Unaudited consolidated financial report for the year ended 31 December 2023

29 February 2024

4FINANCE HOLDING S.A. REPORTS RESULTS FOR THE YEAR ENDING 31 DECEMBER 2023

Net profit of €44.2 million, showing continued profitable growth
Adjusted EBITDA of €131.3 million
Successful refinancing of EUR 2028 bonds adds to strong credit story

29 February 2024. 4finance Holding S.A. (the 'Group' or '4finance'), one of Europe's largest digital consumer lending groups, today announces unaudited consolidated results for the twelve months ending 31 December 2023 (the 'Period').

Operational highlights

- Online loan issuance volume of €569.5 million in the Period compared with €496.8 million in the prior year, up 15% year-on-year. Demand for credit remains strong in most markets, with yearly issuance growth driven by Czech Republic, Spain and Philippines.
- New growth opportunities: taking a deliberate step-by-step approach. Started operations through a joint venture in the UK (ondal.co.uk) in February 2023, and in Mexico (kimbi.mx) in October 2023 with encouraging signs in both.
- TBI Bank loan issuance increased by 28% to €907.2 million in the Period, compared to €706.2 million in 2022.

Financial Highlights

- Interest income from continuing operations up 24% year-on-year to €385.8 million in the Period compared with €311.1 million in the prior year. For the prior year figures, the Polish business is reflected separately in the income statement as a 'discontinued operation'.
- Cost to income ratio for the Period was 43.4%, a significant improvement from 47.9% in 2022 (excluding Poland), despite the increase in total operating costs year-on-year.
- Adjusted EBITDA was €131.3 million for the Period, up 16% year-on-year (compared to the proforma adjusted EBITDA excluding Poland and including Philippines) delivering a 34% adjusted EBITDA margin. The interest coverage ratio as of the date of this report is 2.0x, impacted by the increased interest expense at TBI Bank in recent quarters.
- Net profit from continuing operations for the Period was €44.2 million, a 27% increase from €34.7 million in the prior year.
- Fundamental asset quality indicators at product level remain broadly stable. Net impairment charges of €148.4 million reflect the larger portfolio, different product mix in online and reduced debt sales activity in H1 2023. Cost of risk at 13.8% for FY 2023, a slight improvement from 9M 2023.
- Net receivables up 28% to €1,080.4 million as of 31 December 2023 compared with €846.4 million as of 31 December 2022.
- Overall gross NPL ratio at 9.4% as of 31 December 2023 (14.2% for online), compared with 8.8% as of 31 December 2022 (9.0% for online). TBI NPL ratio at 8.6% as of 31 December 2023, compared with 8.7% as of 31 December 2022.

Liquidity and funding

- Strong liquidity position, with €42.2 million of cash in the online business at the end of the Period.
- Technical completion of bond refinancing process in December 2023, with the new maturity in May 2028. Balanced medium-term capital structure in place, with two bond issues of very manageable sizes.
- In December 2023, the Group cancelled €15 million of EUR 2028 bonds, leaving €135 million outstanding in issue.

Kieran Donnelly, CEO of 4finance, commented:

"These results show our commitment to deliver ongoing profitability, with net profit from continuing operations up 27% to €44 million year-on-year, and quarterly gross income of €122 million, the highest in recent years.

"We've managed growth while simultaneously reducing our cost-to-income ratio and made good progress in developing our businesses in Mexico and the UK. The successful bond refinancing in Q4 2023 adds to a strong credit story, with the next maturity not until October 2026. Our strong balance sheet and diversified portfolio allow us to continue to adapt and grow."

Contacts

Contact:	James Etherington, Group Chief Financial Officer
Email:	james.etherington@4finance.com / investor_relations@4finance.com
Website:	www.4finance.com

Conference call

A conference call with management to discuss these results is scheduled for **Tuesday, 5 March at 14:00 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 11 countries.

Leveraging a high degree of automation and data-driven insights across all aspects of the business, 4finance has grown rapidly, issuing over €10 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 11 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

	Year Ended 31 December 2023	Year Ended 31 December 2022	Year Ended 31 December 2021
Capitalisation			
Net receivables (€m)	1,080.4	846.4	658.1
Total assets (€m)	1,763.1	1,372.1	1,058.1
Total equity (€m)	241.6	198.6	176.8
Equity / assets	13.7%	14.5%	16.7%
Tangible common equity/tangible assets (1)	10.2%	10.8%	13.5%
Equity / net receivables	22.4%	23.5%	26.9%
Interest coverage ratio (2)	2.0x	2.7x	2.6x
TBI Bank consolidated capital adequacy (3)	22.6%	22.2%	22.9%
Profitability			
Net interest margin: (4)			
- Online	100.6%	92.0%	63.5%
- TBI Bank	18.2%	20.1%	22.4%
- Overall	30.5%	33.6%	32.5%
Cost / income ratio (5)	43.4%	47.9%	57.6%
Post-provision operating profit margin (6)	17.9%	22.5%	18.5%
Normalised Profit before tax margin (7)	15.7%	20.0%	14.1%
Normalised Return on average equity (8)	21.2%	25.5%	14.6%
Normalised Return on average assets (9)	3.0%	3.9%	2.4%
Asset quality			
Cost of risk: (10)			
- TBI	6.3%	5.1%	5.5%
- Overall group	13.8%	11.1%	8.5%
Net impairment / interest income (11)	37.1%	28.8%	21.7%
Gross NPL ratio: (12)			
- Online	14.2%	9.0%	13.7%
- TBI	8.6%	8.7%	10.4%
- Overall group	9.4%	8.8%	11.3%
Overall group NPL coverage ratio (13)	111.5%	117.8%	108.9%
Loan loss reserve / gross receivables, %	10.5%	10.3%	12.3%

Definitions and Notes below. For further definitions please see the appendix.

