4FINANCE HOLDING S.A. REPORTS RESULTS FOR THE NINE MONTHS ENDING 30 SEPTEMBER 2022

Solid 9M 2022 results delivering net profit of €35.3 million and Adjusted EBITDA of €92.5 million
10% growth in net receivables in Q3 across both online and banking business, driven by strong loan issuance
First post-Covid dividend payment by TBI Bank of €10 million

21 November 2022. 4finance Holding S.A. (the 'Group' or '4finance'), one of Europe's largest digital consumer lending groups, today announces unaudited consolidated results for the nine months ending 30 September 2022 (the 'Period').

Operational Highlights

- Customer repayment dynamics remained robust, with fundamental asset quality metrics broadly stable across the business.
- Online loan issuance volume of €502.3 million during the Period, up 21% in continuing products (excluding acquisitions and disposals).
- Near-prime portfolio development aligned with ability to fund those loans via TBI Bank. So far in 2022, over €25 million of Lithuanian near-prime loan principal was sold to TBI Bank.
- TBI Bank loan issuance volume during the Period grew by 35% year-on-year to €507.4 million from €376.7 million in the prior year period, with increased issuance in all products.

Financial Highlights

- Interest income of €239.2 million in the Period, up 11% from €215.9 million in the prior year period. Consistent growth in interest income from continuing products since Q2 2020 Covid impact and another strong quarterly contribution from Philippines and TBI. Stable quarterly interest income in Q3 despite the exit from Poland in mid April.
- The cost to income ratio for the Period improved significantly at 47.9% vs 56.6% in the prior year period. Cost discipline and operational efficiency remain a focus both in the online business and TBI with quarterly cost base held flat in Q3.
- Fundamental asset quality indicators at product level remain good. Net impairment charges of €61.5 million, up 49% on the prior year, reflect the larger portfolio and different product mix in online. Cost of risk at 10.1% vs 8.0% in the prior year period.
- Adjusted EBITDA was €92.5 million for the Period, up 14% year-on-year, delivering 39% adjusted EBITDA margin for the period vs 38% in 9M 2021. The interest coverage ratio as of the date of this report, including proforma effect of acquisitions and disposals, is 2.8x.
- Post-provision operating profit for the Period was €62.4 million, benefiting from the 11% year-on-year increase in interest income and lower interest expense, with profit after tax of €35.3 million.
- Net receivables totaled €779.8 million as of 30 September 2022, up 10% year-to-date. During the quarter, TBI Bank grew net receivables another 10% and the online business portfolio grew 11%.
- Improved overall gross NPL ratio at 9.6% as of 30 September 2022 (7.0% for online), compared with 11.3% as of 31 December 2021 (12.7% for online). TBI NPL ratio has improved to 10.4% as of 30 September 2022, compared with 10.7% as of 31 December 2021.

Liquidity and funding

- Solid capital position at TBI Bank (18.9% capital adequacy ratio) despite continued growth in risk weighted assets.
- TBI Bank paid a dividend of €10.0 million in November, the bank's first dividend payment post-Covid.
- Listing of the Group's EUR 2026 bonds on the Oslo Stock Exchange completed in October.

Kieran Donnelly, CEO of 4finance, commented:

"Our online and banking businesses continued to grow profitably in the third quarter, aided by our push for efficiency across the Group. We achieved double-digit loan growth in the quarter, a 26% increase in net profit year-on-year, and TBI Bank has now resumed dividend payments. Our leaner business, with its revised international footprint is delivering the growth we planned."

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Conference call

A conference call with management to discuss these results is scheduled for **Tuesday, 22 November at 15:00 UK time**. To register, please visit www.4finance.com.

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

About 4finance

Established in 2008, 4finance is one of Europe's largest digital consumer lending groups with operations in 10 countries.

Leveraging a high degree of automation and data-driven insights across all aspects of the business, 4finance has grown rapidly, issuing over €9 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 and Luxembourg, and currently operates in 10 countries globally. The Group also offers deposits, in addition to consumer and SME loans through its TBI Bank subsidiary, an EU licensed institution with operations primarily in Bulgaria, Romania and Greece.

Forward looking statements

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

Rounding

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

Inside information

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

Key Financial Ratios

	Nine months ending 30 September 2022	Nine months ending 30 September 2021	Year Ended 31 December 2021	Year Ended 31 December 2020
Capitalisation				
Net receivables (€m) (1)	779.8	627.5	658.1	526.4
Total assets (€m)	1,222.1	1,061.5	1,058.1	949.7
Total equity (€m)	190.9	174.9	176.8	150.0
Equity / assets	15.6%	16.5%	16.7%	15.8%
Tangible common equity / tangible assets (2)	12.2%	13.2%	13.5%	11.6%
Equity / net receivables (3)	24.5%	27.9%	26.9%	28.5%
Adjusted interest coverage (4)	2.8x	2.5x	2.6x	1.8x
TBI Bank consolidated capital adequacy (5)	18.9%	17.3%	22.9%	19.4%
Profitability				
Net interest margin: (6)				
- Online	72.6 %	63.4 %	65.7 %	60.3 %
- TBI Bank	21.8 %	22.9 %	22.9 %	24.0 %
- Overall group	35.1 %	36.5 %	37.1 %	39.7 %
Cost / income ratio (7)	47.9 %	56.6 %	55.0 %	56.9 %
Post-provision operating profit margin (8)	26.1 %	21.1 %	21.1 %	7.0 %
Normalised Profit before tax margin (9)	24.0 %	18.7 %	18.6 %	2.2 %
Normalised Return on average equity (10)	32.7 %	21.9 %	21.4 %	(10.1)%
Normalised Return on average assets (11)	5.3 %	3.5 %	3.5 %	(1.7)%
Asset quality				
Cost of risk: (12)				
- Online	24.6 %	13.5 %	15.4 %	24.2 %
- TBI Bank	4.8 %	5.1 %	5.7 %	6.1 %
- Overall group	10.1 %	8.0 %	9.0 %	14.2 %
Net impairment / interest income (13)	25.7 %	19.1 %	21.2 %	31.7 %
Gross NPL ratio: (14)				
- Online	7.0 %	12.3 %	12.7 %	19.2 %
- TBI Bank	10.4 %	14.6 %	10.7 %	15.7 %
- Overall group	9.6 %	13.9 %	11.3 %	17.0 %
Overall group NPL coverage ratio(15)	114.0 %	97.9 %	108.9 %	106.0 %
Loan loss reserve / gross receivables, %	10.9 %	13.6 %	12.3 %	18.1 %

