4 FINANCE

4FINANCE HOLDING S.A. REPORTS RESULTS FOR THE THREE MONTHS ENDING 31 MARCH 2019

PORTFOLIO DIVERSIFICATION CONTINUES, INTEREST INCOME DOWN 14%, ADJUSTED EBITDA €29.4 MILLION

28 May 2019. 4finance Holding S.A. (the 'Group' or '4finance'), one of Europe's largest digital consumer lending groups, today announces unaudited consolidated results for the three months ending 31 March 2019 (the 'Period').

Operational Highlights

- Online loan issuance volume of €259.7 million in the Period, compared with €337.3 million in Q1 2018, mainly reflecting the rationalisation of some products and markets during 2018.
- Instalment Loan issuance volume of €46.1 million, in line with the prior three quarters, but reduced from €63.0 million in Q1 2018 due to discontinued products in Sweden, Georgia and Romania as well as tighter underwriting in Poland and Spain.
- Single Payment Loan issuance volume down 24% year-on-year to €179.2 million, in line with expectations and reflecting greater focus on longer term products.
- Line of Credit issuance volume down 7% year-on-year to €34.4 million from €37.0 million in Q1 2018.
- The number of online lending active customers(1) was 0.38 million as of 31 March 2019, compared with 0.54 million a year ago. Of this reduction, 0.13 million was due to discontinued products.
- TBI Bank loan issuance volume during the Period grew by 13% year-on-year to €68.8 million from €60.8 million in Q1 2018.
- TBI Bank active borrowing customers reached 0.40 million, down 5% from a year ago, with 0.32 million current accounts as of 31 March 2019, up 52% from a year ago.

Financial Highlights

- Interest income down 14% year-on-year to €106.5 million in the Period, compared with €123.2 million in the prior year period. Interest income from largest markets (Poland, Spain, Denmark and TBI Bank) was stable year-on-year. The reduction was largely attributable to products and/or markets that were rationalised or exited during 2018.
- Operating income (revenue) down 15% year-on-year to €95.7 million in the Period from €112.6 million last year.
- Net receivables stable overall at €547.7 million as of 31 March 2019 (down 1% year to date). The equivalent decrease in net loan principal was also 1%.
- Foreign exchange movements resulted in a €1.6 million gain in the Period, down from €2.4 million in Q1 2018.
- Adjusted(2) EBITDA was €29.4 million for the Period, down 8% year-on-year, with a quarterly interest coverage ratio of 2.0x. The full covenant calculation of interest coverage ratio is based on last 12 month figures, and is currently 2.5x.
- Post-provision operating profit down 11% year-on-year to €13.5 million in the Period compared with €15.2 million in the prior year period. Debt sales in the Period did not contribute any net gains, however the prior year figure included €6.7m in net gains from debt sales, which was relatively high due to the IFRS 9 transition on 1 January 2018.
- Profit before tax for the Period was €11.9 million, decreasing 22% year-on-year from €15.2 million in Q1 2018, reflecting a higher depreciation charge and lower FX income.
- Cost to income(3) ratio for the Period was 52.0%, vs. 54.2% for Q1 2018, with operating costs down 18% year-on-year, reflecting cost discipline across the business.
- Relatively stable asset quality, with an overall gross NPL ratio of 20.4% as of 31 March 2019 (22.7% for online), compared with 19.4% as of 31 December 2018 (22.0% for online).
- The annualised cost of risk for the online business was 28.9% for the Period, compared to 27.2% in Q1 2018, and in TBI Bank it was 4.5% for the Period, compared to 9.8% in Q1 2018. The improvement in the TBI Bank ratio reflects the ongoing normalisation of asset quality in the bank's Romanian portfolio.
- Operating cash flow before movements in portfolio and deposits was €52.9 million in the Period, compared with €61.5 million in the prior year period.

Notes: (1) Online lending customers with open loans that are up to 30 days past due
(2) See page 8 for details of adjustments
(3) Operating costs (excluding D&A) divided by operating income (revenue)

Strategic Highlights

- Strong underlying customer demand for Instalment Loans, particularly in Poland, Spain, the Czech Republic and the Baltics. Continued conservative approach to instalment loan growth, with a focus on unit economics by market.
- Ongoing migration of single payment loan customers to longer-term instalment or line of credit products in various markets, with single payment loans now representing only 22% of the Group's net receivables, down from 30% as of 31 March 2018.
- Continued pro-active management of NPL portfolio with forward flow debt sales agreements in place in additional markets (Latvia and Lithuania).
- Year-on-year comparisons impacted by markets and products that were rationalised during 2018 (Friendly Finance integrated and exits of online business in Dominican Republic, Romania and Georgia).
- Adapting to new regulation in the Nordics & Baltics region, with some impact on Q1 2019 results and further preparations underway for incoming regulation in Q3 in Latvia and Finland.
- Creation of new '4finance Next' unit to drive near-prime lending and partnership opportunities across the business.
- IT strategy revised to allow more efficient support for core markets whilst approach to near-prime lending is being developed.
- Strategic partnership with Fintonic in Spain accelerating and pilot ongoing in Mexico with a nationwide retailer to distribute loans in stores under a new brand.
- Funding diversification projects ongoing, with pilot securitisation project commencing in June.
- TBI Bank performing well, with seasonally lower loan issuance during Q1 as normal. Maiden dividend of €8 million paid in March. Bulgarian online lending operations consolidated under TBI Bank from April.

Oyvind Oanes, CEO of 4finance, commented:

"These results demonstrate the resilience of our core businesses. Our largest markets of Poland, Spain, Denmark and TBI Bank continue to perform well overall, and they delivered stable year-on-year interest income. The reductions we did see in interest income mainly relate to products we decided to discontinue as we refocus on priority markets and longer-term opportunities. Our continued focus on cost efficiency is also reflected in an improved cost/income ratio.

"Our businesses in the Nordic & Baltic markets continue to evolve, and we are pleased to welcome a new country manager in Sweden. He brings extensive industry experience and a fresh perspective to a market where we have a long history of serving customers with simple, convenient and transparent products.

"As we look to transition to the near-prime segment in selected markets, our new dedicated unit, 4finance Next, will provide additional resource and support. The opportunities for us in that segment are substantial, but they vary in nature by market. Our IT strategy has been revised to reflect this market specific approach, with more efficient support for larger markets in the meantime. We thank our outgoing CTO, Roland Schaar, for his contribution to our IT transition and development of our first near-prime product in Sweden.

"We continue to view 2019 as a challenging and transitional year for several of our markets. But we are also excited about the medium term growth opportunities available as we develop into a multi-segment, multi-product, consumer credit specialist."

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Conference call

A conference call with management to discuss these results is scheduled for **Wednesday, 29 May at 15:00 UK time**. To register, please visit www.4finance.com/investors.

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/investors.

About 4finance

Established in 2008, 4finance is one of Europe's largest digital consumer lending groups with operations in 14 countries.

Leveraging a high degree of automation and data-driven insights across all aspects of the business, 4finance has grown rapidly, issuing over €6 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, Luxembourg and Miami, and currently operates in 12 countries in Europe as well as in Argentina and Mexico. The Group also offers deposits, in addition to consumer and SME loans through its TBI Bank subsidiary, an EU licensed institution with operations in Bulgaria and Romania.

