Unaudited consolidated financial report for the three months ending 31 March 2024

15 May 2024

4FINANCE HOLDING S.A. REPORTS RESULTS FOR THE THREE MONTHS ENDING 31 MARCH 2024

Solid start to 2024 delivering net profit of €9.6 million and Adjusted EBITDA of €34.9 million
Robust balance sheet and cash position
Fitch assigns new credit rating of 'B' with stable outlook

15 May 2024. 4finance Holding S.A. (the 'Group' or '4finance'), one of Europe's largest digital consumer lending groups, today announces unaudited consolidated results for the three months ending 31 March 2024 (the 'Period').

Operational highlights

- Online loan issuance volume of €138.6 million in the Period compared with €137.0 million in the prior year period. Demand for credit remains strong in most markets, with growth driven by the Czech Republic and Spain.
- New growth opportunities: taking a deliberate, step-by-step approach. Encouraging signs from both the UK joint venture (ondal.co.uk) and the Mexican business (kimbi.mx).
- TBI Bank loan issuance increased by 22% to €251.4 million in the Period, compared to €206.4 million in Q1 2023.

Financial Highlights

- Interest income up 13% year-on-year to €103.9 million in the Period compared with €91.7 million in the prior year period.
- Cost to income ratio for the Period was 43.3%, an improvement from 46.0% in the prior year period, despite the increase in total operating costs year-on-year.
- Adjusted EBITDA was €34.9 million for the Period, up 24% year-on-year, delivering a 34% adjusted EBITDA margin. The interest coverage ratio as of the date of this report is 2.0x, impacted by the increased interest expense at TBI Bank in recent quarters.
- Net profit for the Period was €9.6 million, a 70% increase from €5.6 million in the prior year period.
- Fundamental asset quality indicators at product level remain broadly stable. Net impairment charges of €41.3 million reflect the larger portfolio and different product mix in online. Cost of risk at 13.4% for Q1 2024, a slight improvement from FY 2023.
- Net receivables up 3% to €1,120.6 million as of 31 March 2024 compared with €1,084.4 million as of 31 December 2023.
- Overall gross NPL ratio at 9.9% as of 31 March 2024 (13.9% for online), compared with 9.4% as of 31 December 2023 (14.2% for online). TBI NPL ratio at 9.3% as of 31 March 2024, compared with 8.6% as of 31 December 2023.

Liquidity and funding

- Strong liquidity position, with €45.0 million of cash in the online business at the end of the Period.
- In March 2024, the Group repurchased €0.4 million notional of its EUR 2026 bonds from TBI Bank EAD.
- Second instalment payment of €6 million due for the sale of the Polish business received in April 2024.
- In May 2024, Fitch assigned new credit rating of 'B' with stable outlook.

Kieran Donnelly, CEO of 4finance, commented:

"We made a robust start to 2024 with gross income of €122 million, up 19% on the same period in 2023, and Adjusted EBITDA of €35 million, up 24% year-on-year as we sustain the momentum in our core business. Demand for convenient and responsible credit products remains strong.

"We're seeing good progress with our new operations in Mexico and are about to move to the next stage in the UK joint venture; while TBI Bank continues to develop both as an asset and as a profit centre."

Contacts

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

Conference call

A conference call with management to discuss these results is scheduled for **Thursday, 16 May at 14:00 UK time**. To register, please visit www.4finance.com.

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

About 4finance

Established in 2008, 4finance is one of Europe's largest digital consumer lending groups with operations in 11 countries.

Leveraging a high degree of automation and data-driven insights across all aspects of the business, 4finance has grown rapidly, issuing over €10 billion since inception in single payment loans, instalment loans and lines of credit.

4finance operates a portfolio of market leading brands, through which, as a responsible lender, the firm offers simple, convenient and transparent products to millions of customers who are typically underserved by conventional providers.

4finance has group offices in Riga (Latvia), London and Luxembourg, and currently operates in 11 countries globally. The Group also offers deposits, in addition to consumer and SME loans through its TBI Bank subsidiary, an EU licensed institution with operations primarily in Bulgaria, Romania and Greece.

Forward looking statements

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

Rounding

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

Inside information

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

Key financial ratios

	3 months to 31 March 2024	3 months to 31 March 2023	Year Ended 31 December 2023	Year Ended 31 December 2022
Capitalisation				
Net receivables (€m)	1,120.6	906.2	1,084.4	846.4
Total assets (€m)	1,857.9	1,478.2	1,764.9	1,372.1
Total equity (€m)	251.1	205.5	241.7	198.6
Equity / assets	13.5%	13.9%	13.7%	14.5%
Tangible common equity/tangible assets (1)	10.1%	10.4%	10.1%	10.8%
Equity / net receivables	22.4%	22.7%	22.3%	23.5%
Interest coverage ratio (2)	2.0x	2.4x	2.0x	2.7x
TBI Bank consolidated capital adequacy (3)	21.5%	23.3%	22.5%	22.2%
Profitability				
Net interest margin: (4)				
- Online	100.1%	99.9%	101.1%	92.0%
- TBI Bank	17.6%	18.7%	18.1%	20.1%
- Overall	28.4%	32.0%	30.5%	33.6%
Cost / income ratio (5)	43.3%	46.0%	43.4%	47.9%
Post-provision operating profit margin (6)	16.7%	15.6%	18.0%	22.5%
Normalised Profit before tax margin (7)	14.4%	12.8%	15.8%	20.0%
Normalised Return on average equity (8)	18.1%	16.9%	21.3%	25.5%
Normalised Return on average assets (9)	2.7%	2.4%	3.0%	3.9%
Asset quality				
Cost of risk: (10)				
- TBI	6.8%	6.4%	6.2%	5.1%
- Overall group	13.4%	13.7%	13.8%	11.1%
Net impairment / interest income (11)	37.9%	35.8%	37.1%	28.8%
Gross NPL ratio: (12)				
- Online	13.9%	10.0%	14.2%	9.0%
- TBI	9.3%	9.8%	8.6%	8.7%
- Overall group	9.9%	9.8%	9.4%	8.8%
Overall group NPL coverage ratio (13)	108.1%	110.1%	111.5%	117.8%
Loan loss reserve / gross receivables	10.8%	10.8%	10.5%	10.3%

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

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

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

FINANCIAL REVIEW

Income Statement

The table below sets out the condensed consolidated statement of profit or loss for the three months ending 31 March 2024 and 31 March 2023. Additional reference information on the historic quarterly development of our income statement is shown in the appendix.