Definitions and Notes below. For further definitions please see the appendix.
Normalised ratios are adjusted to remove the effect of non-recurring items, net FX and one-off adjustments to intangible assets.
(1) Gross receivables (including accrued interest) less impairment provisions
(2) Tangible equity is Total Equity less Intangible Assets. Tangible Assets are Total Assets less Intangible Assets
(3) Total equity / net customer receivables (including accrued interest)
(4) Adjusted EBITDA / interest expense for the relevant period (n.b. not equal to the full covenant coverage ratio calculation)
(5) TBI Bank (Tier One Capital + Tier Two Capital) / Risk weighted assets (calculated according to the prevailing regulations of the BNB)
(6) Annualised net interest income / average gross loan principal
(7) Operating costs / operating income (revenue)
(8) Post-provision operating profit (which does not include non-recurring items, net FX and D&A) / interest income
(9) Profit before tax / interest income
(10) Annualised profit from continuing operations / average equity (total equity as of the start and end of each period divided by two)
(11) Annualised profit from continuing operations / average assets (total assets as of the start and end of each period divided by two)
(12) Annualised net impairment charges / average gross receivables (total gross receivables as of the start and end of each period divided by two)
(13) Net impairment charges on loans and receivables / interest income
(14) Non-performing receivables (including accrued interest) with a delay of over 90 days / gross receivables (including accrued interest)
(15) Overall receivables allowance account / non-performing receivables

FINANCIAL REVIEW

Income Statement

The table below sets out the condensed consolidated statement of profit or loss for the nine months ending 30 September 2022 and 30 September 2021. Additional reference information on the historic quarterly development of our income statement is shown in the appendix. Please note that non-recurring, net FX and D&A items are shown lower down the income statement to better reflect operating results.

	9 months to 30 September		
	2022 (unaudited)	**2021 (unaudited)**	**% change**
	(in millions of €)		
Interest Income	239.2	215.9	+11 %
Interest Expense	(31.6)	(36.0)	(12) %
Net Interest Income	**207.6**	**180.0**	**+15 %**
Net F&C Income	21.1	12.8	+64 %
Other operating income	9.4	7.2	+31 %
Non-Interest Income	**30.5**	**20.0**	**+52 %**
Operating Income (Revenue)	**238.1**	**200.0**	**+19 %**
Total operating costs	**(114.1)**	**(113.2)**	**+1 %**
Pre-provision operating profit	**124.0**	**86.8**	**+43 %**
Net impairment charges	(61.5)	(41.2)	+49 %
Post-provision operating profit	**62.4**	**45.6**	**+37 %**
Depreciation and amortisation	(4.9)	(5.3)	(6) %
Non-recurring income/(expense)	(4.3)	3.8	nm
Net FX gain/(loss)	(5.5)	(2.4)	+129 %
Profit/(loss) before tax	**47.7**	**41.7**	**+14 %**
Income tax expense	(12.4)	(13.7)	(9) %
Net profit/(loss) after tax	**35.3**	**28.1**	**+26 %**

Interest income

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

	9 months to 30 September		
	2022	**2021**	**% change**
Online lending	*(in millions of €, except percentages)*		
Total value of loan principal issued	502.3	614.8	(18)%
Average net receivables, of which:	184.4	183.5	0 %
- Principal	174.3	175.1	
- Accrued interest	10.1	8.4	
Annualised interest income yield on net portfolio (1)	105 %	104 %	
Interest income from online lending	136.7	136.4	0 %
Banking operations			
Average net receivables, of which:	536.3	393.5	+36 %
- Principal	525.9	384.1	
- Accrued interest	10.4	9.4	
Annualised interest income yield on net portfolio (1)	26 %	28 %	
Interest income from banking operations (2)	102.5	79.6	+29 %

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

(2) See appendix for full TBI Bank income statement

Interest income for the Period was €239.2 million, a 11% increase compared with €215.9 million for the nine months ending 30 September 2021. Despite the fact that after sale of Poland business total online value of loan principal issued has decreased by 18%, the remaining online markets (including Philippines) have delivered growth in the average balance of net receivables and interest income to match the prior year's results.

TBI Bank's loan book has continued to grow, particularly in Romania, with an increase of 36% in average net receivables year-on-year. Its consumer lending (cash lending, point-of-sale lending and credit cards) has average product APRs between 20% and 50% and SME loans with average interest rates of approximately 8-16% p.a.. TBI Bank also generates separate income, which is reported in either the 'net fee and commission' and 'other operating income' lines.

Interest expense

Interest expense for the Period was €31.6 million, a decrease of 12% compared with €36.0 million for the nine months ending 30 September 2021. The lower interest expense year-on-year reflects the bond buybacks since the start of 2021, partly offset by the growth in deposits at TBI Bank. The one-off gains from bond buybacks at a discount continue to be reflected in the 'non-recurring income/expense' line to show a more consistent 'interest expense' result.

Non-interest income

Non-interest income for the period was €30.5 million, a 52% increase compared with €20.0 million reported for the nine months ending 30 September 2021. The net fee and commission income generated by TBI Bank, primarily fees from insurance sales to its customers, was up 64% year-on-year. Other operating income increased in Q2 and Q3 as it includes income from services and loans provided to non-Group companies (primarily Poland) as well as income from related party loans.