Forward looking statements

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

Inside information

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

Key Financial Ratios

	Three months ending 31 March 2019	Three months ending 31 March 2018	Year Ended 31 December 2018	Year Ended 31 December 2017
Capitalisation				
Net receivables (€m), (1) of which:	547.7	549.1	553.2	591.2
- Principal	516.5	516.3	521.6	556.7
- Accrued interest	31.2	32.8	31.6	34.5
Total assets (€m)	1,014.7	993.2	994.3	1,026.9
Total equity (€m)	163.7	146.1	158.3	189.4
Equity / assets (2)	16.1%	14.7%	15.9%	18.4%
Equity / net receivables (3)	29.9%	26.6%	28.6%	32.0%
Adjusted interest coverage (4)	2.0x	2.2x	2.4x	2.2x
TBI Bank consolidated capital adequacy (5)	21.0%	27.6%	22.3%	23.2%
Profitability				
Net interest margin: (6)				
- Online	80.2%	89.1%	88.9%	66.1%
- TBI Bank	25.2%	28.5%	26.8%	26.7%
- Overall group	55.7%	66.5%	63.5%	54.1%
Cost / income ratio (7)	52.0%	54.2%	52.1%	57.8%
Post-provision operating profit margin (8)	12.7%	12.4%	17.7%	14.2%
Normalised Profit before tax margin (9)	9.7%	10.3%	15.2%	12.2%
Normalised Return on average equity (10)	10.4%	23.1%	32.7%	15.0%
Normalised Return on average assets (11)	1.7%	3.3%	4.9%	3.5%
Asset quality				
Cost of risk: (12)				
- Online	28.9%	27.2%	24.0%	20.8%
- TBI Bank	4.5%	9.8%	8.0%	3.9%
- Overall group	18.4%	20.5%	17.7%	15.6%
Net impairment / interest income (13)	30.4%	29.5%	25.9%	24.0%
Gross NPL ratio: (14)				
- Online	22.7%	22.1%	22.0%	33.5%
- TBI Bank	17.3%	14.7%	15.9%	12.7%
- Overall group	20.4%	19.5%	19.4%	26.7%
Overall group NPL coverage ratio(15)	106.4%	119.6%	110.6%	83.5%

Definitions and Notes below. For further definitions please see the appendix. For quarterly asset quality ratios please see page 18.

Normalised ratios are 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.

(1) Gross receivables (including accrued interest) less impairment provisions. Note that reduction in write-off period for online loans as of January 2018 reduces 2018 values in comparison with prior years.
(2) Total equity/total assets.
(3) Total equity/net customer receivables (including accrued interest).
(4) Adjusted EBITDA/interest expense.
(5) TBI Bank (Tier One Capital + Tier Two Capital) / Risk weighted assets (calculated according to the prevailing regulations of the Bulgarian National Bank).
(6) Annualised net interest income divided by average gross loan principal (for 2019 and 2018 ratios) or receivables (for 2017 ratios).
(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 three months ending 31 March 2019 and 31 March 2018. 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 to better reflect operating results.

	3 months to 31 March		
	2019 (unaudited)	**2018 (unaudited)**	**% change**
	(in millions of €)		
Interest Income	106.5	123.2	(14)%
Interest Expense	(15.0)	(14.9)	+1 %
Net Interest Income	**91.5**	**108.2**	**(15)%**
Net F&C Income	2.1	2.3	(8)%
Other operating income	2.2	2.1	+1 %
Non-Interest Income	**4.3**	**4.4**	**(3)%**
Operating Income (Revenue)	**95.7**	**112.6**	**(15)%**
Total operating costs	**(49.8)**	**(61.0)**	**(18)%**
Pre-provision operating profit	**45.9**	**51.6**	**(11)%**
Net impairment charges	(32.4)	(36.4)	(11)%
Post-provision operating profit	**13.5**	**15.2**	**(11)%**
Depreciation and amortisation	(3.2)	(2.5)	+27 %
Non-recurring income/(expense)	(0.1)	0.0	nm
Net FX gain/(loss)	1.6	2.4	(33)%
Profit before tax	**11.9**	**15.2**	**(22)%**
Income tax expense	(6.2)	(4.6)	+34 %
Net profit/(loss) after tax	**5.7**	**10.6**	**(46)%**

Interest income

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

	3 months to 31 March		
	2019	**2018**	**% change**
Online lending	*(in millions of €, except percentages)*		
Total value of loan principal issued	259.7	337.3	(23)%
Average net receivables, of which:	289.2	314.5	(8)%
- Principal	264.0	290.7	
- Accrued interest	25.2	23.8	
Annualised interest income yield on net portfolio (1)	132%	145%	
Interest income from online lending	87.0	105.6	(18)%
Banking operations			
Average net receivables, of which:	261.1	224.5	+16 %
- Principal	255.1	218.7	
- Accrued interest	5.9	5.8	
Annualised interest income yield on net portfolio (1)	31%	33%	
Interest income from banking operations (2)	19.5	18.0	+8 %

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 €106.5 million, a 14% decrease compared with €123.2 million for the three months ending 31 March 2018. The reduction in interest income from online lending was 18%, reflecting the 8% decrease in the average balance of net receivables and a lower average interest yield.

TBI Bank's average interest rates increased slightly compared to the prior year period, with an increased proportion of consumer lending (cash lending, point-of-sale lending and credit cards) with average product APRs between 20% and 50% compared to SME loans with average interest rates of approximately 8-14% 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 €15.0 million, compared with €14.9 million for the three months ending 31 March 2018. Interest expense remained flat despite the bond repurchases due to the strengthening of the USD versus the EUR compared to the prior year.

Non-interest income

Non-interest income for the period was €4.3 million, a 3% decrease compared with €4.4 million reported for the three months ending 31 March 2018. The net fee and commission income generated by TBI Bank, primarily fees from insurance sales to its customers, was stable year-on-year. Other operating income is mainly derived from related party loans.

Total operating costs

Total operating costs reported for the Period were €49.8 million, a 18% decrease compared with €61.0 million reported for the three months ending 31 March 2018. The year-on-year decrease in costs reflects our focus on marketing efficiency, cost discipline and the results of strategic cost initiatives put in place during 2017 and 2018. Costs in TBI Bank increased in line with business growth. Costs are no longer shown separately for Friendly Finance as it is fully integrated into the Group's online operations.

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

	3 months to 31 March	
	2019	**2018**
	(in millions of €)	
Personnel costs	24.0	27.8
Marketing and sponsorship	9.6	12.9
Legal and consulting	2.2	2.0
IT expenses (including R&D)	4.5	6.3
Debt collection costs	1.3	1.8
Rent and utilities	0.8	1.9
Application processing costs	1.6	2.0
Bank services	0.9	1.2
Communication expenses	1.0	1.0
Taxes	1.5	1.0
Travel	0.6	0.4
Other	1.9	2.7
Total	**49.8**	**61.0**
Of which:		
TBI Bank	10.7	10.1
4finance 'online' business	39.2	50.9

For the three months of 2019 and 2018, marketing and sponsorship costs accounted for 19% and 21% respectively, and personnel costs accounted for 48% and 46%, respectively, of total operating costs. The cost to income ratio for the Period was 52.0%, an encouraging improvement from 54.2% in Q1 2018, and a further 30bps improvement from Q4 2018.

Pre-provision operating profit

For the reasons stated above, the Group's pre-provision operating profit for the Period was €45.9 million, a 11% decrease compared with €51.6 million for the three months ending 31 March 2018.