	3 months to 31 March		
	2024 (unaudited)	**2023 (unaudited)**	**% change**
	(in millions of €)		
Interest Income	103.9	91.7	+13%
Interest Expense	(18.5)	(15.1)	+22%
Net Interest Income	**85.4**	**76.6**	**+12%**
Net F&C Income	12.1	8.3	+46%
Other operating income	5.8	2.4	nm
Non-Interest Income	**17.9**	**10.7**	**+68%**
Operating Income (Revenue)	**103.3**	**87.2**	**+18%**
Total operating costs	**(44.7)**	**(40.1)**	**+12%**
Pre-provision operating profit	**58.6**	**47.1**	**+24%**
Net impairment charges	(41.3)	(33.5)	+23%
Post-provision operating profit	**17.3**	**13.6**	**+27%**
Depreciation and amortisation	(2.3)	(1.9)	+20%
Non-recurring income/(expense)	(1.5)	(0.7)	nm
Net FX gain/(loss)	(0.1)	(2.2)	-97%
Profit before tax	**13.4**	**8.8**	**+52%**
Income tax expense	(3.8)	(3.2)	+20%
Profit for the period	**9.6**	**5.6**	**+70%**

Interest income

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

	3 months to 31 March		
	2024	**2023**	**% change**
Online lending (continuing operations)	**(in millions of €, except percentages)**		
Total value of loans issued	138.6	137.0	+1%
Average net receivables, of which:	133.8	140.4	-5%
- Principal	125.0	133.3	
- Accrued interest	8.8	7.0	
Annualised interest income yield on net portfolio (1)	143%	134%	
Interest income from online lending (2)	44.7	44.6	+0%
Banking operations			
Average net receivables, of which:	968.8	736.1	+32%
- Principal	953.8	723.4	
- Accrued interest	15.0	12.7	
Annualised interest income yield on net portfolio (1)	24%	25%	
Interest income from banking operations (3)	57.1	45.0	+27%

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

(2) Does not include interest income from corporate loans

(3) See appendix for full TBI Bank income statement

Interest income for the Period was €103.9 million, a 13% increase compared with €91.7 million for the three months ending 31 March 2023. Interest income in online lending was stable year-on-year, despite a decrease in average balance of net receivables, reflecting a higher average interest yield. Interest income also includes income from loans provided to non-Group companies (primarily Poland) and income from related party loans.

TBI Bank's loan book has continued to grow, particularly in Romania, with an increase of 32% in average net receivables year-on-year. Its consumer lending (cash lending, point-of-sale lending and credit cards) has average product APRs between 20% and 50% and SME loans with average interest rates of approximately 8-16% p.a.. TBI Bank also generates separate income, which is reported mainly in the 'net fee and commission' line.

Interest expense

Interest expense for the Period was €18.5 million, an increase of 22% compared with €15.1 million for the three months ending 31 March 2023. The higher interest expense year-on-year reflects the growth in deposits and term funding and increase in funding costs all at TBI Bank, partly offset by the bond buybacks since the start of 2023. Any one-off gains from bond buybacks at a discount are reflected in the 'non-recurring income/expense' line to show a more consistent 'interest expense' result.

Non-interest income

Non-interest income for the period was €17.9 million, a 68% increase compared with €10.7 million reported for the three months ending 31 March 2023. The net fee and commission income, primarily generated by TBI Bank from insurance sales to its customers, was up 46% year-on-year. Other operating income includes income from services and relevant fee income from the online business (mainly in Philippines and Lithuania) such as income from contracts with customers under IFRS 15.

Total operating costs

Total operating costs reported for the Period were €44.7 million, a 12% increase compared with €40.1 million for the three months ending 31 March 2023. The costs for the online business decreased year-on-year mainly due to lower personnel costs despite the acquisition of Mexico in Q4 2023, which contributed c.€0.4 million of costs in the Period. At TBI Bank, higher personnel costs and professional services costs supported growing revenue and geographical expansion.

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

	3 months to 31 March	
	2024	**2023**
	(in millions of €)	
Personnel costs	23.7	22.1
Marketing and sponsorship	5.6	5.5
Software & Systems expense	3.6	3.2
Legal and consulting	2.9	2.2
Application processing costs	1.5	1.5
Communication expenses	1.6	0.9
Taxes	1.7	1.2
Bank services	0.5	0.6
Debt collection costs	0.4	0.4
Rent and utilities	0.5	0.6
Travel	0.3	0.3
Other	2.4	1.6
Total	**44.7**	**40.1**
TBI Bank	25.8	21.0
4finance online	19.0	19.1
Total Employees		
- Online	579	610
- TBI Bank	1,864	1,735
- Overall group	**2,443**	**2,345**

For the three months of 2024 and 2023, marketing and sponsorship costs accounted for 12.4% and 13.7% respectively, and personnel costs accounted for 53.1% and 55.1%, respectively, of total operating costs. The cost to income ratio for the Period was 43.3%, a decrease from 46.0% for the prior year period, driven by significant increase in revenue year-on-year.