Normalised ratios are adjusted to remove the effect of non-recurring items, discontinued operations, net FX and one-off adjustments to intangible assets. Respective 2021 and 2022 ratios have been adjusted to reflect the continuing operations.

1. Tangible equity is Total Equity less Intangible Assets. Tangible Assets are Total Assets less Intangible Assets
2. Calculated as described later in the report
3. TBI Bank (Tier One Capital + Tier Two Capital) / Risk weighted assets (calculated according to the prevailing regulations of the BNB)
4. Annualised net interest income / average gross loan principal
5. Operating costs / operating income (revenue)
6. Post-provision operating profit (which does not include non-recurring items, net FX and D&A) / operating income (revenue)
7. Profit before tax / interest income
8. Annualised profit from continuing operations / average equity (total equity as of the start and end of each period divided by two)
9. Annualised profit from continuing operations / average assets (total assets as of the start and end of each period divided by two)
10. Annualised net impairment charges / average gross receivables (total gross receivables as of the start and end of each period divided by two)
11. Net impairment charges on loans and receivables / interest income plus relevant fee income (interest income and other income from contracts with customers in Philippines and Lithuania under IFRS 15)
12. Non-performing receivables (including accrued interest) with a delay of over 90 days / gross receivables (including accrued interest)
13. 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 twelve months ending 31 December 2023 and 31 December 2022. Additional reference information on the historic quarterly development of our income statement is shown in the appendix. Please note that Poland is reflected separately as a discontinued operation.

	12 months to 31 December		
	2023 (unaudited)	**2022 (restated)**	**% change**
	(in millions of €)		
Interest Income	385.8	311.1	+24%
Interest Expense	(65.7)	(44.7)	+47%
Net Interest Income	**320.1**	**266.4**	**+20%**
Net F&C Income	45.0	32.7	+38%
Other operating income	18.4	7.5	nm
Non-Interest Income	**63.4**	**40.2**	**+58%**
Operating Income (Revenue)	**383.5**	**306.6**	**+25%**
Total operating costs	**(166.5)**	**(146.9)**	**+13%**
Pre-provision operating profit	**217.1**	**159.6**	**+36%**
Net impairment charges	(148.4)	(90.7)	+64%
Post-provision operating profit	**68.7**	**69.0**	**-0%**
Depreciation and amortisation	(7.9)	(6.9)	+14%
Non-recurring income/(expense)	2.6	(1.4)	nm
Net FX gain/(loss)	(5.0)	(11.8)	-57%
Profit before tax	**58.4**	**48.9**	**+19%**
Income tax expense	(14.2)	(14.2)	-0%
Profit from continuing operations	**44.2**	**34.7**	**+27%**
Profit from discontinued operations, net of tax	-	6.9	nm
Profit for the period	**44.2**	**41.6**	**+6%**

Interest income

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

	12 months to 31 December		
	2023	**2022**	**% change**
Online lending (continuing operations)	**(in millions of €, except percentages)**		
Total value of loans issued	569.5	496.8	+15%
Average net receivables, of which:	137.1	133.2	+3%
- Principal	128.8	125.4	
- Accrued interest	8.3	7.8	
Annualised interest income yield on net portfolio (1)	139%	126%	
Interest income from online lending (2)	179.3	157.7	+14%
Banking operations			
Average net receivables, of which:	826.5	596.0	+39%
- Principal	812.7	585.0	
- Accrued interest	13.8	11.0	
Annualised interest income yield on net portfolio (1)	24%	24%	
Interest income from banking operations (3)	198.1	142.2	+39%

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

(2) Does not include interest income from corporate loans

(3) See appendix for full TBI Bank income statement

Interest income for the Period was €385.8 million, a 24% increase compared with €311.1 million in the prior year. Total value of online loan principal issued (including Philippines and Mexico) increased by 15% in the Period, delivering growth in the average balance of net receivables and interest income. The income yield increased in 2023 with greater contribution from higher rate shorter-term loans and sale of near-prime loans to TBI Bank. After reclassification, interest income also includes income from loans provided to non-Group companies (primarily Poland) and income from related party loans which was previously included in other operating income.

TBI Bank's loan book has continued to grow, particularly in Romania, with an increase of 39% 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 mainly in the 'net fee and commission' line.

Interest expense

Interest expense for the Period was €65.7 million, an increase of 47% compared with €44.7 million in the prior year. The higher interest expense year-on-year reflects the growth in deposits and term funding and increase in funding costs at TBI Bank, partly offset by the bond buybacks since the start of 2022. Any one-off gains from bond buybacks at a discount are 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 €63.4 million, a 58% increase compared with €40.2 million reported in the prior year. The net fee and commission income, primarily generated by TBI Bank from insurance sales to its customers, was up 38% year-on-year. Other operating income includes income from services and relevant fee income from the online business (mainly in Philippines and Lithuania) such as income from contracts with customers under IFRS 15.

Total operating costs

Total operating costs reported for the Period were €166.5 million, a 13% increase compared with €146.9 million reported in the prior year. The costs for the online business increased year-on-year due to acquisitions of Philippines in Q2 2022 and Mexico in Q4 2023, which contributed c.€15.2 million of costs in the Period, with cost reductions for the remainder of the online business. At TBI Bank, higher personnel costs and professional services costs supported growing revenue and geographical expansion.

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.

