4FINANCE REPORTS RESULTS FOR THE THREE MONTHS ENDING 31 MARCH 2017

REVENUE UP 16%, PROFIT BEFORE TAX EUR 17.0 MILLION, SHOWING BENEFITS OF DIVERSIFICATION

30 May 2017. 4finance Holding S.A. (the 'Group'), Europe's largest online and mobile consumer lending group, today announces unaudited consolidated results for the three months ending 31 March 2017 (the 'Period').

Financial Highlights

- Revenue up 16% to EUR 104.7 million in the Period compared with EUR 90.3 million in the prior year period.
- Adjusted EBITDA was EUR 34.9 million for the Period, up 18%, leading to an adjusted interest coverage ratio of 2.6x.
- The Group's profit before tax for the three months to 31 March 2017 was EUR 17.0 million, a decrease of 15% from EUR 19.9 million in 2016.
- Online loan issuance grew by 17% to EUR 313.1 million in the Period from EUR 266.9 million last year.
- Net loan portfolio reached EUR 508.5 million as of 31 March 2017, up 3% during the Period.
- Cost to revenue ratio for the Period was 56%, vs. 47% for the three months to 31 March 2016, reflecting a significant increase in staff numbers during last year, acquisitions and investment for future growth.
- Financial strength remains solid with a capital to assets ratio of 26% as of 31 March 2017 and capital / net loans of 49%.
- Credit discipline and effective NPL management maintained, with a non-performing loans to online loan issuance ratio of 8.9% as of 31 March 2017, improving from 9.3% at year end, and a reduction in net impairment / revenue to 22%.

Operational Highlights

- The number of registered online lending customers reached 6.7 million as of 31 March 2017, up 36% from a year ago, with a further 1.4 million registered banking customers added through TBI Bank.
- Approvals granted for passporting of TBI Bank credit card license to Poland and for portfolio transfers from Sweden and Denmark alongside continued strong financial performance from TBI Bank.
- Developing new product offerings, using both brands, to adapt to regulatory changes in Georgia.
- Expanded TrustPilot and Ekomi online customer review programme to five markets with strong ratings and positive feedback.
- Launched pilot of Point-of-Sale offering in Spain with Zaplo brand offering 3-12 month loans with c.30% APR.
- Completed significant refinancing in April with new USD 325 million 5 year bond issue to extend our funding structure, including tender of 2/3 of old USD bond with removal of its put option, and early redemption of SEK 2018 bond.

George Georgakopoulos, CEO of 4finance, commented:

"With revenue growth of 16% and profit before tax of EUR 17.0 million, our first quarter performance showed the benefits of our diversification. We have seen growth in a number of European markets (particularly Spain and Denmark) with our investment in the instalment loan offering in European markets delivering additional revenue and Latin America achieving unit economics and poised for growth. Regulatory changes in Georgia and Lithuania have impacted on results, but we are adapting our products in both those markets with the benefit of our well established brands.

"TBI Bank continues to contribute positively to 4finance, with deposit and loan growth seen in the consumer business and encouraging progress in our strategic initiatives to bring additional products and lower funding cost to our online business.

"The recent USD 325 million, 5 year bond offering brought many new institutional investors to the group and represents a liquid benchmark sized transaction. Together with the associated refinancing of our SEK and old USD bond, we have no significant debt maturities until summer 2019 and now have the funding to support our continuing profitable growth.

"It has been a very active start to 2017 for 4finance. Our focus on credit quality continues to improve our results. We expect the benefits of our cost efficiency drive to be reflected later in the year. Our strategy remains firmly multi-market and multi-product as we continue to expand our sustainable, diversified business."

