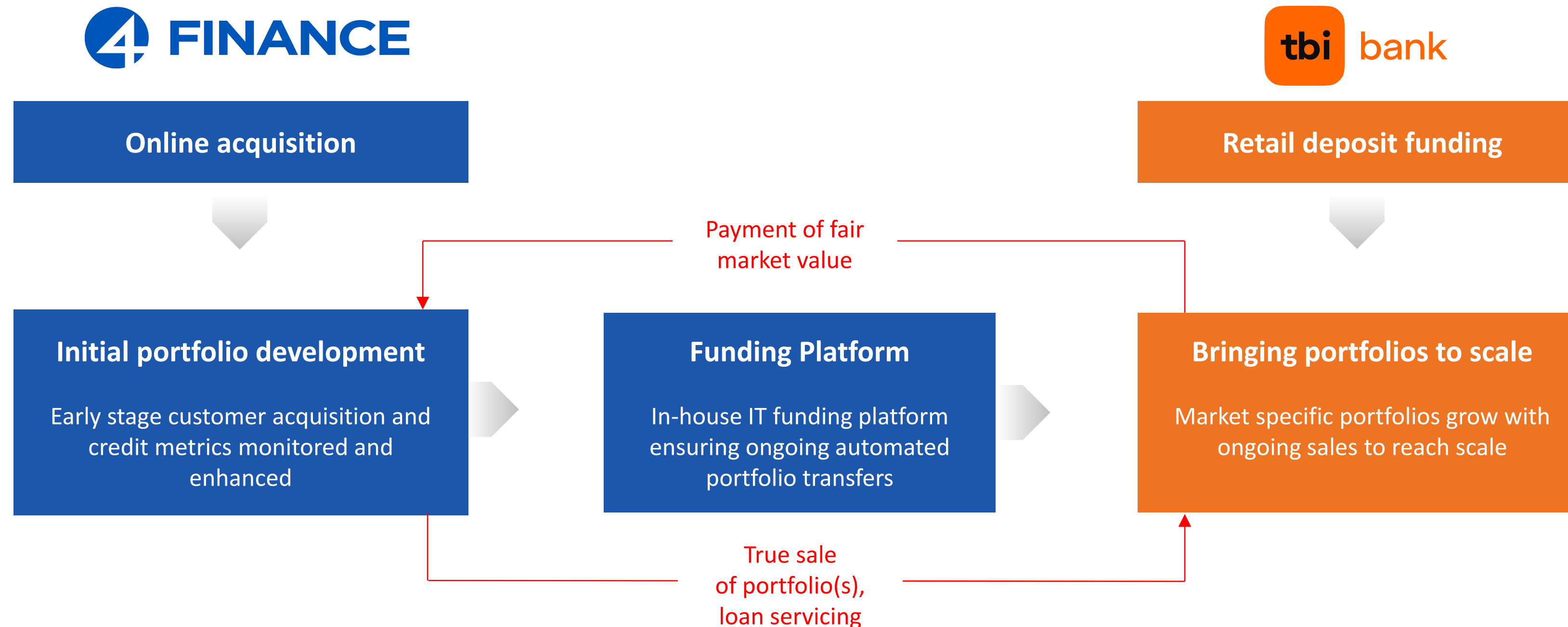
Interest income by product



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

Purchase of near-prime loans from online business

Brokerage model: origination of 'online' near-prime loans in Baltics for sale to TBI Bank



Illustrative near-prime “unit economics”⁽¹⁾

Indicative APRs
20-40%

Cost/Income ratio
c.40%

Cost of Risk
<6-8%

Cost of Funds
3-5%

Return on Assets
3-5%⁽²⁾

- Sales of Polish instalment loans from September 2019 to March 2020
- Sales of Lithuanian near-prime loans with over €46m principal sold since February 2021

Notes:

(1) Illustrative metrics for near-prime portfolios and not indicative of a specific product or market

