4finance Holding SA

Investor Presentation for three month 2019 results

29 May 2019

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Agenda

- Business update
- Review of three month 2019 results
- Loan portfolio and asset quality
- Summary

Q1 2019 business and financial highlights

Operational update

- Solid performance in larger online markets of Poland, Spain and Denmark as well as TBI Bank
  - Strong underlying demand, stable volumes & revenue
  - Some seasonality effect at TBI Bank as usual in Q1
- Smaller markets delivering growth
  - Czech Republic stable, seeing greater IL takeup
  - LatAm, Bulgaria, Armenia grew revenue 20%+ YoY
- Sweden, Finland and Baltics impacted by regulatory changes
  - Evolving product strategy by market, with some impact visible in Q1
  - Growing near-prime portfolio in Lithuania
- Year-on-year comparison impacted by product and market exits during 2018
  - Exit of online business in Dominican Republic, Romania and Georgia and Friendly Finance rationalisation
  - Fewer product 'instances' in Q1 2019 than prior year, accounting for essentially all of the reduction in interest income
- Cost efficiency improving and asset quality relatively stable
  - Operating costs down 18% YoY

Interest income

€106.5m

(14)% YoY

Adjusted EBITDA

€29.4m

(8)% YoY

Cost to income ratio

52.0%

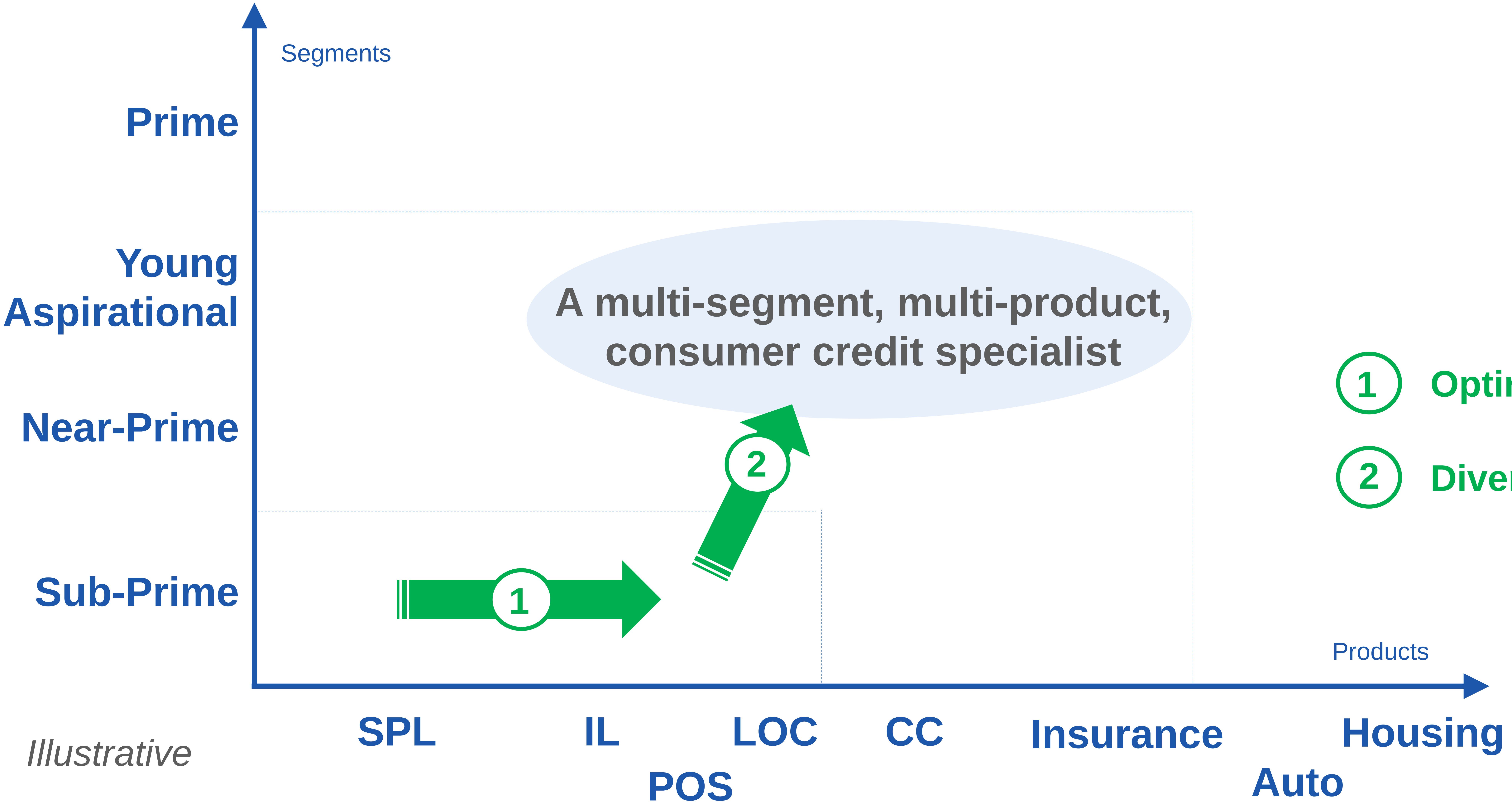
2.2ppts YoY improvement

Cost of risk

18.4%

2.1ppts YoY improvement

Evolving and broadening our business model



1 Optimise

2 Diversify & Grow

Strategic focus areas in 2019

1 Optimise

- Relentless execution in European online markets in shorter-term products
- Further cost optimisation, efficiency gains and automation
- Grow instalment loan and line of credit business in selected markets
- Review growth opportunities in smaller markets (eg partnerships in Mexico)
- Adapting products to upcoming regulatory changes in Finland and Latvia

2 Diversify & Grow

- Creation of new “4finance Next” unit to drive near-prime lending and partnership opportunities
- IT strategy revised to give more efficient support for core markets, and local flexibility for smaller ones
- Launch pilots of funding projects including with TBI Bank and our external securitisation platform
- TBI Bank growth and execution of next generation digital lending strategy

Regulatory update

Latvia

- A reduction in the APR cap (25%) and limits to loan size, extensions and marketing for consumer lending were approved in Parliament in October 2018. The new regulations with regards to limiting the size and extensions came into force from 1 January 2019, and the changes on APR cap and the marketing limits will come into force from 1 July 2019. Short-term products already adapted to 'minimum-to-pay' lines of credit

Romania

- The APR caps approved by the Romanian parliament in December 2018 were declared unconstitutional in March 2019, and so have not come into force. In May 2019, revised proposals were published, and a new period of consultation is underway

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

Poland

- A new proposal from the Ministry of Justice 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. Consultation on this proposal is currently ongoing, and the timing for any implementation is currently unclear

Denmark

- New regulations on consumer credit companies come into effect on 1 July 2019, including requirements for a license to operate, increased requirements of customer data privacy and partly switching the relevant supervisory authority 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

TBI Bank

- 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

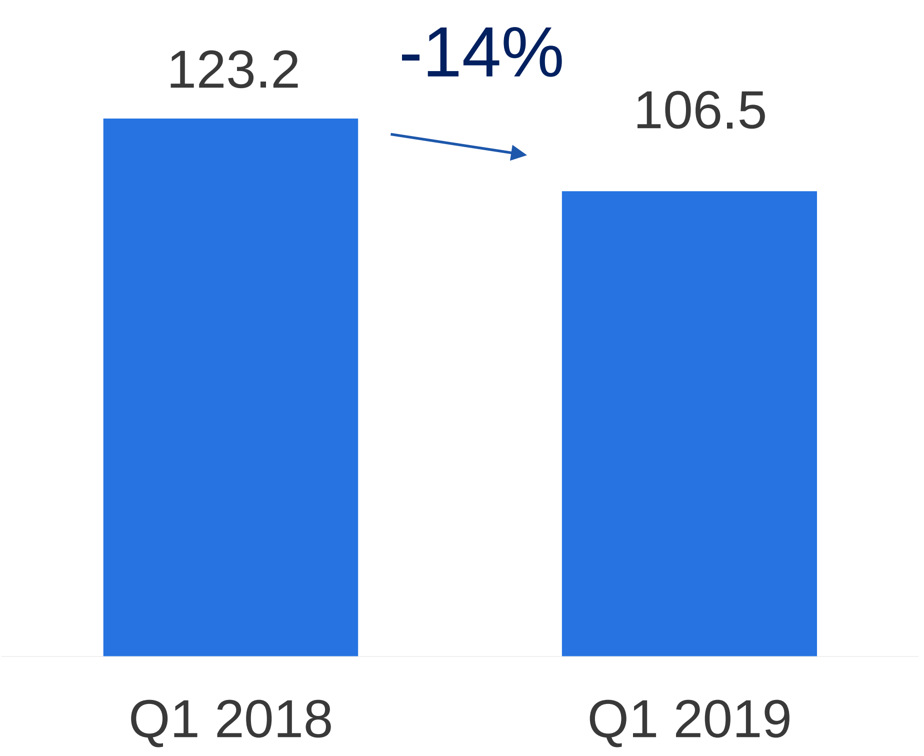
Continued focus on responsible lending, including EU consumer credit directive consultations

Review of three month 2019 results

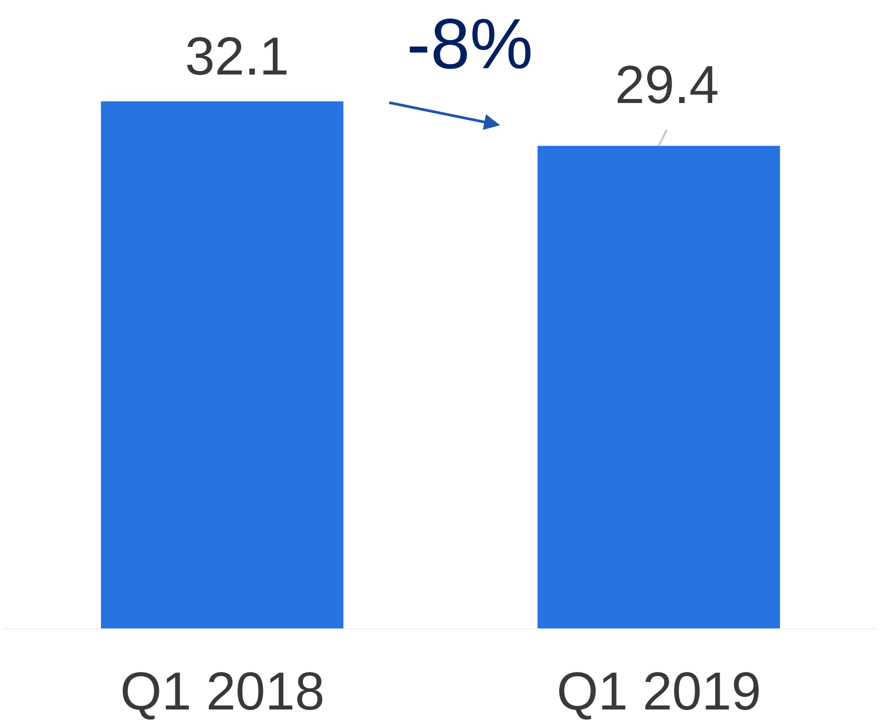
Summary of three month 2019 results

- 3M19 interest income down 14%, post-provision operating profit down 11% year-on-year
  - The reduction in interest income largely attributable to products and/or markets that were rationalised during 2018
  - Adjusted EBITDA of €29.4m, down 8% year-on-year, with an interest coverage ratio for Q1 2019 of 2.0x (full covenant calculation ratio of 2.5x)
  - Post-provision operating profit of €13.5m, down 11% year-on-year
- Interest income highlights by market and product
  - Solid performance in key online markets (Poland, Spain, Denmark) and TBI Bank
  - Stable contribution of instalment loan interest income in recent quarters
  - TBI Bank increasing its own online operations and transfer of vivus.bg operations
- Cost efficiency improving
  - Year-on-year reduction in costs of 18%
- Strong operating cashflow and robust cash position
  - Operating cashflow before movements in portfolio & deposits of €53m (vs €62m in 3M18)
- Relatively stable NPL ratios and overall portfolio volumes
  - Net impairment/interest income stable year-on-year at 30% for 3M19
- FY2018 audit process completed on time with smooth transition to PKF