Net impairment charges on loans and receivables

Net impairment charges for the Period were €32.4 million, an 11% decrease compared with €36.4 million for the three months ending 31 March 2018. Gross impairment charges are significantly reduced compared to the prior period, partly due to lower origination. However, following several ad-hoc sales of NPL portfolios (including written-off portfolios) during 2018 that generated net gains on disposals, the Group's debt sales for the Period were mainly forward flow sales. Typically these portfolios are provisioned based on the forward flow price, which results in limited/no proceeds in excess of the net carrying value on the sale. In the prior period, TBI Bank saw elevated provisions in its Romanian consumer portfolio, but this was addressed during 2018 and the current period provisioning reflects more normal levels.

	3 months to 31 March	
	2019	2018
	(in millions of €)	
Impairment charges on loans	35.9	48.6
Over provision on debt portfolio (portfolio sale net gains)	0.1	(6.7)
Recovery from written-off loans	(3.6)	(5.5)
Net impairment charges	**32.4**	**36.4**

Overall net impairment charges represented 30% of interest income for the Period, a slight increase from last year. The net impairment charges for the online business compared to average online gross receivables, i.e. cost of risk, increased to 29% in the Period from 27% last year.

Non-recurring income/(expense)

Net non-recurring expense for the Period was €0.1 million.

Net FX gain/(loss)

Foreign exchange movements resulted in a gain of €1.6 million. The Group monitors its currency positions actively and hedges net exposures where practical.

Profit before tax

For the reasons stated above, the Group's profit before tax for the Period was €11.9 million, compared with €15.2 million for the three months ending 31 March 2018. The profit before tax margin was 11% for the Period, a slight decrease from 12% in Q1 2018.

Corporate income tax

The Group's corporate income tax expense was €6.2 million for the Period, compared with €4.6 million for the three months ending 31 March 2018.

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

	3 months to 31 March	
	2019	2018
	(in millions of €)	
Current tax	7.4	8.5
Deferred tax	(1.2)	(4.0)
Total	**6.2**	**4.6**

The effective tax rate for the Period was 52%, an increase compared with 30% for Q1 2018, partly due to lower recognition of deferred tax assets in Spain, Poland and Argentina.

Profit/(loss) for the period

For the reasons stated above, profit for the Period was €5.7 million, compared with a profit of €10.6 million for the three months ending 31 March 2018.

Other financial data – EBITDA and Adjusted EBITDA

	Three months ending 31 March 2019	Three months ending 31 March 2018	Year Ended 31 December 2018	Year Ended 31 December 2017
		(in millions of €)		
Profit for the period	5.7	10.6	28.5	(16.8)
Provision for corporate income tax	6.2	4.6	24.1	27.6
Interest expense	15.0	14.9	62.1	61.9
Depreciation and amortisation	3.2	2.5	11.9	9.0
EBITDA	**30.1**	**32.6**	**126.6**	**81.7**
Adjustments	(0.7)	(0.5)	22.0	53.7
Adjusted EBITDA (1)	**29.4**	**32.1**	**148.6**	**135.4**

	Three months ending 31 March 2019	Three months ending 31 March 2018	Year Ended 31 December 2018	Year Ended 31 December 2017
		(in millions of €)		
Summary breakdown of Adjustments to EBITDA				
Discontinued operations	—	—	(0.1)	—
Net FX impact	(1.6)	(2.4)	12.6	4.0
One-off costs and other prescribed adjustments	0.9	1.9	2.8	3.6
One-off write-down of intangible assets	—	—	6.7	46.1
Total	**(0.7)**	**(0.5)**	**22.0**	**53.7**

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

Balance Sheet

The table below sets out the Group's condensed consolidated statement of its financial position. The 31 December 2018 figures reflect those published in the Group's audited financial statements.

	31 March 2019 (unaudited)	31 December 2018
	(in millions of €)	
Cash and cash equivalents, of which:	**187.8**	**172.2**
- Online	121.0	110.5
- TBI bank	66.8	61.6
Placement with other banks	4.7	8.8
Gross receivables due from customers	699.8	705.3
Allowance for impairment	(152.1)	(152.2)
Net receivables due from customers, of which:	**547.7**	**553.2**
- Principal	516.5	521.6
- Accrued Interest	31.2	31.6
Net investments in finance leases	6.7	7.3
Net loans to related parties	63.2	66.2
Property and equipment	18.0	8.8
Financial assets available for sale	50.4	38.4
Prepaid expenses	8.0	8.2
Tax assets	17.8	16.6
Deferred tax assets	38.9	37.6
Intangible IT assets	21.5	22.3
Goodwill	17.5	17.5
Other assets	32.5	37.5
Total assets	**1,014.7**	**994.3**
Loans and borrowings	462.8	459.4
Deposits from customers	283.9	285.0
Deposits from banks	11.1	2.6
Corporate income tax payable	20.5	18.1
Other liabilities	72.8	70.9
Total liabilities	**851.0**	**836.0**
Share capital	35.8	35.8
Retained earnings	158.6	153.9
Reserves	(30.7)	(31.4)
Total attributable equity	**163.7**	**158.3**
Non-controlling interests	0.1	0.1
Total equity	**163.7**	**158.3**
Total shareholders' equity and liabilities	**1,014.7**	**994.3**

Assets

The Group had total assets of €1,014.7 million as of 31 March 2019, compared with €994.3 million as of 31 December 2018. The increase reflects an increase in cash, financial assets (mainly government bonds held by TBI Bank for liquidity management purposes) and the adoption of IFRS 16 which adds approximately €10 million to the 'Property and equipment' and 'Other liabilities' lines.

Loan portfolio

As of 31 March 2019, the Group's net receivables equaled €547.7 million, compared with €553.2 million as of 31 December 2018, representing a slight decrease of €5.5 million, or 1%. Debt sales activity during the Period was mainly focused on forward flow sales, with €33 million of gross receivables (€16 million net receivables with no net gains) sold compared with €17 million of gross receivables (€9 million net receivables with €7m net gains) in Q1 2018. The net receivables include €260.8 million from TBI Bank (including fair value adjustments). Further information on the TBI Bank portfolio is available in the appendix, including its finance leases which are shown as a separate balance sheet line item.

The following section includes a summary of our overall loan portfolio, both online (funded outside of TBI Bank) and banking (funded by TBI Bank), showing performing vs non-performing classification. This is shown on a loan principal basis (vs receivables in earlier quarters) to better reflect amounts actually funded. Additional reference information on the historic quarterly development of our online portfolio on a receivables basis for comparability, 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 principal in terms of performing and non-performing loans (i.e. those more than 90 days past due).

Principal	**31 March 2019**				**31 December 2018**			
	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 principal								
Performing	285.2	(43.4)	241.8	79.1 %	293.1	(44.9)	248.2	79.8 %
Non-performing [(1)]	75.4	(55.6)	19.7	20.9 %	74.4	(56.0)	18.3	20.2 %
Online total	**360.6**	**(99.1)**	**261.5**	**100.0%**	**367.5**	**(101.0)**	**266.5**	100.0 %
TBI Bank principal								
Performing	243.4	(12.4)	231.0	82.7 %	246.0	(12.7)	233.3	84.1 %
Non-performing [(1)]	50.9	(27.0)	23.9	17.3 %	46.4	(24.7)	21.7	15.9 %
TBI Bank total	**294.3**	**(39.4)**	**255.0**	**100.0%**	**292.4**	**(37.3)**	**255.1**	100.0 %
Overall principal								
Performing	528.6	(55.8)	472.8	80.7 %	539.1	(57.6)	481.5	81.7 %
Non-performing [(1)]	126.3	(82.7)	43.6	19.3 %	120.8	(80.7)	40.1	18.3 %
Overall total	**654.9**	**(138.5)**	**516.5**	**100.0%**	**659.9**	**(138.3)**	**521.6**	**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 principal by product. A separate classification for Near Prime loans have been added, which includes the Group's lower APR instalment loan products in Spain (Fintonic), Sweden (Friia) and Lithuania (Vivus).