	12 months to 31 December	
	2023	**2022**
	(in millions of €)	
Personnel costs	86.4	78.4
Marketing and sponsorship	22.8	21.0
Software & Systems expense	13.8	13.6
Legal and consulting	12.0	9.6
Application processing costs	5.3	3.4
Communication expenses	5.5	3.2
Taxes	4.3	4.8
Bank services	2.1	2.2
Debt collection costs	1.5	1.6
Rent and utilities	1.8	1.8
Travel	1.6	1.3
Other	9.3	6.2
Total	**166.5**	**146.9**
TBI Bank	91.4	72.8
4finance online	75.0	74.1
Total Employees		
- Online	597	593
- TBI Bank	1,842	1,697
- Overall group	**2,439**	**2,290**

For the twelve months of 2023 and 2022, marketing and sponsorship costs accounted for 13.7% and 14.3% respectively, and personnel costs accounted for 51.9% and 53.3%, respectively, of total operating costs. The cost to income ratio for the Period was 43.4%, a decrease from 47.9% for the prior year, driven by significant increase in revenue year-on-year.

Net impairment charges on loans and receivables

Net impairment charges for the Period were €148.4 million, compared with €90.7 million in the prior year. Gross impairment charges increased proportionately due to significantly higher portfolio (gross portfolio increased by 28% year-on-year) and changing product mix. For example, the Philippines business has a higher cost of risk (and portfolio yield) due to a different customer segment and shorter write-off period. Asset quality indicators remain broadly stable overall, with various product/market specifics being addressed. Net impairment charges can also be impacted by gains from larger NPL debt sales at TBI Bank from time to time, for example in Q1 2022 and Q4 2023. Within the online business the debt sales market shows signs of recovery in activity in some areas in H2 2023. For example, forward flow sales of NPLs resumed in Latvia in Q3, and we continue negotiations in other markets and in parallel to review in-house collection strategies for non-performing loans.

	12 months to 31 December	
	2023	**2022**
	(in millions of €)	
Impairment charges on loans	164.3	109.6
Over provision on debt portfolio (portfolio sale net proceeds)	(7.3)	(10.4)
Recovery from written-off loans	(8.6)	(8.6)
Net impairment charges	**148.4**	**90.7**

Overall net impairment charges represented 37% of interest income plus relevant fee income for the Period, an increase from 29% last year.

Non-recurring income/(expense)

For the fourth quarter, the Group had net non-recurring income of €2.6 million. This includes €3.4 million technical gain from sale of Argentina (a transfer of FX reserve result from OCI with no net effect on equity) and €0.9 million income from IFRS modification adjustment related to bond extension, partially offset by expenses in Spain, TBI Bank and non-cash write-offs of IT intangible assets.

Net FX gain/(loss)

Foreign exchange movements resulted in a net loss of €5.0 million for the Period, mainly from hedging and swap costs in PLN, CZK and RON against EUR. In the prior year, there was a net FX loss of €11.8 million.

Profit before tax

For the reasons stated above, the Group made a profit before tax for the Period of €58.4 million, compared with €48.9 million in the prior year.

Income tax expense

The Group's corporate income tax expense was €14.2 million for the Period, compared with €14.2 million in the prior year. The following table sets out a breakdown of the Group's corporate income tax.

	12 months to 31 December	
	2023	**2022**
	(in millions of €)	
Current tax	15.0	13.9
Deferred tax	(0.8)	0.3
Total	**14.2**	**14.2**

Profit from continuing operations

For the reasons stated above, the Group's profit from continuing operations for the Period was €44.2 million, compared with €34.7 million in the prior year.

Profit from discontinued operations, net of tax

In connection with the sale of the Poland business in April 2022, the results of operations in this segment, and of its disposal, are reflected separately as discontinued operations in the consolidated statement of profit or loss for the respective period in prior year.

Profit for the period

For the reasons stated above, the profit for the Period was €44.2 million, compared with €41.6 million in the prior year.

Other financial data – EBITDA and Adjusted EBITDA

	Year Ended 31 December 2023	Year Ended 31 December 2022	Year Ended 31 December 2021
		(in millions of €)	
Profit for the period	44.2	41.6	31.3
Income tax expense	14.2	16.3	20.2
Interest expense	65.7	44.7	47.5
Depreciation and amortisation	7.9	7.1	7.2
EBITDA	**132.0**	**109.7**	**106.2**
Adjustments	(0.7)	12.0	2.3
Adjusted EBITDA (1)	**131.3**	**121.7**	**108.5**

	Year Ended 31 December 2023	Year Ended 31 December 2022	Year Ended 31 December 2021
		(in millions of €)	
Summary breakdown of Adjustments to EBITDA			
Net FX impact	5.0	11.7	3.7
One-off costs and other prescribed adjustments	(5.9)	0.1	(2.3)
One-off write-down of intangible assets	0.1	0.2	1.0
Total	**(0.7)**	**12.0**	**2.3**

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 if the ratio is below the 2.0x incurrence threshold it only restricts certain specified actions (such as dividend payments or allowed parameters of incurrence of indebtedness).

	As of date of this report
	(in millions of €)
Pro-forma last 4 quarters Adjusted EBITDA	130.9
Pro-forma last 4 quarters Fixed Charges	64.4
Bond covenant interest coverage ratio	**2.0x**

Notes: (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.