Key Financial Ratios

	Three Months Ended 31 March 2017 (unaudited)	Three Months Ended 31 March 2016 (unaudited)	Year Ended 31 December 2016 (audited)	Year Ended 31 December 2015 (audited)
	2017	2016	2016	2015
Net loan portfolio (in millions of EUR)(1)	508.5	309.1	493.9	308.3
Capital/assets ratio(2)	26%	42%	25%	40%
Capital/net loan portfolio(3)	49%	62%	47%	56%
Adjusted interest coverage(4)	2.6x	4.0x	3.6x	4.1x
Profit before tax margin(5)	16%	22%	21%	23%
Return on average equity(6)	21%	37%	31%	41%
Cost/revenue ratio(7)	56%	47%	48%	42%
Net impairment to revenue ratio(8)	22%	25%	23%	24%
Non-performing loans to loan issuance ratio(9)	8.9%	9.4%	9.3%	9.0%

Notes:
(1) Gross loan portfolio less provisions for bad debts.
(2) Total equity/total assets.
(3) Total equity/net customer loan portfolio.
(4) Adjusted EBITDA/interest expense.
(5) Profit before tax/interest income.
(6) Profit from continuing operations/average equity (total equity as of the start and end of each period divided by two).
(7) General administrative expenses/interest income.
(8) Net impairment losses on loans and receivables/interest income.
(9) Non-performing online loans with a delay of over 90 days/value of online loans issued. The value of loans issued represents online loans issued for the two-year period before commencement of the 90 day past-due period, eg for 31 March 2017: 1 January 2015 to 31 December 2016.

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Conference call

A conference call with management to discuss these results is scheduled for **Wednesday 31 May at 15:00 UK time**. To register, please visit www.4finance.com/investors.

About 4finance

Established in 2008, 4finance is the largest and fastest growing online and mobile consumer lending group in Europe with operations in 16 countries. Putting innovative data-driven analysis into all aspects of the business, 4finance has grown rapidly, issuing over EUR 4 billion to date in single payment loans, instalment loans and lines of credit.

4finance operates through a portfolio of market leading brands with strong regional presence including Vivus, SMSCredit and Zaplo. A responsible lender, offering simple, convenient and transparent products and service, 4finance is meeting growing customer demand from those under-served by conventional lending.

4finance has group offices in Riga (Latvia), London (UK) and Miami (USA), and currently operates in Argentina, Armenia, Bulgaria, the Czech Republic, Denmark, the Dominican Republic, Finland, Georgia, Latvia, Lithuania, Mexico, Poland, Romania, Spain, Slovakia and Sweden. The group also provides consumer and SME lending through TBI Bank, its EU licensed banking operations in Bulgaria and Romania.

Forward looking statements

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

FINANCIAL REVIEW

Income Statement

The table below sets out the condensed consolidated statement of profit and loss for the three months ending 31 March 2017 and 31 March 2016.

	3 months to 31 March		
	2017 (unaudited)	2016 (unaudited)	% change
	(in millions of EUR)		
Interest income	104.7	90.3	+16 %
Interest expense	(13.3)	(7.5)	+78 %
Net interest income	**91.4**	**82.8**	**+10 %**
Net fee and commission income	2.0	—	n/a
Net impairment losses on loans and receivables	(23.0)	(22.0)	+5 %
General administrative expenses	(58.4)	(42.4)	+38 %
Other income/(expense)	4.9	1.5	+227 %
Profit before tax	**17.0**	**19.9**	**(15)%**
Corporate income tax for the reporting period	(4.6)	(3.2)	+44 %
Profit from continuing operations	**12.4**	**16.7**	**(26)%**
Profit from discontinued operations, net of tax	—	—	n/a
Profit for the period	**12.4**	**16.7**	**(26)%**

Interest income

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

	3 months to 31 March		
	2017	2016	% change
Online lending	*(in millions of EUR)*		
Total value of loans issued	313.1	266.9	+17%
Average net loan portfolio	322.1	308.4	+4%
Average annualized interest rate on loans to customers	114%	117%	
Revenue	91.7	90.3	+2%
Banking operations			
Average net loan portfolio	179.1	—	
Average annualized interest rate on loans to customers	29%	—	
Revenue [(1)]	13.0	—	

Note (1) Represents the consolidated TBI Bank revenue, see appendix for full TBI Bank income statement.

Interest income, or revenue, for the Period was EUR 104.7 million, a 16% increase compared with EUR 90.3 million for the three months ending 31 March 2016. Growth in revenue from online lending was +2%, reflecting the 4% increase in the average balance of the net loan portfolio and a slightly lower average interest rate. The revenue contribution from Georgia and Lithuania was lower by a total of approximately EUR 11 million compared to Q1 last year following regulatory changes in those markets. The product offering is being developed in both markets to adapt to the changes, including introducing or extending instalment loans.