(2) Illustrative potential returns in medium-term at scale

Appendix – financials and key ratios

Income statement

<i>In millions of €</i>	12M 2022 (unaudited)	12M 2021 (restated)	% change
Interest Income	311.2	246.2	26%
Interest Expense	(44.7)	(47.4)	(6)%
Net Interest Income	266.5	198.8	34%
Net F&C Income	32.7	19.8	65%
Other operating income	7.5	5.0	52%
Non-Interest Income	40.2	24.7	63%
Operating Income (Revenue)	306.7	223.5	37%
Total operating costs	(146.6)	(128.7)	14%
Pre-provision operating profit	160.0	94.8	69%
Net impairment charges	(90.4)	(53.4)	69%
Post-provision operating profit	69.6	41.4	68%
Depreciation and amortisation	(6.8)	(6.6)	2%
Non-recurring income/(expense)	(1.2)	1.1	nm
Net FX gain/(loss)	(11.8)	(3.6)	nm
One-off adjustments to intangible assets	(0.2)	(0.9)	(80)%
Profit before tax	49.7	31.3	59%
Income tax expense	(15.4)	(10.8)	42%
Profit from continuing operations	34.3	20.5	67%
Profit from discontinued operations, net of tax	6.9	10.8	(36)%
Profit for the period	41.2	31.3	32%
Adjusted EBITDA	122.4	108.5	13%

Some income items have been reclassified between interest income and other operating income and Poland is reflected separately as discontinued operations

Quarterly income statement

<i>In millions of €</i>	Q4 2022 (unaudited)	Q3 2022 (unaudited)	Q2 2022 (unaudited)	Q1 2022 (unaudited)	QoQ % change	Q4 2021 (unaudited)	YoY % change
Interest Income	86.6	80.7	80.8	82.6	7%	81.9	6%
Interest Expense	(13.0)	(10.9)	(10.1)	(10.6)	19%	(11.5)	13%
Net Interest Income	73.6	69.8	70.6	72.0	5%	70.4	5%
Net F&C Income	11.6	7.8	6.8	6.5	48%	6.9	67%
Other operating income	2.3	2.2	2.2	0.2	6%	0.6	nm
Non-Interest Income	13.9	10.0	9.0	6.7	39%	7.6	84%
Operating Income (Revenue)	87.4	79.8	79.6	78.7	10%	77.9	12%
Total operating costs	(39.2)	(37.3)	(37.2)	(39.6)	5%	(39.6)	(1)%
Pre-provision operating profit	48.2	42.5	42.4	39.1	13%	38.3	26%
Net impairment charges	(29.3)	(25.8)	(20.4)	(15.3)	14%	(21.5)	36%
Post-provision operating profit	18.9	16.7	22.0	23.8	13%	16.8	13%
Depreciation and amortisation	(2.0)	(1.5)	(1.6)	(1.8)	35%	(2.0)	0%
Non-recurring income/(expense)	0.6	0.2	(4.2)	(0.4)	140%	(2.8)	nm
Net FX gain/(loss)	(6.2)	(2.9)	0.1	(2.7)	nm	(1.2)	nm
One-off adjustments to intangible assets	(0.2)	-	-	-	nm	(1.0)	(82)%
Profit before tax	11.1	12.6	16.2	18.8	(12)%	9.7	14%
Income tax expense	(5.1)	(3.4)	(3.5)	(5.6)	51%	(6.5)	(21)%
Net profit/(loss) after tax	6.0	9.2	12.8	13.3	(35)%	3.2	87%
 Adjusted EBITDA	 29.9	 28.0	 31.0	 33.5	 7%	 27.4	 9%

The reclassifications between interest income and other operating income, described in the Income Statement section, have been applied retrospectively here. To maintain consistency with reported quarterly results, no restatement has been made for Poland