	31 March 2019		**31 December 2018**	
	Amount	**% of Portfolio**	**Amount**	**% of Portfolio**
Online performing gross principal by product:	*(in millions of €, except percentages)*			
Single Payment Loans	119.4	41.9 %	129.8	44.3 %
Instalment Loans	118.2	41.4 %	116.1	39.6 %
Lines of Credit [(1)]	28.6	10.0 %	30.9	10.5 %
Near Prime [(2)]	19.0	6.7 %	16.3	5.6 %
Total online gross performing principal	**285.2**	**100.0%**	**293.1**	**100.0%**

Notes: (1) Includes Point of Sale Loans

(2) Includes the Group's lower APR instalment loan products in Spain (Fintonic), Sweden (Friia) and Lithuania (Vivus)

Online non-performing loan portfolio

As of 31 March 2019, the Group's non-performing online principal was €75.4 million, an increase of €1.0 million, or 1%, since 31 December 2018. The gross NPL ratio was 22.7% for online receivables as of 31 March 2019, up slightly from 22.2% as of 31 December 2018.

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 €15.3 million, or 20%, in addition to the non-performing loan principal. 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 principal by product.

	31 March 2019	31 December 2018
	(in millions of €, except percentages)	
Non-performing online principal by product:		
Single Payment Loans	32.2	36.2
Instalment Loans	30.4	27.4
Lines of Credit [(1)]	11.4	9.3
Near Prime	1.3	1.5
Total non-performing online principal	**75.4**	**74.4**
Allowance for NPL principal	55.6	56.0
Allowance for NPL principal / non-performing principal	74 %	75 %
Overall receivables allowance / NPL receivables coverage ratio	123 %	127 %
Average Loss Given Default rate [(2)]	73 %	74 %

Notes: (1) Includes Point of Sale Loans

(2) Average LGD rate for SPL was 80%; IL: 71%; LOC: 72%; Near prime: 44% as of 31/3/2019

Other assets

A breakdown of the Group's other assets is presented in the table below.

	31 March 2019	31 December 2018
	(in millions of €)	
FX hedging - funds on margin	0.4	4.6
Non-current assets held for sale	5.1	5.3
Receivables from suppliers	9.3	14.3
Security deposits	1.4	1.3
Investments in associates	1.6	1.6
Derivatives	6.6	2.5
Other non-customer receivables	8.1	8.0
Total	**32.5**	**37.5**

Liabilities

The Group had total liabilities of €851.0 million as of 31 March 2019, compared with €836.0 million as of 31 December 2018, representing an increase of €15.0 million.

Loans and borrowings

As of 31 March 2019, the Group had loans and borrowings of €462.8 million, compared with €459.4 million as of 31 December 2018. The Group's loans and borrowings accounted for 54% of total liabilities as of 31 March 2019 and 55% of total liabilities as of 31 December 2018. The following table sets out the loans and borrowings by type. The Group continues to optimise its funding by using excess liquidity to make limited repurchases of its bonds, with a further US$15 million of the 2022 Notes repurchased by 4finance S.A. in March, and US$5 million in April, post Period end. The amount in the table below include accrued interest. Combined with a strengthening of the USD vs the EUR, this resulted in the small increase in Notes shown, despite the repurchases.

	31 March 2019	31 December 2018
	(in millions of €)	
4finance Notes	462.4	459.0
TBI Bank	0.0	0.1
Loans from bank	0.0	—
Other	0.3	0.3
Total loans and borrowings (1)	**462.8**	**459.4**

Note: (1) Includes accrued but unpaid interest, net of capitalised issuance costs

In August 2014, 4finance S.A. issued US$200.0 million of 11.75% notes (the *'2019 Notes'*) which are listed on the Irish Stock Exchange and are senior to all of the Group's future subordinated debt. The 2019 Notes will mature in August 2019. Following the tender offer conducted in April, an amount of US$68 million remains outstanding. The Group expects to repay these at maturity from cash on hand.

In May 2016, 4finance S.A. issued €100.0 million of 11.25% notes (the *'2021 Notes'*) which are senior to all of the Group's future subordinated debt. The 2021 Notes are listed on the Prime Standard regulated market segment of the Frankfurt Stock Exchange. In November 2016, a further €50.0 million of 2021 Notes were issued at par. The 2021 Notes will mature in May 2021 and are currently callable at 104%.

In April 2017, 4finance S.A. issued US$325.0 million of 10.75% notes (the *'2022 Notes')* which are listed on the Irish Stock Exchange and will mature in May 2022. An IFRS 9 adjustment as of 1 January 2018 resulted in a €5.2 million decrease to the carrying value from the revaluation at the original effective interest rate of a proportion of US$ 2022 bond carried over from original US$ 2019 bond (to be amortised over remaining life of bond in 'interest expense'). The 2022 Notes are currently callable at 105.4%.

Customer deposits

As of 31 March 2019, the Group had total customer deposits of €283.9 million. Banking operations contributed €278.2 million in deposits at an average all-in cost of approximately 1.4% with the balance from 4spar in Sweden at an average cost of 7.4%. Further details of TBI Bank's deposits are presented in the appendix.

Other liabilities

A breakdown of the Group's other liabilities is presented in the table below. The Group adopted IFRS 16 accounting standard for lease liabilities from January 2019. Further details are available in Note 3 of the Group's 2018 annual report.

	31 March 2019	31 December 2018
	(in millions of €, except percentages)	
Accrued expenses	21.1	22.8
Accounts payable to suppliers	7.3	12.6
FX hedging liability	0.5	4.6
Taxes payable	7.2	8.1
Provisions for unused vacations	2.3	2.0
Lease liabilities (IFRS 16) (1)	10.0	—
Other liabilities	24.4	20.8
Total	**72.8**	**70.9**

Note: (1) Adopted IFRS 16 accounting standard from January 2018. See Note 3 of the Group's 2018 annual report for further details

Equity

As of 31 March 2019, the Group's total equity amounted to €163.7 million, compared with €158.3 million as of 31 December 2018, representing an increase of €5.4 million, or 3%. The Group's equity to assets ratio as of 31 March 2019 was 16%.

The equity to net receivables ratio as of 31 March 2019 was 30%, reflecting the Group's strong capitalisation, even after the one-off intangible asset adjustments at the end of 2017 and the adoption of IFRS 9, still giving good headroom to bond covenants.

Off-balance sheet arrangements

The Group's total off-balance sheet commitments as of 31 March 2019 were €20.1 million. This includes TBI Bank's undrawn lending commitments of €13.3 million and financial guarantees €0.4 million, plus €6.4 million in connection with the Group's online portfolio (LoC product). The Group also enters into currency hedging transactions which may result in additional off-balance sheet assets or liabilities, but these generally have limited net exposure and are designed to limit overall exposure to currency movements.