TBI Bank's average interest rates are a blend of consumer lending (cash lending, point-of-sale lending and credit cards) with rates that average 45-50% and SME loans with average interest rates of approximately 8-14%. TBI Bank also generates income which is not 'interest' in nature and is reported separately in either the 'net fee and commission' line or 'other income/expense' line.

Interest expense

Interest expense for the Period was EUR 13.3 million, a 78% increase compared with EUR 7.5 million for the three months ending 31 March 2016. This increase is mainly due to the new EUR bonds issued in May and November 2016. The average balance of the Group’s indebtedness in the Period increased to EUR 393.2 million from EUR 313.3 million, with an average interest rate of 13.6%, similar to last year.

Net impairment losses on loans and receivables

Net impairment losses for the Period were EUR 23.0 million, a 4% increase compared with EUR 22.0 million for the three months ending 31 March 2016. The increase in net impairment losses was slightly lower than the increase in revenue, reflecting generally stable asset quality and the inclusion of banking operations which have a lower ratio of impairment/revenue. The profit from online loan portfolio sales, which reflects an over-provisioning vs the realized asset value, is now included in the calculation of net impairment losses as per the table below. Previously these were included as part of 'other income' and the 2016 figures are restated accordingly.

	3 months to 31 March	
	2017	**2016**
	(in millions of EUR)	
Impairment losses on loans	28.0	24.0
Over provision on debt portfolio (portfolio sale net proceeds)	(2.8)	(0.3)
Recovery from written-off loans	(2.2)	(1.8)
Total	**23.0**	**22.0**

Overall net impairment losses represented 22% of interest income, a reduction from 24% last year.

General administrative expenses

General administrative expenses reported for the Period were EUR 58.4 million, a 38% increase compared with EUR 42.4 million reported for the three months ending 31 March 2016. The increase reflects both the Group's investment in growth of existing businesses as well as the impact of including the cost base of Friendly Finance and TBI Bank. The increase in personnel costs reflects the significant staff growth last year, mainly attributable to hiring during 2016 in product development, IT, risk, legal & compliance and finance as well as in new markets.

Marketing expense has been reduced as a proportion of revenue as a result of media buying efficiencies, economies of scale and greater use of marketing technologies.

The table below sets out a breakdown of the Group's general administrative expenses.

	3 months to 31 March	
	2017	**2016**
	(in millions of EUR)	
Personnel costs	24.5	13.9
Marketing and sponsorship	12.0	13.8
Research and development	1.4	2.0
IT expenses	2.7	1.3
Debt collection costs	2.8	2.9
Legal and consulting	2.5	2.6
Application inspection costs	2.7	1.0
Depreciation and amortization	2.0	0.8
Rent and utilities	1.9	0.9
Other	6.0	3.3
Total	**58.4**	**42.4**

For the three months of 2017 and 2016, marketing and sponsorship costs accounted for 21% and 33% respectively, and personnel costs accounted for 42% and 33%, respectively, of general administrative expenses.

Other income/(expense)

Other income for the Period amounted to EUR 4.9 million. For the three months ending 31 March 2016, other income was EUR 1.5 million. The increase in net other income was due to the contribution from TBI Bank (mainly portfolio sale gains and rental income) and interest income from related party loans, partially offset by FX hedging costs.

Profit before tax

For the reasons stated above, the Group's profit before tax for the Period was EUR 17.0 million, a 15% decrease compared with EUR 19.9 million for the three months ending 31 March 2016. The profit before tax margin, *i.e.,* profit before tax as a percentage of interest income, was 16% for the Period, a reduction from 22% for the three months ending 31 March 2016.

Corporate income tax

The Group's corporate income tax expense increased by 44% to EUR 4.6 million for the Period, compared with EUR 3.2 million for the three months ending 31 March 2016.

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

	3 months to 31 March	
	2017	**2016**
	(in millions of EUR)	
Current tax	11.2	7.6
Deferred tax	(6.6)	(4.4)
Total	**4.6**	**3.2**

Profit from continuing operations

For the reasons stated above, the Group's profit from continuing operations for the Period was EUR 12.4 million, a 26% decrease compared with EUR 16.7 million for the three months ending 31 March 2016.

