4FINANCE HOLDING S.A. REPORTS RESULTS FOR THE YEAR ENDING 31 DECEMBER 2020

Proactive business response to Covid-19, providing continuous service to customers throughout 2020.
Strong performance from TBI Bank. Online business re-focused on core products & markets.
Solid capital and liquidity position with no maturities in 2021.

26 February 2021. 4finance Holding S.A. (the 'Group' or '4finance'), one of Europe's largest digital consumer lending groups, today announces unaudited consolidated results for the twelve months ending 31 December 2020 (the 'Period').

Operational Highlights

- Strong customer repayment dynamics observed since the summer enabled underwriting criteria and acceptance rates to be restored close to normal levels for new and existing customers in most products during H2 2020.
- Proactive operational response to Covid-19 throughout the year enabled continuous service to customers and market share gains in some countries.
- Support made available for customers whose finances have been disrupted, with early and proactive measures including discounted or free payment deferrals. Regulatory-driven programmes now largely finished, with no adverse effect seen in performance of customers coming out of payment deferral periods in relevant markets (Czech Republic and TBI Bank) compared to the rest of the portfolio.
- Subprime loan issuance in Q4 was slightly up on Q3, with issuance volumes of continuing products reaching pre-Covid levels. However the market-wide demand for credit remains subdued, particularly since the reinstatement of 'lockdowns' in many markets towards the end of the year. Investment in marketing remains quite selective in this environment.
- Near-prime portfolio growth continues in Lithuania, Latvia and Denmark, with issuance in the Period up 9% year-on-year (25% in the online business and 7% in TBI Bank) reflecting strong customer demand and the expanded product range. Issuance levels in 2021 will be closely linked to ability to fund via TBI Bank.
- TBI Bank loan issuance volume during the Period grew by 4% year-on-year to €349.8 million from €336.7 million in the prior year period, with increased issuance in the third and fourth quarters in all products.

Financial Highlights

- Interest income of €307.9 million in the Period, down 28% from €424.9 million in the prior year period. The significant reduction in online loan issuance in the spring due to Covid-19 resulted in a lower level of interest income, although issuance and income from continuing products recovered somewhat post summer. Product and market exits have counterbalanced this, so interest income has been similar from Q2 to Q4 at just over €70 million per quarter.
- Cost to income ratio for the Period was 56.9%, vs. 51.3% in 2019, due to the lower interest income, despite bringing down operating costs down 21% year-on-year. Costs were reduced in each quarter of the year, reflecting cost discipline across the Group, the reduction of marketing spend and savings in personnel costs.
- Adjusted EBITDA was €75.1 million for the Period, down 39% year-on-year. The full interest coverage ratio as of the date of this report is 1.8x. The Q4 quarterly EBITDA contribution of €23.1 million was up significantly from Q2 and Q3.
- Post-provision operating profit for the Period was €21.8 million, with a loss before tax of €0.3 million.
- Net receivables totaled €526.4 million as of 31 December 2020, down 9.1% year-to-date. During the fourth quarter, TBI Bank grew net receivables further and the small reduction in online business portfolio was due to run-off products.
- Overall gross NPL ratio at 17.0% as of 31 December 2020 (19.2% for online), compared with 20.7% as of 31 December 2019 (24.9% for online). The resumption of debt sales in most markets in the autumn drove the significant reduction in NPL ratio during the third and fourth quarters. Online NPL ratio helped by increased proportion of near-prime loans.
- Overall cost of risk was 14.2% for the Period, improved from 17.1% in 2019. For the online business it was 24.2% for the Period, compared to 27.5% in 2019, and in TBI Bank it was 6.1% for the Period, compared to 4.6% in 2019.
- Strong funding position, with €80.5 million of online cash at the end of the Period and no debt maturities until 2022, and solid liquidity and capital adequacy at TBI Bank.

Strategic Highlights

- Refocusing online business on core seven markets and products where the Group’s strong brands and experience can deliver superior unit economics.
- At the end of 2020, the near-prime segment (including TBI Bank consumer and online) represented 62% of net receivables, up from 48% at the end of 2019. Single payment loans represent only 13% of the Group’s net receivables.
- TBI Bank performed well throughout 2020, with its strong points-of-sale relationships and market leading digital options helping to grow consumer loan issuance volumes in Q4. However given the regulatory environment, the Group does not expect dividends from TBI to resume until H2 2021 at the earliest.
- Good progress on efficient wind-down of exit markets. Further effort to simplify corporate structure by reducing number of legal entities initiated in December.
- Costs were further reviewed across the Group in Q4 alongside budgeting process, with a focus on efficiency and ensuring our operating approach is consistent with the reduced footprint. Lower cost base going into 2021.
- Closer cooperation with TBI Bank to develop near-prime lending across the business. Initial sales of Lithuanian near-prime loans to TBI Bank planned in March following receipt of formal lending passport in mid February.

Kieran Donnelly, CEO of 4finance, commented:

“We’re seeing the results of a sharper focus, a resilient business model and a return to normality in terms of borrower behaviour. The actions we are taking to right-size our cost base and focus on seven markets with the best return on investment are delivering results.

"Our leaner, more efficient team is optimising our subprime business and developing near-prime in lock-step with TBI Bank and the funding opportunities it presents.

"Strong liquidity, improving NPL ratios in our online business, and continued growth at TBI Bank set us up to take advantage of the emerging recovery and put us in a strong position to grow our share as other providers leave the market.”

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Conference call

A conference call with management to discuss these results is scheduled for **Tuesday, 2nd March 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 9 countries.

Leveraging a high degree of automation and data-driven insights across all aspects of the business, 4finance has grown rapidly, issuing over €8 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 9 countries in Europe. 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 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.