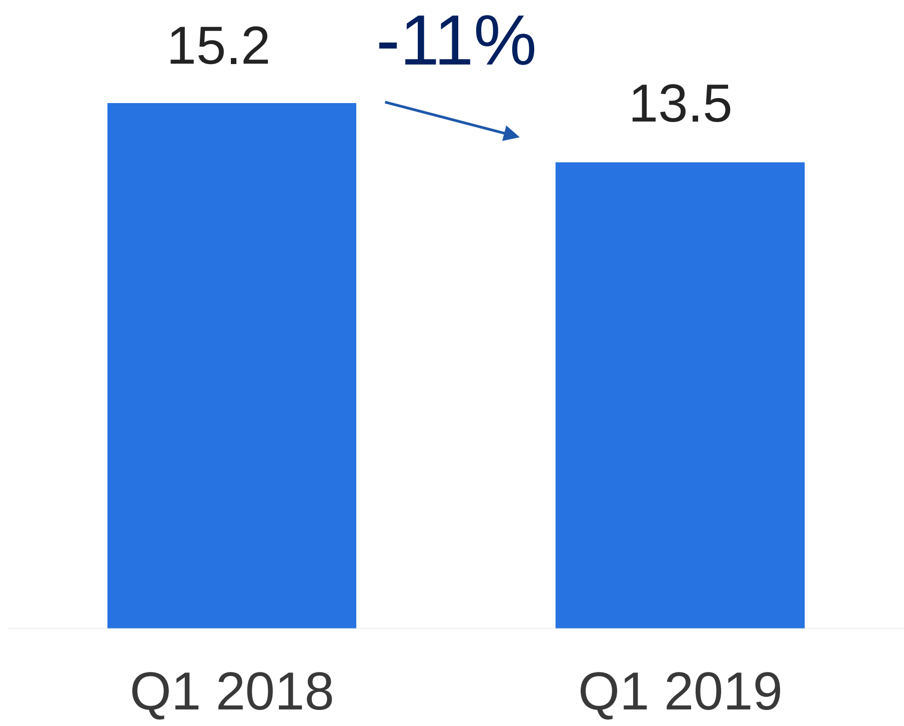
Interest Income
€m



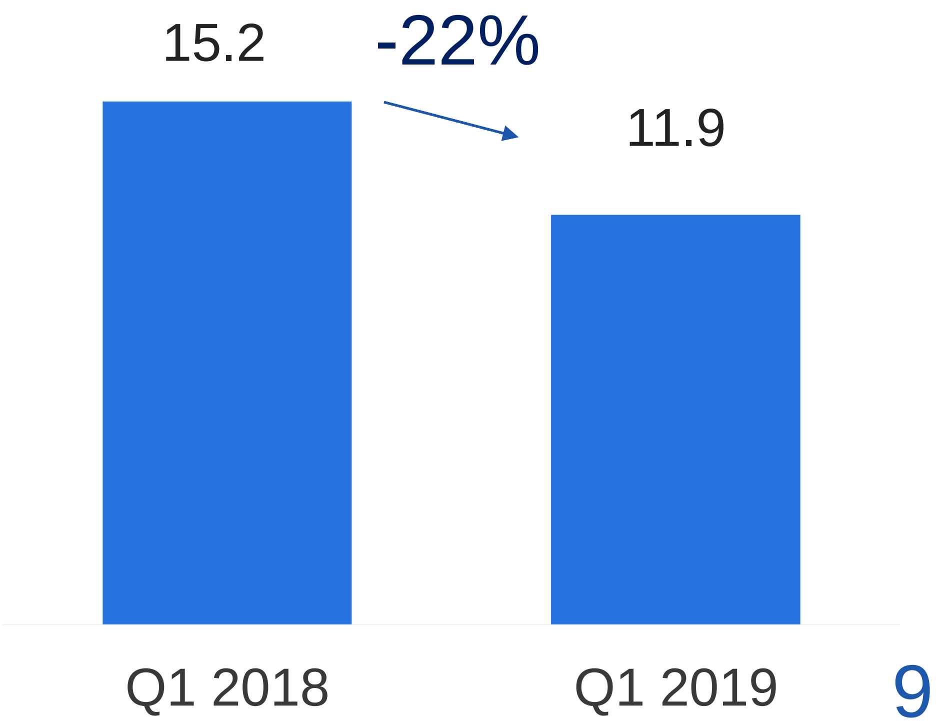
Adjusted EBITDA
€m



Post-provision operating profit
€m



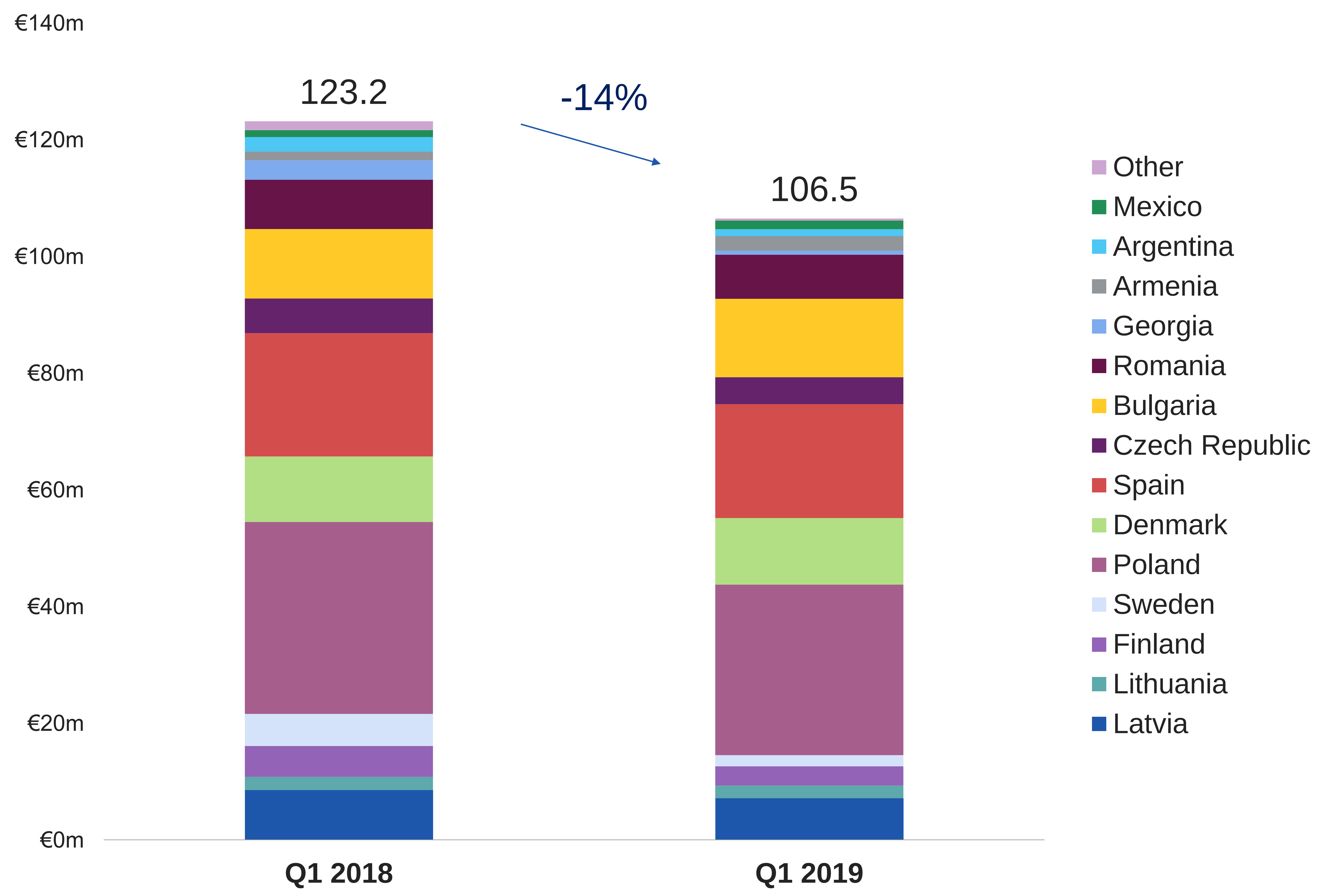
Profit before tax
€m



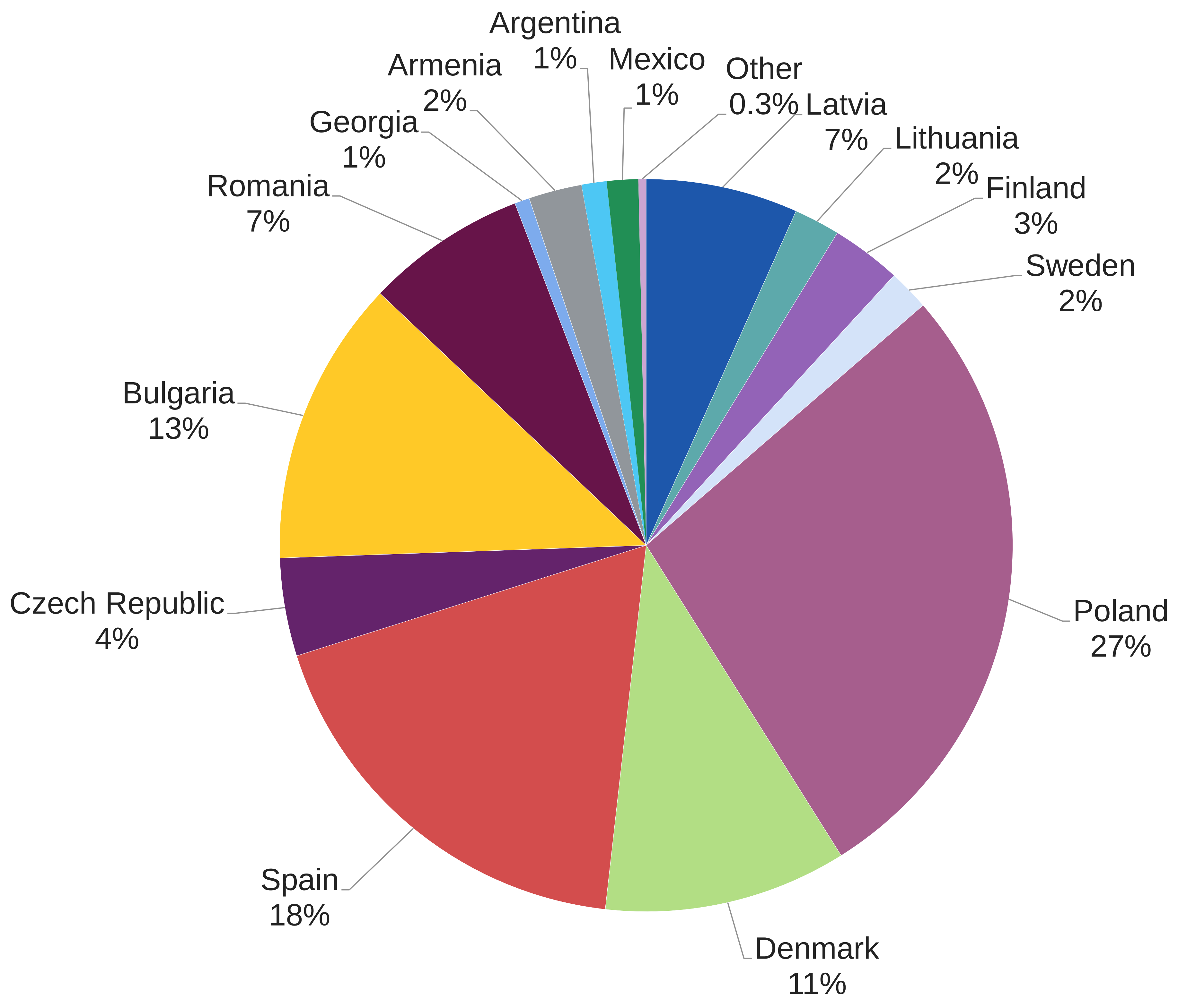
See appendix for definitions of key metrics and ratios