Profit from discontinued operations, net of tax

There were no operations classified as discontinued in the Period.

Profit for the period

For the reasons stated above, profit for the Period was EUR 12.4 million, a 26% decrease compared with EUR 16.7 million for the three months ending 31 March 2016.

Other financial data – EBITDA and Adjusted EBITDA

	Three Months Ended 31 March 2017	Three Months Ended 31 March 2016	Year Ended 31 December 2016	Year Ended 31 December 2015
	2017	**2016**	**2016**	**2015**
	(in millions of EUR)			
Profit for the period	12.4	16.7	63.2	64.1
Provision for corporate income tax	4.6	3.2	17.8	15.7
Interest expense	13.3	7.5	38.7	28.7
Depreciation and amortization	2.0	0.8	5.1	1.6
EBITDA	**32.3**	**28.2**	**124.9**	**110.0**
Adjustments	2.6	1.5	12.5	8.6
Adjusted EBITDA	**34.9**	**29.7**	**137.4**	**118.6**

	Three Months Ended 31 March 2017	Three Months Ended 31 March 2016	Year Ended 31 December 2016	Year Ended 31 December 2015
	2017	**2016**	**2016**	**2015**
	(in millions of EUR)			
Summary breakdown of Adjustments to EBITDA				
Discontinued operations	—	—	—	(5.9)
Net effect of FX hedging	1.6	(0.4)	7.3	7
One-off costs and other prescribed adjustments	1.0	1.9	5.2	7.5
Total	**2.6**	**1.5**	**12.5**	**8.6**

Note:

(1) Adjusted EBITDA is a non-IFRS measure that represents EBITDA (profit for the period plus tax, plus interest expense, plus depreciation and amortization) as adjusted by income/loss from discontinued operations, non-cash gains and losses attributable to movement in the mark-to-market valuation of hedging obligations under IFRS, goodwill write-offs and certain other one-off or non-cash items. Adjusted EBITDA, as presented in this report, may not be comparable to similarly-titled measures that are reported by other companies due to differences in the way these measures are calculated.

Balance Sheet

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

	31 March 2017 (unaudited)	31 December 2016 (audited)
	(in millions of EUR)	
Cash and cash equivalents	157.8	157.6
Loans and advances due from customers	508.5	493.9
Placements with other banks	13.3	4.8
Assets held for sale	8.9	8.6
Property and equipment	12.1	12.3
Intangible assets	42.0	39.8
Goodwill	43.4	43.4
Loans to related parties	66.7	67.2
Deferred tax asset	30.6	23.7
Current tax assets	14.3	16.1
Derivatives	2.9	11.2
Prepaid expenses	6.6	5.6
Net investment in finance leases	12.2	13.1
Financial assets available for sale	10.4	10.6
Investments in associates	2.1	2.1
Other assets	31.6	21.5
Total assets	**963.5**	**931.4**
Loans and borrowings	389.3	397.2
Deposits from customers	261.6	237.1
Corporate income tax payable	13.7	14.6
Other liabilities	45.6	47.5
Liabilities held for sale	4.8	4.8
Total liabilities	**715.0**	**701.2**
Share capital	35.8	35.8
Retained earnings	246.4	233.9
Reorganization reserve	(31.2)	(31.2)
Currency translation reserve	(3.8)	(9.6)
Share based payment reserve	1.7	1.7
Obligatory reserve	0.3	0.3
Other reserves	(1.5)	(1.5)
Total equity attributable to the Group's equity holders	**247.8**	**229.4**
Non-controlling interests	0.8	0.7
Total equity	**248.5**	**230.1**
Total shareholders' equity and liabilities	**963.5**	**931.4**

Assets

The Group had total assets of EUR 963.5 million as of 31 March 2017, a 3.4% increase compared with EUR 931.4 million as of 31 December 2016. There were relatively few changes to the balance sheet structure during the first quarter, with a steady increase in the loan portfolio as outlined below.

Loan Portfolio

As of 31 March 2017, the Group's net loan portfolio equaled EUR 508.5 million, compared with EUR 493.9 million as of 31 December 2016, representing an increase of EUR 14.6 million, or 3%. The increase was mainly from growth in online loans. The net loan portfolio includes EUR 27.2 million from Friendly Finance and EUR 180.7 million from TBI Bank. Details of TBI Bank's portfolio classification are shown in the appendix.