Net impairment charges on loans and receivables

Net impairment charges for the Period were €41.3 million, compared with €33.5 million for the three months ending 31 March 2023. Gross impairment charges increased proportionately due to significantly higher portfolio (gross portfolio increased by 23% year-on-year) and changing product mix. Asset quality indicators remain broadly stable overall, with various product/market specifics being addressed. Within the online business, the debt sales market has shown signs of recovery in activity in some areas since H2 2023. For example, forward flow sales of NPLs resumed in Latvia in Q3 2023 and in Sweden in Q1 2024, and we continue negotiations in other markets while also reviewing in-house collection strategies for non-performing loans.

	3 months to 31 March	
	2024	**2023**
	(in millions of €)	
Impairment charges on loans	44.2	34.7
Over provision on debt portfolio (portfolio sale net proceeds)	(1.2)	0.0
Recovery from written-off loans	(1.7)	(1.3)
Net impairment charges	**41.3**	**33.5**

Overall net impairment charges represented 38% of interest income plus relevant fee income for the Period, an increase from 36% last year.

Non-recurring income/(expense)

For the first quarter, the Group had net non-recurring expense of €1.5 million. This includes expenses in Spain and TBI Bank, partially offset by one-off income in Latvia.

Net FX gain/(loss)

Foreign exchange movements resulted in a net loss of €0.1 million for the Period, mainly from hedging and swap costs in PLN, CZK and RON against EUR. In the prior year period, there was a net FX loss of €2.2 million.

Profit before tax

For the reasons stated above, the Group made a profit before tax for the Period of €13.4 million, compared with €8.8 million for the three months ending 31 March 2023.

Income tax expense

The Group's corporate income tax expense was €3.8 million for the Period, compared with €3.2 million for the three months ending 31 March 2023. The following table sets out a breakdown of the Group's corporate income tax.

	3 months to 31 March	
	2024	**2023**
	(in millions of €)	
Current tax	3.5	2.9
Deferred tax	0.2	0.3
Total	**3.8**	**3.2**

Profit for the period

For the reasons stated above, the profit for the Period was €9.6 million, compared with €5.6 million for the three months ending 31 March 2023.

Other financial data – EBITDA and Adjusted EBITDA

	3 months to 31 March		Year Ended 31 December	Year Ended 31 December
	2024	2023	2023	2022
	(in millions of €)			
Profit for the period	9.6	5.6	44.1	41.6
Income tax expense	3.8	3.2	14.2	16.3
Interest expense	18.5	15.1	65.8	44.7
Depreciation and amortisation	2.3	1.9	7.9	7.1
EBITDA	**34.2**	**25.9**	**132.0**	**109.7**
Adjustments	0.7	2.2	(0.7)	12.0
Adjusted EBITDA (1)	**34.9**	**28.1**	**131.3**	**121.7**

	3 months to 31 March		Year Ended 31 December	Year Ended 31 December
	2024	2023	2023	2022
	(in millions of €)			
Summary breakdown of Adjustments to EBITDA				
Net FX impact	0.1	2.2	5.0	11.7
One-off costs and other prescribed adjustments	0.6	0.0	(5.9)	0.1
One-off write-down of intangible assets	-	-	0.1	0.2
Total	**0.7**	**2.2**	**(0.7)**	**12.0**

Other financial data – Interest Coverage Ratio

The calculation of the interest coverage ratio for the Group's bonds is shown below. For further details on methodology, please refer to the Q2 2020 results report. The covenants are on an 'incurrence' rather than 'maintenance' basis, so if the ratio is below the 2.0x incurrence threshold it only restricts certain specified actions (such as dividend payments or allowed parameters of incurrence of indebtedness).

	As of date of this report
	(in millions of €)
Pro-forma last 4 quarters Adjusted EBITDA	138.0
Pro-forma last 4 quarters Fixed Charges	67.6
Bond covenant interest coverage ratio	**2.0x**

Notes: (1) Adjusted EBITDA is a non-IFRS measure that represents EBITDA (profit for the period plus tax, plus interest expense, plus depreciation and amortisation) as adjusted by income/loss from discontinued operations, non-cash gains and losses attributable to movement in the mark-to-market valuation of hedging obligations under IFRS, goodwill write-offs and certain other one-off or non-cash items. Adjusted EBITDA, as presented in this report, may not be comparable to similarly-titled measures that are reported by other companies due to differences in the way these measures are calculated. Additional limitations prescribed in the EUR 2026 bonds limiting TBI Bank contribution to Adjusted EBITDA not reflected here.

Balance sheet

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

	31 March 2024 (unaudited)	31 December 2023
	(in millions of €)	
Cash and cash equivalents, of which:	**283.9**	**261.6**
- Online	45.0	42.2
- TBI bank	238.9	219.4
Placements with other banks	34.7	48.3
Gross receivables due from customers	1,255.6	1,211.7
Allowance for impairment	(135.0)	(127.3)
Net receivables due from customers, of which:	**1,120.6**	**1,084.4**
- Principal	1,096.2	1,061.2
- Accrued Interest	24.4	23.2
Net investments in finance leases	1.2	1.3
Net loans to related parties	31.5	31.4
Net loans to other parties	32.3	31.9
Property and equipment	17.5	18.2
Financial investments	191.8	147.8
Prepaid expenses	10.6	4.1
Tax assets	19.7	18.8
Intangible IT assets	30.4	29.1
Goodwill	27.3	27.2
Other assets	56.3	60.8
Total assets	**1,857.9**	**1,764.9**
Liabilities		
Loans and borrowings	306.5	301.6
Deposits from customers	1,187.1	1,111.5
Income tax liabilities	11.9	12.3
Other liabilities	101.3	97.9
Total liabilities	**1,606.8**	**1,523.3**
Share capital	35.8	35.8
Retained earnings	246.8	237.2
Reserves	(31.4)	(31.3)
Total equity	**251.1**	**241.7**
Total shareholders' equity and liabilities	**1,857.9**	**1,764.9**

Assets

The Group had total assets of €1,857.9 million as of 31 March 2024, compared with €1,764.9 million as of 31 December 2023. The main changes during the Period were increases in net receivables due from customers (see below) and financial investments (mainly government bonds for liquidity management, see TBI appendix).