Interest income - growth and diversification

Interest income by country



Q1 2019 interest income: €106m



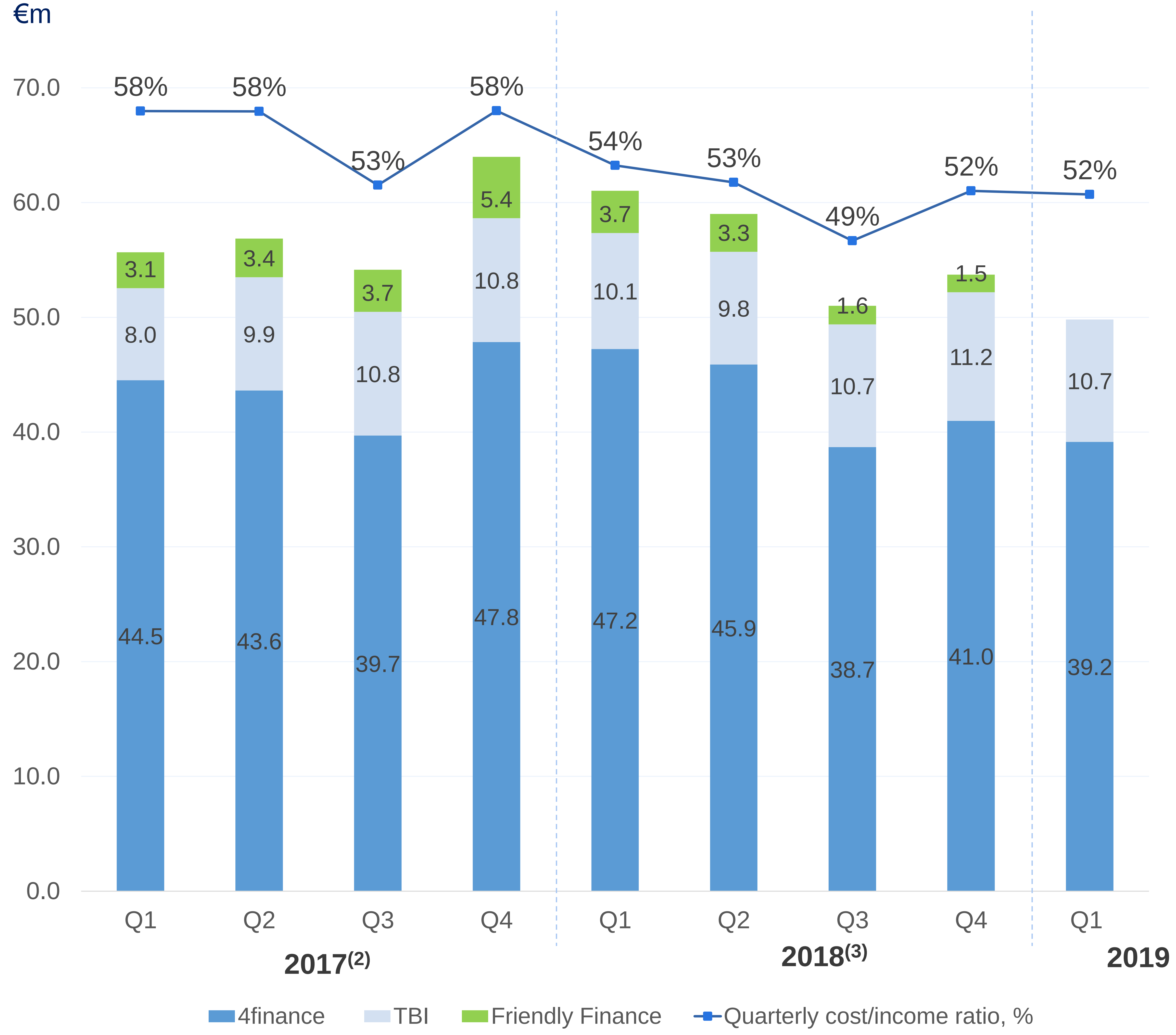
Note: Interest income from TBI Bank and Friendly Finance is allocated within the corresponding country

Operating cost drivers

- Operating costs down 18% year-on-year
  - 3M19 cost/income ratio improved at 52.0% compared to 54.2% in 3M18
  - 2017 costs in bar graph do not include capex that would have been expensed under more conservative approach from 2018

- Cost efficiency projects ongoing with focus on cost/income ratio
  - Friendly Finance integration fully complete
  - Continued headcount reduction of 18% year-on-year
  - Lower above-the-line marketing spend due to efficiency savings from econometric modelling (seasonal increase in Q4'18 as expected)

Total operating costs (1)



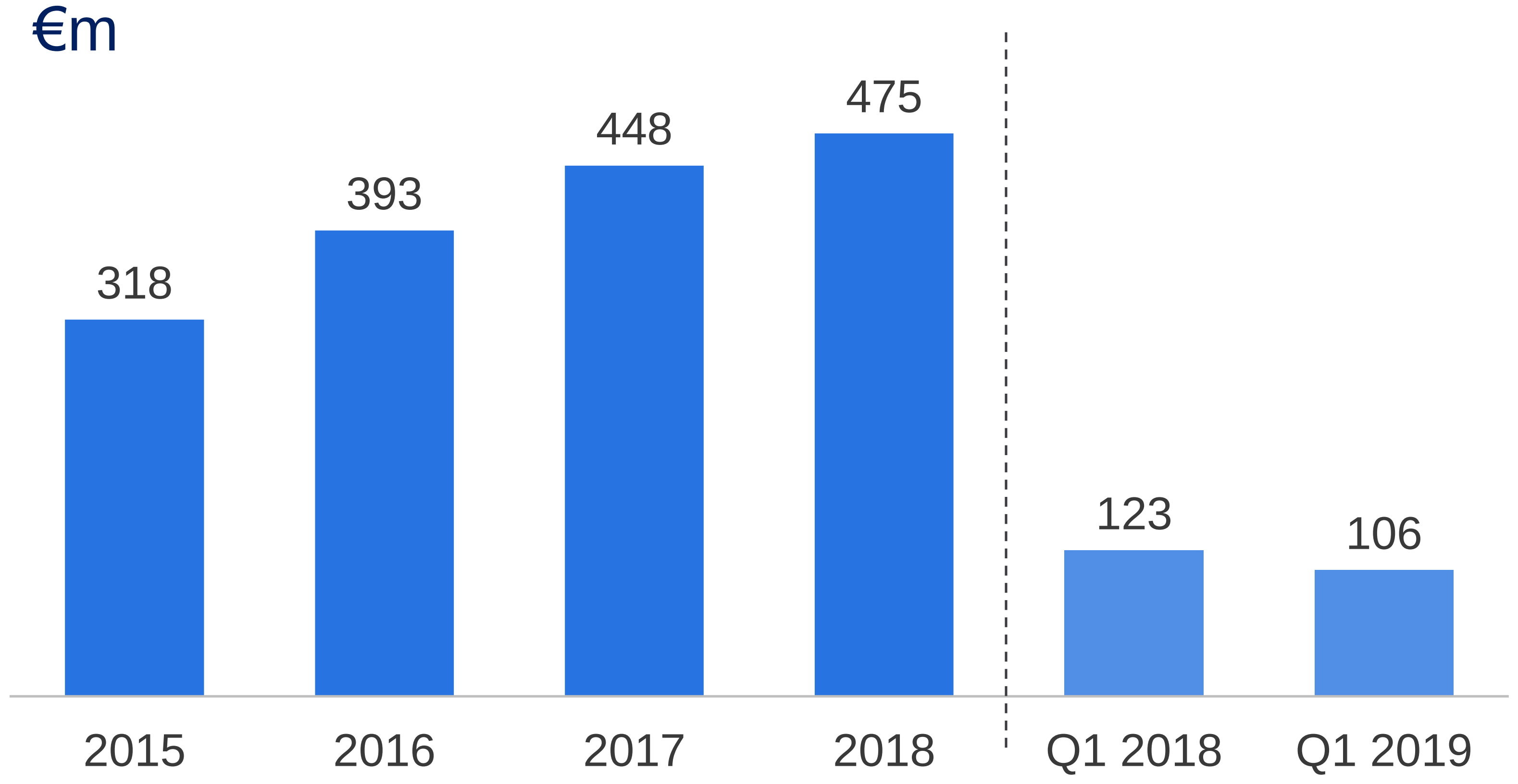
Notes:
(1) As of Q1 2019 costs are no longer shown separately for Friendly Finance as it is fully integrated into the Group's online operations
(2) 2017 quarterly costs reflect as-reported quarterly numbers. Totals do not match with 2017 audited financials due to capex de-recognition as part of year end one-off adjustments to intangible assets
(3) Q4 2018 costs have been adjusted to reflect audited figures