Condensed Consolidated Statement of Cash Flows for the Period

	3 months to 31 March		12 months to 31 December
	2019	2018	2018
	(in millions of €)		
Cash flows from operating activities			
Profit before taxes	**11.9**	**15.2**	**52.6**
Adjustments for:			
Depreciation and amortisation	3.2	2.5	12.1
Impairment of goodwill and intangible assets	—	—	5.7
Net (gain) / loss on foreign exchange from borrowings and other monetary items	6.3	(5.5)	19.9
Impairment losses on loans	35.9	49.0	178.9
Reversal of provision on debt portfolio sales	0.1	(6.7)	(36.6)
Write-off and disposal of intangible and property and equipment assets	0.1	0.1	2.9
Provisions for unused vacations	(0.0)	0.3	—
Interest income from non-customers loans	(1.9)	(2.1)	(8.1)
Interest expense on loans and borrowings and deposits from customers	15.0	14.9	62.1
Other non-cash items	0.0	0.0	2.5
Profit before adjustments for the effect of changes to current assets and short-term liabilities	70.7	67.7	291.8
Adjustments for:			
Change in financial instruments measured at fair value through profit or loss	(8.2)	3.8	(11.3)
(Increase)/decrease in other assets (including TBI statutory reserve, placements & leases)	(1.5)	(7.8)	(0.3)
Increase/(decrease) in accounts payable to suppliers, contractors and other creditors	(8.1)	(2.3)	3.7
Operating cash flow before movements in portfolio and deposits	**52.9**	**61.5**	**284.0**
Increase in loans due from customers	(46.8)	(79.7)	(255.1)
Proceeds from sale of portfolio	16.1	16.0	81.9
Increase in deposits from customers	7.4	11.0	16.5
Deposit interest payments	(1.0)	(0.8)	(4.0)
Gross cash flows from operating activities	**28.8**	**7.9**	**123.3**
Corporate income tax paid	(6.3)	(10.2)	(27.5)
Net cash flows from operating activities	**22.5**	**(2.3)**	**95.9**
Cash flows used in investing activities			
Purchase of property and equipment and intangible assets	(1.3)	(2.1)	(8.4)
Purchase of financial instruments	(11.8)	—	(13.6)
Loans issued to related parties	—	(2.3)	(2.6)
Loans repaid from related parties	4.0	5.4	7.4
Interest received from related parties	0.1	1.7	2.8
Disposal of subsidiaries, net of cash disposed	—	—	(0.1)
Acquisition of equity investments	—	—	(5.9)
Acquisition of non-controlling interests	(0.4)	—	(4.4)
Prepayment for potential investment	—	—	20.8
Net cash flows from investing activities	**(9.4)**	**2.7**	**(3.8)**
Cash flows from financing activities			
Loans received and notes issued	0.0	0.5	0.5
Repayment and repurchase of loans and notes	(13.3)	(0.1)	(27.2)
Interest payments	(3.5)	(3.4)	(52.7)
FX hedging margin	8.2	—	4.2
Payment of lease liabilities	(0.9)	—	—
Dividend payments	—	—	(0.1)
Net cash flows used in financing activities	**(9.5)**	**(3.0)**	**(75.3)**
Net increase/(decrease) in cash and cash equivalents	**3.5**	**(2.7)**	**16.8**
Cash and cash equivalents at the beginning of the period	**148.8**	**131.9**	**131.9**
Effect of exchange rate fluctuations on cash	0.0	0.3	0.1
Cash and cash equivalents at the end of the period	**152.4**	**129.6**	**148.8**
TBI Bank minimum statutory reserve	**35.4**	**24.2**	**23.4**
Total cash on hand and cash at central banks	**187.8**	**153.8**	**172.2**

Net cash flows from operating activities in the Period were €22.5 million compared with €2.3 million net cash flows used in operating activities in the same period last year, mainly due to lower loan issuance. Net cash used in investing activities was €9.4 million in the Period due to the incoming payment for the Spotcap loan offset by purchases of bonds for liquidity management in TBI Bank. The Group's cash flows used in financing activities reflected the repurchase of some of its 2022 Notes in the Period, partly offset by incoming FX hedging margin.

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 2019 and three months ending 31 March 2018.

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.

	3 months to 31 March	
	2019 (unaudited)	**2018 (unaudited)**
	(in millions of €)	
Interest Income	19.3	18.0
Interest Expense	(0.8)	(0.7)
Net Interest Income	**18.5**	**17.4**
Net F&C Income	2.3	2.3
Other operating income	0.2	0.1
Non-Interest Income	**2.4**	**2.4**
Operating Income	**20.9**	**19.8**
Total operating costs	**(11.1)**	**(9.6)**
Pre-provision operating profit	**9.8**	**10.2**
Net impairment charges	(3.4)	(6.1)
Post-provision operating profit	**6.4**	**4.1**
Depreciation and amortisation	(0.3)	(0.3)
Non-recurring income/(expense)	0.4	0.1
Net FX gain/(loss)	(0.8)	(0.2)
Pre-tax profit	**5.6**	**3.8**
Income tax expense	(0.8)	(0.6)
Net profit after tax	**4.9**	**3.2**

Balance sheet

The table below sets out the statement of financial position for TBI Bank. For the purpose of consolidation with the Group's balance sheet, the fair values assessed as part of the Group's updated goodwill calculation under IFRS are used, rather than the book values presented below.

	31 March 2019	31 December 2018
	(unaudited)	(unaudited)
	(in millions of €)	
Cash and cash equivalents	66.8	61.6
Placement with other banks	4.7	8.8
Gross receivables due from customers	302.5	301.4
Allowance for impairment	(40.3)	(38.3)
Net receivables due from customers	**262.2**	**263.1**
Net investments in finance leases	8.0	8.6
Property and equipment	5.8	5.9
Financial assets	46.1	33.9
Tax assets	2.0	1.7
Prepaid expenses	1.1	1.1
Intangible assets	3.5	3.3
Other assets	8.5	8.3
Total assets	**408.7**	**396.3**
Loans and borrowings	0.0	0.1
Deposits from customers	278.2	271.0
Deposits from banks	11.1	2.6
Other liabilities	17.4	17.7
Total liabilities	**306.7**	**291.4**
Share capital	41.7	41.7
Retained earnings	56.7	59.8
Reserves	3.6	3.5
Total equity	**102.0**	**105.0**
Total shareholders' equity and liabilities	**408.7**	**396.3**

The cash figure is after the payment of a maiden dividend of €8 million in March 2019.

Loan portfolio

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

	31 March 2019 (unaudited)	31 December 2018 (unaudited)	% Change
	(in millions of €)		
Consumer	248.3	247.7	0.2 %
SME (including financial leases)	62.7	62.3	0.6 %
Total gross receivables	**311.0**	**310.0**	**0.3 %**
Provisions	(40.8)	(38.8)	5.2 %
Total net receivables	**270.2**	**271.2**	**(0.4)%**

As of 31 March 2019, consumer loans made up 80% of TBI Bank's gross loans, unchanged from 80% as of 31 December 2018. The overall loan portfolio has a roughly equal contribution from both Bulgaria and Romania.

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

	Consumer	SME (incl. leases)	Overall
Non-performing receivables to gross receivables ratio	16.7%	20.7%	17.3%
Provision coverage (1)	88.8%	33.0%	75.8%

Note: (1) In addition to provisions, the SME receivables are backed by collateral with average loan-to-value of c.50%.

Customer deposits

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

	31 March 2019 (unaudited)	31 December 2018 (unaudited)	% Change
	(in millions of €)		
Customer accounts of consumers	234.5	224.1	4.6 %
- Current accounts	22.3	21.3	4.7 %
- Term deposits	212.2	202.8	4.6 %
Customer accounts of SMEs	43.6	46.9	(7.0)%
- Current accounts	27.1	17.6	54.0 %
- Term deposits	16.5	29.3	(43.7)%

The average interest rate paid on term deposits varies by type and currency, ranging from 0.1% to 3.3%. Deposit costs were 1.1% in Q1 2019, representing lower rates in Bulgaria. The average remaining maturity of consumer term deposits is approximately 6 months, with strong roll-over rates.