	31 December 2023 (unaudited)	31 December 2022
	(in millions of €)	
Cash and cash equivalents, of which:	**261.6**	**221.6**
- Online	42.2	52.5
- TBI bank	219.4	169.1
Placement with other banks	48.3	35.7
Gross receivables due from customers	1,207.4	943.7
Allowance for impairment	(127.0)	(97.4)
Net receivables due from customers, of which:	**1,080.4**	**846.4**
- Principal	1,057.2	826.6
- Accrued Interest	23.2	19.8
Net investments in finance leases	1.3	1.9
Net loans to related parties	31.4	28.8
Net loans to other parties	31.9	29.6
Property and equipment	18.2	18.2
Financial investments	147.8	67.7
Prepaid expenses	8.4	3.5
Tax assets	15.6	15.3
Intangible IT assets	29.1	17.1
Goodwill	27.2	27.6
Other assets	61.9	58.7
Total assets	**1,763.1**	**1,372.1**
Liabilities		
Loans and borrowings	301.6	284.8
Deposits from customers	1,111.4	781.7
Income tax liabilities	9.2	6.8
Other liabilities	99.3	100.2
Total liabilities	**1,521.6**	**1,173.4**
Share capital	35.8	35.8
Retained earnings	237.2	193.6
Reserves	(31.4)	(30.7)
Total equity	**241.6**	**198.6**
Total shareholders' equity and liabilities	**1,763.1**	**1,372.1**

Assets

The Group had total assets of €1,763.1 million as of 31 December 2023, compared with €1,372.1 million as of 31 December 2022. The main changes during the Period were increases in net receivables due from customers (see below) and financial investments (mainly government bonds for liquidity management, see TBI appendix).

Loan portfolio

As of 31 December 2023, the Group's net receivables equalled €1,080.4 million, compared with €846.4 million as of 31 December 2022, representing an increase of €234.0 million, or 28%, with the majority of growth coming from the bank. TBI Bank contributed €945.9 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. Loans originated in the online business but sold to the bank are shown within the TBI Bank section. 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.

	31 December 2023				31 December 2022			
	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	147.6	(19.5)	128.1	85.8%	151.2	(16.2)	134.9	91.0%
Non-performing (1)	24.4	(18.0)	6.4	14.2%	14.9	(10.6)	4.3	9.0%
Online total	**172.1**	**(37.6)**	**134.5**	**100.0%**	**166.1**	**(26.9)**	**139.3**	**100.0%**
TBI Bank receivables								
Performing	945.8	(39.3)	906.5	91.4%	709.9	(28.6)	681.3	91.3%
Non-performing (1)	89.6	(50.2)	39.4	8.6%	67.7	(41.9)	25.8	8.7%
TBI Bank total	**1,035.4**	**(89.5)**	**945.9**	**100.0%**	**777.6**	**(70.5)**	**707.1**	**100.0%**
Overall receivables								
Performing	1,093.5	(58.8)	1034.7	90.6%	861.1	(44.8)	816.2	91.2%
Non-performing (1)	114.0	(68.2)	45.7	9.4%	82.7	(52.5)	30.1	8.8%
Overall total	**1,207.4**	**(127.0)**	**1,080.4**	**100.0%**	**943.7**	**(97.4)**	**846.4**	**100.0%**

Notes: (1) Non-performing amounts are over 90 days past due (no NPLs on the balance sheet in the Philippines) and shown on a customer level basis for TBI bank

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.

	31 December 2023		31 December 2022	
	Amount	% of Portfolio	Amount	% of Portfolio
Online performing gross principal by product:	*(in millions of €, except percentages)*			
Single Payment Loans	52.1	35.3%	47.7	31.5%
Instalment Loans	39.6	26.8%	29.2	19.3%
Minimum to pay	39.3	26.6%	43.1	28.5%
Near Prime	16.7	11.3%	31.2	20.6%
Total online gross performing principal	**147.6**	**100.0%**	**151.2**	**100.0%**

Online non-performing loan portfolio

As of 31 December 2023, the Group's non-performing online portfolio was €24.4 million, an increase of €9.5 million since 31 December 2022. The gross NPL ratio was 14.2% for online receivables as of 31 December 2023, compared to 9.0% as of 31 December 2022. The NPL ratio has increased due to lower volumes of NPL sales in the Baltics and Sweden. 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 31 days past due, resulting in a relatively lower gross portfolio on balance sheet with no 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 €2.4 million, or 9.7%, 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.

	31 December 2023	31 December 2022
	(in millions of €, except percentages)	
Non-performing online principal by product:		
Single Payment Loans	6.5	3.5
Minimum to pay	7.5	3.8
Instalment Loans	7.1	3.7
Near Prime	3.4	3.8
Total non-performing online principal	**24.4**	**14.9**
Allowance for NPL / NPL receivables	74%	71%
Overall receivables allowance / NPL receivables	154%	180%
Average Loss Given Default rate	64%	57%

Other assets

A breakdown of the Group's other assets is presented in the table below. The majority of the 'receivables from trade partners' are at TBI Bank and includes merchant and debt sales counterparties. The 'derivatives' line relate mainly to the Group's EUR/PLN, EUR/CZK, EUR/SEK and EUR/RON currency hedges.

	31 December 2023	31 December 2022
	(in millions of €)	
Receivables from trade partners	40.4	27.0
Poland net purchase price receivable	11.6	17.1
Non-current assets held for sale	3.8	4.4
Derivatives	3.1	5.0
Investments in associates and joint ventures	1.3	1.3
Security deposits	0.7	0.6
FX hedging - funds on margin	0.0	2.0
Other non-customer receivables	1.1	1.2
Total	**61.9**	**58.7**

Liabilities

The Group had total liabilities of €1,521.6 million as of 31 December 2023, compared with €1,173.4 million as of 31 December 2022, representing an increase of €348.1 million.

Loans and borrowings

As of 31 December 2023, the Group had loans and borrowings of €301.6 million, compared with €284.8 million as of 31 December 2022. The Group's loans and borrowings accounted for 20% of total liabilities as of 31 December 2023 and 24% of total liabilities as of 31 December 2022.

As of 31 December 2023, the Group held €39.6 million of its EUR 2026 bonds and €4.3 million of its EUR 2028 bonds in treasury.

The following table sets out the loans and borrowings by type.