Total operating costs

Total operating costs reported for the Period were €114.1 million, a 1% increase compared with €113.2 million reported for the nine months ending 30 September 2021. The online business achieved year-on-year savings in most cost categories, particularly marketing and personnel costs, with some reduction from sale of Poland. Net growth in operational cost base stems from TBI, where higher personnel costs and professional services costs support growing revenue and investments in geographical expansion. The overall cost base was held flat in Q3 from Q2.

The table below sets out a breakdown of the Group's total operating costs. Depreciation and amortisation amounts, which include some rental lease amounts per IFRS 16, are shown as a separate line on the income statement.

	9 months to 30 September	
	2022	**2021**
	(in millions of €)	
Personnel costs	58.9	59.5
Marketing and sponsorship	17.7	20.3
IT expenses (including R&D)	10.0	8.3
Legal and consulting	7.4	6.0
Application processing costs	2.6	3.2
Communication expenses	2.6	2.8
Taxes	4.6	2.6
Bank services	1.7	2.3
Debt collection costs	1.5	1.7
Rent and utilities	1.6	1.3
Travel	0.9	0.6
Other	4.6	4.7
Total	**114.1**	**113.2**
- TBI Bank	52.5	42.1
- 4finance 'online' business	61.6	71.1
Total Employees		
- Online	603	724
- TBI Bank	1,620	1,538
- Overall group	**2,223**	**2,262**

For the nine months of 2022 and 2021, marketing and sponsorship costs accounted for 16% and 18% respectively, and personnel costs accounted for 52% and 53%, respectively, of total operating costs. The cost to income ratio for the Period was 47.9%, a decrease from 56.6% for the prior year period, driven by significant increase in revenue year-on-year.

Net impairment charges on loans and receivables

Net impairment charges for the Period were €61.5 million, compared with €41.2 million for the nine months ending 30 September 2021. Gross impairment charges increased vs nine months ending 30 September 2021 due to significantly higher portfolio (gross portfolio increased by 21% year-on-year). Asset quality indicators remain good at product level across the business with changes in impairment charges and cost of risk mainly due to changing portfolio mix. For example the Philippines business has a higher cost of risk (and portfolio yield) due to different customer segment and shorter write-off period. The Group continues its strategy of 'forward flow' and ad hoc debt sales for its non-performing loans, although with fewer net gains on portfolio sales in Q3 compared to the first two quarters.

	9 months to 30 September	
	2022	**2021**
	(in millions of €)	
Impairment charges on loans	80.2	63.1
Over provision on debt portfolio (portfolio sale net gains)	(12.0)	(13.4)
Recovery from written-off loans	(6.6)	(8.5)
Net impairment charges	**61.5**	**41.2**

Overall net impairment charges represented 26% of interest income for the Period, an increase from 19% last year.

Non-recurring income/(expense)

For the quarter, the Group had net non-recurring income of €0.2 million. This includes €0.2 million income from bond buybacks and €0.2 million income from solidarity tax, offset partly by expenses in Spain.

Net FX gain/(loss)

Foreign exchange movements resulted in a net loss of €5.5 million for the Period, mainly from PLN and RON depreciation against EUR. In the prior year period there was a net FX loss of €2.4 million.

Profit/(loss) before tax

For the reasons stated above, the Group made a profit before tax for the Period of €47.7 million, compared with €41.7 million for the nine months ending 30 September 2021.

Corporate income tax

The Group's corporate income tax expense was €12.4 million for the Period, compared with €13.7 million for the nine months ending 30 September 2021. The following table sets out a breakdown of the Group's corporate income tax.

	9 months to 30 September	
	2022	**2021**
	(in millions of €)	
Current tax	11.7	7.5
Deferred tax	0.7	6.1
Total	**12.4**	**13.7**

Profit/(loss) for the period

For the reasons stated above, the profit for the Period was €35.3 million, compared with €28.1 million for the nine months ending 30 September 2021.

Other financial data – EBITDA and Adjusted EBITDA

	Nine months ending 30 September 2022	Nine months ending 30 September 2021	Year Ended 31 December 2021	Year Ended 31 December 2020
	(in millions of €)			
Profit/(loss) for the period	35.3	28.1	31.3	(25.0)
Income tax expense	12.4	13.7	20.2	24.6
Interest expense	31.6	36.0	47.5	50.1
Depreciation and amortisation	4.9	5.3	7.2	14.9
EBITDA	**84.2**	**83.0**	**106.2**	**64.5**
Adjustments	8.3	(1.9)	2.3	10.5
Adjusted EBITDA (1)	**92.5**	**81.1**	**108.5**	**75.0**

	Nine months ending 30 September 2022	Nine months ending 30 September 2021	Year Ended 31 December 2021	Year Ended 31 December 2020
	(in millions of €)			
Summary breakdown of Adjustments to EBITDA				
Net FX impact	5.5	2.4	3.7	5.7
One-off costs and other prescribed adjustments	2.7	(4.3)	(2.3)	0.9
One-off write-down of intangible assets	—	—	1.0	3.9
Total	**8.3**	**(1.9)**	**2.3**	**10.5**

Other financial data – Interest Coverage Ratio

The calculation of the interest coverage ratio for the Group's bonds is shown below. For further details on methodology, please refer to the Q2 2020 results report. The covenants are on an 'incurrence' rather than 'maintenance' basis, so the ratio having been below the 2.0x incurrence threshold in some prior periods only restricted certain specified actions (such as dividend payments or allowed parameters of incurrence of indebtedness). The calculation includes the proforma effect of the Poland sale and Philippines acquisition.

	As of the date of this report (in millions of €)
Pro-forma last 4 quarters Adjusted EBITDA	109.7
Pro-forma last 4 quarters Fixed Charges	39.7
Bond covenant interest coverage ratio	**2.8x**

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. Additional limitations prescribed in the EUR 2026 bonds limiting TBI Bank contribution to Adjusted EBITDA not reflected here.