See appendix for definitions of key metrics and ratios

Financial highlights – profitable growth

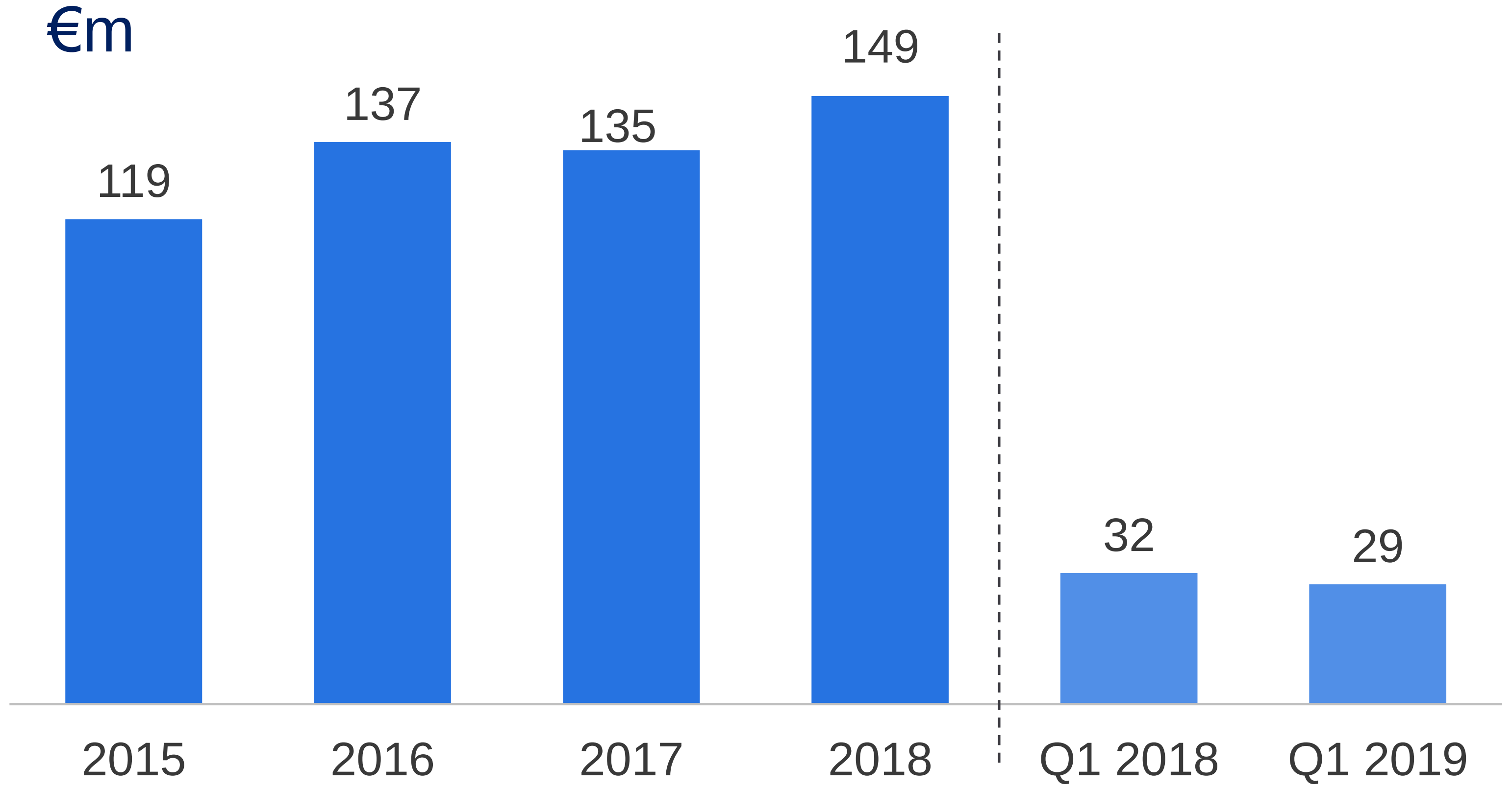
Interest income

€m



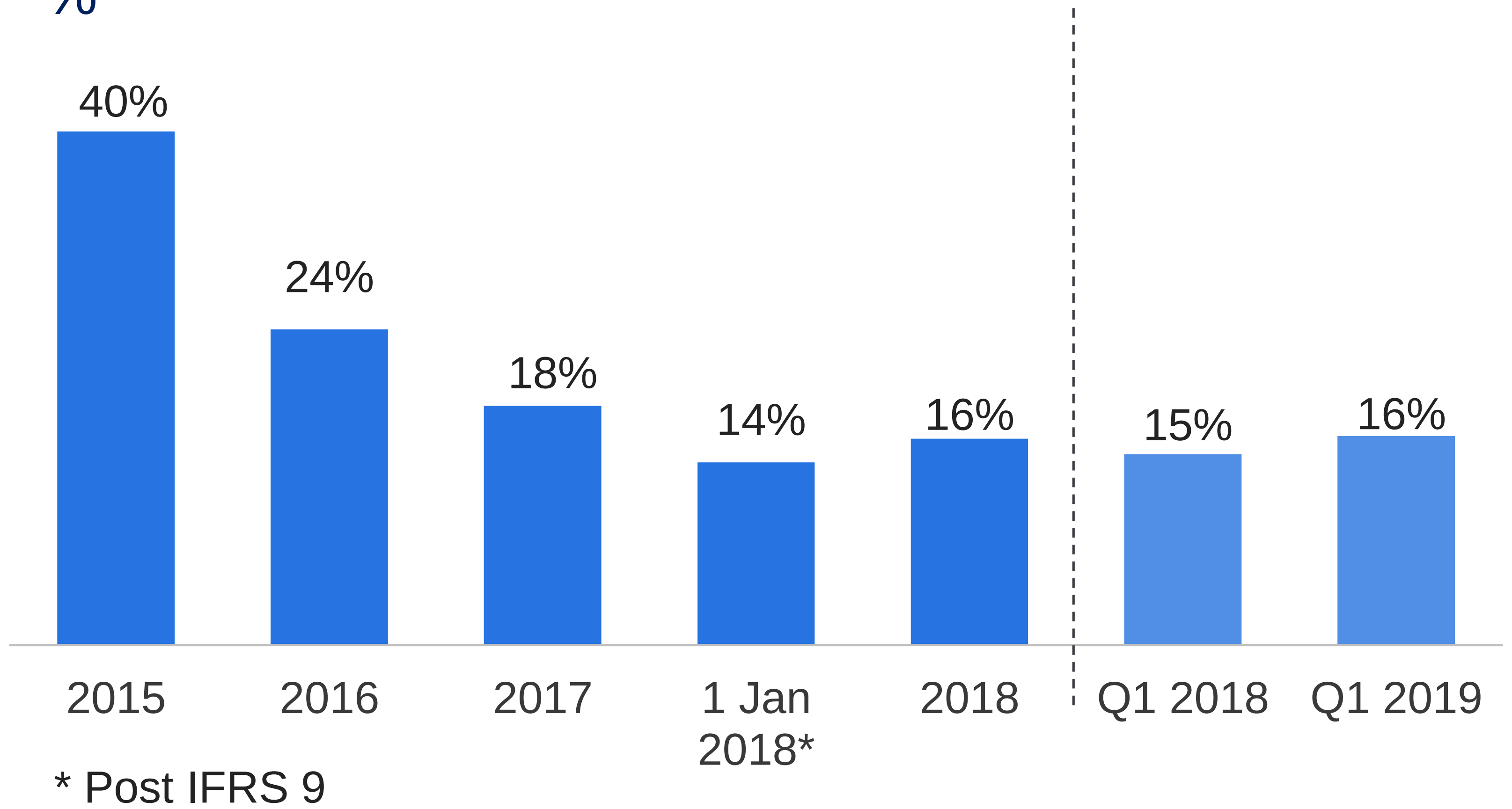
Adjusted EBITDA

€m



Equity / assets ratio

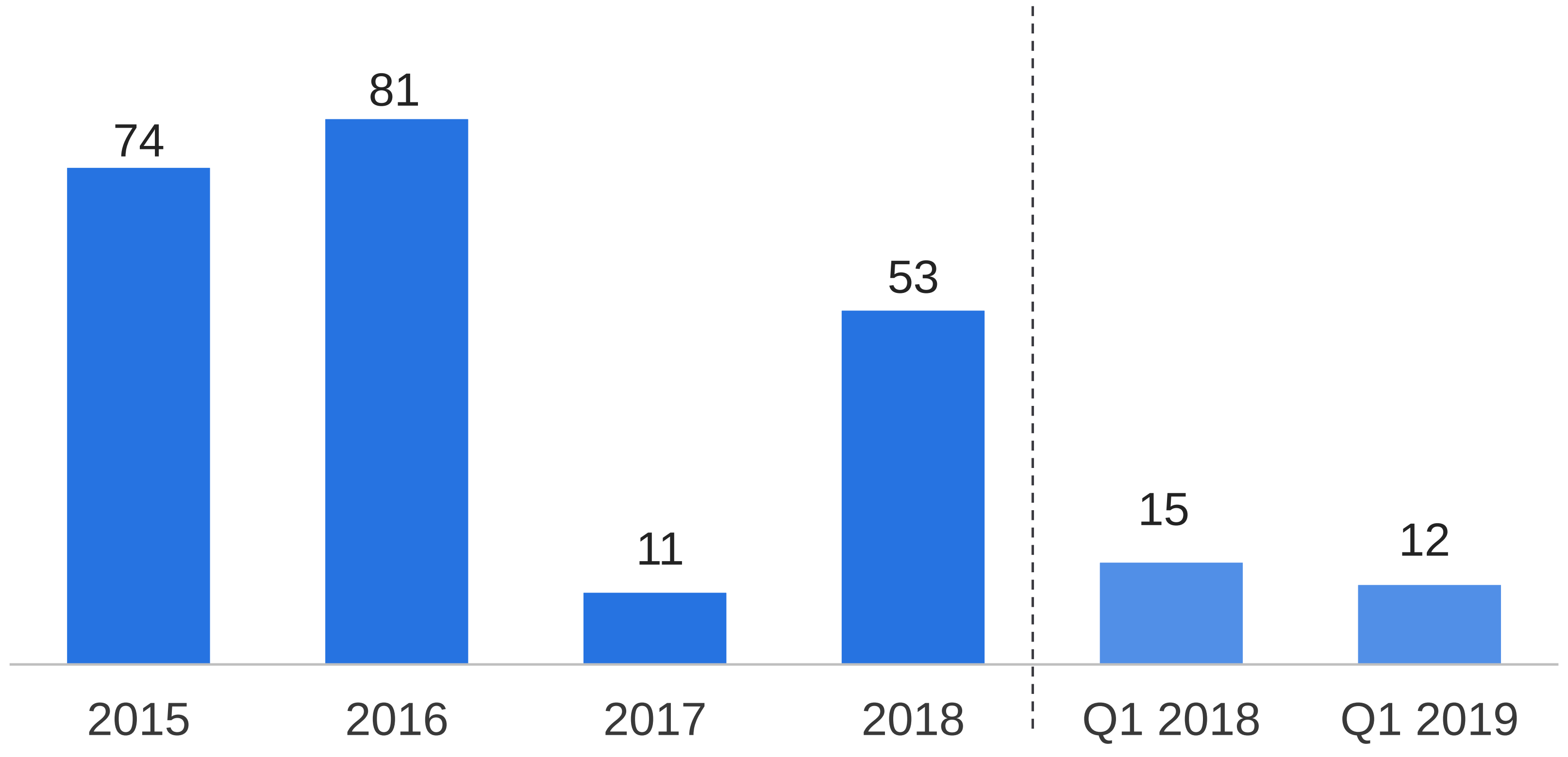
%



* Post IFRS 9

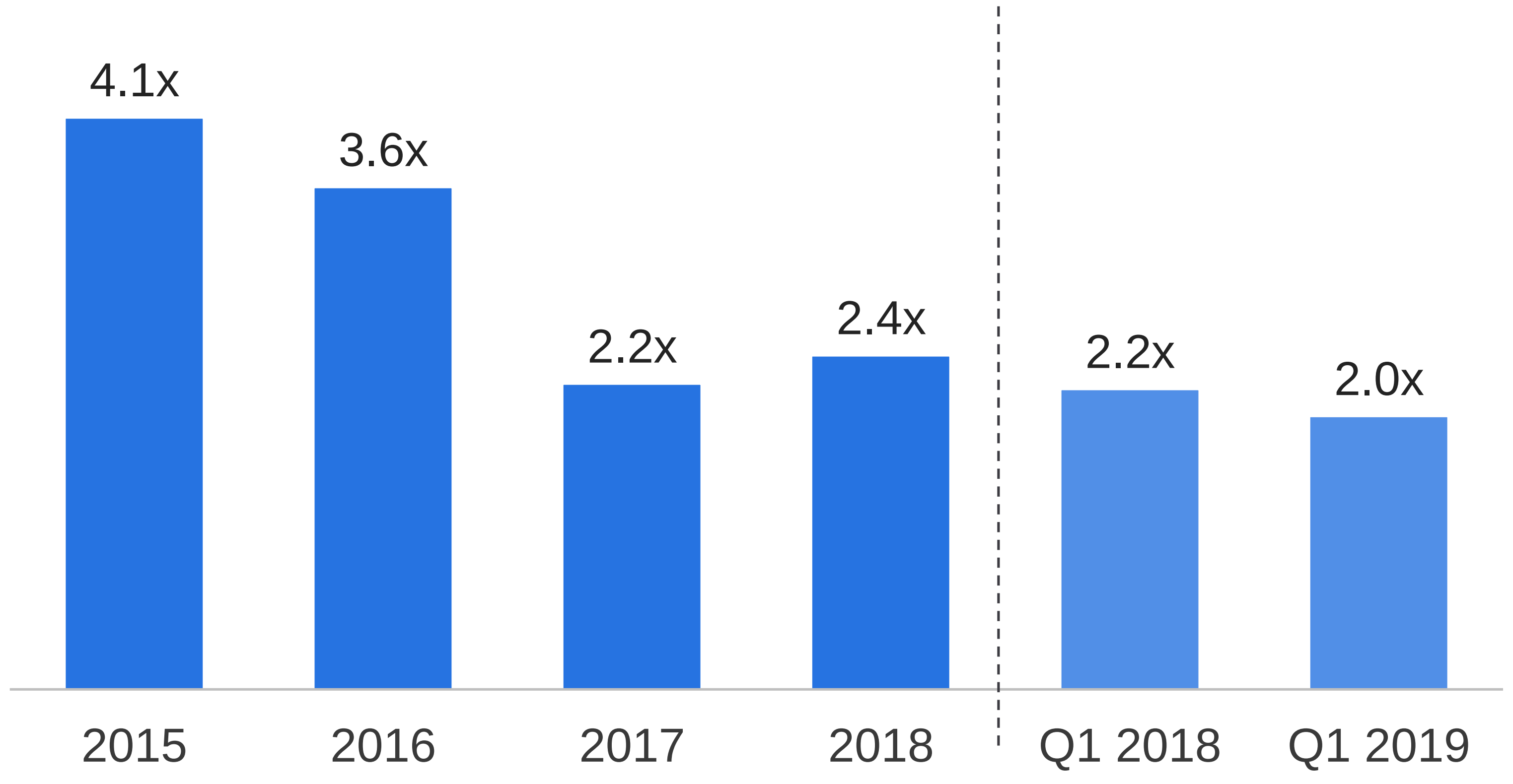