Classification of the Group's online loan portfolio

The following table sets out the classification of the Group's online loan portfolio in terms of performing and non-performing loans, including accrued interest.

Loan portfolio	**31 March 2017**				**31 December 2016**			
	Gross Amount	**Allowance for doubtful debts**	**Net Amount**	**% of Net Portfolio**	**Gross Amount**	**Allowance for doubtful debts**	**Net Amount**	**% of Net Portfolio**
	(in millions of EUR, except percentages)				*(in millions of EUR, except percentages)*			
Performing	286.2	(31.1)	255.1	77.8 %	277.4	(28.8)	248.6	78.6 %
Non-performing	197.9	(125.2)	72.7	22.2 %	196.6	(128.8)	67.8	21.4 %
Total	**484.1**	**(156.3)**	**327.8**	**100.0%**	**474.0**	**(157.6)**	**316.4**	**100.0%**

Performing online loan portfolio

The following table shows the Group's performing online loan portfolio by product.

	31 March 2017		**31 December 2016**	
	Amount	**% of Portfolio**	**Amount**	**% of Portfolio**
Performing loan portfolio by product: (1)	*(in millions of EUR, except percentages)*			
Single Payment Loans	199.9	69.8 %	193.5	69.8 %
Instalment Loans	82.6	28.9 %	81.0	29.2 %
Line of Credit	3.7	1.3 %	2.9	1.0 %
Total performing loan portfolio	**286.2**	**100.0%**	**277.4**	**100.0%**

Note: 1) Loan amounts include accrued interest.

Non-performing online loan portfolio

The Group's policy is to write off any online loans which have been overdue for more than 730 days. As of 31 March 2017, the Group's non-performing online loan portfolio was EUR 197.9 million, representing 8.9% of the value of loans issued between 1 January 2015 and 31 December 2016. Given the mostly short-term nature of the Group's online lending, the majority of loans issued during a reporting period are repaid prior to the period end, while non-performing loans are accumulated for 730 days. The Group's non-performing loan (NPL) portfolio as of 31 March 2017 represented 41% of total gross loans outstanding as of that date. EUR 15.2 million, or 8.8%, of this was non-performing interest. The Group's total gross non-performing loan portfolio increased by 1.3 million, or 1%, during the Period. This reflects stable asset quality as well as sales of NPL loans in some markets.

The following table sets out an analysis of the Group's online NPL portfolio by product.

	31 March 2017	**31 December 2016**
	(in millions of EUR, except percentages)	
Non-performing loan portfolio by product:		
Single Payment Loans	148.3	146.9
Instalment Loans	48.3	48.8
Line of Credit	1.2	0.9
Total non-performing loan portfolio	**197.9**	**196.6**
Allowance for doubtful NPL debts	125.2	128.8
Allowance for doubtful NPL debts / non-performing loans	63 %	66 %
Overall allowance / NPL coverage ratio	79 %	80 %
Value of loans issued(1)	2,221	2,106
Ratio of NPLs to value of loans issued	**8.9%**	**9.3%**
Average Loss Given Default rate	56 %	57 %

Notes:
(1) The value of loans issued as of a particular date represent loans issued for the two-year period before commencement of the 90 day past-due period. For example, the applicable period for the 31 March 2017 reporting date is 1 January 2015 to 31 December 2016.

Liabilities

The Group had total liabilities of EUR 715.0 million as of 31 March 2017, compared with EUR 701.2 million as of 31 December 2016, representing an increase of EUR 13.8 million. Liabilities increased mainly due to customer deposits of TBI Bank.

Loans and borrowings

As of 31 March 2017, the Group had loans and borrowings of EUR 389.3 million, compared with EUR 397.2 million as of 31 December 2016. The Group's loans and borrowings accounted for 54% of total liabilities as of 31 March 2017 and 57% of total liabilities as of 31 December 2016. The table below sets out the loans and borrowings by type as of the dates indicated.

	31 March 2017	31 December 2016
	(in millions of EUR)	
4finance Notes	371.6	376.3
TBI Bank	3.4	3.5
FF Notes	3.0	2.8
Loans from bank	0.2	0.2
Other(1)	11.1	14.4
Total loans and borrowings(2)	**389.3**	**397.2**

Note:
(1) 'Other' consists primarily of loans to Friendly Finance.
(2) Includes accrued but unpaid interest.