	31 December 2023	31 December 2022
	(in millions of €)	
EUR 2026 Bonds	124.5	122.8
EUR 2028 Bonds	123.6	130.0
TBI Bank (Tier 2 and MREL eligible instruments)	53.5	31.0
Other	0.0	1.0
Total loans and borrowings (1)	**301.6**	**284.8**

Notes: (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 2028 bonds'*). The 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, and the maturity was extended in 2020 and 2021. Following a bondholder vote, in December 2023 the maturity of the EUR bonds was extended to May 2028. The Group also cancelled €15.0 million of these bonds. They are currently callable at 104%.

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.

In December 2023, TBI Bank issued a €10.0 million debt security, bringing total net outstanding MREL eligible instruments to €52.7 million as of 31 December 2023, with interest rates ranging from 5% to 9% with tenors from 2 to 5 years. Attraction of these instruments allows the bank to meet the regulatory requirement for the MREL ratio (see TBI Bank appendix). TBI Bank intends to increase its MREL eligible liabilities in line with balance sheet growth.

Customer deposits

As of 31 December 2023, the Group had total customer deposits of €1,111.4 million, all of which are at TBI Bank, at an average all-in cost of approximately 3.81%. 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. The majority of the 'accounts payable to trade partners' and 'other liabilities' are at TBI Bank and are non-interest bearing.

	31 December 2023	**31 December 2022**
	(in millions of €)	
Prepayments in TBI received on customer loans	25.6	22.6
Accounts payable to trade partners	22.5	11.4
Accrued payables to employees	13.1	12.6
Accrued expenses	12.6	10.7
Lease liabilities (IFRS 16)	8.3	9.2
Taxes payable	3.9	2.6
FX forward hedging liability	3.8	7.5
Philippines acquisition earnout	-	8.0
Other liabilities	9.6	15.5
Total	**99.3**	**100.2**

Equity

As of 31 December 2023, the Group's total equity amounted to €241.6 million, compared to €198.6 million as of 31 December 2022, representing an increase of €42.9 million, or 22%. The Group's equity to assets ratio as of 31 December 2023 was 14%.

The equity to net receivables ratio as of 31 December 2023 was 22%, reflecting the Group's strong capitalisation, with adequate headroom to bond covenants.

Off-balance sheet arrangements

The Group's total off-balance sheet commitments as of 31 December 2023 were €109.7 million. This represents TBI Bank's undrawn lending commitments of €109.6 million and financial guarantees €0.1 million. 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

	2023 (unaudited)	2022
	(in millions of €)	
Cash flows from operating activities		
Profit before tax from continuing operations	58.4	48.9
Profit before tax from discontinued operations	-	9.1
Profit before taxes	**58.4**	**58.0**
Adjustments for:		
Depreciation and amortisation	7.8	7.3
Impairment of goodwill and intangible assets	(0.0)	(0.1)
Net (gain) / loss on foreign exchange from borrowings and other monetary items	(0.8)	0.6
Impairment losses on loans	164.3	115.2
Reversal of provision on debt portfolio sales	(7.3)	(15.4)
Write-off and disposal of intangible and property and equipment assets	1.2	3.9
Interest income from non-customers loans	(8.5)	(10.1)
Interest expense on loans and borrowings and deposits from customers	65.7	44.7
Non-recurring finance (income)	(2.3)	(2.6)
Other non-cash items, including loss/(gain) on disposals	(3.4)	2.3
Profit before adjustments for the effect of changes to current assets and short-term liabilities	**275.0**	**203.9**
Adjustments for:		
Change in financial instruments measured at fair value through profit or loss	(3.5)	1.0
(Increase) in other assets (including TBI statutory reserve, placements & leases)	(93.1)	(57.5)
Increase in accounts payable to suppliers, contractors and other creditors	14.7	21.4
Operating cash flow before movements in portfolio and deposits	**193.2**	**168.8**
Increase in loans due from customers	(420.4)	(366.1)
Proceeds from sale of portfolio	28.8	39.8
Increase in deposits (customer and bank deposits)	325.0	292.9
Deposit interest payments	(33.0)	(11.0)
Gross cash flows from operating activities	**93.5**	**124.3**
Corporate income tax (paid), net of refunds received	(12.0)	(13.0)
Net cash flows from operating activities	**81.5**	**111.3**
Cash flows from / (used in) investing activities		
Purchase of property and equipment and intangible assets	(19.2)	(15.8)
Net cash from (Purchase) / Sale of financial instruments	(78.3)	(18.6)
Other / related party loans issued	(3.5)	(1.1)
Other / related party loans repaid	0.8	6.7
Interest received on other / related party loans	8.5	20.9
(Acquisition) / Sale of equity investments, net	-	(1.1)
Disposal of subsidiaries, net of cash disposed	(2.5)	(8.7)
Acquisition of subsidiaries, net of cash acquired	(0.0)	(10.0)
Net cash flows used in investing activities	**(94.1)**	**(27.6)**

	2023 (unaudited)	2022
	(in millions of €)	
Cash flows from / (used in) financing activities		
Loans received and notes issued	29.8	21.7
Repayment and repurchase of loans and notes	(7.6)	(31.8)
Interest payments	(29.6)	(32.0)
Costs of notes issuance/amendment	(2.5)	(0.1)
FX hedging margin	3.7	(1.7)
Payment of lease liabilities	(3.3)	(3.5)
Dividend payments	-	(15.0)
Net cash flows used in financing activities	**(9.5)**	**(62.5)**
Net (decrease) / increase in cash and cash equivalents	**(22.2)**	**21.2**
Cash and cash equivalents at the beginning of the period	**155.5**	**134.2**
Effect of exchange rate fluctuations on cash	0.1	0.2
Cash and cash equivalents at the end of the period	**133.5**	**155.5**
Minimum statutory reserve	128.1	66.0
Total cash on hand and cash at central banks	**261.6**	**221.6**

The key drivers of cashflow movements are described elsewhere in this report.