Rounding

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

Inside information

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

Key Financial Ratios

	Year Ended 31 December 2020	Year Ended 31 December 2019	Year Ended 31 December 2018
Capitalisation			
Net receivables (€m), [1] of which:	526.4	578.9	553.2
- Principal	509.1	548.0	521.6
- Accrued interest	17.3	30.9	31.6
Total assets (€m)	951.4	973.1	992.4
Total equity (€m)	150.6	165.8	156.4
Equity / assets [2]	15.8%	17.0%	15.8%
Equity / net receivables [3]	28.6%	28.6%	28.3%
Adjusted interest coverage [4]	1.8x	2.4x	2.5x
TBI Bank consolidated capital adequacy [5]	19.4%	18.9%	22.4%
Profitability			
Net interest margin: [6]			
- Online	60.3 %	81.3 %	88.9 %
- TBI Bank	24.0 %	24.8 %	26.8 %
- Overall group	39.7 %	54.5 %	63.5 %
Cost / income ratio [7]	56.9 %	51.3 %	52.1 %
Post-provision operating profit margin [8]	7.1 %	15.2 %	17.7 %
Normalised Profit before tax margin [9]	2.2 %	11.4 %	15.2 %
Normalised Return on average equity [10]	(9.6)%	16.1 %	31.6 %
Normalised Return on average assets [11]	(1.6)%	2.6 %	4.7 %
Asset quality			
Cost of risk: [12]			
- Online	24.2 %	27.5 %	24.0 %
- TBI Bank	6.1 %	4.6 %	8.0 %
- Overall group	14.2 %	17.1 %	17.7 %
Net impairment / interest income [13]	31.7 %	29.0 %	25.9 %
Gross NPL ratio: [14]			
- Online	19.2 %	24.9 %	22.0 %
- TBI Bank	15.7 %	16.2 %	15.9 %
- Overall group	17.0 %	20.7 %	19.4 %
Overall group NPL coverage ratio[15]	106.0 %	102.0 %	110.6 %

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 for the relevant period (n.b. not equal to the full covenant coverage ratio calculation)
(5) TBI Bank (Tier One Capital + Tier Two Capital) / Risk weighted assets (calculated according to the prevailing regulations of the BNB)
(6) Annualised net interest income / average gross loan principal
(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 twelve months ending 31 December 2020 and 31 December 2019. 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.

	12 months to 31 December		
	2020 (unaudited)	**2019 (unaudited)**	**% change**
	(in millions of €)		
Interest Income	307.9	424.9	(28) %
Interest Expense	(50.1)	(56.8)	(12) %
Net Interest Income	**257.9**	**368.1**	**(30)%**
Net F&C Income	8.9	9.2	(3) %
Other operating income	10.3	8.8	+18 %
Non-Interest Income	**19.2**	**18.0**	**+7 %**
Operating Income (Revenue)	**277.1**	**386.1**	**(28)%**
Total operating costs	**(157.6)**	**(198.2)**	**(21)%**
Pre-provision operating profit	**119.5**	**187.9**	**(36)%**
Net impairment charges	(97.7)	(123.1)	(21) %
Post-provision operating profit	**21.8**	**64.8**	**(66)%**
Depreciation and amortisation	(14.9)	(16.5)	(10) %
Non-recurring income/(expense)	2.3	(0.9)	nm
Net FX gain/(loss)	(5.7)	4.8	nm
One-off adjustments to intangible assets	(3.9)	(1.5)	+161 %
Profit/(loss) before tax	**(0.3)**	**50.7**	**nm**
Income tax expense	(24.0)	(22.3)	+8 %
Net profit/(loss) after tax	**(24.4)**	**28.4**	**nm**

Interest income

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

	12 months to 31 December		
	2020	**2019**	**% change**
Online lending	*(in millions of €, except percentages)*		
Total value of loan principal issued	728.8	1,015.5	(28)%
Average net receivables, of which:	220.1	278.5	(21)%
- Principal	204.4	254.1	
- Accrued interest	15.7	24.4	
Annualised interest income yield on net portfolio (1)	104 %	134 %	
Interest income from online lending	212.2	341.3	(38)%
Banking operations			
Average net receivables, of which:	332.6	287.5	+16 %
- Principal	324.2	280.6	
- Accrued interest	8.4	6.9	
Annualised interest income yield on net portfolio (1)	30 %	30 %	
Interest income from banking operations (2)	95.7	83.6	+14 %

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 €307.9 million, a 28% decrease compared with €424.9 million for the twelve months ending 31 December 2019. The reduction in interest income from online lending was 38%, reflecting the 21% decrease in the average balance of net receivables and a lower average interest yield.

TBI Bank's loan book has continued to grow, with an increase of 16% in average net receivables year-on-year. Its consumer lending (cash lending, point-of-sale lending and credit cards) has average product APRs between 25% and 50% and SME loans with average interest rates of approximately 8-16% 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 €50.1 million, a decrease of 12% compared with €56.8 million for the twelve months ending 31 December 2019. The lower interest expense year-on-year reflects the repayment of the remaining $68 million of USD 2019 bonds in August 2019 and the bond buybacks over the past two years.

The bond buybacks conducted at a discount in 2020 generated substantial one-off gains. This one-off impact has been reflected in the 'non-recurring income/expense' line (as described below) to show a more consistent 'interest expense' result.

Non-interest income

Non-interest income for the period was €19.2 million, a 7% increase compared with €18.0 million reported for the twelve months ending 31 December 2019. The net fee and commission income generated by TBI Bank, primarily fees from insurance sales to its customers, was relatively 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 €157.6 million, a 21% decrease compared with €198.2 million reported for the twelve months ending 31 December 2019. The year-on-year decrease reflects an ongoing focus on cost discipline, the wind-downs of certain products/markets and the Group's response to Covid-19. In 2020, marketing spend was reduced significantly in Q2 and remained limited in Q3 and Q4. Initiatives to reduce personnel costs were implemented in Q2 with the savings visible in Q3 and Q4 results despite severance costs. Other costs such as application processing fees and travel expenses also reduced. Costs in TBI Bank increased in line with business growth and from the purchase of the Group's online business in Bulgaria in April 2019.

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

	12 months to 31 December	
	2020	**2019**
	(in millions of €)	
Personnel costs	82.2	96.8
Marketing and sponsorship	26.1	39.1
IT expenses (including R&D)	14.8	18.0
Legal and consulting	7.8	7.8
Application processing costs	5.2	6.4
Debt collection costs	3.5	4.6
Communication expenses	4.0	4.3
Taxes	1.8	3.7
Bank services	3.3	4.5
Rent and utilities	1.8	2.3
Travel	1.0	2.2
Other	6.1	8.6
Total	**157.6**	**198.2**
Of which:		
TBI Bank	48.4	46.3
4finance 'online' business	109.2	151.9

For the twelve months of 2020 and 2019, marketing and sponsorship costs accounted for 17% and 20% respectively, and personnel costs accounted for 52% and 49%, respectively, of total operating costs. The cost to income ratio for the Period was 56.9%, an increase from 51.3% for the prior year period, impacted by the reduced income from mid-March related to Covid-19. In absolute terms, quarterly costs have been reduced by €12 million in Q4 compared with the first quarter of 2020.