Profit before tax

€m



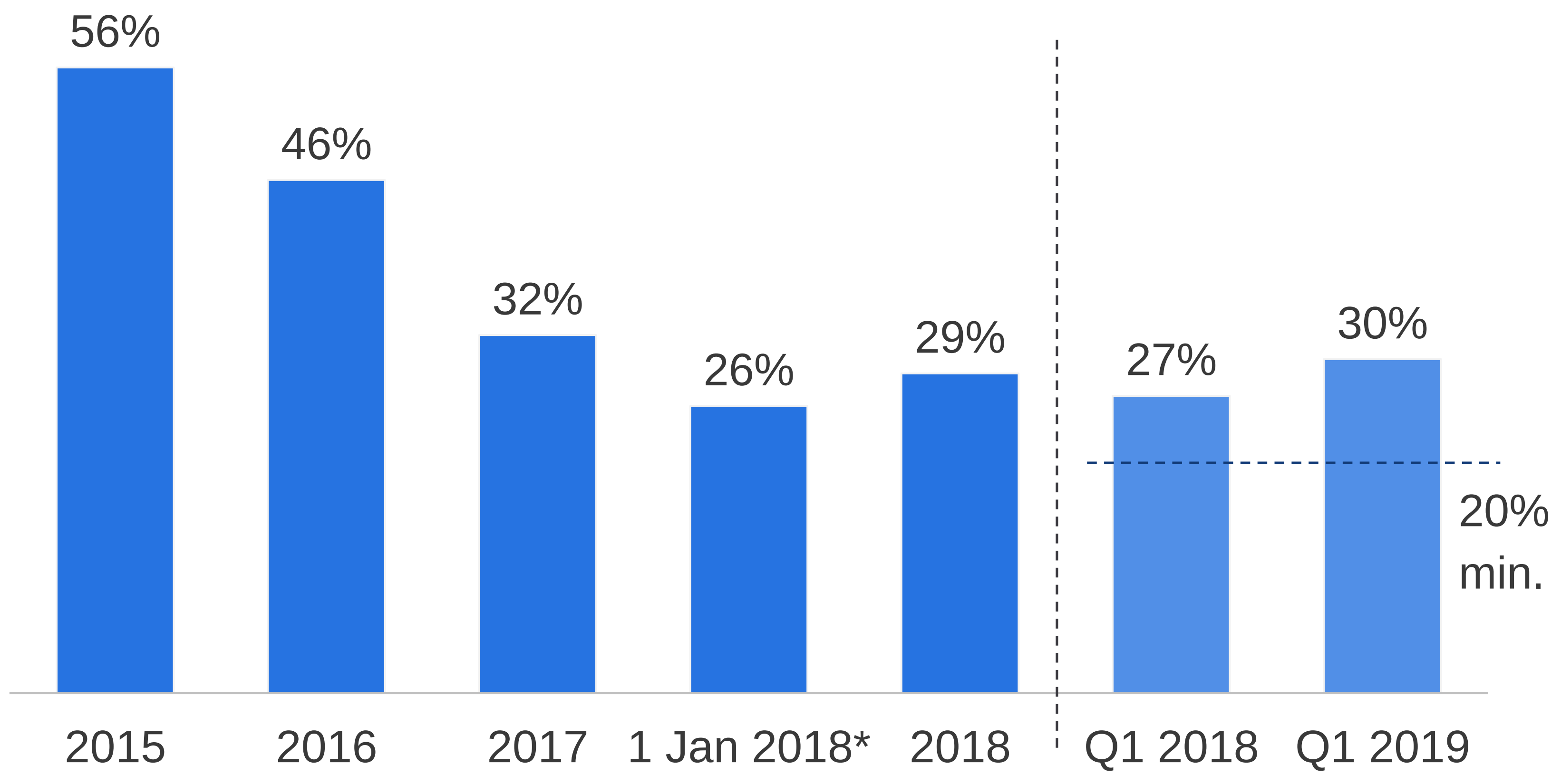
Adjusted interest coverage ratio (1)

Times



Equity / net receivables

%



* Post IFRS 9

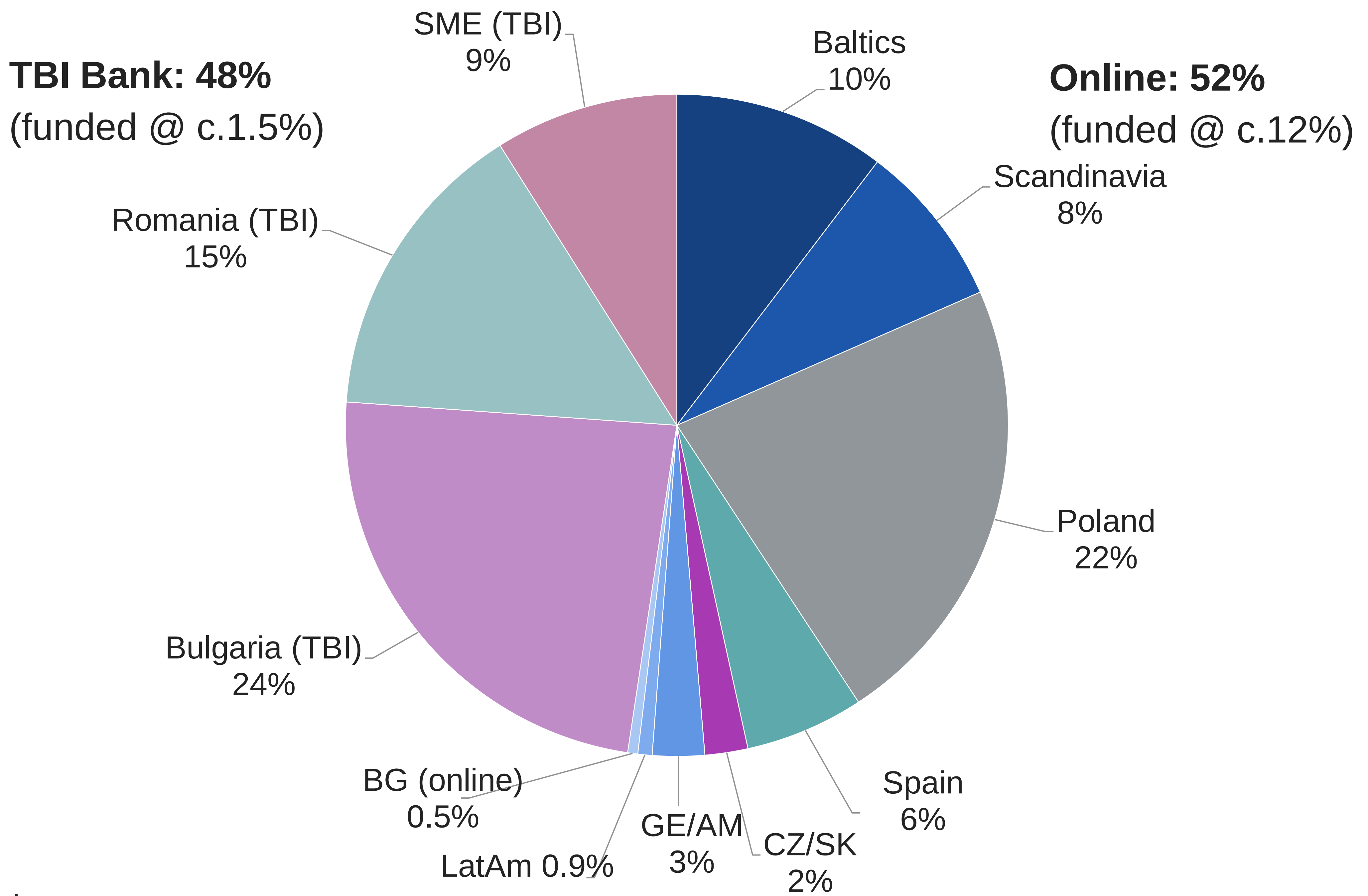
Note (1): The full covenant calculation of interest coverage ratio is based on proforma last twelve month figures, and is currently 2.5x