Balance Sheet

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

	30 September 2022 (unaudited)	31 December 2021
	(in millions of €)	
Cash and cash equivalents, of which:	**119.3**	**180.0**
- Online	30.7	80.1
- TBI bank	88.7	99.9
Placements with other banks	32.1	16.9
Gross receivables due from customers	875.5	750.7
Allowance for impairment	(95.7)	(92.5)
Net receivables due from customers, of which:	**779.8**	**658.1**
- Principal	760.4	640.0
- Accrued Interest	19.4	18.1
Net investments in finance leases	1.1	2.0
Net loans to related parties	58.6	59.0
Net loans to other parties	29.9	—
Property and equipment	17.9	18.1
Financial investments	69.3	53.4
Prepaid expenses	4.2	3.5
Tax assets	3.6	5.8
Deferred tax assets	11.1	12.5
Intangible IT assets	13.4	11.5
Goodwill	23.6	15.9
Other assets	58.2	21.4
Total assets	**1,222.1**	**1,058.1**
Loans and borrowings	285.3	313.0
Deposits from customers	646.4	482.1
Deposits from banks	—	6.7
Income tax liabilities	6.3	5.1
Other liabilities	93.2	74.4
Total liabilities	**1,031.3**	**881.3**
Share capital	35.8	35.8
Retained earnings	188.3	168.1
Reserves	(33.2)	(27.0)
Total equity	**190.9**	**176.8**
Total shareholders' equity and liabilities	**1,222.1**	**1,058.1**

Assets

The Group had total assets of €1,222.1 million as of 30 September 2022, compared with €1,058.1 million as of 31 December 2021. The main changes during the Period were increase in net receivables due from customers, net loans to other parties, other assets, financial investments and placements with other banks at TBI Bank and decrease in cash and cash equivalents.

Loan portfolio

As of 30 September 2022, the Group's net receivables equaled €779.8 million, compared with €658.1 million as of 31 December 2021, representing an increase of €121.7 million, or 19%, with the majority of growth coming from the bank. TBI Bank contributed €608.8 million of net receivables, 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 the Group's overall loan portfolio, both online (mainly funded outside of TBI Bank) and banking (funded by TBI Bank). 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 loan portfolio in terms of performing and non-performing loans (*i.e.* those more than 90 days past due). The 'online' figures in this section as of 30 September 2022 include €33.9 million of net receivables owned by TBI Bank (€21.1 million as of 31 December 2021), *i.e.* the Group's Bulgarian online lending business and Lithuanian receivables sold to the bank.

	30 September 2022				31 December 2021			
	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 originated receivables								
Performing	186.0	(18.6)	167.4	93.0 %	206.4	(18.8)	187.7	87.3 %
Non-performing (1)	14.0	(10.4)	3.6	7.0 %	29.9	(23.2)	6.7	12.7 %
Online total	**200.0**	**(28.9)**	**171.0**	**100.0 %**	**236.3**	**(42.0)**	**194.4**	**100.0 %**
Of which, funded at TBI Bank	*36.0*	*(2.1)*	*33.9*		*22.5*	*(1.4)*	*21.1*	
TBI Bank receivables								
Performing	605.6	(24.7)	580.9	89.6 %	459.3	(19.2)	440.1	89.3 %
Non-performing (1)	70.0	(42.0)	27.9	10.4 %	55.0	(31.4)	23.7	10.7 %
TBI Bank total	**675.5**	**(66.7)**	**608.8**	**100.0 %**	**514.3**	**(50.6)**	**463.8**	**100.0 %**
Overall receivables								
Performing	791.6	(43.2)	748.3	90.4 %	665.7	(38.0)	627.7	88.7 %
Non-performing (1)	83.9	(52.4)	31.5	9.6 %	85.0	(54.6)	30.4	11.3 %
Overall total	**875.5**	**(95.7)**	**779.8**	**100.0 %**	**750.7**	**(92.5)**	**658.1**	**100.0 %**

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

Online loan portfolio by product

This section presents further detail on the online portfolio and classification by product. The following table shows the Group's performing online gross loan portfolio by product. The Near Prime classification includes the Group's lower APR instalment loan products in Latvia, Lithuania and Denmark.

	30 September 2022		31 December 2021	
	Amount	% of Portfolio	Amount	% of Portfolio
Online performing gross portfolio by product:	*(in millions of €, except percentages)*			
Single Payment Loans	52.9	28.5 %	91.4	44.3 %
Minimum to pay	39.2	21.1 %	29.6	14.4 %
Instalment Loans	30.4	16.3 %	30.6	14.8 %
Near Prime (1)	63.5	34.1 %	54.7	26.5 %
Total online gross performing portfolio	**186.0**	**100.0 %**	**206.4**	**100.0 %**

Notes: (1) Includes the Group's lower APR instalment loan products in Latvia (Vivus), Lithuania (Vivus) and Denmark (Vivus)

Online non-performing loan portfolio

As of 30 September 2022, the Group's non-performing online portfolio was €14.0 million, a decrease of €15.9 million since 31 December 2021. The gross NPL ratio was 7.0% for online receivables as of 30 September 2022, compared to 12.7% as of 31 December 2021. The NPL ratio has reduced year-on-year as a result of increased new loan issuance, debt sales and improvement in the asset quality of the portfolio partially due to sale of Poland business. Given the customer segment and local repayment dynamics, the loan portfolio in the Philippines is treated as both non-performing as well as written off at 60 days past due, resulting in a relatively lower gross portfolio on balance sheet without NPLs.

The Group accrues interest whilst it is probable it will be received (typically up to 90 DPD for instalment loans). Non-performing accrued interest was €1.4 million, or 10%, of non-performing receivables. 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.

	30 September 2022	31 December 2021
	(in millions of €, except percentages)	
Non-performing online portfolio by product:		
Single Payment Loans	4.1	20.1
Minimum to pay	2.6	2.9
Instalment Loans	3.6	4.3
Near Prime	3.8	2.6
Total non-performing online portfolio	**14.0**	**29.9**
Allowance for NPL receivables / non-performing receivables	74 %	78 %
Overall receivables allowance / NPL receivables	207 %	140 %
Average Loss Given Default rate	55 %	61 %

Other assets

A breakdown of the Group's other assets is presented in the table below. The 'derivatives' line relate mainly to the Group's EUR/PLN, EUR/CZK, EUR/SEK and EUR/RON currency hedges. The €18 million receivable for Poland sale is included in 'other non-customer receivables'.