Loan portfolio

As of 31 March 2024, the Group's net receivables equalled €1,120.6 million, compared with €1,084.4 million as of 31 December 2023, representing an increase of €36.2 million, or 3%, with the majority of growth coming from the bank. TBI Bank contributed €987.6 million of net receivables, including fair value adjustments. Further information on the TBI Bank portfolio is available in the appendix, including its finance leases which are shown as a separate balance sheet line item.

The following section includes a summary of the Group's overall loan portfolio. Loans originated in the online business but sold to the bank are shown within the TBI Bank section. Additional reference information on the historic quarterly development of our online portfolio, split by product, is also shown in the appendix.

Overview of the Group's loan portfolio

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

	31 March 2024				31 December 2023			
	Gross Amount	Impairment allowance	Net Amount	% of Gross Amount	Gross Amount	Impairment allowance	Net Amount	% of Gross Amount
	(in millions of €, except percentages)				*(in millions of €, except percentages)*			
Online receivables								
Performing	146.0	(18.9)	127.2	86.1%	147.6	(19.5)	128.1	85.8%
Non-performing [1]	23.6	(17.8)	5.8	13.9%	24.4	(18.0)	6.4	14.2%
Online total	**169.7**	**(36.7)**	**133.0**	**100.0%**	**172.1**	**(37.6)**	**134.5**	**100.0%**
TBI Bank receivables								
Performing	984.7	(41.7)	943.0	90.7%	949.7	(39.4)	910.3	91.4%
Non-performing [1]	101.3	(56.7)	44.6	9.3%	89.9	(50.3)	39.6	8.6%
TBI Bank total	**1,086.0**	**(98.4)**	**987.6**	**100.0%**	**1,039.6**	**(89.7)**	**949.9**	**100.0%**
Overall receivables								
Performing	1,130.7	(60.5)	1,070.2	90.1%	1,097.3	(58.9)	1,038.4	90.6%
Non-performing [1]	124.9	(74.5)	50.4	9.9%	114.3	(68.4)	46.0	9.4%
Overall total	**1,255.6**	**(135.0)**	**1,120.6**	**100.0%**	**1,211.7**	**(127.3)**	**1,084.4**	**100.0%**

Notes: (1) Non-performing amounts are those over 90 days past due (no NPLs contributed from the Philippines as loans are written-off at 31 days past due) and shown on a customer level basis for TBI bank

Online loan portfolio by product

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

	31 March 2024		31 December 2023	
	Amount	% of Portfolio	Amount	% of Portfolio
Online performing gross portfolio by product:	*(in millions of €, except percentages)*			
Single Payment Loans	50.1	34.3%	52.1	35.3%
Instalment Loans	41.9	28.7%	39.6	26.8%
Minimum to pay	38.4	26.3%	39.3	26.6%
Near Prime	15.6	10.7%	16.7	11.3%
Total online gross performing portfolio	**146.0**	**100.0%**	**147.6**	**100.0%**

Online non-performing loan portfolio

As of 31 March 2024, the Group's non-performing online portfolio was €23.6 million, a decrease of €0.8 million since 31 December 2023. The gross NPL ratio was 13.9% for online receivables as of 31 March 2024, compared to 14.2% as of 31 December 2023. The NPL ratio has decreased due to higher volumes of NPL sales in the Baltics and Sweden. Given the customer segment and local repayment dynamics, the loan portfolio in the Philippines is treated as both non-performing as well as written off at 31 days past due, resulting in a relatively lower gross portfolio on balance sheet with no NPLs.

The Group accrues interest whilst it is probable it will be received (typically up to 90 DPD for instalment loans). Non-performing accrued interest was €3.0 million, or 12.8%, of non-performing receivables. Penalties and delay fees are not accrued as receivables and are only recognised as income when payment is received.

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

	31 March 2024	31 December 2023
	(in millions of €, except percentages)	
Non-performing online portfolio by product:		
Single Payment Loans	7.5	6.5
Minimum to pay	6.7	7.5
Instalment Loans	7.0	7.1
Near Prime	2.4	3.4
Total non-performing online portfolio	**23.6**	**24.4**
Allowance for NPL / NPL receivables	75%	74%
Overall receivables allowance / NPL receivables	155%	154%
Average Loss Given Default rate	64%	64%

Other assets

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

	31 March 2024	31 December 2023
	(in millions of €)	
Receivables from trade partners	37.8	38.7
Poland net purchase price receivable	11.7	11.6
Derivatives	2.2	3.1
Non-current assets held for sale	1.8	3.8
Investments in associates and joint ventures	1.0	1.0
Security deposits	0.6	0.7
Other non-customer receivables	1.2	2.0
Total	**56.3**	**60.8**

Liabilities

The Group had total liabilities of €1,606.8 million as of 31 March 2024, compared with €1,523.3 million as of 31 December 2023, representing a 5% increase or €83.5 million.

Loans and borrowings

As of 31 March 2024, the Group had loans and borrowings of €306.5 million, compared with €301.6 million as of 31 December 2023. The Group's loans and borrowings accounted for 19% of total liabilities as of 31 March 2024 and 20% of total liabilities as of 31 December 2023.

As of 31 March 2024, the Group held €40.0 million of its EUR 2026 bonds and €4.3 million of its EUR 2028 bonds in treasury.