See appendix for definitions of key metrics and ratios

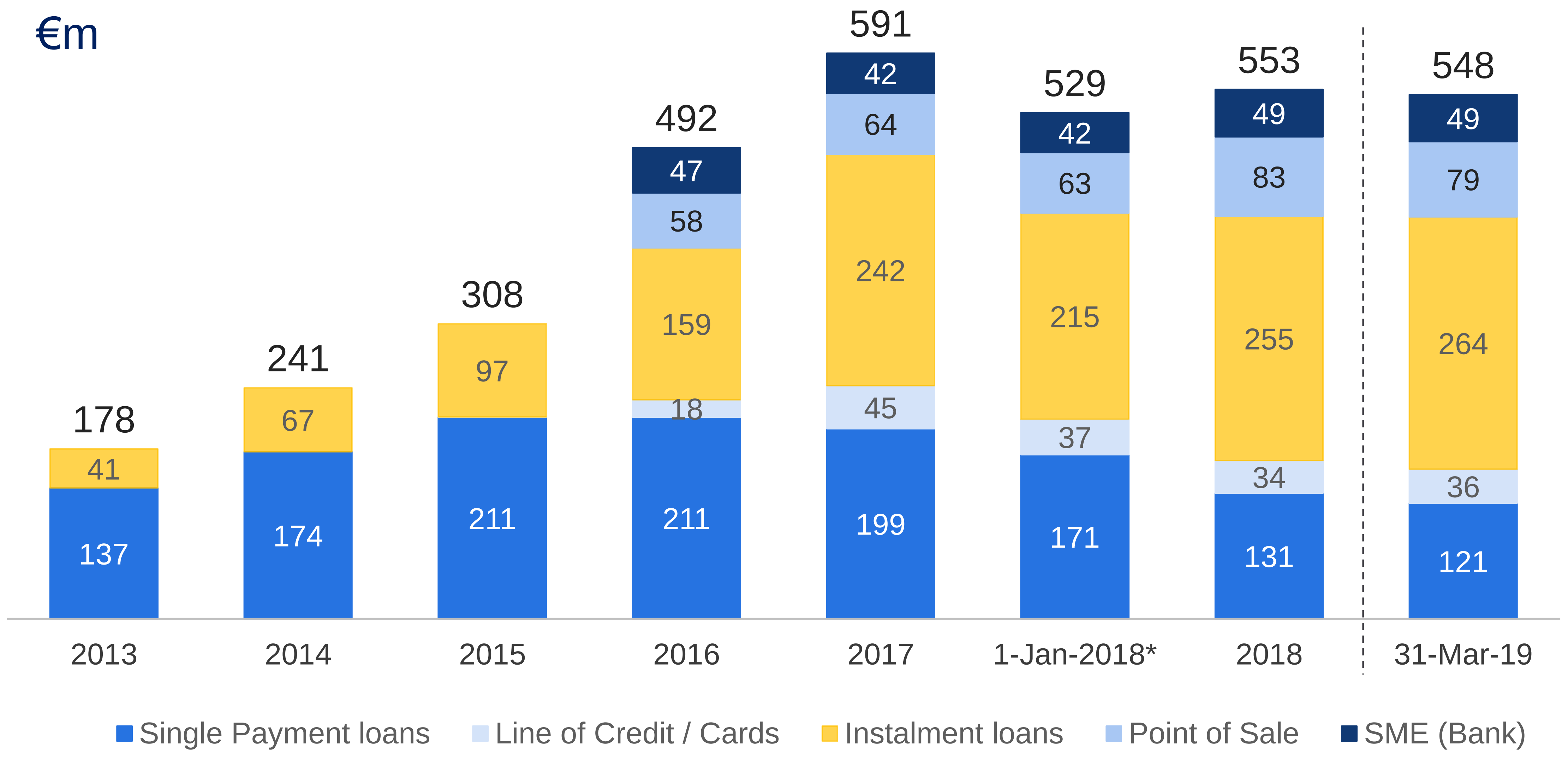
Diversified loan portfolio

- Online loan issuance volume down 23% YoY to €260m in 3M19
- Overall net receivables totals €548m
  - Relatively stable (1% decrease) during Q1 2019
  - 91% consumer loans
  - 52% online loans / 48% banking

Net receivables, 31 March 2019

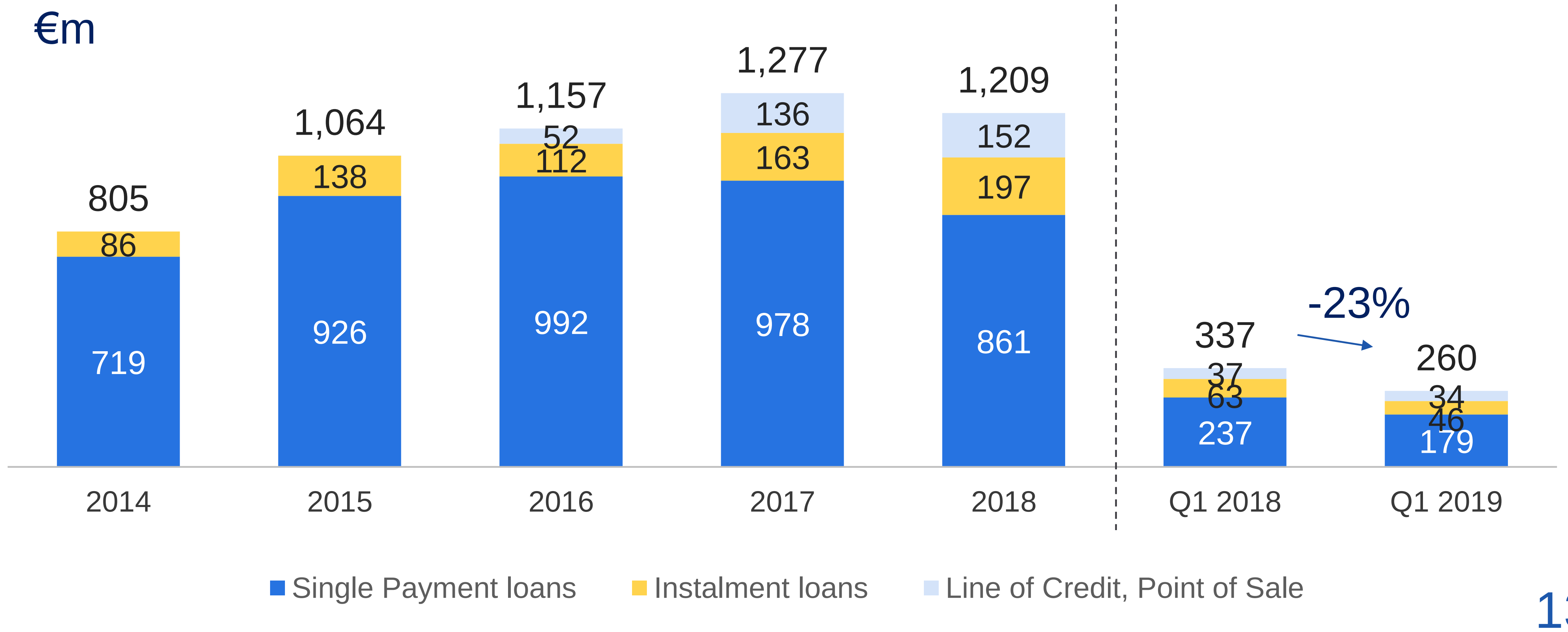


Net receivables (1)



* Introduction of IFRS 9 as of 1-Jan-2018 reduced net receivables by €62 million to €529 million

Online loans issued (1)



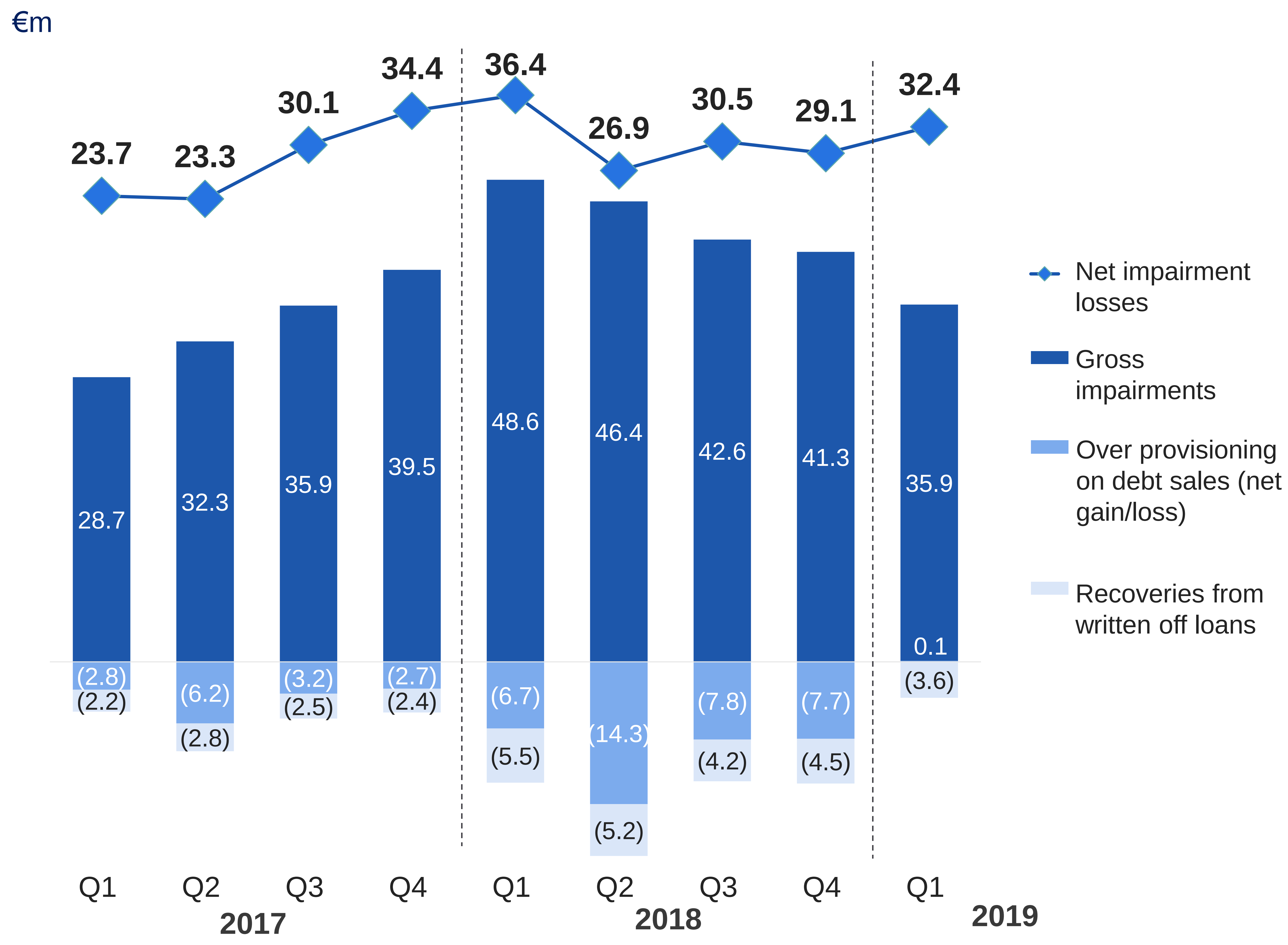
Note:

(1) Reflects reclassification of "Vivus" brand products in Sweden (from January 2016), Denmark (from January 2017) and Armenia (from launch in July 2017) to Lines of Credit

See appendix for definitions of key metrics and ratios

Analysis of net impairments and cost of risk

Net impairment losses by quarter (1)



14.1%	13.6%	17.1%	18.6%	20.5%	15.1%	17.4%	16.6%	18.4%	Cost of risk

- Quarterly net impairment charge down 11% year-on-year
  - Continued decrease in quarterly gross impairments
  - Continued focus on earlier collections and forward flow agreements (also reducing debt collection costs)
  - Reduced income from debt sales during Q1, however stronger pipeline for Q2
- Asset quality metrics relatively stable
  - Net impairment / interest income 30.4% (3M19) vs 29.5% (3M18)
  - Overall cost of risk 18.4% (3M19, including TBI Bank) vs 20.5% (3M18)
  - Online cost of risk 28.9% (3M19) vs 27.2% (3M18)
- Focus on continuous improvement in credit underwriting and collection
  - Integration of additional data sources
  - Faster iterations of scorecards with regular recalibration

Note (1): 2017 quarterly figures do not reflect TBI debt sales. Q4 2018 figures have been adjusted to reflect audited figures