Net impairment charges on loans and receivables

Net impairment charges for the Period were €97.7 million, compared with €123.1 million for the twelve months ending 31 December 2019. Gross impairment charges increased only slightly in the fourth quarter, despite the increased level of loan issuance, with generally good asset quality indicators and an increased proportion of near-prime loans in the online portfolio. Further impairments were taken in Armenia, alongside the wind-down of that portfolio, and in TBI Bank. The external debt sale market began to recover in Q3 and this trend has continued in Q4, with further substantial sales made (e.g. in Poland).

	12 months to 31 December	
	2020	**2019**
	(in millions of €)	
Impairment charges on loans	121.0	148.7
Over provision on debt portfolio (portfolio sale net gains)	(11.6)	(12.0)
Recovery from written-off loans	(11.7)	(13.6)
Net impairment charges	**97.7**	**123.1**

Overall net impairment charges represented 32% of interest income for the Period, an increase from 29% last year, with the encouraging result in Q4 bringing the year-to-date ratio closer to last year. The net impairment charges for the online business compared to average online gross receivables, *i.e.* cost of risk, decreased to 24% in the Period from 28% last year.

Non-recurring income/(expense) and IT intangible asset adjustments

For the year, the Group had a net non-recurring expense (including IT intangible asset adjustments) of €1.5 million. This includes approximately €10 million of one-off gains due to bond buybacks. During the fourth quarter, the Group had non-recurring expenses of €5.3 million. A prudent review of IT intangibles was conducted at year end to reflect recent commercial decisions, e.g. to stop near-prime lending in Sweden which was associated with a separate IT platform pilot. Overall non-cash write-offs of IT intangible assets totaled nearly €4 million. Provisions were also made for early exit of office rental agreements.

Net FX gain/(loss)

Foreign exchange movements resulted in a net loss of €5.7 million for the Period. In the prior year period there was a net FX gain of €4.8 million. The net FX impact in the fourth quarter was approximately €1.1 million income, mainly from US Dollar depreciation against EUR.

Profit/(loss) before tax

For the reasons stated above, the Group made a loss before tax for the Period of €0.3 million, compared with a profit of €50.7 million for the twelve months ending 31 December 2019.

Corporate income tax

The Group’s corporate income tax expense was €24.0 million for the Period, compared with €22.3 million for the twelve months ending 31 December 2019. The following table sets out a breakdown of the Group’s corporate income tax.

	12 months to 31 December	
	2020	**2019**
	(in millions of €)	
Current tax	11.1	19.4
Deferred tax	12.9	2.8
Total	**24.0**	**22.3**

The Group's larger online operations and TBI were profitable, resulting in a tax charge for the period. In addition, Deferred Tax Assets in markets being exited or entities being closed were written off.

Profit/(loss) for the period

For the reasons stated above, the loss for the Period was €24.4 million, compared with a profit of €28.4 million for the twelve months ending 31 December 2019.

Other financial data – EBITDA and Adjusted EBITDA

	Year Ended 31 December 2020	Year Ended 31 December 2019	Year Ended 31 December 2018
		(in millions of €)	
Profit/(loss) for the period	(24.4)	28.4	28.5
Income tax expense	24.0	22.3	26.0
Interest expense	50.1	56.8	62.1
Depreciation and amortisation	14.9	16.5	11.9
EBITDA	**64.6**	**124.0**	**128.5**
Adjustments	10.5	(0.3)	22.0
Adjusted EBITDA (1)	**75.1**	**123.7**	**148.6**

	Year Ended 31 December 2020	Year Ended 31 December 2019	Year Ended 31 December 2018
		(in millions of €)	
Summary breakdown of Adjustments to EBITDA			
Discontinued operations	—	—	(0.1)
Net FX impact	5.7	(4.8)	12.6
One-off costs and other prescribed adjustments	0.9	3.0	2.8
One-off write-down of intangible assets	3.9	1.5	6.7
Total	**10.5**	**(0.3)**	**22.0**

Other financial data – Interest Coverage Ratio

As discussed in the Q2 2020 report, the Group had previously quoted figures for its bond covenant interest coverage ratio calculated using the full IFRS interest expense, including non-cash amortisation of bond issuance costs. Having reviewed the relevant covenant calculations (specifically the definition of 'Fixed Charges' for USD bonds and 'Finance Charges' for EUR bonds), those non-cash accruals should not be included. The relevant calculation on this basis, which is closer to a 'cash interest coverage' metric, as of the date of this report is shown below. The covenants are on an 'incurrence' rather than 'maintenance' basis, so the ratio being below the minimum 2.0x level only restricts certain specified actions (such as dividend payments or allowed parameters of incurrence of indebtedness).

	As of the date of this report (in millions of €)
Pro-forma last 4 quarters Adjusted EBITDA	78.3
Pro-forma last 4 quarters Fixed Charges	42.9
Bond covenant interest coverage ratio	**1.8x**

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. Additional limitations prescribed in USD bonds limiting TBI Bank contribution to Adjusted EBITDA not reflected here.

Balance Sheet

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

	31 December 2020	31 December 2019
	(in millions of €)	
Cash and cash equivalents, of which:	**154.2**	**125.7**
- Online	80.5	76.7
- TBI bank	73.6	49.0
Placements with other banks	10.3	6.4
Gross receivables due from customers	642.5	733.7
Allowance for impairment	(116.1)	(154.8)
Net receivables due from customers, of which:	**526.4**	**578.9**
- Principal	509.1	548.0
- Accrued Interest	17.3	30.9
Net investments in finance leases	4.2	4.7
Net loans to related parties	59.3	60.7
Property and equipment	17.8	17.8
Financial investments	81.3	56.4
Prepaid expenses	4.1	4.5
Tax assets	18.7	21.3
Deferred tax assets	19.6	33.0
Intangible IT assets	10.1	17.8
Goodwill	15.9	16.5
Other assets	29.4	29.5
Total assets	**951.4**	**973.1**
Loans and borrowings	325.9	384.6
Deposits from customers	383.2	322.2
Deposits from banks	16.0	13.0
Corporate income tax payable	3.1	9.5
Other liabilities	72.6	78.0
Total liabilities	**800.8**	**807.4**
Share capital	35.8	35.8
Retained earnings	141.3	165.7
Reserves	(26.4)	(35.7)
Total attributable equity	**150.6**	**165.8**
Non-controlling interests	—	—
Total equity	**150.6**	**165.8**
Total shareholders' equity and liabilities	**951.4**	**973.1**

Assets

The Group had total assets of €951.4 million as of 31 December 2020, compared with €973.1 million as of 31 December 2019. The main changes during the Period were a reduction in the overall net loan portfolio, as described below, an increase in cash & financial investments at TBI Bank and a decrease in intangible assets in the online business.