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 twelve months ending 31 December 2023 and twelve months ending 31 December 2022.

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.

	12 months to 31 December	
	2023	**2022**
	(in millions of €)	
Interest Income	197.6	140.8
Interest Expense	(36.1)	(11.8)
Net Interest Income	**161.6**	**129.0**
Net F&C Income	45.0	34.1
Other operating income	1.2	0.7
Non-Interest Income	**46.2**	**34.7**
Operating Income (Revenue)	**207.8**	**163.7**
Total operating costs	**(90.1)**	**(73.6)**
Pre-provision operating profit	**117.7**	**90.2**
Net impairment losses	(55.2)	(33.2)
Post-provision operating profit	**62.4**	**57.0**
Depreciation and amortisation	(5.7)	(4.2)
Non-recurring income/(expense)	(2.2)	(2.7)
Net FX gain/(loss)	(2.7)	(7.6)
Pre-tax profit	**51.9**	**42.5**
Income tax expense	(8.2)	(6.1)
Net profit after tax	**43.6**	**36.4**

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 unamortised premium paid (€10.8 million) for online purchased loans which is also eliminated in consolidation, and unamortised fair value adjustment (€0.3 million) as at 31 December 2023.

	31 December 2023	**31 December 2022**
	(in millions of €)	
Cash and cash equivalents	226.4	183.8
Placement with other banks	48.3	35.7
Gross receivables due from customers	1,046.5	786.2
Allowance for impairment	(89.5)	(70.5)
Net receivables due from customers	**957.0**	**715.7**
Net investments in finance leases	1.3	2.1
Property and equipment	15.2	14.5
Financial assets	161.4	68.3
Tax assets	3.1	2.5
Prepaid expenses	6.3	1.3
Intangible assets	23.6	14.0
Other assets	42.0	32.5
Total assets	**1,484.6**	**1,070.6**
Loans and borrowings	62.7	31.0
Deposits from customers	1,119.0	796.3
Corporate income tax payable	3.8	0.1
Other liabilities	69.7	60.3
Total liabilities	**1,255.1**	**887.7**
Share capital	41.7	41.7
Retained earnings	190.5	146.5
Reserves	(2.7)	(5.4)
Total equity	**229.5**	**182.9**
Total shareholders' equity and liabilities	**1,484.6**	**1,070.6**

Financial assets include mainly government and other bonds held by TBI Bank for liquidity management purposes. Government bond holdings were increased due to strong deposit inflows.

To aid comparison with the loan portfolio presented on page 10 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 €)	**31 December 2023**	**31 December 2022**
Standalone net receivables due from customers	**957.0**	**715.7**
Balance of premium paid for Online portfolio	(10.8)	(8.4)
Unamortised fair value adjustment	(0.3)	(0.3)
TBI portfolio contribution to consolidation	**945.9**	**707.1**

Loan portfolio

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

	31 December 2023	31 December 2022	% Change
Gross receivables by type	*(in millions of €)*		
Consumer	890.8	653.6	36%
SME (including financial leases)	157.5	135.0	17%
Total gross receivables	**1,048.3**	**788.6**	**33%**
Provisions	(90.0)	(70.7)	27%
Total net receivables	**958.3**	**717.9**	**33%**

As of 31 December 2023, consumer loans made up 85% of TBI Bank's gross loans (83% as of 31 December 2022). Of the overall net loan portfolio, 55% comes from Romania, 35% from Bulgaria, 5% from Greece and the remainder is purchased online portfolios (Lithuania).

The non-performing receivables ratios as of 31 December 2023 by loan type are shown below.

	Consumer	SME (incl. leases)	Overall
Non-performing receivables to gross receivables ratio	8.9%	7.3%	8.7%
Provision coverage(1)	108.6%	34.1%	99.3%

Notes: (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 December 2023	31 December 2022	% Change
	(in millions of €)		
Customer accounts of consumers	1,042.9	703.3	48%
- Current accounts	104.5	66.5	57%
- Term deposits	938.4	636.8	47%
Customer accounts of SMEs	76.1	93.1	(18%)
- Current accounts	34.6	66.4	(48%)
- Term deposits	41.5	26.7	56%

TBI Bank increased deposits and liquidity again in Q4 2023 to support business growth and to increase local currency funding in Romania. The average interest rate paid on term deposits varies by type and currency, ranging from 0.05% to 7.75%. Deposit costs (excluding the state deposit guarantee fund annual charge) were 3.57% for the Period.

Capital and liquidity ratios

TBI Bank continues to have a strong capital, funding and liquidity position. The table below shows TBI Bank's statutory capital, funding and liquidity ratios as of 31 December 2023. The bank's reviewed profit for H2 2023 is not yet included in those ratios. The minimum capital adequacy ratio requirement from the Bulgarian National Bank applicable to TBI Bank is now approximately 14.03%. The calculation of capital buffers has been updated in alignment with the BNB during 2023, so the minimum CAR requirement now varies slightly depending on portfolio mix as different buffers are applied depending on the country of exposure. For funding, a minimum MREL ratio requirement also applies of approximately 22.84% as of 31 December 2023.