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

	31 March 2024	31 December 2023
	(in millions of €)	
EUR 2026 Bonds	128.7	124.5
EUR 2028 Bonds	123.8	123.6
TBI Bank (Tier 2 and MREL eligible instruments)	53.9	53.5
Total loans and borrowings (1)	**306.5**	**301.6**

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

In May 2016, 4finance S.A. issued €100.0 million of 11.25% notes (the *'EUR 2028 bonds'*). The bonds are listed on the Prime Standard regulated market segment of the Frankfurt Stock Exchange. In November 2016, a further €50.0 million of EUR bonds were issued at par, and the maturity was extended in 2020 and 2021. Following a bondholder vote, in December 2023 the maturity of the EUR bonds was extended to May 2028. The Group also has cancelled €15.0 million of these bonds. They are currently callable at 104%.

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

In December 2023, TBI Bank issued a €10.0 million debt security, bringing total net outstanding MREL eligible instruments to €52.7 million as of 31 March 2024, with interest rates ranging from 5% to 9% with tenors from 2 to 5 years. Attraction of these instruments allows the bank to meet the regulatory requirement for the MREL ratio (see TBI Bank appendix). TBI Bank intends to increase its MREL eligible liabilities in line with balance sheet growth.

Customer deposits

As of 31 March 2024, the Group had total customer deposits of €1,187.1 million, all of which are at TBI Bank. Further details of TBI Bank's deposits are presented in the appendix.

Other liabilities

A breakdown of the Group's other liabilities is presented in the table below. The majority of the 'accounts payable to trade partners' and 'other liabilities' are at TBI Bank and are non-interest bearing.

	31 March 2024	31 December 2023
	(in millions of €)	
Prepayments in TBI received on customer loans	27.9	25.6
Accounts payable to trade partners	23.8	21.3
Accrued expenses	13.8	12.6
Accrued payables to employees	11.6	13.0
Right-of use liabilities	8.1	8.3
Taxes payable	4.2	3.9
FX hedging liability	2.8	3.8
Other liabilities	9.0	9.4
Total	**101.3**	**97.9**

Equity

As of 31 March 2024, the Group's total equity amounted to €251.1 million, compared to €241.7 million as of 31 December 2023, representing an increase of €9.5 million, or 4%. The Group's equity to assets ratio as of 31 March 2024 was 14%.

The equity to net receivables ratio as of 31 March 2024 was 22%, reflecting the Group's strong capitalisation, with adequate headroom to bond covenants.

Off-balance sheet arrangements

The Group's total off-balance sheet commitments as of 31 March 2024 were €127.2 million. This represents TBI Bank's undrawn lending commitments of €127.1 million and financial guarantees €0.1 million. The Group also enters into currency hedging transactions which may result in additional off-balance sheet assets or liabilities but are designed to limit overall exposure to currency movements.

Condensed Consolidated Statement of Cash Flows for the Period

	3 months to 31 March	
	2024 (unaudited)	2023 (unaudited)
	(in millions of €)	
Cash flows from operating activities		
Profit before tax	**13.4**	**8.8**
Adjustments for:		
Depreciation and amortisation	2.3	1.9
Net (gain) / loss on foreign exchange from borrowings and other monetary items	(0.9)	0.6
Impairment losses on loans	44.2	34.7
Reversal of provision on debt portfolio sales	(1.2)	0.0
Write-off and disposal of intangible and property and equipment assets	0.5	0.3
Interest income from non-customers loans	(2.2)	(2.1)
Interest expense on loans and borrowings and deposits from customers	18.5	15.1
Non-recurring finance (income)	(0.1)	(0.0)
Other non-cash items, including loss/(gain) on disposals	0.2	0.0
Profit before adjustments for the effect of changes to current assets and short-term liabilities	**74.7**	**59.5**
Adjustments for:		
Change in financial instruments measured at fair value through profit or loss	0.6	0.7
(Increase) in other assets (including TBI statutory reserve, placements & leases)	(2.3)	(5.7)
Increase in accounts payable to suppliers, contractors and other creditors	4.3	6.3
Operating cash flow before movements in portfolio and deposits	**77.4**	**60.8**
Increase in loans due from customers	(86.5)	(99.1)
Proceeds from sale of portfolio	6.8	4.9
Increase in deposits (customer and bank deposits)	75.6	80.4
Deposit interest payments	(10.2)	(7.2)
Gross cash flows from operating activities	**63.2**	**39.7**
Corporate income tax (paid), net of refunds received	(4.8)	(1.5)
Net cash flows from operating activities	**58.4**	**38.3**
Cash flows from / (used in) investing activities		
Purchase of property and equipment and intangible assets	(3.1)	(2.7)
Net cash from (Purchase) / Sale of financial instruments	(43.0)	(60.9)
Other / related party loans issued	(0.2)	(1.1)
Other / related party loans repaid	-	0.7
Interest received on other / related party loans	2.3	1.7
Disposal of subsidiaries, net of cash disposed	(0.3)	-
Net cash flows used in investing activities	**(44.3)**	**(62.3)**

	3 months to 31 March	
	2024 (unaudited)	**2023 (unaudited)**
	(in millions of €)	
Cash flows from / (used in) financing activities		
Loans received and notes issued	0.7	8.2
Repayment and repurchase of loans and notes	-	(1.0)
Interest payments	(4.2)	(3.7)
FX hedging margin	(0.8)	(0.9)
Payment of lease liabilities	(0.8)	(0.9)
Net cash flows (used in) / from financing activities	**(5.1)**	**1.7**
Net increase / (decrease) in cash and cash equivalents	**9.0**	**(22.4)**
Cash and cash equivalents at the beginning of the period	**133.5**	**155.6**
Effect of exchange rate fluctuations on cash	0.1	0.0
Cash and cash equivalents at the end of the period	**142.6**	**133.1**
Minimum statutory reserve	141.3	61.6
Total cash on hand and cash at central banks	**283.9**	**194.8**

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

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

The Group finalised the purchase of TBI Bank EAD (‘TBI Bank’), via the acquisition of TBIF Financial Services B.V., in August 2016. Presented here for illustration and reference are TBI Bank’s results for the three months ending 31 March 2024 and three months ending 31 March 2023.