Loan portfolio

As of 31 December 2020, the Group's net receivables equaled €526.4 million, compared with €578.9 million as of 31 December 2019, representing a decrease of €52.4 million, or 9%. The decrease was largely due to reductions in online lending origination, particularly in the second quarter. TBI Bank contributed €351.7 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, both online (mainly funded outside of TBI Bank) and banking (funded by TBI Bank). 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 (*i.e.* those more than 90 days past due). The Group's Bulgarian online lending operations (vivus.bg) were transferred to TBI Bank in April 2019 and over €3 million of Polish instalment loan gross receivables have been transferred to TBI Bank since September 2019. Both of these portfolios are still classified as 'online' loans in the tables below, and others in this report, to give a more comprehensive picture of asset quality across the online lending products.

	31 December 2020				31 December 2019			
	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	193.1	(21.6)	171.5	80.8 %	285.5	(45.6)	239.9	75.1 %
Non-performing (1)	46.0	(42.8)	3.3	19.2 %	94.6	(69.1)	25.5	24.9 %
Online total	**239.1**	**(64.4)**	**174.8**	**100.0 %**	**380.1**	**(114.7)**	**265.4**	**100.0 %**
TBI Bank receivables								
Performing	339.9	(14.8)	325.1	84.3 %	296.4	(12.0)	284.4	83.8 %
Non-performing (1)	63.5	(36.9)	26.6	15.7 %	57.1	(28.0)	29.1	16.2 %
TBI Bank total	**403.4**	**(51.7)**	**351.7**	**100.0 %**	**353.5**	**(40.1)**	**313.5**	**100.0 %**
Overall receivables								
Performing	533.0	(36.4)	496.6	83.0 %	581.9	(57.7)	524.2	79.3 %
Non-performing (1)	109.5	(79.7)	29.8	17.0 %	151.7	(97.1)	54.6	20.7 %
Overall total	**642.5**	**(116.1)**	**526.4**	**100.0 %**	**733.7**	**(154.8)**	**578.9**	**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 portfolio by product. The Near Prime classification includes the Group's lower APR instalment loan products in Latvia, Lithuania, Spain, Sweden and Denmark.

	31 December 2020		31 December 2019	
	Amount	**% of Portfolio**	**Amount**	**% of Portfolio**
Online performing gross portfolio by product:	*(in millions of €, except percentages)*			
Single Payment Loans	76.6	39.7 %	113.3	39.7 %
Lines of Credit (1)	24.8	12.9 %	45.0	15.8 %
Instalment Loans	44.4	23.0 %	95.5	33.5 %
Near Prime (2)	47.2	24.5 %	31.7	11.1 %
Total online gross performing portfolio	**193.1**	**100.0 %**	**285.5**	**100.0 %**

Notes: (1) Includes Minimum-to-Pay products

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

Online non-performing loan portfolio

As of 31 December 2020, the Group's non-performing online portfolio was €46.0 million, a decrease of €48.6 million since 31 December 2019. The gross NPL ratio was 19.2% for online receivables as of 31 December 2020, compared to 24.9% as of 31 December 2019. Having increased in the first half of the year due to delays in the debt sale market, the NPL ratio was reduced significantly in Q3 and Q4 as those sales resumed. In addition, near-prime loans have become an increasing part of the online portfolio, improving the overall asset quality mix.

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 €6.3 million, or 14%, of non-performing receivables. Penalties and delay fees are not accrued as receivables and are only recognised as income when payment is received.

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

	31 December 2020	31 December 2019
	(in millions of €, except percentages)	
Non-performing online portfolio by product:		
Single Payment Loans	19.9	37.8
Lines of Credit	9.8	14.7
Instalment Loans	13.0	39.2
Near Prime	3.3	3.0
Total non-performing online portfolio	**46.0**	**94.6**
Allowance for NPL principal	35.4	59.0
Allowance for NPL principal / non-performing principal	89 %	77 %
Overall receivables allowance / NPL receivables	140 %	121 %
Average Loss Given Default rate	74 %	75 %

Other assets

A breakdown of the Group's other assets is presented in the table below. The 'derivative' and 'FX hedging - funds on margin' lines relates mainly to the Group's EUR/USD and EUR/PLN currency hedges, where additional margin funds were provided to counterparties in Q4.

	31 December 2020	31 December 2019
	(in millions of €)	
FX hedging - funds on margin	12.3	1.6
Derivatives	2.1	5.5
Non-current assets held for sale	3.9	4.3
Receivables from suppliers	3.3	7.5
Investments in associates	2.1	2.1
Security deposits	0.9	1.4
Other non-customer receivables	4.8	7.1
Total	**29.4**	**29.5**

Liabilities

The Group had total liabilities of €800.8 million as of 31 December 2020, compared with €807.4 million as of 31 December 2019, representing a decrease of €6.6 million.

Loans and borrowings

As of 31 December 2020, the Group had loans and borrowings of €325.9 million, compared with €384.6 million as of 31 December 2019. The Group's loans and borrowings accounted for 41% of total liabilities as of 31 December 2020 and 48% of total liabilities as of 31 December 2019. The following table sets out the loans and borrowings by type.

In October 2020, 4finance S.A. repurchased a further $2.3 million of its USD bonds, bringing the total of USD bonds held in treasury to $96.9 million as of 31 December 2020. No purchases of EUR bonds have been made since Q2, so the Group continues to hold €1.1 million of its EUR bonds in treasury.

	31 December 2020	31 December 2019
	(in millions of €)	
EUR bonds	143.9	147.1
USD bonds	181.9	237.4
Other	0.1	0.0
Total loans and borrowings (1)	**325.9**	**384.6**

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

In May 2016, 4finance S.A. issued €100.0 million of 11.25% 5 year notes (the *'EUR bonds'*). The EUR 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. Following a bondholder vote, in August 2020 the maturity of the EUR bonds was extended to February 2022, and they are callable at 104% until that date.

In April 2017, 4finance S.A. issued US$325.0 million of 10.75% 5 year notes (the *'USD bonds')* which are listed on the Irish Stock Exchange and will mature in May 2022. An IFRS 9 adjustment as of 1 January 2018 resulted in a €5.2 million decrease to the carrying value from the revaluation at the original effective interest rate of a proportion of US$ 2022 bond carried over from original US$ 2019 bond (to be amortised over remaining life of bond in 'interest expense'). The USD bonds are currently callable at 102.7%.

Customer deposits

As of 31 December 2020, the Group had total customer deposits of €383.2 million. Banking operations contributed €371.4 million in net deposits at an average all-in cost of approximately 1.7% with the balance from 4spar in Sweden at an average cost of 6.6%. 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.