	30 September 2022	31 December 2021
	(in millions of €)	
Receivables from suppliers	7.1	5.0
Derivatives	5.3	2.1
Non-current assets held for sale	4.6	4.7
FX hedging - funds on margin	1.7	0.5
Investments in associates	1.3	1.4
Security deposits	0.5	0.9
Other non-customer receivables	37.8	6.9
Total	**58.2**	**21.4**

Liabilities

The Group had total liabilities of €1,031.3 million as of 30 September 2022, compared with €881.3 million as of 31 December 2021, representing an increase of €150.0 million.

Loans and borrowings

As of 30 September 2022, the Group had loans and borrowings of €285.3 million, compared with €313.0 million as of 31 December 2021. The Group's loans and borrowings accounted for 28% of total liabilities as of 30 September 2022 and 36% of total liabilities as of 31 December 2021. The following table sets out the loans and borrowings by type.

In July 2022, 4finance S.A. repurchased a further €2.0 million of its EUR 2026 bonds. As of 30 September 2022, the Group held €30.4 million of its EUR 2026 bonds and €14.2m of its EUR 2025 bonds in treasury.

	30 September 2022	31 December 2021
	(in millions of €)	
EUR 2026 bonds	143.5	159.0
EUR 2025 bonds	131.8	143.8
Other	10.0	10.1
Total loans and borrowings (1)	**285.3**	**312.9**

Note: (1) Includes accrued but unpaid interest, net of capitalised issuance costs and Notes owned by the Group

In May 2016, 4finance S.A. issued €100.0 million of 11.25% 5 year notes (the *'EUR 2025 bonds'*). The EUR bonds are listed on the Prime Standard regulated market segment of the Frankfurt Stock Exchange. In November 2016, a further €50.0 million of EUR bonds were issued at par. Following a bondholder vote, in August 2021 the maturity of the EUR bonds was extended to February 2025, with other changes including a call structure that declines to par over time (currently 103%) and interest payable quarterly from November 2021 onwards.

In October 2021, 4finance S.A. issued €175.0 million of 10.75% 5 year notes (the *'EUR 2026 bonds'*). The bonds are listed on the Oslo Stock Exchange and will mature in October 2026. The proceeds from the new issue were used to repay the Group's outstanding $200 million USD bonds.

Customer deposits

As of 30 September 2022, the Group had total customer deposits of €646.4 million, all of which are now at TBI Bank, at an average all-in cost of approximately 1.9%. 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. A €4.0 million provision for the earnout relating to the Philippines acquisition is included in other liabilities. In Q3, the remaining payment of €8.5 million was made for the Philippines acquisition base purchase price.

	30 September 2022	31 December 2021
	(in millions of €, except percentages)	
Accrued expenses	15.0	20.5
Lease liabilities (IFRS 16)	9.6	10.2
Accounts payable to suppliers	7.3	6.3
FX hedging liability	6.2	3.8
Taxes payable	2.1	3.1
Provisions for unused vacations	1.3	1.8
Other liabilities	51.7	28.7
Total	**93.2**	**74.4**

Equity

As of 30 September 2022, the Group's total equity amounted to €190.9 million, compared to €176.8 million as of 31 December 2021, representing an increase of €14.0 million, or 8%. The Group's equity to assets ratio as of 30 September 2022 was 16%. In July, the Group declared and paid a dividend of €15.0 million relating to the 2021 financial year.

The equity to net receivables ratio as of 30 September 2022 was 25%, reflecting the Group's strong capitalisation, with good headroom to bond covenants.

Off-balance sheet arrangements

The Group's total off-balance sheet commitments as of 30 September 2022 were €69.1 million. This represents TBI Bank's undrawn lending commitments of €69.0 million and financial guarantees €0.1 million. The Group no longer has any material Line of Credit products with undrawn limits in its online business. The Group also enters into currency hedging transactions which may result in additional off-balance sheet assets or liabilities, but are designed to limit overall exposure to currency movements.

Condensed Consolidated Statement of Cash Flows for the Period

	9 months to 30 September	
	2022	**2021**
Cash flows from operating activities	***(unaudited, in millions of €)***	
Profit before taxes	**47.7**	**41.7**
Adjustments for:		
Depreciation and amortisation	4.9	5.0
Impairment changes of fixed assets	(0.1)	—
Net (gain) / loss on foreign exchange from borrowings and other monetary items	(0.7)	11.4
Impairment losses on loans	80.2	63.1
Reversal of provision on debt portfolio sales	(12.0)	(13.4)
Write-off and disposal of intangible and property and equipment assets	2.3	0.4
Interest income from non-customers loans	(7.2)	(5.2)
Interest expense on loans and borrowings and deposits from customers	31.6	36.0
Non-recurring finance (income)	(0.9)	(5.5)
Other non-cash items, including (gain)/loss on disposals	2.3	(1.8)
Profit before adjustments for the effect of changes to current assets and short-term liabilities	**148.0**	**131.8**
Adjustments for:		
Change in financial instruments measured at fair value through profit or loss	(2.6)	(9.1)
(Increase) in other assets (including TBI statutory reserve, placements & leases)	(38.7)	(16.8)
Increase in accounts payable to suppliers, contractors and other creditors	19.7	2.5
Operating cash flow before movements in portfolio and deposits	**126.5**	**108.4**
Increase in loans due from customers	(260.4)	(178.5)
Proceeds from sale of portfolio	28.0	27.4
Increase in deposits (customer and bank deposits)	157.6	79.1
Deposit interest payments	(6.3)	(5.7)
Gross cash flows from operating activities	**45.4**	**30.7**
Corporate income tax (paid)/received, net of refunds received	(8.9)	5.9
Net cash flows from operating activities	**36.5**	**36.5**
Cash flows from / (used in) investing activities		
Purchase of property and equipment and intangible assets	(8.3)	(4.1)
Net cash from (Purchase) / Sale of financial instruments	(19.3)	(2.2)
Other loans repaid	1.2	—
Loans issued to related parties	(0.9)	—
Interest received	9.2	5.2
Acquisition of subsidiaries, net of cash acquired	(10.0)	—
Disposal of subsidiaries, net of cash disposed	(4.2)	(0.4)
(Acquisition) of equity investments	(1.8)	—
Net cash flows used in investing activities	**(34.1)**	**(1.4)**
Cash flows from / (used in) financing activities		
Loans received and notes issued	—	10.0
Repayment and repurchase of loans and notes	(31.2)	(25.4)
Interest payments	(20.7)	(18.1)
Costs of notes issuance/amendment	—	(1.3)
FX hedging margin	0.7	7.7
Payment of lease liabilities	(2.5)	(2.6)
Dividend payments	(15.0)	—
Net cash flows used in financing activities	**(68.8)**	**(29.8)**
Net increase/(decrease) in cash and cash equivalents	**(66.3)**	**5.3**
Cash and cash equivalents at the beginning of the period	**134.2**	**120.6**
Effect of exchange rate fluctuations on cash	0.1	(0.3)
Cash and cash equivalents at the end of the period	**68.0**	**125.7**
TBI Bank minimum statutory reserve	**51.4**	**42.8**
Total cash on hand and cash at central banks	**119.3**	**168.5**