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	
	2024	**2023**
	(in millions of €)	
Interest Income	57.4	45.0
Interest Expense	(11.3)	(7.8)
Net Interest Income	**46.1**	**37.2**
Net F&C Income	12.2	8.3
Other operating income	0.5	0.2
Non-Interest Income	**12.6**	**8.5**
Operating Income (Revenue)	**58.7**	**45.8**
Total operating costs	**(24.2)**	**(20.2)**
Pre-provision operating profit	**34.6**	**25.6**
Net impairment losses	(18.0)	(12.9)
Post-provision operating profit	**16.6**	**12.7**
Depreciation and amortisation	(1.6)	(1.4)
Non-recurring income/(expense)	(0.6)	0.3
Net FX gain/(loss)	0.2	(1.3)
Pre-tax profit	**14.6**	**10.3**
Income tax expense	(3.0)	(2.1)
Net profit after tax	**11.6**	**8.2**

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. Receivables amounts include unamortised premium paid (€8.7 million) for online purchased loans which is also eliminated in consolidation, and unamortised fair value adjustment (€0.3 million) as at 31 March 2024.

	31 March 2024	31 December 2023
	(in millions of €)	
Cash and cash equivalents	242.7	226.4
Placements with other banks	34.7	48.3
Gross receivables due from customers	1,094.9	1,049.2
Allowance for impairment	(98.4)	(89.7)
Net receivables due from customers	**996.6**	**959.5**
Net investments in finance leases	1.3	1.3
Property and equipment	14.8	15.2
Financial assets	205.0	161.4
Tax assets	5.2	4.3
Prepaid expenses	8.8	2.0
Intangible assets	24.7	23.6
Other assets	36.5	41.7
Total assets	**1,570.3**	**1,483.8**
Loans and borrowings	63.0	62.7
Deposits from customers	1,191.8	1,119.0
Corporate income tax payable	4.9	4.8
Other liabilities	70.3	68.9
Total liabilities	**1,329.9**	**1,255.4**
Share capital	41.7	41.7
Retained earnings	200.8	189.2
Reserves	(2.1)	(2.6)
Total equity	**240.4**	**228.4**
Total shareholders' equity and liabilities	**1,570.3**	**1,483.8**

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

To aid comparison with the loan portfolio presented on page 10 of the report, the table below shows a reconciliation from TBI 'standalone' net receivables due from customers to TBI's portfolio contribution to consolidated figures.

(in millions of €)	31 March 2024	31 December 2023
Standalone net receivables due from customers	**996.6**	**959.5**
Balance of premium paid for Online portfolio	(8.7)	(9.3)
Unamortised fair value adjustment	(0.3)	(0.3)
TBI portfolio contribution to consolidation	**987.6**	**949.9**

Loan portfolio

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

	31 March 2024	31 December 2023	% Change
Gross receivables by type	*(in millions of €)*		
Consumer	934.7	893.6	5%
SME (including financial leases)	162.0	157.5	3%
Total gross receivables	**1,096.7**	**1,051.0**	**4%**
Provisions	(98.9)	(90.2)	10%
Total net receivables	**997.8**	**960.8**	**4%**

As of 31 March 2024, consumer loans made up 85% of TBI Bank's gross loans (85% as of 31 December 2023). Of the overall net loan portfolio, 55% comes from Romania, 34% from Bulgaria, 6% from Greece and the remainder is purchased online portfolios (Lithuania).

The non-performing receivables ratios as of 31 March 2024 by loan type are shown below.

	Consumer	SME (incl. leases)	Overall
Non-performing receivables to gross receivables ratio	9.4%	9.6%	9.5%
Provision coverage[(1)]	107.3%	27.8%	95.3%

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

Customer deposits

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

	31 March 2024	31 December 2023	% Change
	(in millions of €)		
Customer accounts of consumers	1,125.1	1,042.9	8%
- Current accounts	105.3	104.5	1%
- Term deposits	1019.8	938.4	9%
Customer accounts of SMEs	66.7	76.1	(12%)
- Current accounts	28.8	34.6	(17%)
- Term deposits	37.9	41.5	(9%)

TBI Bank increased deposits and liquidity again in Q1 2024 to support business growth and to increase local currency funding in Romania. The average interest rate paid on term deposits varies by type and currency, ranging from 0.05% to 7.10%. The bank's overall cost of funds for the Period was 3.6%.

Capital and liquidity ratios

TBI Bank continues to have a strong capital, funding and liquidity position. The table below shows TBI Bank's statutory capital, funding and liquidity ratios as of 31 March 2024. The bank's reviewed profit for H2 2023 is not yet included in those ratios. The minimum capital adequacy ratio requirement from the Bulgarian National Bank applicable to TBI Bank is now approximately 14.1%. The calculation of capital buffers has been updated in alignment with the BNB during 2023, so the minimum CAR requirement now varies slightly depending on portfolio mix as different buffers are applied depending on the country of exposure. For funding, the minimum MREL ratio requirement was 22.8% until 31 March 2024, and was increased to 26.8% as of 1 April 2024.