In August 2014, 4finance S.A. issued USD 200.0 million of 11.75% notes (the '*2019 Notes*') which are listed on the Irish Stock Exchange and are senior to all of the Group's future subordinated debt. The *2019 Notes* will mature in August 2019.

In March 2015, 4finance S.A. issued SEK 225.0 million of 11.75% notes (the '*2018 Notes*') which are senior to all of the Group's future subordinated debt. The *2018 Notes* were listed on the corporate bond list of Nasdaq Stockholm in August 2015. In September 2015, a further SEK 150.0 million of *2018 Notes* were issued at par, bringing the total amount outstanding to SEK 375.0 million out of a total programme size of SEK 600.0 million.

In May 2016, 4finance S.A. issued EUR 100.0 million of 11.25% notes (the '*2021 Notes*') which are senior to all of the Group's future subordinated debt. The 2021 Notes are listed on the Prime Standard regulated market segment of the Frankfurt Stock Exchange. In November 2016, a further EUR 50.0 million of 2021 Notes were issued at par. The 2021 Notes will mature in May 2021.

In November 2015, Friendly Finance Poland issued PLN 15.0 million of 10% Notes due in May 2018.

See the 'recent developments' section for commentary about the new bond issue and refinancings that closed after the period end.

Customer deposits

As of 31 March 2017, the Group had total customer deposits of EUR 261.6 million. Banking operations contributed EUR 247.5 million in deposits at an average cost of approximately 2% with the balance from 4spar in Sweden at an average cost of 7%. Further details of TBI Bank's deposits that are presented in the appendix.

Equity

As of 31 March 2017, the Group's total equity amounted to EUR 248.5 million, compared with EUR 230.1 million as of 31 December 2016, representing an increase of EUR 18.4 million, or 8%, which was mainly attributable to profits generated. The Group has not paid any dividends to its shareholders within the Period and its capital to assets ratio as of 31 March 2017 was 26%. This reflects the significant increase in assets of the Group (for illustration, the capital to assets ratio excluding TBI Bank as of 31 March 2017 was 40%, comparable with prior periods). The capital to net loan portfolio ratio as of 31 March 2017 was 49%, reflecting the Group's strong capitalization which gives significant headroom to bond covenants.

Off-Balance Sheet Arrangements

The Group's total off-balance sheet commitments as of 31 March 2017 were EUR 10.9 million. This includes TBI Bank's undrawn lending commitments of EUR 8.0 million and financial guarantees EUR 0.4 million as well as EUR 2.5 million in connection with the Group's online portfolio (line of credit product). The Group also enters into currency hedging transactions which may result in additional off-balance sheet assets or liabilities, but these generally have limited net exposure and are designed to limit overall exposure to currency movements.

Condensed Consolidated Statement of Cash Flows for the Period

The table below sets out the Group's condensed consolidated statement of cash flows.