Net cash flows from operating activities in the Period were €36.5 million, similar to operating cash flows of €36.5 million in the same period last year, with higher net loan issuance offset by deposit inflows. Net cash outflows from investing activities were €34.1 million in the Period, mainly due to sale and purchase of financial instruments at TBI and the Philippines acquisition.

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

The Group finalised the purchase of TBI Bank EAD ('TBI Bank'), via the acquisition of TBIF Financial Services B.V., in August 2016. Presented here for illustration and reference are TBI Bank's results for the nine months ending 30 September 2022 and nine months ending 30 September 2021.

Income statement

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

	9 months to 30 September	
	2022	**2021**
	(in millions of €)	
Interest Income	102.4	79.2
Interest Expense	(6.8)	(4.9)
Net Interest Income	**95.6**	**74.3**
Net F&C Income	21.2	12.9
Other operating income	0.5	1.9
Non-Interest Income	**21.7**	**14.8**
Operating Income	**117.3**	**89.1**
Total operating costs	**(52.5)**	**(41.5)**
Pre-provision operating profit	**64.8**	**47.7**
Net impairment charges	(21.3)	(17.2)
Post-provision operating profit	**43.5**	**30.5**
Depreciation and amortisation	(2.9)	(2.7)
Non-recurring income/(expense)	(1.4)	—
Net FX gain/(loss)	(3.9)	(1.5)
Pre-tax profit	**35.3**	**26.3**
Income tax expense	(5.1)	(3.7)
Net profit after tax	**30.1**	**22.7**

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. Receivables amounts include premium paid (€6.7 million) for online purchased loans which is also eliminated in consolidation, and unamortised fair value adjustment (€0.4 million) as at 30 September 2022.

	30 September 2022	31 December 2021
	(in millions of €)	
Cash and cash equivalents	94.2	106.5
Placements with other banks	32.1	16.9
Gross receivables due from customers	718.6	541.7
Allowance for impairment	(68.8)	(51.9)
Net receivables due from customers	**649.8**	**489.8**
Net investments in finance leases	1.6	2.6
Property and equipment	13.7	12.1
Financial assets	69.1	55.3
Tax assets	1.5	1.6
Prepaid expenses	1.7	1.8
Intangible assets	10.6	8.5
Other assets	34.0	15.7
Total assets	**908.5**	**710.6**
Loans and borrowings	10.0	10.1
Deposits from customers	652.0	488.6
Deposits from banks	—	6.7
Corporate income tax payable	1.6	1.6
Other liabilities	60.0	40.3
Total liabilities	**723.6**	**547.4**
Share capital	41.7	41.7
Retained earnings	150.5	121.6
Reserves	(7.4)	(0.1)
Total equity	**184.8**	**163.2**
Total shareholders' equity and liabilities	**908.5**	**710.6**

Financial assets include mainly government and other bonds held by TBI Bank for liquidity management purposes.

To aid comparison with the loan portfolio presented on page 9 of the report, the table below shows a reconciliation from TBI 'standalone' net receivables due from customers to TBI's portfolio contribution to consolidated figures.

in millions of €	30 September 2022	31 December 2021
Standalone net receivables due from customers	**649.8**	**489.8**
Online portfolio Funded by TBI	(33.9)	(21.1)
Balance of premium paid for Online portfolio	(6.7)	(4.5)
Unamortised fair value adjustment	(0.4)	(0.4)
TBI portfolio contribution to consolidation	**608.8**	**463.8**

Loan portfolio

Below are TBI Bank’s receivables, including accrued interest, split by consumer and SME customers.

	30 September 2022	31 December 2021	% Change
Gross receivables by type	*(in millions of €)*		
Consumer	600.3	449.8	33 %
SME (including financial leases)	120.2	94.9	27 %
Total gross receivables	**720.4**	**544.6**	**32 %**
Provisions	(69.0)	(52.2)	32 %
Total net receivables	**651.4**	**492.4**	**32 %**

As of 30 September 2022, consumer loans made up 83% of TBI Bank's gross loans (83% as of 31 December 2021). Of the overall net loan portfolio, 60% comes from Romania and 35% from Bulgaria, with the remainder from purchased online portfolios (Lithuania).

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

	Consumer	SME (incl. leases)	Overall
Non-performing receivables to gross receivables ratio	10.8 %	10.3 %	11.1 %
Provision coverage (1)	104.1 %	33.6 %	90.5 %

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.