	Standalone	Consolidated
Common equity Tier 1 ratio	21.0%	20.4%
Capital adequacy ratio	22.1%	21.5%
MREL ratio	26.7%	26.3%
Liquidity ratio	37.7%	
Liquidity coverage ratio	594.2%	722.3%

HISTORIC QUARTERLY RESULTS APPENDIX

For ease of reference, a summary income statement by quarter is presented below. The reclassifications between interest income and other operating income, described in the Income Statement section, have been applied retrospectively here. To maintain consistency with reported quarterly results, no restatement has been made for Poland.

Income statement ***(in millions of €)***	**Q1 2022**	**Q2 2022**	**Q3 2022**	**Q4 2022**	**Q1 2023**	**Q2 2023**	**Q3 2023**	**Q4 2023**	**Q1 2024**
Interest Income	**82.6**	**80.8**	**80.7**	**86.5**	**91.7**	**96.2**	**100.9**	**97.2**	**103.9**
Interest Expense	(10.6)	(10.1)	(10.9)	(13.0)	(15.1)	(15.7)	(16.9)	(18.0)	(18.5)
Net Interest Income	**72.0**	**70.6**	**69.8**	**73.5**	**76.6**	**80.5**	**84.0**	**79.1**	**85.4**
Net F&C Income	6.5	6.8	7.8	11.6	8.3	9.6	8.8	18.4	12.1
Other operating income	0.2	2.2	2.2	2.3	2.4	2.8	6.3	7.0	5.8
Non-Interest Income	**6.7**	**9.0**	**10.0**	**13.8**	**10.7**	**12.3**	**15.1**	**25.4**	**17.9**
Operating Income	**78.7**	**79.6**	**79.8**	**87.3**	**87.2**	**92.8**	**99.1**	**104.6**	**103.3**
Total operating costs	**(39.6)**	**(37.2)**	**(37.3)**	**(39.5)**	**(40.1)**	**(40.4)**	**(43.0)**	**(42.9)**	**(44.7)**
Pre-provision operating profit	**39.1**	**42.4**	**42.5**	**47.9**	**47.1**	**52.4**	**56.1**	**61.7**	**58.6**
Net impairment losses	(15.3)	(20.4)	(25.8)	(29.6)	(33.5)	(36.1)	(40.8)	(38.0)	(41.3)
Post operating profit	**23.8**	**22.0**	**16.7**	**18.3**	**13.6**	**16.3**	**15.3**	**23.7**	**17.3**
Depreciation and amortisation	(1.8)	(1.6)	(1.5)	(2.2)	(1.9)	(1.9)	(2.1)	(2.0)	(2.3)
Non-recurring income/(expense)	(0.4)	(4.2)	0.2	0.4	(0.7)	(0.1)	0.8	2.4	(1.5)
Net FX	(2.7)	0.1	(2.9)	(6.2)	(2.2)	(0.1)	(0.6)	(2.1)	(0.1)
Pre-tax profit	**18.8**	**16.2**	**12.6**	**10.3**	**8.8**	**14.2**	**13.4**	**21.9**	**13.4**
Income tax expense	(5.6)	(3.5)	(3.4)	(3.9)	(3.2)	(3.0)	(3.8)	(4.2)	(3.8)
Net profit after tax	**13.3**	**12.8**	**9.2**	**6.4**	**5.6**	**11.2**	**9.6**	**17.7**	**9.6**
EBITDA	**31.3**	**28.0**	**25.0**	**25.5**	**25.9**	**31.9**	**32.3**	**41.9**	**34.2**
Adjusted EBITDA	**33.5**	**31.0**	**28.0**	**29.3**	**28.1**	**30.7**	**33.1**	**39.4**	**34.9**

Loan issuance ***(in millions of €)***									
Total value of online loans issued	**205.5**	**145.9**	**138.7**	**139.2**	**137.0**	**140.0**	**146.7**	**145.7**	**138.6**
Single Payment Loans	171.7	107.2	88.1	92.2	93.6	98.0	107.9	108.0	98.8
Instalment Loans	10.8	11.9	15.2	14.5	15.5	16.2	16.5	16.4	17.9
Near-prime Loans	10.4	10.9	12.1	9.9	8.6	7.4	7.0	6.7	7.0
Minimum to pay	12.6	16.0	23.3	22.5	19.3	18.4	15.4	14.5	14.8
Total value of TBI Bank loans issued	**148.3**	**167.5**	**191.6**	**198.8**	**206.4**	**221.4**	**224.5**	**254.9**	**251.4**
SME	21.8	25.0	29.7	29.6	31.0	25.9	24.3	31.3	35.3
Consumer	126.5	142.5	161.8	169.2	175.4	195.6	200.2	223.6	216.0

Loan portfolio (receivables, including accrued interest)