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 2019, which are prior to the adoption of any of the FY2018 profit into capital. Following the Bulgarian National Bank's supervisory review of the banking sector, the minimum capital adequacy ratio requirement for TBI Bank was increased from 13.5% to 14.25% during Q1 2019. This is expected to increase by a further 50bps in Q4 2019 and 50bps in Q2 2020 with the introduction of counter-cyclical buffers.

	Standalone	Consolidated
Common equity Tier 1 ratio	19.3%	21.0%
Capital adequacy	19.3%	21.0%
Liquidity ratio	30.5%	—
Liquidity coverage ratio	255.9%	266.0%

HISTORIC QUARTERLY RESULTS

For ease of reference, a summary income statement by quarter from Q1 2017 is presented below.

Income statement

(in millions of €)	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019
Interest Income	**104.7**	**108.9**	**113.5**	**120.8**	**123.2**	**122.3**	**116.1**	**113.7**	**106.5**
Interest Expense	(13.3)	(15.9)	(16.3)	(16.4)	(14.9)	(15.5)	(16.0)	(15.7)	(15.0)
Net Interest Income	**91.4**	**93.0**	**97.2**	**104.4**	**108.2**	**106.8**	**100.1**	**98.0**	**91.5**
Net F&C Income	2.0	2.4	3.2	3.0	2.3	2.3	2.7	2.3	2.1
Other operating income	2.2	2.3	2.4	2.3	2.1	2.3	2.2	2.5	2.2
Non-Interest Income	**4.2**	**4.7**	**5.6**	**5.4**	**4.4**	**4.6**	**4.9**	**4.8**	**4.3**
Operating Income	**95.6**	**97.7**	**102.8**	**109.8**	**112.6**	**111.4**	**105.0**	**102.7**	**95.7**
Total operating costs	**(55.7)**	**(56.9)**	**(54.2)**	**(64.0)**	**(61.0)**	**(59.0)**	**(51.0)**	**(53.7)**	**(49.8)**
Pre-provision operating profit	**39.9**	**40.9**	**48.7**	**45.8**	**51.6**	**52.4**	**54.0**	**49.0**	**45.9**
Net impairment charges	(23.7)	(23.3)	(30.1)	(34.4)	(36.4)	(26.9)	(30.5)	(29.1)	(32.4)
Post-provision operating profit	**16.2**	**17.6**	**18.5**	**11.4**	**15.2**	**25.6**	**23.4**	**19.9**	**13.5**
Depreciation and amortisation	(2.0)	(2.2)	(2.2)	(2.4)	(2.5)	(2.5)	(3.5)	(3.4)	(3.2)
Non-recurring income/(expense)	4.4	2.0	(0.6)	0.3	0.1	0.9	0.2	(1.5)	(0.1)
Net FX	(1.6)	0.9	(1.6)	(1.7)	2.4	(14.7)	(5.6)	5.3	1.6
One-off adj. of intangible assets	—	—	—	(46.1)	—	—	—	(6.7)	—
Pre-tax profit	**17.0**	**18.3**	**14.2**	**(38.5)**	**15.2**	**9.3**	**14.6**	**13.6**	**11.9**
Income tax expense	(4.6)	(4.6)	(4.5)	(12.5)	(4.6)	(3.1)	(6.2)	(10.1)	(6.2)
Net profit after tax	**12.4**	**13.7**	**9.7**	**(51.0)**	**10.6**	**6.1**	**8.3**	**3.4**	**5.7**
EBITDA	**32.3**	**36.4**	**32.7**	**(19.7)**	**32.6**	**27.2**	**34.0**	**32.7**	**30.1**
Adjusted EBITDA	**34.9**	**35.8**	**36.3**	**28.4**	**32.1**	**42.1**	**39.9**	**34.5**	**29.4**

Loan issuance

(in millions of €)									
Total value of online loans issued	**302.7**	**301.6**	**323.6**	**349.5**	**337.3**	**305.7**	**289.4**	**276.7**	**259.7**
Single Payment Loans (1)	240.8	236.8	243.9	256.9	237.2	222.1	206.4	195.1	179.2
Instalment Loans	28.8	33.5	45.2	55.2	63.0	45.4	44.0	44.1	46.1
Lines of Credit (2)	33.0	31.3	34.5	37.5	37.0	38.2	39.0	37.5	34.4
Total value of TBI Bank loans issued	**50.6**	**58.3**	**67.0**	**71.0**	**60.8**	**60.8**	**73.3**	**86.9**	**68.8**
SME	5.9	8.3	6.6	7.3	7.3	9.4	8.6	9.9	10.1
Consumer	44.8	50.0	60.4	63.8	53.5	51.4	64.6	77.0	58.6

Notes: (1) Reflects reclassification of 'Vivus' brand products in Denmark, Sweden and Armenia to Lines of Credit

(2) Includes Point of Sale Loans

Loan portfolio (receivables, including accrued interest)