	3 months to 31 March	
	2017	2016
Cash flows from operating activities	*(in millions of EUR)*	
Profit before taxes	**17.0**	**19.9**
Adjustments for:		
Depreciation and amortization	1.7	1.0
Net losses on foreign exchange from borrowings	0.8	(5.9)
Increase in impairment allowance	28.0	24.0
Write-off and disposal of intangible and property and equipment assets	0.1	0.1
Provisions	0.6	0.2
Interest income	(2.2)	(1.4)
Interest expenses	13.3	7.5
Equity-settled share-based payment transactions	0.0	0.6
Profit or loss before adjustments for the effect of changes to current assets and short-term liabilities	59.4	45.9
Adjustments for:		
Increase in loans due from customers	(40.2)	(25.3)
Net (decrease)/increase in deposits from customers	24.4	1.2
Change in financial instruments measured at fair value through profit or loss	8.2	3.9
Increase in other assets (including TBI statutory reserve, placements & finance leases)	(32.3)	(9.0)
Proceeds from sale of portfolio	10.1	0.3
Deposit interest payments	(1.0)	(0.1)
Increase in accounts payable to suppliers, contractors and other creditors	(2.3)	4.9
Gross cash flows from operating activities	**26.4**	**21.9**
Corporate income tax paid	(10.5)	(6.5)
Net cash flows from operating activities	**15.9**	**15.4**
Cash flows used in investing activities		
Purchase of property and equipment and intangible assets	(4.0)	(5.5)
Loans issued to related parties	(0.5)	(4.5)
Loans repaid from related parties	2.3	—
Interest received	0.6	1.1
Allocation for potential acquisition	—	(24.8)
Net cash flows used in investing activities	**(1.6)**	**(33.8)**
Cash flows from financing activities		
Loans received and notes issued	0.8	16.7
Repayment and repurchase of loans and notes	(4.2)	(11.6)
Interest payments	(14.1)	(13.1)
Net cash flows from financing activities	**(17.5)**	**(8.0)**
Net (decrease) / increase in cash and cash equivalents	**(3.1)**	**(26.4)**
Cash and cash equivalents at the beginning of the period	**137.0**	**56.9**
Effect of exchange rate fluctuations on cash	(0.4)	0.1
Cash and cash equivalents at the end of the period	**133.5**	**30.5**
Minimum statutory reserve	**24.3**	**—**
Total cash on hand and cash at central banks	**157.8**	**30.5**

Net cash flows used in operating activities are calculated as profit before taxes, adjusted for non-cash and other items and the effect of changes to current assets and short-term liabilities, less corporate income tax paid. Net cash flows generated in operating activities in the Period increased to EUR 15.9 million from EUR 15.4 million in the same period last year.

The Group's cash flows used in investing activities mainly include the purchase and disposal of property, equipment and intangible assets, acquisitions, and related party loans (which saw net repayment during the quarter). Net cash used in investing activities was EUR 1.6 million in the Period. The Group's cash flows from financing activities include repayment of a EUR 3 million shareholder loan as well as regular interest payments on indebtedness.

TBI Bank Appendix: Income Statement, Balance Sheet and key ratios

The Group finalised the purchase of TBI Bank EAD ("TBI Bank"), via the acquisition of TBIF Financial Services B.V., in August 2016. Presented here for illustration and reference are TBI Bank's results for the three months ending 31 March 2017 and the year ended 31 December 2016.

Income statement

The table below sets out the income statement for TBI Bank, presented on the same basis as the bank's published 2016 IFRS financial statements.

	31 March 2017	**31 December 2016**
	(unaudited, in millions of EUR)	***(audited, in millions of EUR)***
Interest income	13.5	46.9
Interest expense	(1.0)	(3.3)
Net interest income	**12.5**	**43.7**
Fee and commission income	2.4	8.6
Fee and commission expense	(0.4)	(1.7)
Net fee and commission income	**2.0**	**7.0**
Net trading gain	3.0	1.5
Other operating expenses	(8.7)	(31.5)
Loss on impairment of financial assets	(2.3)	(6.5)
Impairment of other assets	0.1	0.0
Other operating income	0.9	4.4
Profit before tax from continuing operations	**7.5**	**18.5**
Income tax expense	(1.2)	(2.1)
Profit from continuing operations	**6.2**	**16.4**

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, shown on page 6 of the report, the fair values assessed as part of the Group's updated goodwill calculation under IFRS are used, rather than the book values presented below.

	31 March 2017	31 December 2016
	(unaudited, in millions of EUR)	*(audited, in millions of EUR)*
Cash on hand and balances with central banks	62.5	34.0
Placements with other banks [(1)]	53.2	55.0
Non-current assets held for sale	15.4	7.7
Loans to customers [(2)]	197.1	194.3
Available-for-sale financial assets	5.4	5.5
Financial assets held for trading	0.5	0.5
Held-to-maturity investments	4.2	4.1
Other assets	3.2	3.3
Current tax assets	0.3	0.3
Intangible assets	0.8	1.1
Property, plant and equipment	6.5	13.0
Total assets	**349.2**	**318.6**
Deposits from customers	247.5	224.4
Other borrowings	3.4	7.5
Tax liabilities	1.1	0.4
Liabilities held for sale	4.8	—
Other liabilities	11.5	11.8
Total liabilities	**268.4**	**244.1**
Share capital	41.7	41.7
Retained earnings	29.1	12.9
Other reserves	3.7	3.7
Revaluation reserve	—	0.1
Foreign currency translation reserve	—	(0.1)
Current result	6.2	16.4
Equity attributable to the owners of the parent	**80.9**	**74.6**
Non-controling interest	—	—
Total equity	**80.9**	**74.6**
Total shareholders' equity and liabilities	**349.2**	**318.6**

Notes:
1. Placements with other banks that are short-term are included on the Group's balance sheet within 'cash and cash equivalents'.
2. Loans to customers includes finance leases, which are shown separately on the Group's balance sheet to net customer loans.