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

(in millions of €)	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024
Single payment loans (1)									
- Performing	88.1	49.6	50.4	47.7	49.2	49.9	53.5	52.1	50.1
- NPL (2)	13.9	6.5	3.4	3.5	4.0	5.3	5.7	6.5	7.5
- Total gross receivables	**102.0**	**56.1**	**53.8**	**51.2**	**53.2**	**55.3**	**59.2**	**58.5**	**57.5**
- Provisions	(24.1)	(17.6)	(14.0)	(12.4)	(12.4)	(13.7)	(15.6)	(16.9)	(17.4)
- Net receivables	**78.0**	**38.5**	**39.8**	**38.8**	**40.8**	**41.6**	**43.6**	**41.6**	**40.1**
- Gross NPL ratio	13.6%	11.5%	6.2%	6.9%	7.5%	9.7%	9.7%	11.1%	13.0%
Instalment loans									
- Performing	27.7	26.5	30.4	29.2	31.0	34.4	38.1	39.6	41.9
- NPL (2)	4.2	4.3	3.6	3.7	3.5	3.9	5.0	7.1	7.0
- Total gross receivables	**31.9**	**30.7**	**33.9**	**33.0**	**34.6**	**38.3**	**43.0**	**46.7**	**48.9**
- Provisions	(6.3)	(6.2)	(5.7)	(5.7)	(5.8)	(6.3)	(8.0)	(9.8)	(10.0)
- Net receivables	**25.6**	**24.6**	**28.2**	**27.2**	**28.7**	**32.0**	**35.1**	**36.9**	**38.9**
- Gross NPL ratio	13.3%	13.9%	10.5%	11.3%	10.2%	10.3%	11.6%	15.1%	14.4%
Minimum to pay receivables									
- Performing	28.4	30.9	39.2	43.1	43.3	43.0	41.1	39.3	38.4
- NPL (2)	3.1	3.0	2.6	3.8	5.3	6.4	7.3	7.5	6.7
- Total gross receivables	**31.5**	**33.9**	**41.7**	**46.9**	**48.6**	**49.4**	**48.4**	**46.8**	**45.1**
- Provisions	(2.7)	(2.7)	(2.9)	(3.8)	(5.0)	(5.8)	(6.0)	(6.6)	(5.8)
- Net receivables	**28.8**	**31.2**	**38.9**	**43.1**	**43.5**	**43.6**	**42.4**	**40.3**	**39.3**
- Gross NPL ratio	9.8%	8.7%	6.2%	8.2%	10.9%	12.9%	15.1%	16.1%	14.9%
Near prime receivables									
- Performing	33.2	32.2	31.3	31.2	29.2	22.1	19.5	16.7	15.6
- NPL (2)	3.4	2.8	3.2	3.8	4.2	4.8	4.2	3.4	2.4
- Total gross receivables	**36.6**	**35.0**	**34.5**	**35.0**	**33.4**	**26.9**	**23.7**	**20.0**	**18.1**
- Provisions	(4.0)	(4.2)	(4.2)	(4.9)	(5.3)	(5.7)	(5.3)	(4.3)	(3.4)
- Net receivables	**32.6**	**30.8**	**30.3**	**30.1**	**28.0**	**21.2**	**18.4**	**15.7**	**14.7**
- Gross NPL ratio	9.3%	8.1%	9.2%	11.0%	12.5%	17.8%	17.9%	16.8%	13.4%
Total Online receivables									
- Performing	177.5	139.2	151.3	151.2	152.7	149.4	152.1	147.6	146.0
- NPL (2)	24.6	16.5	12.7	14.9	17.0	20.4	22.3	24.4	23.6
- Total gross receivables	**202.1**	**155.7**	**164.0**	**166.1**	**169.7**	**169.8**	**174.4**	**172.1**	**169.7**
- Provisions	(37.1)	(30.7)	(26.9)	(26.9)	(28.6)	(31.4)	(34.8)	(37.6)	(36.7)
- Net receivables	**165.0**	**125.0**	**137.1**	**139.3**	**141.1**	**138.4**	**139.5**	**134.5**	**133.0**
- Gross NPL ratio	12.2%	10.6%	7.7%	9.0%	10.0%	12.0%	12.8%	14.2%	13.9%
TBI Bank									
- Performing	525.2	580.9	640.2	709.9	763.6	832.7	881.6	949.9	984.7
- NPL (2)	54.8	60.3	71.3	67.7	82.9	83.5	91.7	89.7	101.3
- Total gross receivables	**580.1**	**641.1**	**711.5**	**777.6**	**846.5**	**916.2**	**973.3**	**1,039.6**	**1,086.0**
- Provisions	(53.6)	(59.5)	(68.8)	(70.5)	(81.3)	(82.5)	(90.6)	(89.7)	(98.4)
- Net receivables	**526.5**	**581.6**	**642.7**	**707.1**	**765.1**	**833.7**	**882.7**	**949.9**	**987.6**
- Gross NPL ratio	9.5%	9.4%	10.0%	8.7%	9.8%	9.1%	9.4%	8.6%	9.3%

Notes: (1) Reduction in Q2 2022 from sale of Polish business

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

DEFINITIONS

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

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

Cost/income ratio – Operating costs / operating income (revenue)

Equity/assets ratio – Total equity / total assets

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

ESG – Environment, Social and Governance

Gross income – consists of interest income, net fees & commissions and other operating income

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

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

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

Interest income – Interest and similar income generated from our customer loan portfolio and from corporate/other loans

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

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

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

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

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

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

Non-performing loans (NPLs) – Loan principal or receivables that are over 90 days past due (over 30 DPD in the Philippines)

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

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

Profit before tax margin – Profit before tax / interest income

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

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

Tangible equity – Total equity minus intangible assets

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

RECENT DEVELOPMENTS

Recent developments include significant and material information about the Group's development and any changes since its last quarterly report that was published on 29 February 2024.

Acquisitions and Disposals

In April 2024, the Group received the second payment of €6 million due for the sale of its Polish business. The remaining amount of €6 million is to be paid in one further instalment in 2025.

Changes in Management

In April 2024, Katalin Agune Kato replaced Daniela Roca, the previous category A director of 4finance Holding S.A. and 4finance S.A.

Financing

In March 2024, the Group repurchased €0.4 million notional of its EUR 2026 bonds from TBI Bank EAD. As of the date of this report, the Group holds €40.0 million of its EUR 2026 bonds and €4.3 million of its EUR 2028 bonds in treasury.

In May 2024, Fitch Ratings assigned 4finance Holding S.A. a Long-Term Issuer Default Rating (IDR) of 'B' and a Short-Term IDR of 'B'. The Outlook on the Long-Term IDR is Stable. Fitch have also assigned 4finance S.A.'s outstanding senior unsecured bonds a long-term rating of 'B' with a Recovery Rating of 'RR4'.

Corporate website: www.4finance.com

4finance Holding S.A.

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