Balance sheet

<i>In millions of €</i>	31 December 2022 (unaudited)	31 December 2021
Cash and cash equivalents, of which:	221.6	180.0
- Online	52.5	80.1
- TBI Bank	169.1	99.9
Placements with other banks	35.7	16.9
Gross receivables due from customers	943.8	750.7
Allowance for impairment	(97.3)	(92.5)
Net receivables due from customers, of which:	846.6	658.1
- Principal	826.7	640.0
- Accrued interest	19.9	18.1
Net investments in finance leases	1.9	2.0
Net loans to related parties	28.8	59.0
Net loans to other parties	29.6	—
Property and equipment	18.2	18.1
Financial investments	67.7	53.4
Prepaid expenses	3.5	3.5
Tax assets	3.8	5.8
Deferred tax assets	10.4	12.5
Intangible IT assets	17.2	11.5
Goodwill	27.6	15.9
Other assets	73.5	21.4
Total assets	1,386.0	1,058.1
Loans and borrowings	284.8	313.0
Deposits from customers	781.7	482.1
Deposits from banks	—	6.7
Income tax liabilities	6.8	5.1
Other liabilities	114.5	74.4
Total liabilities	1,187.8	881.3
Share capital	35.8	35.8
Retained earnings	193.2	168.1
Reserves	(30.8)	(27.0)
Total equity	198.2	176.8
Total shareholders' equity and liabilities	1,386.0	1,058.1

Statement of cash flows

In millions of €	12 months to 31 December		In millions of € (continued)	12 months to 31 December	
	2022	2021		2022	2021
Cash flows from operating activities			Cash flows from / (used in) investing activities		
Profit before tax from continuing operations	49.7	31.3	Purchase of property and equipment and intangible assets	(15.8)	(5.7)
Profit before tax from discontinued operations	9.1	20.1	Net cash from (Purchase) / Sale of financial instruments	(18.6)	24.4
Profit before taxes	58.7	51.4	Other / related party loans repaid	6.7	-
<i>Adjustments for:</i>			Other / related party loans issued	(1.1)	(1.9)
Depreciation and amortisation	7.1	7.3	Interest received on other / related party loans	20.9	7.0
Impairment of goodwill and intangible assets	(0.1)	(0.4)	Acquisition of subsidiaries, net of cash acquired	(10.0)	-
Net loss on foreign exchange from borrowings and other monetary items	0.6	11.3	Disposal of subsidiaries, net of cash disposed	(4.2)	(0.4)
Impairment losses on loans	115.1	91.0	Sale / (Acquisition) of equity investments, net	(1.1)	5.0
Reversal of provision on debt portfolio sales	(15.6)	(17.5)	Net cash flows from / (used in) investing activities	(23.1)	28.5
Write-off and disposal of intangible and property and equipment assets	3.9	0.6	Cash flows from / (used in) financing activities		
Interest income from non-customers loans	(10.1)	(7.5)	Loans received and notes issued	21.7	10.0
Interest expense on loans and borrowings and deposits from customers	44.7	47.4	Repayment and repurchase of loans and notes	(31.8)	(32.8)
Non-recurring finance (income)	(2.6)	(5.1)	Interest payments	(32.0)	(33.1)
Other non-cash items, including (gain)/loss on disposals	2.3	(1.8)	Costs of notes issuance/amendment	(0.1)	(5.5)
Profit before adjustments for the effect of changes to current assets and short-term liabilities	204.2	176.6	FX hedging margin	(1.7)	7.1
<i>Adjustments for:</i>			Payment of lease liabilities	(3.5)	(3.8)
Change in financial instruments measured at fair value through profit or loss	1.0	(3.1)	Dividend payments	(15.0)	-
(Increase) in other assets (including TBI statutory reserve, placements & leases)	(72.3)	(17.6)	Net cash flows used in financing activities	(62.5)	(58.0)
Increase in accounts payable to suppliers, contractors and other creditors	35.8	11.5	Net increase in cash and cash equivalents	21.2	13.8
Operating cash flow before movements in portfolio and deposits	168.7	167.4	Cash and cash equivalents at the beginning of the period	134.2	120.6
Increase in loans due from customers	(370.4)	(240.8)	Effect of exchange rate fluctuations on cash	0.2	(0.2)
Proceeds from sale of portfolio	39.8	35.8	Cash and cash equivalents at the end of the period	155.6	134.2
Increase in deposits (customer and bank deposits)	292.9	90.3	TBI Bank minimum statutory reserve	66.0	45.8
Deposit interest payments	(11.0)	(7.9)	Total cash on hand and cash at central banks	221.6	180.0
Gross cash flows from operating activities	119.9	44.7			
Corporate income tax (paid), net of refunds received	(13.0)	(1.4)			
Net cash flows from operating activities	106.8	43.4			