	30 September 2022	31 December 2021	% Change
	(in millions of €)		
Customer accounts of consumers	574.8	436.7	32 %
- Current accounts	64.5	49.2	31 %
- Term deposits	510.4	387.5	32 %
Customer accounts of SMEs	77.2	52.0	49 %
- Current accounts	54.3	28.6	90 %
- Term deposits	22.9	23.4	(2)%

TBI Bank increased deposits and liquidity again in Q3 2022 to support business growth. The average interest rate paid on term deposits varies by type and currency, ranging from 0.05% to 10.0%. Deposit costs (excluding the state deposit guarantee fund annual charge) were 1.9% for the Period.

Capital and liquidity ratios

TBI Bank continues to have a strong capital and liquidity position. The table below shows TBI Bank’s statutory capital and liquidity ratios as of 30 September 2022. The bank's inaugural Tier 2 issuance in July 2021 was registered with the BNB in Q4 2021, so it is now included in formal capital for these ratios. The approach to calculating risk weighted assets for operational risk was updated in Q4 2021, moving to the Alternative Standardised Approach method, which reduced RWA usage. The Bulgarian National Bank’s minimum capital adequacy ratio requirement applicable for TBI Bank is 15.25%, with increases to 16.25% expected by year end 2023.

	Standalone	Consolidated
Common equity Tier 1 ratio	16.3 %	17.1 %
Capital adequacy ratio	18.2 %	18.9 %
Liquidity ratio	27.8 %	
Liquidity coverage ratio	416.3 %	518.7 %

HISTORIC QUARTERLY RESULTS APPENDIX

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

Income statement

(in millions of €)	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022
Interest Income	**70.3**	**70.6**	**69.4**	**69.3**	**77.2**	**80.1**	**80.9**	**79.1**	**79.2**
Interest Expense	(12.3)	(12.2)	(12.2)	(11.9)	(11.9)	(11.5)	(10.6)	(10.1)	(10.9)
Net Interest Income	**58.0**	**58.4**	**57.2**	**57.4**	**65.3**	**68.6**	**70.3**	**69.0**	**68.3**
Net F&C Income	2.7	2.3	3.0	3.7	6.2	6.9	6.5	6.8	7.8
Other operating income	2.9	2.5	2.4	2.5	2.3	2.4	1.9	3.8	3.7
Non-Interest Income	**5.6**	**4.8**	**5.4**	**6.1**	**8.5**	**9.4**	**8.4**	**10.6**	**11.5**
Operating Income	**63.6**	**63.2**	**62.6**	**63.5**	**73.8**	**77.9**	**78.7**	**79.6**	**79.8**
Total operating costs	**(36.5)**	**(34.7)**	**(36.9)**	**(37.7)**	**(38.6)**	**(39.6)**	**(39.6)**	**(37.2)**	**(37.3)**
Pre-provision operating profit	**27.0**	**28.5**	**25.8**	**25.8**	**35.2**	**38.3**	**39.1**	**42.4**	**42.5**
Net impairment charges	(21.1)	(19.0)	(12.2)	(12.2)	(16.9)	(21.5)	(15.3)	(20.4)	(25.8)
Post-provision operating profit	**6.0**	**9.5**	**13.6**	**13.7**	**18.3**	**16.8**	**23.8**	**22.0**	**16.7**
Depreciation and amortisation	(3.8)	(4.1)	(1.8)	(1.7)	(1.7)	(2.0)	(1.8)	(1.6)	(1.5)
Non-recurring income/(expense)	1.8	(2.1)	0.7	(0.1)	3.2	(2.8)	(0.4)	(4.2)	0.2
Net FX	(2.9)	1.1	(2.7)	0.9	(0.5)	(1.2)	(2.7)	0.1	(2.9)
One-off adj. of intangible assets	(0.6)	(3.2)	—	—	—	(1.0)	—	—	—
Pre-tax profit	**0.5**	**1.2**	**9.7**	**12.7**	**19.3**	**9.7**	**18.8**	**16.2**	**12.6**
Income tax expense	(6.6)	(10.8)	(4.1)	(4.0)	(5.5)	(6.5)	(5.6)	(3.5)	(3.4)
Net profit after tax	**(6.1)**	**(9.5)**	**5.6**	**8.7**	**13.8**	**3.2**	**13.3**	**12.8**	**9.2**
EBITDA	**16.5**	**17.5**	**23.7**	**26.4**	**32.9**	**23.2**	**31.3**	**28.0**	**25.0**
Adjusted EBITDA	**18.8**	**23.0**	**25.1**	**26.2**	**29.8**	**27.4**	**33.5**	**31.0**	**28.0**

Loan issuance
(in millions of €)

	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022
Total value of online loans issued	**184.7**	**190.4**	**189.6**	**200.0**	**225.3**	**221.4**	**209.2**	**150.0**	**143.0**
Single Payment Loans (1)	138.3	150.3	152.9	162.7	180.5	182.5	175.4	111.3	92.5
Instalment Loans	16.7	13.7	12.2	13.5	18.3	14.6	10.8	11.9	15.2
Near-prime Loans	13.2	11.7	10.4	9.1	9.1	9.8	10.4	10.9	12.1
Minimum to pay	16.6	14.8	14.1	14.7	17.3	14.5	12.6	16.0	23.3
Total value of TBI Bank loans issued	**94.8**	**104.7**	**109.6**	**120.6**	**146.5**	**146.7**	**148.3**	**167.5**	**191.6**
SME	14.4	15.3	19.2	18.9	23.2	19.3	21.8	25.0	29.7
Consumer	80.4	89.4	90.4	101.7	123.3	127.5	126.5	142.5	161.8

Notes: (1) Includes vivus.bg online business in Bulgaria.