(in millions of €)	Q2 2017	Q3 2017	Q4 2017	1 Jan 2018 post IFRS	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019
Single payment loans (1)									
- Performing	174.5	179.3	188.2	188.2	180.2	163.7	153.4	142.0	132.0
- NPL (2)	132.6	118.8	105.6	57.5	55.8	53.4	39.7	40.8	36.2
- Total gross receivables	**307.1**	**298.2**	**293.8**	**245.7**	**236.0**	**217.0**	**193.1**	**182.8**	**168.2**
- Provisions	(107.9)	(98.8)	(95.1)	(74.2)	(72.1)	(69.9)	(53.1)	(51.2)	(46.9)
- Net receivables	**199.2**	**199.3**	**198.7**	**171.5**	**163.9**	**147.1**	**140.0**	**131.6**	**121.3**
- Provisions to gross receivables	35.1%	33.2%	32.4%	30.2%	30.5%	32.2%	27.5%	28.0%	27.9%
- Gross NPL ratio	43.2%	39.9%	35.9%	23.4%	23.6%	24.6%	20.6%	22.3%	21.5%
Instalment loans (3)									
- Performing	87.9	101.1	120.6	120.6	143.9	146.9	145.0	140.1	144.9
- NPL (2)	49.7	49.6	52.8	29.4	34.8	33.3	43.8	39.1	41.8
- Total gross receivables	**137.7**	**150.8**	**173.3**	**150.0**	**178.7**	**180.1**	**188.8**	**179.1**	**186.7**
- Provisions	(37.9)	(38.9)	(43.3)	(45.3)	(53.5)	(49.4)	(56.9)	(48.7)	(50.4)
- Net receivables	**99.8**	**111.8**	**130.1**	**104.7**	**125.2**	**130.7**	**131.9**	**130.4**	**136.3**
- Provisions to gross receivables	27.5%	25.8%	25.0%	30.2%	29.9%	27.4%	30.2%	27.2%	27.0%
- Gross NPL ratio	36.1%	32.9%	30.4%	19.6%	19.5%	18.5%	23.2%	21.8%	22.4%
Lines of Credit (4)									
- Performing	27.7	30.7	34.4	34.4	35.1	34.6	34.5	33.4	31.2
- NPL (2)	11.5	13.8	14.2	10.7	11.3	10.5	11.6	10.2	12.5
- Total gross receivables	**39.2**	**44.5**	**48.6**	**45.1**	**46.4**	**45.1**	**46.2**	**43.6**	**43.7**
- Provisions	(8.0)	(9.6)	(10.7)	(14.8)	(13.1)	(13.1)	(14.9)	(14.0)	(14.4)
- Net receivables	**31.2**	**34.9**	**37.9**	**30.3**	**33.3**	**32.0**	**31.2**	**29.6**	**29.3**
- Provisions to gross receivables	20.5%	21.6%	22.0%	32.9%	28.3%	29.1%	32.4%	32.1%	32.9%
- Gross NPL ratio	29.5%	31.1%	29.2%	23.8%	24.3%	23.3%	25.2%	23.4%	28.7%
Total Online receivables									
- Performing	290.1	311.1	343.2	343.2	359.2	345.1	332.9	315.4	308.1
- NPL (2)	193.9	182.3	172.5	97.7	101.9	97.1	95.1	90.0	90.6
- Total gross receivables	**484.0**	**493.4**	**515.7**	**440.8**	**461.1**	**442.3**	**428.1**	**405.4**	**398.6**
- Provisions	(153.9)	(147.4)	(149.1)	(134.3)	(138.7)	(132.5)	(125.0)	(113.9)	(111.8)
- Net receivables	**330.1**	**346.0**	**366.6**	**306.5**	**322.4**	**309.8**	**303.1**	**291.6**	**286.9**
- Provisions to gross receivables	31.8%	29.9%	28.9%	30.5%	30.1%	30.0%	29.2%	28.1%	28.0%
- Gross NPL ratio	40.1%	36.9%	33.5%	22.2%	22.1%	22.0%	22.2%	22.2%	22.7%
TBI Bank									
- Performing	180.9	204.0	214.5	214.5	217.2	218.2	229.3	252.3	249.0
- NPL (2)	23.6	23.3	31.1	31.1	37.3	43.6	41.7	47.6	52.1
- Total gross receivables	**204.6**	**227.3**	**245.6**	**245.6**	**254.5**	**261.8**	**271.0**	**299.9**	**301.1**
- Provisions	(14.9)	(17.6)	(21.0)	(23.2)	(27.8)	(34.4)	(33.2)	(38.3)	(40.3)
- Net receivables	**189.7**	**209.7**	**224.6**	**222.4**	**226.7**	**227.4**	**237.8**	**261.6**	**260.8**
- Provisions to gross receivables	7.3%	7.7%	8.6%	9.4%	10.9%	13.1%	12.2%	12.8%	13.4%
- Gross NPL ratio	11.6%	10.2%	12.7%	12.7%	14.7%	16.6%	15.4%	15.9%	17.3%

Notes: (1) Single Payment Loan portfolio shown in this table reflects the reclassification of 'Vivus' products in Sweden, Denmark and Armenia to Lines of Credit

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

(3) Includes Near Prime Loans

(4) Includes Point of Sale Loans

Additional Key Performance Indicators

Profitability	3 months to 31 March 2019	3 months to 31 March 2018	12 months to 31 December 2018
ROAA, % * (1)	1.7%	3.3%	4.9%
ROAE, % * (2)	10.4%	23.1%	32.7%
ROATE, % *	20.1%	58.0%	71.9%
Interest Income/Average Interest Earning Assets, % (3)	60.1%	69.6%	67.5%
Interest Income/Average Gross Loan Portfolio, %	64.8%	75.4%	73.1%
Interest Income/Average Net Loan Portfolio, %	82.1%	97.3%	93.4%
Interest Expense/Interest Income, %	14.1%	12.1%	13.1%
Cost Of Funds, % (4)	7.1%	7.1%	7.4%
Cost Of Interest Bearing Liabilities, % (5)	8.1%	8.1%	8.4%
Net Spread, % (6)	52.0%	61.6%	59.1%
Net interest margin, % (7)			
- Online	80.2%	89.1%	88.9%
- TBI Bank	25.2%	28.5%	26.8%
- Overall group	55.7%	66.5%	63.5%
Net effective annualised yield (8)	78.2%	87.0%	88.2%
Net Fee & Commission Income/Total Operating Income, %	2.2%	2.0%	2.2%
Net Fee & Commission Income/Average Total Assets, % *	0.8%	0.9%	1.0%
Net Non-Interest Income/Total Operating Income, %	4.5%	3.9%	4.3%
Net Non-Interest Income/Average Total Assets, % *	1.7%	1.8%	1.9%
Recurring Earning Power, % * (9)	19.0%	22.3%	22.8%
Earnings Before Taxes/Average Total Assets, % *	4.7%	6.0%	5.9%
Efficiency			
Total Assets/Employee, (in thousands of €) *	358	286	336
Total Operating Income/Employee, (in thousands of €)	135	130	146
Cost/Income Ratio, % (10)	52.0%	54.2%	52.1%
Total Recurring Operating Costs/Average Total Assets, % *	19.8%	24.9%	22.9%
Total Operating Income/ Average Total Assets, % *	38.1%	45.9%	44.0%
Total Recurring Cash Costs/Average Total Assets, % * (11)	19.8%	24.9%	22.9%
Net Income (Loss)/Employee, (in thousands of €) *	8	12	10
Personnel Costs/Average Total Assets, % *	9.6%	11.3%	10.6%
Personnel Costs/Total Recurring Operating Costs, %	48.2%	45.6%	46.2%
Personnel Costs/Total Operating Income, %	25.1%	24.7%	24.0%
Net Operating Income/Total Operating Income, % *	48.0%	45.8%	49.5%
Net Income (Loss)/Total Operating Income, % *	6.0%	9.4%	8.1%
Profit before tax (Loss)/Interest income, % *	9.7%	10.3%	15.2%
Liquidity			
Net Loan Receivables/Total Assets, % *	54.0%	55.3%	55.3%
Average Net Loan Receivables/Average Total Assets, % *	54.8%	55.0%	55.1%
Average Net Loan Receivables/Average Client Balances & Deposits, %	193.5%	198.2%	194.6%
Net Loan Receivables/Total Deposits, %	193.0%	201.3%	194.1%
Net Loan Receivables/Total Liabilities, %	64.4%	64.8%	66.2%
Interest Earning Assets/Total Assets, % *	69.4%	72.6%	71.3%
Average Interest Earning Assets/Average Total Assets, % *	70.6%	72.1%	71.7%
Liquid Assets/Total Assets, % * (12)	19.0%	16.1%	18.1%
Liquid Assets/Total Liabilities, %	22.6%	18.8%	21.6%
Total Deposits/Total Assets, % *	28.0%	27.5%	28.5%
Total Deposits/Total Liabilities, %	33.4%	32.2%	34.1%
Total Deposits/Shareholders' Equity, Times *	1.7x	1.9x	1.7x

Leverage (Total Liabilities/Equity), Times *	5.2x	5.8x	5.1x
Tangible Common Equity/Tangible Assets * (13)	9.2%	6.6%	8.8%
Tangible Common Equity/Net Receivables	15.7%	10.9%	14.6%
Net Loan Receivables/Equity, Times *	3.3x	3.8x	3.4x