	31 December 2020	31 December 2019
	(in millions of €, except percentages)	
Accrued expenses	13.3	21.0
FX hedging liability	10.6	7.1
Lease liabilities (IFRS 16)	10.3	9.0
Taxes payable	7.5	8.5
Accounts payable to suppliers	6.9	8.0
Provisions for unused vacations	2.0	2.3
Other liabilities	22.0	22.1
Total	**72.6**	**78.0**

Equity

As of 31 December 2020, the Group's total equity amounted to €150.6 million, compared with €165.8 million as of 31 December 2019, representing a decrease of €15.2 million, or 9%. In the fourth quarter, the reduction in equity from the net loss in the quarter was partly offset by increases in FX reserves and other fair value adjustments. The Group's equity to assets ratio as of 31 December 2020 was 16%.

The equity to net receivables ratio as of 31 December 2020 was 29%, reflecting the Group's strong capitalisation, with good headroom to bond covenants.

Off-balance sheet arrangements

The Group's total off-balance sheet commitments as of 31 December 2020 were €36.2 million. This includes TBI Bank's undrawn lending commitments of €35.6 million and financial guarantees €0.4 million, plus €0.2 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 are designed to limit overall exposure to currency movements.

Condensed Consolidated Statement of Cash Flows for the Period

	12 months to 31 December	
	2020	**2019**
Cash flows from operating activities	*(in millions of €)*	
Profit/(loss) before taxes	**(0.3)**	**50.7**
Adjustments for:		
Depreciation and amortisation	14.7	16.5
Impairment of goodwill and intangible assets	0.6	(0.6)
Net (gain) / loss on foreign exchange from borrowings and other monetary items	(4.6)	5.0
Impairment losses on loans	121.0	148.5
Reversal of provision on debt portfolio sales	(11.6)	(12.0)
Write-off and disposal of intangible and property and equipment assets	5.0	1.6
Interest income from non-customers loans	(8.1)	(7.3)
Interest expense on loans and borrowings and deposits from customers	50.1	56.8
Non-recurring finance income	(11.3)	—
Other non-cash items, including gain/loss on disposals	5.1	0.9
Profit before adjustments for the effect of changes to current assets and short-term liabilities	160.6	259.9
Adjustments for:		
Change in financial instruments measured at fair value through profit or loss	7.4	(5.9)
(Increase)/decrease in other assets (including TBI statutory reserve, placements & leases)	(4.3)	10.8
(Decrease) in accounts payable to suppliers, contractors and other creditors	(9.0)	(1.1)
Operating cash flow before movements in portfolio and deposits	**154.6**	**263.7**
Increase in loans due from customers	(92.1)	(224.8)
Proceeds from sale of portfolio	28.0	63.2
Increase in deposits (customer and bank deposits)	63.9	47.5
Deposit interest payments	(5.6)	(4.4)
Gross cash flows from operating activities	**148.9**	**145.3**
Corporate income tax paid	(15.0)	(33.3)
Net cash flows from operating activities	**133.9**	**112.0**
Cash flows used in investing activities		
Purchase of property and equipment and intangible assets	(6.4)	(8.3)
Net cash from Purchase / Sale of financial instruments	(21.2)	(30.8)
Loans repaid from related parties	—	4.1
Interest received from related parties	9.2	8.2
Acquisition of subsidiaries, net of cash acquired	—	(0.3)
Disposal of subsidiaries, net of cash disposed	(1.0)	—
(Acquisition)/Disposal of equity investments	(1.4)	7.9
Acquisition of non-controlling interests	(0.4)	(0.4)
Net cash flows used in investing activities	**(21.2)**	**(19.6)**
Cash flows from financing activities		
Loans received and notes issued	0.1	—
Repayment and repurchase of loans and notes	(35.3)	(84.1)
Interest payments	(39.7)	(49.6)
Costs of notes issuance/amendment	(1.0)	—
FX hedging margin	(11.0)	9.0
Payment of lease liabilities	(4.2)	(4.3)
Dividend payments	—	(14.0)
Net cash flows used in financing activities	**(91.0)**	**(143.0)**
Net increase/(decrease) in cash and cash equivalents	**21.7**	**(50.6)**
Cash and cash equivalents at the beginning of the period	**98.5**	**148.8**
Effect of exchange rate fluctuations on cash	0.4	0.3
Cash and cash equivalents at the end of the period	**120.6**	**98.5**
TBI Bank minimum statutory reserve	**33.6**	**27.2**
Total cash on hand and cash at central banks	**154.2**	**125.7**

Net cash flows from operating activities in the Period were €133.9 million compared with €112.0 million in the same period last year, mainly due to lower levels of loan issuance, offsetting the reduced operating profit. Net cash flows used in investing activities were €21.2 million in the Period, mainly due to purchases of financial instruments at TBI Bank in the last two quarters. The Group's cash flows used in financing activities include the repurchases of its EUR and USD bonds, amendment fees paid on EUR bonds and coupon payments in the Period.

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

The Group finalised the purchase of TBI Bank EAD ('TBI Bank'), via the acquisition of TBIF Financial Services B.V., in August 2016. Presented here for illustration and reference are TBI Bank's results for the twelve months ending 31 December 2020 and twelve months ending 31 December 2019. Following TBI Bank's purchase of the Group's Bulgarian online lending business (vivus.bg) in April 2019, this is included in the consolidation for the 2020 results presented here.

Income statement

The table below sets out the consolidated income statement for TBI Bank, presented on the same basis as the Group's income statement for ease of comparison.

	12 months to 31 December	
	2020	**2019**
	(in millions of €)	
Interest Income	93.5	82.8
Interest Expense	(4.9)	(3.7)
Net Interest Income	**88.6**	**79.1**
Net F&C Income	9.1	10.1
Other operating income	1.6	0.9
Non-Interest Income	**10.7**	**11.1**
Operating Income	**99.3**	**90.2**
Total operating costs	**(49.2)**	**(46.6)**
Pre-provision operating profit	**50.1**	**43.5**
Net impairment charges	(22.9)	(15.0)
Post-provision operating profit	**27.2**	**28.6**
Depreciation and amortisation	(2.0)	(1.4)
Non-recurring income/(expense)	0.9	1.2
Net FX gain/(loss)	(2.8)	(2.3)
Pre-tax profit	**23.2**	**26.1**
Income tax expense	(3.8)	(3.7)
Net profit after tax	**19.3**	**22.4**