	Standalone	Consolidated
Common equity Tier 1 ratio	21.8%	21.4%
Capital adequacy ratio	23.0%	22.6%
MREL ratio	27.9%	27.5%
Liquidity ratio	32.7%	
Liquidity coverage ratio	540.6%	670.8%

HISTORIC QUARTERLY RESULTS APPENDIX

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

Income statement ***(in millions of €)***	**Q4 2021**	**Q1 2022**	**Q2 2022**	**Q3 2022**	**Q4 2022**	**Q1 2023**	**Q2 2023**	**Q3 2023**	**Q4 2023**
Interest Income	**81.9**	**82.6**	**80.8**	**80.7**	**86.5**	**91.7**	**96.2**	**100.9**	**97.0**
Interest Expense	(11.5)	(10.6)	(10.1)	(10.9)	(13.0)	(15.1)	(15.7)	(16.9)	(18.0)
Net Interest Income	**70.4**	**72.0**	**70.6**	**69.8**	**73.5**	**76.6**	**80.5**	**84.0**	**79.0**
Net F&C Income	6.9	6.5	6.8	7.8	11.6	8.3	9.6	8.8	18.3
Other operating income	0.6	0.2	2.2	2.2	2.3	2.4	2.8	6.3	7.0
Non-Interest Income	**7.6**	**6.7**	**9.0**	**10.0**	**13.8**	**10.7**	**12.3**	**15.1**	**25.4**
Operating Income	**77.9**	**78.7**	**79.6**	**79.8**	**87.3**	**87.2**	**92.8**	**99.1**	**104.4**
Total operating costs	**(39.6)**	**(39.6)**	**(37.2)**	**(37.3)**	**(39.5)**	**(40.1)**	**(40.4)**	**(43.0)**	**(43.0)**
Pre-provision operating profit	**38.3**	**39.1**	**42.4**	**42.5**	**47.9**	**47.1**	**52.4**	**56.1**	**61.4**
Net impairment losses	(21.5)	(15.3)	(20.4)	(25.8)	(29.6)	(33.5)	(36.1)	(40.8)	(37.9)
Post operating profit	**16.8**	**23.8**	**22.0**	**16.7**	**18.3**	**13.6**	**16.3**	**15.3**	**23.4**
Depreciation and amortization	(2.0)	(1.8)	(1.6)	(1.5)	(2.2)	(1.9)	(1.9)	(2.1)	(2.0)
Non-recurring income/(expense)	(2.8)	(0.4)	(4.2)	0.2	0.6	(0.7)	(0.1)	0.8	2.6
Net FX	(1.2)	(2.7)	0.1	(2.9)	(6.2)	(2.2)	(0.1)	(0.6)	(2.1)
Pre-tax profit	**9.7**	**18.8**	**16.2**	**12.6**	**10.3**	**8.8**	**14.2**	**13.4**	**22.0**
Income tax expense	(6.5)	(5.6)	(3.5)	(3.4)	(3.9)	(3.2)	(3.0)	(3.8)	(4.2)
Net profit after tax	**3.2**	**13.3**	**12.8**	**9.2**	**6.4**	**5.6**	**11.2**	**9.6**	**17.8**
EBITDA	**23.2**	**31.3**	**28.0**	**25.0**	**25.5**	**25.9**	**31.9**	**32.3**	**41.9**
Adjusted EBITDA	**27.4**	**33.5**	**31.0**	**28.0**	**29.3**	**28.1**	**30.7**	**33.1**	**39.4**

Loan issuance ***(in millions of €)***									
Total value of online loans issued	**217.5**	**205.5**	**145.9**	**138.7**	**139.2**	**137.0**	**140.0**	**146.7**	**145.7**
Single Payment Loans	178.7	171.7	107.2	88.1	92.2	93.6	98.0	107.9	108.0
Instalment Loans	14.6	10.8	11.9	15.2	14.5	15.5	16.2	16.5	16.4
Near-prime Loans	9.8	10.4	10.9	12.1	9.9	8.6	7.4	7.0	6.7
Minimum to pay	14.5	12.6	16.0	23.3	22.5	19.3	18.4	15.4	14.5
Total value of TBI Bank loans issued	**146.7**	**148.3**	**167.5**	**191.6**	**198.8**	**206.4**	**221.4**	**224.5**	**254.9**
SME	19.3	21.8	25.0	29.7	29.6	31.0	25.9	24.3	31.3
Consumer	127.5	126.5	142.5	161.8	169.2	175.4	195.6	200.2	223.6

Loan portfolio (receivables, including accrued interest)

Note these tables have been adjusted to include online loans owned by TBI Bank within the TBI Bank portfolio.