	3 months to 31 March		**12 months to 31 December**
Asset quality	**2019**	**2018**	**2018**
Loan Loss Reserve/Gross Receivables from Clients, %	21.7%	23.3%	21.6%
Average Loan Loss Reserve/Average Gross Receivables from Clients, %	21.7%	23.1%	22.2%
Cost of risk, % (14)			
- Online	28.9%	27.2%	24.0%
- TBI Bank	4.5%	9.8%	8.0%
- Overall Group	18.4%	20.5%	17.7%
Gross NPL ratio, % (15)			
- Online	22.7%	22.1%	22.0%
- TBI Bank	17.3%	14.7%	15.9%
- Overall group	20.4%	19.5%	19.4%
Net impairment / interest income, % (16)	30.4%	29.5%	25.9%
Credit Metrics			
Total Equity/Total Assets, % *	16.1%	14.7%	15.9%
Total Equity/Net Loan Receivables, % *	29.9%	26.6%	28.6%
Interest Coverage ('basic' EBITDA), Times	2.0x	2.2x	2.0x
Adjusted Interest Coverage, Times (17)	2.0x	2.2x	2.4x
TBI Bank consolidated capital adequacy, % (18)	21.0%	27.6%	22.3%

Selected Operating Data	**31 March 2019**	**31 March 2018**	**31 December 2018**
Total Employees	2,837	3,475	2,960

*Normalised ratios are 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.
All ratios are annualised where appropriate.
(1) Return On Average Total Assets (ROAA) equals Net Income of the period divided by average Total Assets for the same period
(2) Return On Average Total Equity (ROAE) equals Net Income of the period divided by average Total Equity for the same period
(3) Interest Earning Assets include: Placement with other banks and Gross Loan Receivables
(4) Cost Of Funds equals Interest Expense of the period divided by average Total Liabilities for the same period
(5) Cost Of Interest-Bearing Liabilities equals Interest Expense of the period divided by average Interest Bearing Liabilities for the same period; Interest bearing Liabilities include Loans and borrowings and Deposits from customers and banks
(6) Net Spread equals Interest Income of the period divided by Average Interest Earning Assets for the same period less Cost of Interest Bearing Liabilities
(7) Net interest margin equals Net interest income divided by average gross loan principal (total gross loan principal as of the start and end of each period divided by two)
(8) Annualised interest income (excluding penalties) / average net loan principal
(9) Recurring Earning Power equals Profit (Pre-discretionary bonus) Before Net impairment losses of the period divided by average Total Assets for the same period
(10) Operating costs divided by operating income (revenue)
(11) Cash Costs/Average Total Assets equals Total Recurring Operating Costs plus Discretionary Bonus Pool less Depreciation & Amortisation of the period divided by Average Total Assets for the same period
(12) Liquid Assets divided by Total Assets; Liquid assets include Cash and cash equivalents and Placements with other banks
(13) Tangible Common Equity/Tangible Assets. Tangible equity is Total Equity less Intangible Assets. Tangible Assets are Total Assets less Intangible Assets
(14) Cost Of Risk (Receivables only) equals Net impairment charges divided by Average Gross Receivables for the same period
(15) Gross NPL ratio equals Non-performing receivables (including accrued interest) with a delay of over 90 days divided by gross receivables (including accrued interest)
(16) Net impairment charges on loans and receivables divided by interest income
(17) Adjusted Interest Coverage for the Period equals Adjusted EBITDA divided by Interest expense
(18) TBI Bank (Tier One Capital + Tier Two Capital) / Risk weighted assets (calculated according to the prevailing regulations of the Bulgarian National Bank)

DEFINITIONS

Active customers – Online lending customers with open loans that are up to 30 days past due

Adjusted EBITDA – a non-IFRS measure that represents EBITDA (profit for the period plus tax, plus interest expense, plus depreciation and amortisation) as adjusted by income/loss from discontinued operations, non-cash gains and losses attributable to movement in the mark-to-market valuation of hedging obligations under IFRS, goodwill write-offs and certain other one-off or non-cash items. Adjusted EBITDA, as presented here, may not be comparable to similarly-titled measures that are reported by other companies due to differences in the way these measures are calculated. Further details of covenant adjustments can be found in the relevant bond prospectuses, available on our website www.4finance.com

Adjusted interest coverage – Adjusted EBITDA / interest expense

Cost of risk – Annualised net impairment charges / average gross receivables (total gross receivables as of the start and end of each period divided by two)

Cost/income ratio – Operating costs / operating income

Equity/assets ratio – Total equity / total assets

Equity/net receivables – Total equity / net customer receivables (including accrued interest)

Gross NPL ratio – Non-performing receivables (including accrued interest) with a delay of over 90 days / gross receivables (including accrued interest)

Gross receivables – Total amount receivable from customers, including principal and accrued interest, after deduction of deferred income

Intangible assets – consists of deferred tax assets, intangible IT assets and goodwill

Interest income – Interest and similar income generated from our customer loan portfolio

Loss given default – Loss on non-performing receivables (i.e. 1 - recovery rate) based on recoveries during the appropriate time window for the specific product, reduced by costs of collection, discounted at the weighted average effective interest rate

Net 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 27 February 2019.

Acquisitions and disposals

In March 2019, the Group agreed to sell the loan made by 4finance S.A. to Spotcap Global S.a.r.l to Tirona Limited for its outstanding principal value of EUR 4.9 million. In April 2019, the Group further agreed to sell its 19.9% equity interest in Spotcap Global S.a.r.l. to Tirona Limited for its carrying value of EUR 9.9 million, part of which is subject to regulatory approval.

In April 2019, the 4finance online business in Bulgaria (4finance EOOD) was sold to TBI Bank EAD.

Changes in management

Roland Schaar, Group's Chief Technology Officer is stepping down at the end of May 2019 by mutual agreement. Deputy CTO Till Kothe, who has recently joined the company, will act as Interim CTO.

Dmitry Babichev stepped down from the Supervisory Board of 4finance Group S.A. in May 2019. Evgeny Sytnik, a member of the Audit Committee, was appointed to the Supervisory Board of 4finance Group S.A. in May 2019. Following these changes, the membership of the Supervisory Board is as follows: Lado Gurgenidze (Chairman), David Geovanis and Evgeny Sytnik.

Regulatory changes

In Finland: new consumer credit regulations that apply to all loan types and amounts (excluding motor vehicle financing) were approved in Parliament in March 2019. The changes include annual nominal interest rate cap at 20% and specifies limits for various other fees. The new regulations will come into force on 1 September 2019.

In Poland: there has been no update on the new proposal from the Ministry of Justice that was published in February 2019 to bring non-bank lending institutions under the supervision of the Polish FSA, add requirements to check credit registers and reduce the existing caps on non-interest costs. The current caps are 25% fixed cost plus 30% annual cost with a 100% total limit and the proposed caps are 20% fixed cost plus 25% annual cost with a 75% total limit. The timing for any implementation is currently unclear.

In Romania: new APR caps for consumer lending at 50% for loans under €3,000 and 18% for loans over €3,000 were passed by the parliament in December 2018, but were subsequently overturned by the constitutional court. In May 2019, revised proposals were published, and a new period of consultation is underway.

In Denmark: new regulations on consumer credit companies comes into effect on 1 July 2019, including requirements for a license to operate, increased requirements for customer data privacy and switching the relevant supervisory authority in some areas from the consumer ombudsman to the Danish FSA. The licensing process will include a grace period which runs from 1 July 2019 to 1 January 2020.

In Bulgaria: Following the Bulgarian National Bank's supervisory review of the banking sector, the minimum capital adequacy ratio requirement for TBI Bank was increased from 13.5% to 14.25% during Q1 2019. This is expected to increase by a further 50bps in Q4 2019 and 50bps in Q2 2020 with the introduction of counter-cyclical buffers.

Financing

The Group repurchased a further US$15 million of its 2022 Notes in March and US$5 million in April 2019 by way of market purchases at prices below par.

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