Balance sheet

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

	31 December 2020	31 December 2019
	(in millions of €)	
Cash and cash equivalents	75.3	49.9
Placements with other banks	10.3	6.4
Gross receivables due from customers	405.9	357.8
Allowance for impairment	(52.6)	(40.5)
Net receivables due from customers	**353.3**	**317.3**
Net investments in finance leases	4.9	5.7
Property and equipment	10.6	9.2
Financial assets	80.8	59.9
Tax assets	2.0	1.5
Prepaid expenses	1.3	1.1
Intangible assets	6.6	5.5
Other assets	10.5	7.9
Total assets	**555.6**	**465.2**
Loans and borrowings	0.0	0.0
Deposits from customers	374.9	311.8
Deposits from banks	16.0	13.0
Other liabilities	29.2	23.9
Total liabilities	**420.1**	**348.8**
Share capital	41.7	41.7
Retained earnings	92.5	74.4
Reserves	1.2	0.3
Total equity	**135.4**	**116.4**
Total shareholders' equity and liabilities	**555.6**	**465.2**

Financial assets include mainly government and other bonds held by TBI Bank for liquidity purposes.

Loan portfolio

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

	31 December 2020	31 December 2019	% Change
Gross receivables by type	*(in millions of €)*		
Consumer	333.8	289.0	16 %
SME (including financial leases)	77.3	75.0	3 %
Total gross receivables	**411.1**	**364.0**	**13 %**
Provisions	(53.0)	(41.0)	29 %
Total net receivables	**358.1**	**323.0**	**11 %**

As of 31 December 2020, consumer loans made up 81% of TBI Bank's gross loans, slightly up from 79% as of 31 December 2019. The overall loan portfolio has a roughly equal contribution from both Bulgaria and Romania.

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

	Consumer	SME (incl. leases)	Overall
Non-performing receivables to gross receivables ratio	15.3 %	18.3 %	15.8 %
Provision coverage [(1)]	91.6 %	36.3 %	79.9 %

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 December 2020	31 December 2019	% Change
	(in millions of €)		
Customer accounts of consumers	341.4	281.0	22 %
- Current accounts	33.1	27.0	23 %
- Term deposits	308.3	254.0	21 %
Customer accounts of SMEs	33.4	31.0	8 %
- Current accounts	17.9	17.0	5 %
- Term deposits	15.5	14.0	11 %

TBI Bank increased deposits and liquidity again in Q4 2020 to support business growth. The average interest rate paid on term deposits varies by type and currency, ranging from 0.1% to 4.4%. Deposit costs (excluding the state deposit guarantee fund annual charge) were 1.3% for the Period.

Capital and liquidity ratios

TBI Bank continues to have a strong capital and liquidity position. The table below shows TBI Bank's statutory capital and liquidity ratios as of 31 December 2020. 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 increased by a further 50bps to 14.75% in October 2019.

	Standalone	Consolidated
Common equity Tier 1 ratio	19.9 %	19.4 %
Capital adequacy	19.9 %	19.4 %
Liquidity ratio	31.8 %	
Liquidity coverage ratio	283.0 %	316.2 %

HISTORIC QUARTERLY RESULTS APPENDIX

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

Income statement

(in millions of €)	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020
Interest Income	**113.7**	**106.5**	**106.9**	**105.7**	**104.8**	**96.6**	**70.4**	**70.3**	**70.6**
Interest Expense	(15.7)	(15.0)	(15.0)	(14.2)	(13.0)	(13.1)	(12.5)	(12.3)	(12.2)
Net Interest Income	**98.0**	**91.5**	**91.9**	**91.5**	**91.9**	**83.5**	**57.9**	**58.0**	**58.4**
Net F&C Income	2.3	2.1	1.9	2.4	2.8	2.4	1.5	2.7	2.3
Other operating income	2.5	2.2	2.2	2.1	2.3	2.3	2.7	2.9	2.5
Non-Interest Income	**4.8**	**4.3**	**4.0**	**4.5**	**5.2**	**4.7**	**4.2**	**5.6**	**4.8**
Operating Income	**102.7**	**95.7**	**95.9**	**96.0**	**97.0**	**88.2**	**62.2**	**63.6**	**63.2**
Total operating costs	**(53.7)**	**(49.8)**	**(50.3)**	**(48.1)**	**(49.4)**	**(46.7)**	**(39.8)**	**(36.5)**	**(34.6)**
Pre-provision operating profit	**49.0**	**45.9**	**45.6**	**48.0**	**47.6**	**41.5**	**22.4**	**27.0**	**28.6**
Net impairment charges	(29.1)	(32.4)	(28.1)	(31.9)	(30.5)	(31.2)	(26.4)	(21.1)	(19.0)
Post-provision operating profit	**19.9**	**13.5**	**17.5**	**16.1**	**17.1**	**10.3**	**(4.0)**	**6.0**	**9.6**
Depreciation and amortisation	(3.4)	(3.2)	(3.9)	(4.5)	(4.9)	(3.2)	(3.8)	(3.8)	(4.1)
Non-recurring income/(expense)	(1.5)	(0.1)	0.3	0.2	(0.8)	(3.5)	6.1	1.8	(2.1)
Net FX	5.3	1.6	1.5	(0.4)	2.0	(3.4)	(0.6)	(2.9)	1.1
One-off adj. of intangible assets	(6.7)	—	(0.2)	(0.1)	(1.1)	—	—	(0.6)	(3.2)
Pre-tax profit	**13.6**	**11.9**	**15.2**	**11.3**	**12.3**	**0.2**	**(2.4)**	**0.5**	**1.3**
Income tax expense	(12.1)	(6.2)	(5.8)	(5.4)	(4.9)	(2.7)	(4.6)	(6.6)	(10.2)
Net profit after tax	**1.5**	**5.7**	**9.4**	**5.8**	**7.4**	**(2.5)**	**(6.9)**	**(6.1)**	**(8.9)**
EBITDA	**32.7**	**30.1**	**34.0**	**30.0**	**30.2**	**16.5**	**14.0**	**16.5**	**17.6**
Adjusted EBITDA	**34.5**	**29.4**	**33.1**	**31.2**	**30.0**	**23.3**	**10.0**	**18.8**	**23.1**

Loan issuance *(in millions of €)*									
Total value of online loans issued	**276.7**	**260.0**	**263.2**	**253.9**	**238.5**	**214.4**	**139.2**	**184.7**	**190.4**
Single Payment Loans [(1)]	195.1	167.2	169.8	170.9	162.3	148.3	92.2	138.3	150.3
Instalment Loans	38.5	39.5	35.1	23.4	21.2	16.7	8.2	16.7	13.7
Near-prime Loans	5.6	6.8	9.9	12.3	8.4	11.2	10.7	13.2	11.7
Lines of Credit [(2)]	37.5	46.5	48.5	47.4	46.6	38.2	28.1	16.6	14.8
Total value of TBI Bank loans issued	**86.9**	**68.2**	**78.0**	**87.2**	**103.3**	**77.1**	**73.1**	**94.8**	**104.7**
SME	9.9	10.1	13.4	15.6	13.4	8.7	6.3	14.4	15.3
Consumer	77.0	58.1	64.6	71.5	89.8	68.4	66.8	80.4	89.4

Notes: (1) Reflects reclassification of 'Vivus' brand products in Denmark, Sweden and Armenia, and (from Q1 2019 onwards) the 'SMS Credit' and 'Ondo' products in Latvia to Lines of Credit. Also includes vivus.bg online business in Bulgaria.