(in millions of €)	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023
Single payment loans (1)									
- Performing	89.1	88.1	49.6	50.4	47.7	49.2	49.9	53.5	52.1
- NPL (2)	19.5	13.9	6.5	3.4	3.5	4.0	5.3	5.7	6.5
- Total gross receivables	**108.6**	**102.0**	**56.1**	**53.8**	**51.2**	**53.2**	**55.3**	**59.2**	**58.5**
- Provisions	(28.4)	(24.1)	(17.6)	(14.0)	(12.4)	(12.4)	(13.7)	(15.6)	(16.9)
- Net receivables	**80.2**	**78.0**	**38.5**	**39.8**	**38.8**	**40.8**	**41.6**	**43.6**	**41.6**
- Gross NPL ratio	17.9%	13.6%	11.5%	6.2%	6.9%	7.5%	9.7%	9.7%	11.1%
Instalment loans									
- Performing	30.6	27.7	26.5	30.4	29.2	31.0	34.4	38.1	39.6
- NPL (2)	4.2	4.2	4.3	3.6	3.7	3.5	3.9	5.0	7.1
- Total gross receivables	**34.8**	**31.9**	**30.7**	**33.9**	**33.0**	**34.6**	**38.3**	**43.0**	**46.7**
- Provisions	(6.0)	(6.3)	(6.2)	(5.7)	(5.7)	(5.8)	(6.3)	(8.0)	(9.8)
- Net receivables	**28.8**	**25.6**	**24.6**	**28.2**	**27.2**	**28.7**	**32.0**	**35.1**	**36.9**
- Gross NPL ratio	12.1%	13.3%	13.9%	10.5%	11.3%	10.2%	10.3%	11.6%	15.1%
Minimum to pay receivables									
- Performing	29.6	28.4	30.9	39.2	43.1	43.3	43.0	41.1	39.3
- NPL (2)	2.9	3.1	3.0	2.6	3.8	5.3	6.4	7.3	7.5
- Total gross receivables	**32.5**	**31.5**	**33.9**	**41.7**	**46.9**	**48.6**	**49.4**	**48.4**	**46.8**
- Provisions	(2.7)	(2.7)	(2.7)	(2.9)	(3.8)	(5.0)	(5.8)	(6.0)	(6.6)
- Net receivables	**29.9**	**28.8**	**31.2**	**38.9**	**43.1**	**43.5**	**43.6**	**42.4**	**40.3**
- Gross NPL ratio	8.9%	9.8%	8.7%	6.2%	8.2%	10.9%	12.9%	15.1%	16.1%
Near prime receivables									
- Performing	35.3	33.2	32.2	31.3	31.2	29.2	22.1	19.5	16.7
- NPL (2)	2.6	3.4	2.8	3.2	3.8	4.2	4.8	4.2	3.4
- Total gross receivables	**37.9**	**36.6**	**35.0**	**34.5**	**35.0**	**33.4**	**26.9**	**23.7**	**20.0**
- Provisions	(3.5)	(4.0)	(4.2)	(4.2)	(4.9)	(5.3)	(5.7)	(5.3)	(4.3)
- Net receivables	**34.4**	**32.6**	**30.8**	**30.3**	**30.1**	**28.0**	**21.2**	**18.4**	**15.7**
- Gross NPL ratio	6.9%	9.3%	8.1%	9.2%	11.0%	12.5%	17.8%	17.9%	16.8%
Total Online receivables									
- Performing	184.7	177.5	139.2	151.3	151.2	152.7	149.4	152.1	147.6
- NPL (2)	29.2	24.6	16.5	12.7	14.9	17.0	20.4	22.3	24.4
- Total gross receivables	**213.8**	**202.1**	**155.7**	**164.0**	**166.1**	**169.7**	**169.8**	**174.4**	**172.1**
- Provisions	(40.6)	(37.1)	(30.7)	(26.9)	(26.9)	(28.6)	(31.4)	(34.8)	(37.6)
- Net receivables	**173.2**	**165.0**	**125.0**	**137.1**	**139.3**	**141.1**	**138.4**	**139.5**	**134.5**
- Gross NPL ratio	13.7%	12.2%	10.6%	7.7%	9.0%	10.0%	12.0%	12.8%	14.2%
TBI Bank									
- Performing	481.0	525.2	580.9	640.2	709.9	763.6	832.7	881.6	945.8
- NPL (2)	55.8	54.8	60.3	71.3	67.7	82.9	83.5	91.7	89.6
- Total gross receivables	**536.8**	**580.1**	**641.1**	**711.5**	**777.6**	**846.5**	**916.2**	**973.3**	**1,035.4**
- Provisions	(51.9)	(53.6)	(59.5)	(68.8)	(70.5)	(81.3)	(82.5)	(90.6)	(89.5)
- Net receivables	**484.9**	**526.5**	**581.6**	**642.7**	**707.1**	**765.1**	**833.7**	**882.7**	**945.9**
- Gross NPL ratio	10.4%	9.5%	9.4%	10.0%	8.7%	9.8%	9.1%	9.4%	8.6%

Notes: (1) 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

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

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)

ESG – Environment, Social and Governance

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 and from corporate/other loans

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

MREL – minimum requirement for own funds and eligible liabilities, set by the regulator for TBI Bank

Net effective annualised yield – annualised interest income (excluding penalties) / average net loan principal

Net impairment/interest income ratio – Net impairment charges on loans and receivables / interest income plus relevant fee income (interest income and other income from contracts with customers in Philippines and Lithuania under IFRS 15)

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 that are over 90 days past due (over 30 DPD in the Philippines)

Normalised – Adjusted to remove the effect of non-recurring items, discontinued operations, net FX and one-off adjustments to intangible assets

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 14 November 2023.

Acquisitions and Disposals

The sales of two non-operating entities were completed in December 2023. 4finance Holding S.A. divested its shares in Prestamo Movil S.A. (Argentina) for nominal consideration and sold its former Armenian business (Goodcredit Universal Credit Organization Under Liquidation CJSC) for nominal consideration with an earn out.

Another entity, to be wound down, 4finance UAB (Lithuania), was sold in February 2024.

Regulatory changes

On 19 November 2023 CCD2 (Directive (EU) 2023/2225 of the European Parliament and of the Council of 18 October 2023 on credit agreements for consumers and repealing Directive 2008/48/EC) entered into force. The Group has engaged with the process throughout and will continue to provide evidence and insight as the directive moves into national legislation in Member States over the following two years. The new national rules should apply starting from 20 November 2026.

Financing

In December 2023, the Group completed its bond refinancing process, which included extending the maturity of the EUR bonds from February 2025 to May 2028. As part of this refinancing, the Group added its Philippines business as a Guarantor to both EUR bonds. Additionally, the Group cancelled €15 million of its EUR 2028 bonds, leaving €135 million outstanding in issue.

Since the last report published on 14 November 2023, the Group purchased €6.6 million of its EUR 2028 bonds and re-issued €6.6 million of its EUR 2026 bonds, the majority of which was through transactions with TBI Bank at market prices. As of the date of this report, the Group holds €39.6 million of its EUR 2026 bonds and €4.3 million of its EUR 2028 bonds in treasury.

Corporate website: www.4finance.com

4finance Holding S.A.

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