Key financial ratios

	12M 2022	12M 2021
Capitalisation		
Equity / assets	14.3%	16.7%
Tangible common equity / tangible assets	10.8%	13.5%
Equity / net receivables	23.4%	26.9%
Adjusted interest coverage	2.7x	2.6x
TBI Bank consolidated capital adequacy	22.2%	22.9%
Profitability		
Net interest margin:		
- Online	92.0%	63.5%
- TBI Bank	20.1%	22.4%
- Overall group	33.6%	32.5%
Cost / income ratio	47.8%	57.6%
Normalised Profit before tax margin	20.2%	14.1%
Normalised Return on average equity	25.3%	14.6%
Normalised Return on average assets	3.9%	2.4%
Asset quality		
Cost of risk:		
- Online	36.1%	17.0%
- TBI Bank	5.1%	5.5%
- Overall group	11.1%	8.5%
Net impairment / interest income	29.0%	21.7%
Gross NPL ratio:		
- Online	9.0%	13.7%
- TBI Bank	8.7%	10.4%
- Overall group	8.8%	11.3%
Overall group NPL coverage ratio	117.6%	108.9%
Loan loss reserve / gross receivables, %	10.3%	12.3%

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 for the relevant period (n.b. not equal to the full covenant coverage ratio calculation)
- **Cost of risk** – Annualised net impairment loss / average gross receivables (total gross receivables as of the start and end of each period divided by two)
- **Cost / income ratio** – Operating costs / operating income (revenue)
- **Equity / assets ratio** – Total equity / total assets
- **Equity / net receivables** – Total equity / net customer receivables (including accrued interest)
- **Gross NPL ratio** – Non-performing receivables (including accrued interest) with a delay of over 90 days / gross receivables (including accrued interest)
- **Gross receivables** – Total amount receivable from customers, including principal and accrued interest, after deduction of deferred income
- **Intangible assets** – consists of deferred tax assets, intangible IT assets and goodwill
- **Interest income** – Interest and similar income generated from our customer loan portfolio
- **Loss given default** – Loss on non-performing receivables (i.e. 1 - recovery rate) based on recoveries during the appropriate time window for the specific product, reduced by costs of collection, discounted at the weighted average effective interest rate
- **Net effective annualised yield** – annualised interest income (excluding penalties) / average net loan principal
- **Net impairment to interest income ratio** – Net impairment losses on loans and receivables / interest income
- **Net interest margin** – Annualised net interest income / average gross loan principal (total gross loan principal as of the start and end of each period divided by two)
- **Net receivables** – Gross receivables (including accrued interest) less impairment provisions
- **Non-performing loans (NPLs)** – Loan principal or receivables (as applicable) that are over 90 days past due (and, for TBI Bank, shown on a customer level basis)
- **Normalised** – Adjusted to remove the effect of non-recurring items, discontinued operations, net FX and one-off adjustments to intangible assets
- **Overall group NPL coverage ratio** – Overall receivables allowance account / non-performing receivables
- **Profit before tax margin** – Profit before tax / interest income
- **Return on Average Assets** – Annualised profit from continuing operations / average assets (total assets as of the start and end of each period divided by two)
- **Return on Average Equity** – Annualised profit from continuing operations / average equity (total equity as of the start and end of each period divided by two)
- **Return on Average Tangible Equity** – Annualised profit from continuing operations / average tangible equity (tangible equity as of the start and end of each period divided by two)
- **Tangible Equity** – Total equity minus intangible assets
- **TBI Bank Capital adequacy ratio** – (Tier One Capital + Tier Two Capital) / Risk weighted assets (calculated according to the prevailing regulations of the Bulgarian National Bank)

Contacts

Investor Relations

investorrelations@4finance.com

Headquarters

17a-46 Lielirbes street, Riga, LV-1046, Latvia

James Etherington

Group Chief Financial Officer

Phone: +44 7766 697 950

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