See appendix for definitions of key metrics and ratios

Asset quality and provisioning

- **Gross NPL ratios relatively stable, with coverage ratios well over 100%**
  - Online gross NPL ratio 22.7% as of March 2019 from 22.0%% as of December 2018
  - Overall gross NPL ratio 20.4% as of March 2019 from 19.4% as of December 2018
- Additional portfolio disclosure now provided by loan principal and accrued interest in results report and appendix
- Lower debt sales activity in 3M19, particularly in written-off portfolio (only €2m of 360+ dpd receivables sold in 3M19 vs €14m in 3M18)

	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								
Online receivables								
Performing (1)	308.1	(48.4)	259.7	77.3%	316.2	(49.8)	266.4	78.0%
Non-performing (2)	90.6	(63.4)	27.2	22.7%	89.3	(64.1)	25.2	22.0%
Online total	**398.6**	**(111.8)**	**286.9**	**100.0%**	**405.4**	**(113.9)**	**291.6**	**100.0%**
TBI Bank receivables								
Performing (1)	249.0	(12.6)	236.4	82.7%	252.3	(13.0)	239.3	84.1%
Non-performing (2)	52.1	(27.7)	24.5	17.3%	47.6	(25.3)	22.3	15.9%
TBI Bank total	**301.1**	**(40.3)**	**260.8**	**100.0%**	**299.9**	**(38.3)**	**261.6**	**100.0%**
Overall group receivables								
Performing (1)	557.1	(61.0)	496.0	79.6%	568.5	(62.7)	505.7	80.6%
Non-performing (2)	142.7	(91.0)	51.7	20.4%	136.9	(89.4)	47.4	19.4%
Overall total	**699.8**	**(152.1)**	**547.7**	**100.0%**	**705.3**	**(152.2)**	**553.2**	**100.0%**

Notes:
(1) Performing receivables 0-90 DPD
(2) Non-performing receivables 91+ DPD (and, for TBI Bank, shown on a customer level basis)

Summary

- The opportunity for 4finance is significant: uniquely positioned given existing scale, experience and diversification

- Solid results demonstrating resilience of larger online markets and TBI Bank
  - Quarterly interest income >€100m, Adjusted EBITDA c.€30m
  - Further improvement in cost/income ratio, with operating costs down 18% year-on-year

- Strategic initiatives in place to take advantage of medium term opportunities
  - "4finance Next" unit to increase focus on near-prime and partnership opportunities in selected markets
  - Supported by appropriate IT platform and funding (TBI Bank and securitisation)

- Evolving and broadening the business model, with clear focus areas for 2019 and beyond
  - Optimise and Diversify & Grow
  - Maintain appropriate balance to ensure continued strong financial performance

4finance: a multi-segment, multi-product, consumer credit specialist

Thank you and Questions

Appendix – responsible lending and regulatory overview

Sustainability through good governance and responsible lending

Operating as a mainstream consumer finance business

- “Bank-like” policies and procedures with strong compliance function
- Continued investment in AML, GDPR and other strategic compliance priorities
- Robust corporate governance with strong Supervisory Board
- Increasingly regulated by main financial supervisory authorities
- Diversification of portfolio and consequent reduction of reliance on single payment loans
- Clear corporate values and code of conduct
- Listed bond issues with quarterly financial reporting

Developing meaningful and constructive regulatory relationships

- Ensuring we understand the regulatory arc
- Helping regulators and legislators gain a solid understanding of our business
- Ensuring we have a seat at the table
- Contributing to EU Consumer Credit Directive consultation process

Responsible lending: putting customers first

- Offering simple, transparent and convenient products
- Continuous improvements in credit underwriting
- Ensuring products are used appropriately
- Working to ensure customers have safe landings when they signal difficulties

Regulatory overview

<table>
<tr><th>Country</th><th>% of interest income (Q1 2019)</th><th>Products (1)</th><th>Regulator</th><th>CB (2)</th><th>License required (3)</th><th>Interest rate cap (1)</th><th>Status</th></tr>
<tr><td>Argentina</td><td>1%</td><td>SPL</td><td>Consumer Protection Directorate</td><td>-</td><td>-</td><td>-</td><td></td></tr>
<tr><td>Armenia</td><td>2%</td><td>LOC, IL</td><td>Central Bank of the Republic of Armenia</td><td>Yes</td><td>Yes</td><td>Nominal</td><td></td></tr>
<tr><td>Bulgaria – Online</td><td>1%</td><td>SPL</td><td rowspan="2">Bulgarian National Bank</td><td rowspan="2">Yes</td><td rowspan="2">Yes</td><td rowspan="2">APR
(inc. fees)</td><td rowspan="2"></td></tr>
<tr><td>Bulgaria - Bank</td><td>11%</td><td>IL, LOC, POS, SME</td></tr>
<tr><td>Czech Republic</td><td>4%</td><td>SPL, IL</td><td>Czech National Bank</td><td>Yes</td><td>Yes</td><td>-</td><td></td></tr>
<tr><td>Denmark</td><td>11%</td><td>LOC, IL</td><td>Consumer Ombudsman</td><td>-</td><td>-</td><td>-</td><td>New licensing regime from July 2019 led by Danish FSA</td></tr>
<tr><td>Finland</td><td>3%</td><td>SPL, LOC</td><td>Finnish Competition and Consumer Authority</td><td>-</td><td>-</td><td>APR
(inc. fees) (4)</td><td>New rate caps approved in March 2019 with implementation in September 2019</td></tr>
<tr><td>Georgia*</td><td><1%</td><td>SPL, IL</td><td>National Bank of Georgia</td><td>Yes</td><td>Yes</td><td>APR
(inc. fees)
&TCOC</td><td></td></tr>
<tr><td>Latvia</td><td>7%</td><td>MTP, IL, LOC</td><td>Consumer Rights Protection Centre</td><td>-</td><td>Yes</td><td>Nominal, fees & TCOC</td><td>New interest rate cap due to come into force in July 2019</td></tr>
</table>

Notes:
(1) Abbreviations:
APR – Annual Percentage Rate; IL – Instalment loans; LOC – Line of Credit / Credit Cards; MTP – Minimum to pay; POS – Point of Sale; SPL – Single Payment Loans;
SME – Business Banking (Small-Medium Sized Enterprise); TCOC – Total Cost of Credit
(2) Indicates whether the regulator is also the main banking supervisory authority in the relevant market
(3) Indicates license or specific registration requirement
(4) Rate cap currently applies to loans below €2,000

* Discontinued in Q3 2018

Regulatory overview (continued)

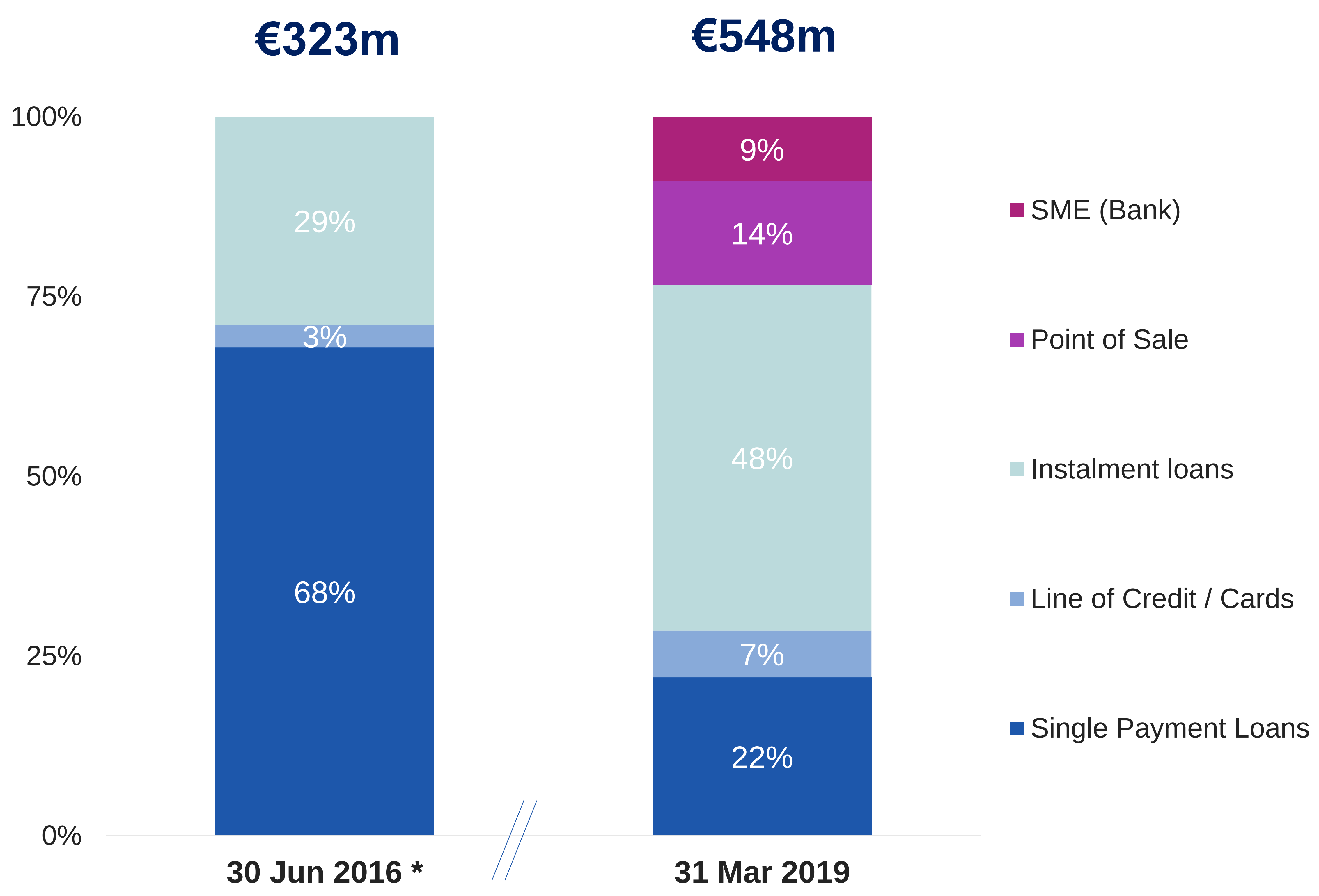
Country	% of interest income (Q1 2019)	Products [(1)]	Regulator	CB [(2)]	License required [(3)]	Interest rate cap [(1)]	Status
Lithuania	2%	SPL, IL	Central Bank of Lithuania	Yes	Yes	Nominal, fees & TCOC	
Mexico	1%	SPL	National Financial Services Consumer Protection Commission	-	Yes	-	
Poland	27%	SPL, IL	Office of Competition and Consumer Protection	-	-	Nominal, fees & TCOC	New consultation launched in February 2019
Romania – Bank	7%	IL, LOC, POS, SME	National Bank of Romania	Yes	Yes	-	Affordability DTI limits introduced in Jan 2019. APR cap regulation declared unconstitutional
Slovakia	<1%	SPL	National Bank of Slovakia	Yes	Yes	APR (inc. fees)	
Spain	18%	SPL, IL	N/A	-	-	-	
Sweden	2%	LOC, IL	Swedish Financial Supervisory Authority	Yes	Yes	Nominal & TCOC	

Notes:
(1) Abbreviations:
APR – Annual Percentage Rate; IL – Instalment loans; LOC – Line of Credit / Credit Cards; POS – Point of Sale; SPL – Single Payment Loans; SME – Business Banking (Small-Medium Sized Enterprise); TCOC – Total Cost of Credit
(2) Indicates whether the regulator is also the main banking supervisory authority in the relevant market
(3) Indicates license or specific registration requirement