(2) Includes Point of Sale Loans

Loan portfolio (receivables, including accrued interest)

(in millions of €)	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020
Single payment loans (1)								
- Performing	116.3	116.1	114.4	113.3	100.8	71.4	76.4	76.6
- NPL (2)	31.8	34.7	42.6	37.8	44.1	40.5	19.4	19.9
- Total gross receivables	**148.1**	**150.8**	**157.0**	**151.1**	**145.0**	**111.9**	**95.8**	**96.6**
- Provisions	(44.1)	(47.1)	(54.1)	(49.8)	(55.6)	(46.1)	(26.8)	(28.7)
- Net receivables	**104.0**	**103.7**	**102.9**	**101.3**	**89.3**	**65.9**	**69.0**	**67.8**
- Provisions to gross receivables	29.8 %	31.2 %	34.4 %	33.0 %	38.4 %	41.2 %	28.0 %	29.8 %
- Gross NPL ratio	21.5 %	23.0 %	27.1 %	25.0 %	30.4 %	36.2 %	20.3 %	20.6 %
Instalment loans (3)								
- Performing	144.9	150.2	141.6	127.2	112.3	98.8	96.7	91.6
- NPL (2)	41.8	27.9	35.2	42.1	41.2	41.3	33.0	16.3
- Total gross receivables	**186.7**	**178.1**	**176.8**	**169.4**	**153.5**	**140.0**	**129.8**	**108.0**
- Provisions	(50.4)	(43.2)	(46.6)	(49.0)	(46.3)	(43.8)	(37.8)	(24.6)
- Net receivables	**136.3**	**134.9**	**130.3**	**120.4**	**107.2**	**96.2**	**92.0**	**83.4**
- Provisions to gross receivables	27.0 %	24.3 %	26.3 %	28.9 %	30.2 %	31.3 %	29.1 %	22.8 %
- Gross NPL ratio	22.4 %	15.7 %	19.9 %	24.9 %	26.9 %	29.5 %	25.5 %	15.1 %
Lines of Credit (4)								
- Performing	46.9	44.1	44.6	45.0	42.2	37.3	29.5	24.8
- NPL (2)	17.0	11.5	12.2	14.7	15.3	14.2	13.0	9.8
- Total gross receivables	**63.9**	**55.6**	**56.8**	**59.6**	**57.5**	**51.5**	**42.5**	**34.6**
- Provisions	(17.3)	(12.9)	(14.1)	(15.9)	(16.7)	(15.1)	(14.7)	(11.1)
- Net receivables	**46.6**	**42.7**	**42.7**	**43.7**	**40.8**	**36.4**	**27.8**	**23.5**
- Provisions to gross receivables	27.0 %	23.3 %	24.8 %	26.7 %	29.1 %	29.3 %	34.6 %	32.0 %
- Gross NPL ratio	26.6 %	20.7 %	21.5 %	24.6 %	26.6 %	27.6 %	30.6 %	28.2 %
Total Online receivables								
- Performing	308.1	310.4	300.7	285.5	255.3	207.4	202.6	193.1
- NPL (2)	90.6	74.1	90.0	94.6	100.6	96.0	65.5	46.0
- Total gross receivables	**398.6**	**384.5**	**390.6**	**380.1**	**355.9**	**303.5**	**268.0**	**239.1**
- Provisions	(111.8)	(103.2)	(114.7)	(114.7)	(118.7)	(105.0)	(79.2)	(64.4)
- Net receivables	**286.9**	**281.3**	**275.9**	**265.4**	**237.3**	**198.5**	**188.8**	**174.8**
- Provisions to gross receivables	28.0 %	26.8 %	29.4 %	30.2 %	33.3 %	34.6 %	29.6 %	26.9 %
- Gross NPL ratio	22.7 %	19.3 %	23.0 %	24.9 %	28.3 %	31.6 %	24.4 %	19.2 %
TBI Bank								
- Performing	249.0	258.7	274.8	296.4	292.7	290.0	313.2	339.9
- NPL (2)	52.1	49.8	53.5	57.1	55.6	61.3	62.4	63.5
- Total gross receivables	**301.1**	**308.5**	**328.3**	**353.5**	**348.2**	**351.3**	**375.6**	**403.4**
- Provisions	(40.3)	(38.5)	(41.4)	(40.1)	(42.9)	(47.6)	(49.3)	(51.7)
- Net receivables	**260.8**	**270.0**	**286.9**	**313.5**	**305.3**	**303.7**	**326.3**	**351.7**
- Provisions to gross receivables	13.4 %	12.5 %	12.6 %	11.3 %	12.3 %	13.5 %	13.1 %	12.8 %
- Gross NPL ratio	17.3 %	16.2 %	16.3 %	16.2 %	16.0 %	17.5 %	16.6 %	15.7 %

Notes: (1) Single Payment Loan portfolio shown in this table reflects the reclassification of 'Vivus' products in Sweden, Denmark and Armenia, and (from Q1 2019 onwards) the 'SMS Credit' and 'Ondo' products in Latvia to Lines of Credit. Also includes vivus.bg online business in Bulgaria.