Loan portfolio (receivables, including accrued interest)

(in millions of €)	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022
Single payment loans [(1)]								
- Performing	76.6	79.1	86.0	91.5	91.4	90.4	51.9	52.9
- NPL [(2)]	19.9	15.7	16.2	17.4	20.1	14.6	7.2	4.1
- Total gross receivables	**96.6**	**94.8**	**102.2**	**108.9**	**111.5**	**105.0**	**59.1**	**57.0**
- Provisions	(28.7)	(25.0)	(25.5)	(27.7)	(29.2)	(24.9)	(18.4)	(14.9)
- Net receivables	**67.8**	**69.8**	**76.6**	**81.1**	**82.3**	**80.1**	**40.7**	**42.1**
- Gross NPL ratio	20.6 %	16.6 %	15.8 %	15.9 %	18.0 %	13.9 %	12.1 %	7.1 %
Instalment loans								
- Performing	44.4	35.0	32.8	34.9	30.6	27.8	26.5	30.4
- NPL [(2)]	13.0	11.2	8.6	6.3	4.3	4.2	4.3	3.6
- Total gross receivables	**57.4**	**46.2**	**41.5**	**41.2**	**34.9**	**32.0**	**30.8**	**34.0**
- Provisions	(18.6)	(13.5)	(10.1)	(7.7)	(6.1)	(6.3)	(6.2)	(5.7)
- Net receivables	**38.9**	**32.7**	**31.4**	**33.5**	**28.9**	**25.7**	**24.6**	**28.2**
- Gross NPL ratio	22.7 %	24.2 %	20.8 %	15.2 %	12.2 %	13.3 %	13.9 %	10.5 %
Minimum to pay								
- Performing	24.8	24.0	26.4	29.7	29.6	28.4	30.9	39.2
- NPL [(2)]	9.8	7.2	4.6	2.6	2.9	3.1	3.0	2.6
- Total gross receivables	**34.6**	**31.2**	**30.9**	**32.4**	**32.5**	**31.5**	**33.9**	**41.7**
- Provisions	(11.1)	(7.7)	(4.8)	(2.8)	(2.7)	(2.7)	(2.7)	(2.9)
- Net receivables	**23.5**	**23.5**	**26.2**	**29.6**	**29.9**	**28.8**	**31.2**	**38.9**
- Gross NPL ratio	28.2 %	23.0 %	14.7 %	8.2 %	8.9 %	9.8 %	8.7 %	6.2 %
Near Prime (incl. loans								
- Performing	47.2	49.0	47.5	49.5	54.7	57.1	59.8	63.5
- NPL [(2)]	3.3	3.3	2.9	2.7	2.6	3.5	3.0	3.8
- Total gross receivables	**50.5**	**52.4**	**50.5**	**52.2**	**57.4**	**60.5**	**62.8**	**67.3**
- Provisions	(6.0)	(6.4)	(5.6)	(4.2)	(4.0)	(4.7)	(5.2)	(5.5)
- Net receivables	**44.5**	**46.0**	**44.9**	**48.0**	**53.3**	**55.9**	**57.6**	**61.8**
- Gross NPL ratio	6.5 %	6.4 %	5.8 %	5.1 %	4.6 %	5.8 %	4.8 %	5.6 %
Total Online receivables								
- Performing	193.1	187.1	192.7	205.7	206.4	203.7	169.1	186.0
- NPL [(2)]	46.0	37.4	32.3	28.9	29.9	25.4	17.4	14.0
- Total gross receivables	**239.1**	**224.6**	**225.0**	**234.6**	**236.3**	**229.1**	**186.5**	**200.0**
- Provisions	(64.4)	(52.6)	(45.9)	(42.4)	(42.0)	(38.6)	(32.5)	(28.9)
- Net receivables	**174.8**	**172.0**	**179.1**	**192.2**	**194.4**	**190.5**	**154.0**	**171.0**
- Gross NPL ratio	19.2 %	16.7 %	14.4 %	12.3 %	12.7 %	11.1 %	9.3 %	7.0 %
TBI Bank								
- Performing	339.9	352.5	376.2	419.7	459.3	499.0	550.9	605.6
- NPL [(2)]	63.5	57.2	64.4	71.8	55.0	54.1	59.3	70.0
- Total gross receivables	**403.4**	**409.7**	**440.6**	**491.5**	**514.3**	**553.1**	**610.3**	**675.5**
- Provisions	(51.7)	(48.5)	(52.4)	(56.2)	(50.6)	(52.1)	(57.7)	(66.7)
- Net receivables	**351.7**	**361.1**	**388.1**	**435.2**	**463.8**	**501.1**	**552.6**	**608.8**
- Gross NPL ratio	15.7 %	14.0 %	14.6 %	14.6 %	10.7 %	9.8 %	9.7 %	10.4 %

Notes: (1) Single Payment Loan portfolio includes vivus.bg online business in Bulgaria. Reduction in Q2 2022 from sale of Polish business

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

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 for the relevant period (n.b. not equal to the full covenant coverage ratio calculation)

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 (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 charges on loans and receivables / interest income

Net interest margin – Annualised net interest income / average gross loan principal (total gross loan principal as of the start and end of each period divided by two)

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

Non-performing loans (NPLs) – Loan principal or receivables (as applicable) that are over 90 days past due

Normalised – Adjusted to remove the effect of non-recurring items, net FX and one-off adjustments to intangible assets, and for 2018 ratios only, adjusted to reflect the opening balance of 2018 balance sheet after IFRS 9 effects

Overall provision coverage – Allowance account for provisions / non-performing receivables

Profit before tax margin – Profit before tax / interest income

Return on average assets – Annualised profit from continuing operations / average assets (total assets as of the start and end of each period divided by two)

Return on average equity – Annualised profit from continuing operations / average equity (total equity as of the start and end of each period divided by two)

Tangible equity – Total equity minus intangible assets

TBI Bank capital adequacy ratio – (Tier One Capital + Tier Two Capital) / risk weighted assets (calculated according to the prevailing regulations of the Bulgarian National Bank)

RECENT DEVELOPMENTS

Recent developments include significant and material information about the Group's development and any changes since its last quarterly report that was published on 31 August 2022.

Financing

The Group's EUR 2026 bonds were listed on the Oslo Stock Exchange on 24 October.

TBI Bank

Following approval from the Bulgarian National Bank, TBI Bank made a dividend payment of €10.0 million in November.

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