Loan portfolio

Below is TBI Bank's loan portfolio split by consumer and SME customers as of the dates indicated.

	31 March 2017	31 December 2016	% Change
Consumer	150	144	4 %
SME (including financial leases)	63	65	(3)%
Total gross loans	**213**	**209**	**2 %**
Provisions	16	15	7 %
Total net loans	**197**	**194**	**2 %**

As of 31 March 2017, consumer loans made up 70% of TBI Bank's gross loans, up from 69% as of 31 December 2016. The overall loan portfolio has a roughly equal contribution from both Bulgaria and Romania.

The non-performing loan ratios by loan type are shown below.

	Consumer	SME	Overall
Non-performing loans to gross portfolio ratio	9.0%	17.7%	11.6%
Provision coverage(1)	97%	23%	63%

Note (1) In addition to provisions, the SME portfolio is backed by collateral with average loan-to-value of 50%.

Customer deposits

TBI Bank's customer deposits by client and type are shown below.

	31 March 2017	31 December 2016	% Change
Consumer deposits total	206	180	14 %
- Current accounts	13	13	—
- Term deposits	192	167	15 %
SME deposits total	42	44	(5)%
- Current accounts	23	27	(15)%
- Term deposits	19	18	6 %

The average interest rate paid on term deposits varies by type and currency, ranging from 0.6% to 2.5%. Good growth continued to be seen in retail deposits in Bulgaria during Q1 2017.

Capital and liquidity ratios

TBI Bank continues to have a very strong capital and liquidity position.

The table below shows TBI Bank's statutory capital and liquidity ratios as of 31 March 2017. The capital ratios have improved since the year end following adoption of the 2016 audited profit as retained earnings.

	Standalone	Consolidated
Common equity Tier 1 ratio	26.9%	25.7%
Capital adequacy	26.9%	25.7%
Liquidity ratio	46.3%	—

RECENT DEVELOPMENTS

Recent developments include significant and material information about the Group's development and any changes since its last quarterly report that was published on 28 February 2017.

Acquisitions and disposals

The sale of the TBI Rent business by TBI Bank is awaiting approval by the Bulgarian competition commission.

Changes in management

Stuart Watkins, the Group's Chief Information Officer, leaves in June 2017 after nearly 4 years with the Group, having established the IT foundation for our global business. His replacement, Roland Schaar, will be Chief Technology Officer, and joins from paysafecard, part of FTSE 250 listed Paysafe Group. Roland has significant IT leadership experience across both entrepreneurial and larger, more established Fintech businesses.

George Taylor, EVP of Strategy and Business Development, leaves the Group at the end of May 2017 after nearly 3 years to pursue other opportunities.

Dr Cornelius Boersch has stepped down from the Supervisory Board of 4finance Group SA as of May 2017.

Changes in the regulatory framework

Georgia: the National Bank of Georgia adopted Consumer Protection Rules regarding Services Rendered by Financial Organizations that come into effect as of June 2017. This regulation mainly tackles the procedures to offer the financial products as well as protection of consumer rights and increase of awareness about related risks.

Poland: new legislation coming into force in July 2017 will require lending institutions to register with the Polish Financial Supervision Authority by submitting required documents within 6 months.

Financing

The Group completed a series of refinancing transactions on 28 April. This included closing of a new USD 325 million 5 year bond issue with a coupon of 10.75% and a successful consent and tender offer for the old USD 2019 bond with acceptance from 66% of bondholders. This leaves USD 68 million of 2019 notes outstanding (with the main covenants and the August 2017 put option removed). The Group has also called its SEK 2018 bonds for early redemption, with repayment taking place on 31 May 2017.

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