Appendix – evolution of portfolio

Evolution of product mix

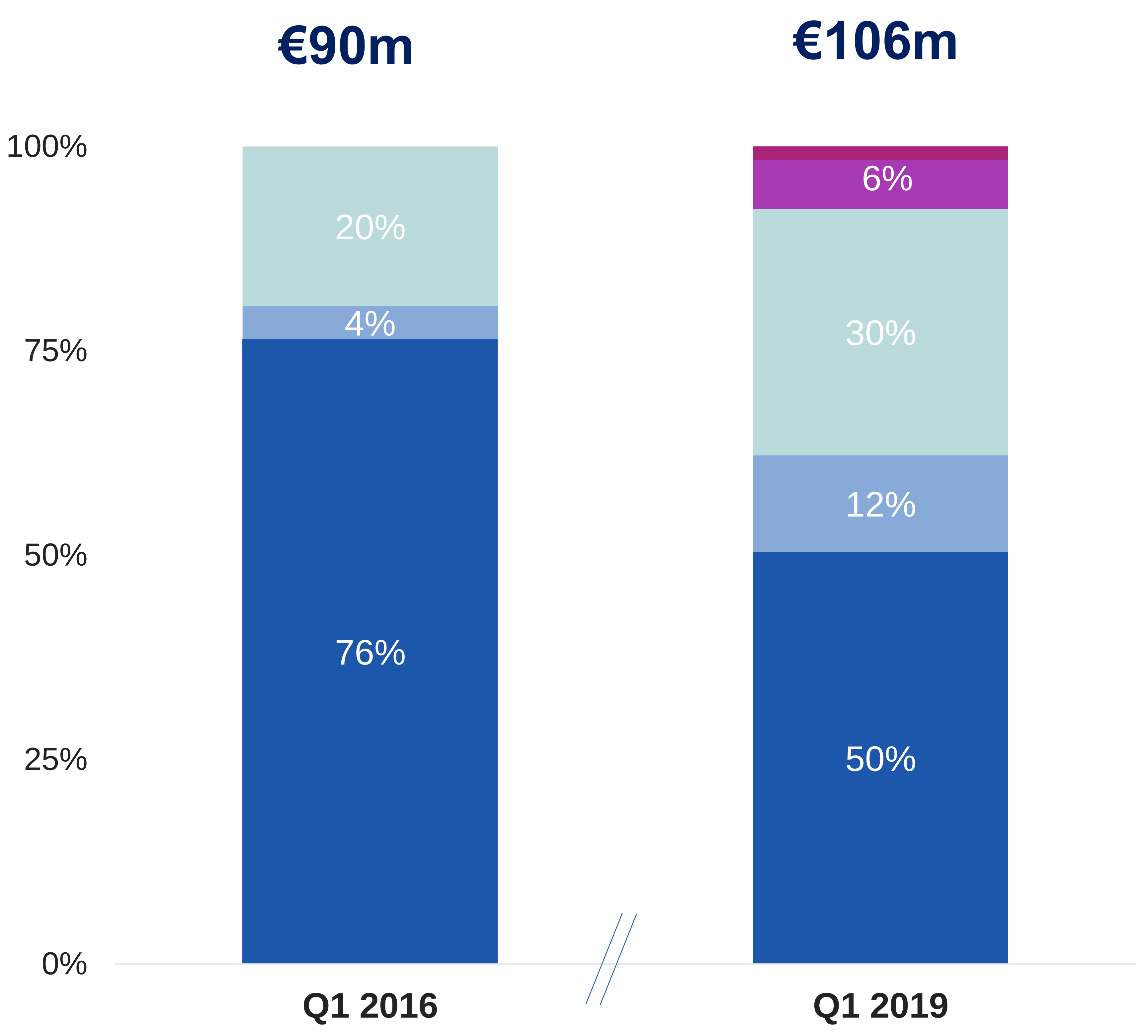
Net receivables by product (1)



Online sub-prime only	Bank and online, near-prime and sub-prime

* Date chosen to reflect the composition of loan portfolio immediately prior to purchase of TBI Bank

Interest income by product (1)



Note:

(1) Reflects reclassification of "Vivus" brand products in Sweden (from January 2016), Denmark (from January 2017) and Armenia (from launch in July 2017) to Lines of Credit

Near prime market tests: Lithuania, Spain & Sweden

Lithuania (2016)

"Evolve existing product and brand"

30%-60% APR

vivus.LT patogi paskola

- Strong brand profile of existing Instalment loan product, with 'trust' levels close to bank brands
- Evolved product in mid-2016 post regulation
- €500 → €1,200 avg. ticket size
- 2 year → 4 year tenor
- ~80% → ~45% avg. pricing
- €15m net portfolio at 31 Mar 2019

Spain (2017)

"Partner-led distribution"

24%-40% APR

fintonic

- Partnered with Fintonic, personal finance manager App with 450k active customers
- 30% of Fintonic users in near-prime/sub-prime segments, allowing highly targeted campaigns
- Response rate and acceptance rate both >75%
- €3,000 avg. ticket size
- 22 months avg. tenor
- Now issuing over €1m per month

Sweden (2018)

"New product & brand on new 4finance platform"

20%-40% APR

Friia

- First product designed on new IT platform
- Clear niche in €2,000 - €5,000 ticket size with tenor up to 4 years
- Build on existing strengths:
  - Modern, innovative brand
  - Simple application
  - Fast online decision and disbursement
- Compliant with new regulations

Asset quality and provisioning – loan principal

	31 March 2019				31 December 2018			
In millions of €, except percentages	Gross amount	Impairment allowance	Net amount	% of Gross Amount	Gross amount	Impairment allowance	Net amount	% of Gross Amount
Online principal								
Performing [1]	285.2	(43.4)	241.8	79.1%	293.1	(44.9)	248.2	79.8%
Non-performing [2]	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 [1]	243.4	(12.4)	231.0	82.7%	246.0	(12.7)	233.3	84.1%
Non-performing [2]	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 group principal								
Performing [1]	528.6	(55.8)	472.8	80.7%	539.1	(57.6)	481.5	81.7%
Non-performing [2]	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%**

Notes:
(1) Performing receivables 0-90 DPD
(2) Non-performing receivables 91+ DPD (and, for TBI Bank, shown on a customer level basis)

Appendix – financials and key ratios

Income statement

In millions of €	Q1 2019 (unaudited)	Q1 2018 (unaudited)	% change YoY
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)%**
Adjusted EBITDA	**29.4**	**32.1**	**(8)%**

Balance sheet

In millions of €	31 March 2019 (unaudited)	31 December 2018
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**

Statement of Cash Flows

In millions of €	3 months to 31 March		12 months to 31 December
	2019	**2018**	**2018**
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**

Statement of Cash Flows (continued)

In millions of €	3 months to 31 March		12 months to 31 December
	2019	2018	2018
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**

Key ratios – profitability

Profitability	3M 2019	3M 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%

Notes:

** 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.* ROAA, ROAE and ROATE also normalised to exclude non-recurring and net FX items.

All ratios are annualised where appropriate

(1) Net Income of the period divided by Average Total Assets for the same period

(2) 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) Interest expense of the Period divided by Average Total Liabilities for the same period

(5) 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) Interest income of the period divided by Average Interest Earning Assets for the same period less Cost of Interest Bearing Liabilities

(7) 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) Profit (Pre-discretionary bonus) before Net impairment losses of the period divided by Average Total Assets for the same period

Key ratios – efficiency

Efficiency	3M 2019	3M 2018	12 months to 31 December 2018
Total Assets/Employee, (in thousands of €) *	358	286	336
Total Operating Income/Employee, (in thousands of €)	135	130	146
Cost/Income Ratio,% (1)	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, % * (2)	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%
Total Employees	2,837	3,475	2,960

Notes:

** 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) Operating costs divided by operating income (revenue)

(2) Total Recurring Operating Costs plus Discretionary Bonus Pool less Depreciation & Amortisation of the period divided by Average Total Assets for the same period

Key ratios – asset quality

Asset Quality	3M 2019	3M 2018	12 months to 31 December 2018
Cost of Risk, % (1)			
- Online	28.9%	27.2%	24.0%
- TBI	4.5%	9.8%	8.0%
- Overall group	18.4%	20.5%	17.7%
Gross NPL ratio, % (2)			
- Online	22.7%	22.1%	22.0%
- TBI	17.3%	14.7%	15.9%
- Overall group	20.4%	19.5%	19.4%
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%
Net impairment / interest income, % (3)	30.4%	29.5%	25.9%

Notes:
All ratios are annualised where appropriate
(1) Net impairment charges divided by Average Gross Receivables for the same period
(2) Non-performing receivables (including accrued interest) with a delay of over 90 days divided by gross receivables (including accrued interest)
(3) Net impairment charges on loans and receivables divided by interest income

Key ratios – liquidity and capitalisation

Liquidity	3M 2019	3M 2018	12 months to 31 December 2018
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, % * (1)	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, % * (2)	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

Capitalisation and ICR	3M 2019	3M 2018	12 months to 31 December 2018
Total Equity/Total Assets, % *	16.1%	14.7%	15.9%
Total Equity/Net receivables, % *	29.9%	26.6%	28.6%
TBI Bank consolidated capital adequacy ratio, % (3)	21.0%	27.6%	22.3%
Interest coverage ('Basic EBITDA'), Times	2.0x	2.2x	2.0x
Adjusted interest coverage, Times (4)	2.0x	2.2x	2.4x

Notes:

** 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) Liquid Assets include Cash and Cash Equivalents and Placements with other banks

(2) Tangible Equity is Total Equity less Intangible Assets. Tangible Assets are Total Assets less Intangible Assets

(3) TBI Bank (Tier One Capital + Tier Two Capital) divided by Risk weighted assets (calculated according to the prevailing regulations of the Bulgarian National Bank)

(4) Adjusted EBITDA divided by interest expense

Glossary/Definitions

- **Adjusted EBITDA** – a non-IFRS measure that represents EBITDA (profit for the period plus tax, plus interest expense, plus depreciation and amortization) as adjusted by income/loss from discontinued operations, non-cash gains and losses attributable to movement in the mark-to-market valuation of hedging obligations under IFRS, goodwill write-offs and certain other one-off or non-cash items. Adjusted EBITDA, as presented 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
- **Adjusted interest coverage** – Adjusted EBITDA / interest expense
- **Cost of risk –** Annualised net impairment loss / average gross receivables (total gross receivables as of the start and end of each period divided by two)
- **Cost / income ratio** – Operating costs / operating income (revenue)
- **Equity / assets ratio –** Total equity / total assets
- **Equity / net receivables** – Total equity / net customer receivables (including accrued interest)
- **Gross NPL ratio** – Non-performing receivables (including accrued interest) with a delay of over 90 days / gross receivables (including accrued interest)
- **Gross receivables** – Total amount receivable from customers, including principal and accrued interest, after deduction of deferred income
- **Intangible assets –** consists of deferred tax assets, intangible IT assets and goodwill
- **Interest income** – Interest and similar income generated from our customer loan portfolio
- **Loss given default –** Loss on non-performing receivables (i.e. 1 - recovery rate) based on recoveries during the appropriate time window for the specific product, reduced by costs of collection, discounted at the weighted average effective interest rate
- **Net effective annualised yield –** annualised interest income (excluding penalties) / average net loan principal
- **Net impairment to interest income ratio –** Net impairment losses 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 (and, for TBI Bank, shown on a customer level basis)
- **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)
- **Return on Average Tangible Equity –** Annualised profit from continuing operations / average tangible equity (tangible 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)

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