(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

	12 months to 31 December	
Profitability	**2020**	**2019**
ROAA, % * [(1)]	(1.6)%	2.6 %
ROAE, % * [(2)]	(9.6)%	16.1 %
ROATE, % *	(15.0)%	29.0 %
Interest Income / Average Interest Earning Assets, % [(3)]	44.2 %	58.4 %
Interest Income / Average Gross Loan Portfolio, %	48.4 %	64.0 %
Interest Income / Average Net Loan Portfolio, %	60.5 %	80.6 %
Interest Expense / Interest Income, %	16.3 %	13.4 %
Cost Of Funds, % [(4)]	6.2 %	6.9 %
Cost Of Interest Bearing Liabilities, % [(5)]	7.1 %	7.8 %
Net Spread, % [(6)]	37.1 %	50.6 %
Net interest margin, % [(7)]		
- Online	60.3 %	81.3 %
- TBI Bank	24.0 %	24.8 %
- Overall group	39.7 %	54.5 %
Net effective annualised yield [(8)]	56.1 %	75.9 %
Net Fee & Commission Income / Total Operating Income, %	3.2 %	2.4 %
Earnings Before Taxes / Average Total Assets, % *	0.7 %	4.9 %
Efficiency		
Total Assets / Employee, (in thousands of €) *	414	356
Total Operating Income / Employee, (in thousands of €)	121	141
Cost / Income Ratio, % [(9)]	56.9 %	51.3 %
Total Recurring Operating Costs / Average Total Assets, % *	16.4 %	20.2 %
Total Operating Income / Average Total Assets, % *	28.8 %	39.3 %
Personnel Costs / Total Recurring Operating Costs, %	52.2 %	48.8 %
Personnel Costs / Total Operating Income, %	29.7 %	25.1 %
Net Operating Income / Total Operating Income, % *	44.5 %	49.0 %
Net Income (Loss) / Total Operating Income, % *	(6.7)%	7.7 %
Profit before tax / Interest income, % *	2.2 %	11.4 %
Liquidity		
Net Loan Receivables / Total Assets, % *	55.0 %	59.4 %
Average Net Loan Receivables / Average Total Assets, % *	57.4 %	57.6 %
Net Loan Receivables / Total Liabilities, %	65.7 %	71.7 %
Interest Earning Assets / Total Assets, % *	68.2 %	75.9 %
Average Interest Earning Assets / Average Total Assets, % *	72.4 %	74.0 %
Liquid Assets / Total Assets, % * [(10)]	17.2 %	13.6 %
Liquid Assets / Total Liabilities, %	20.5 %	16.4 %
Total Deposits / Total Assets, % *	40.0 %	33.1 %
Total Deposits / Total Liabilities, %	47.9 %	39.9 %
Total Deposits / Shareholders' Equity, Times *	2.5x	1.9x
Leverage (Total Liabilities / Equity), Times *	5.1x	4.8x
Tangible Common Equity / Tangible Assets * [(11)]	11.6 %	10.9 %
Tangible Common Equity / Net Receivables	19.9 %	17.0 %
Net Loan Receivables / Equity, Times *	3.4x	3.5x

Asset quality	12 months to 31 December 2020	2019
Loan Loss Reserve / Gross Receivables from Clients, %	18.1 %	21.1 %
Average Loan Loss Reserve / Average Gross Receivables from Clients, %	19.7 %	21.3 %
Cost of risk, % (12)		
- Online	24.2 %	27.5 %
- TBI Bank	6.1 %	4.6 %
- Overall Group	14.2 %	17.1 %
Gross NPL ratio, % (13)		
- Online	19.2 %	24.9 %
- TBI Bank	15.7 %	16.2 %
- Overall group	17.0 %	20.7 %
Net impairment / Interest income, % (14)	31.7 %	29.0 %
Credit Metrics		
Total Equity / Total Assets, % *	15.8 %	17.0 %
Total Equity / Net Loan Receivables, %	28.6 %	28.6 %
Adjusted Interest Coverage, Times (15)	1.8x	2.4x
TBI Bank consolidated capital adequacy, % (16)	19.4 %	18.9 %

Selected Operating Data	31 December 2020	31 December 2019
Total Employees	2,297	2,730

*Normalised ratios are adjusted to remove the effect of non-recurring items, net FX and one-off adjustments to intangible assets.
All ratios are annualised where appropriate.

(1) Return On Average Total Assets (ROAA) equals Net Income of the period / Average Total Assets for the same period
(2) Return On Average Total Equity (ROAE) equals Net Income of the period / 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 / Average Total Liabilities for the same period
(5) Cost Of Interest-Bearing Liabilities equals Interest Expense of the period / 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 / Average Interest Earning Assets for the same period less Cost of Interest Bearing Liabilities
(7) Net interest margin equals Net interest income / 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) Cost to Income ratio equals Operating costs / Operating income (revenue)
(10) Liquid Assets / Total Assets; Liquid assets include Cash and cash equivalents and Placements with other banks
(11) Tangible Common Equity / Tangible Assets. Tangible equity is Total Equity less Intangible Assets. Tangible Assets are Total Assets less Intangible Assets
(12) Cost Of Risk (Receivables only) equals Net impairment charges / Average Gross Receivables for the same period
(13) Gross NPL ratio equals Non-performing receivables (including accrued interest) with a delay of over 90 days / Gross receivables (including accrued interest)
(14) Net impairment charges on loans and receivables / interest income
(15) Adjusted Interest Coverage for the Period equals Adjusted EBITDA / Interest expense for the relevant period (n.b. not equal to the full covenant coverage ratio calculation)
(16) TBI Bank (Tier One Capital + Tier Two Capital) / Risk weighted assets (calculated according to the prevailing regulations of the BNB)

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 for the relevant period (n.b. not equal to the full covenant coverage ratio calculation)

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 20 November 2020.

Acquisitions and disposals

At the end of December 2020, following the decision to stop lending in Finland earlier in the year, the Group sold 4finance Oy (Finland) to 4finance Group S.A. As such, 4finance Oy is no longer a Guarantor of the EUR or USD bonds.

Changes in management

As previously announced on 24 November 2020, James Etherington was appointed Group CFO and Marek Kujawa was appointed Group CRO, on 1 December 2020.

James Etherington was previously head of investor relations at 4finance, with a particular focus on the Group's capital markets funding. He has 18 years' experience in financial services including with Ecobank, Morgan Stanley, RBS and Renaissance Capital. As of 1 January 2021, James replaced Paul Goldfinch on the boards of 4finance SA and 4finance Holding SA.

Marek Kujawa was previously regional CRO at 4finance, with responsibility for key markets including Poland and Spain. Marek has 19 years' experience in risk management across banks and online lenders.

Regulatory changes

In Poland: the Government has passed a law to prolong the temporary reduction in non-interest cost caps from March to June 2021.

In Denmark: the Consumer Ombudsman and Financial Services Authority have shared draft proposals for new creditworthiness assessment rules. The financial services industry and a range of other affected sectors have given detailed feedback to the FSA.

In Sweden, 4spar deposit company: a law rescinding the category of deposit company was passed in November 2020, with all entities being permitted until the end of 2021 to return funds to depositors. This wind down period allows the Group to continue operating the 4spar business until the end of this year.

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