# 4finance Holding SA

Investor presentation for three month 2023 results

19 May 2023

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# 4finance at a glance

**Founded in 2008, 4finance is one of the largest digital consumer lending groups in its markets in Europe and South-East Asia**

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### Diversified online lending business

- 7 markets
- Rebound post-Covid
- Healthy cashflow generation
- Serving sub-prime and underbanked

vivus | SMSCREDIT.LV nauda īstajā brīdī | zaplo | Online Loans Pilipinas

### EU-licensed bank

- 3 markets, with passporting to additional four markets
- €192m book value
- 22% compound growth in net receivables since acquisition in 2016
- Well capitalised, resuming dividends

tbi bank

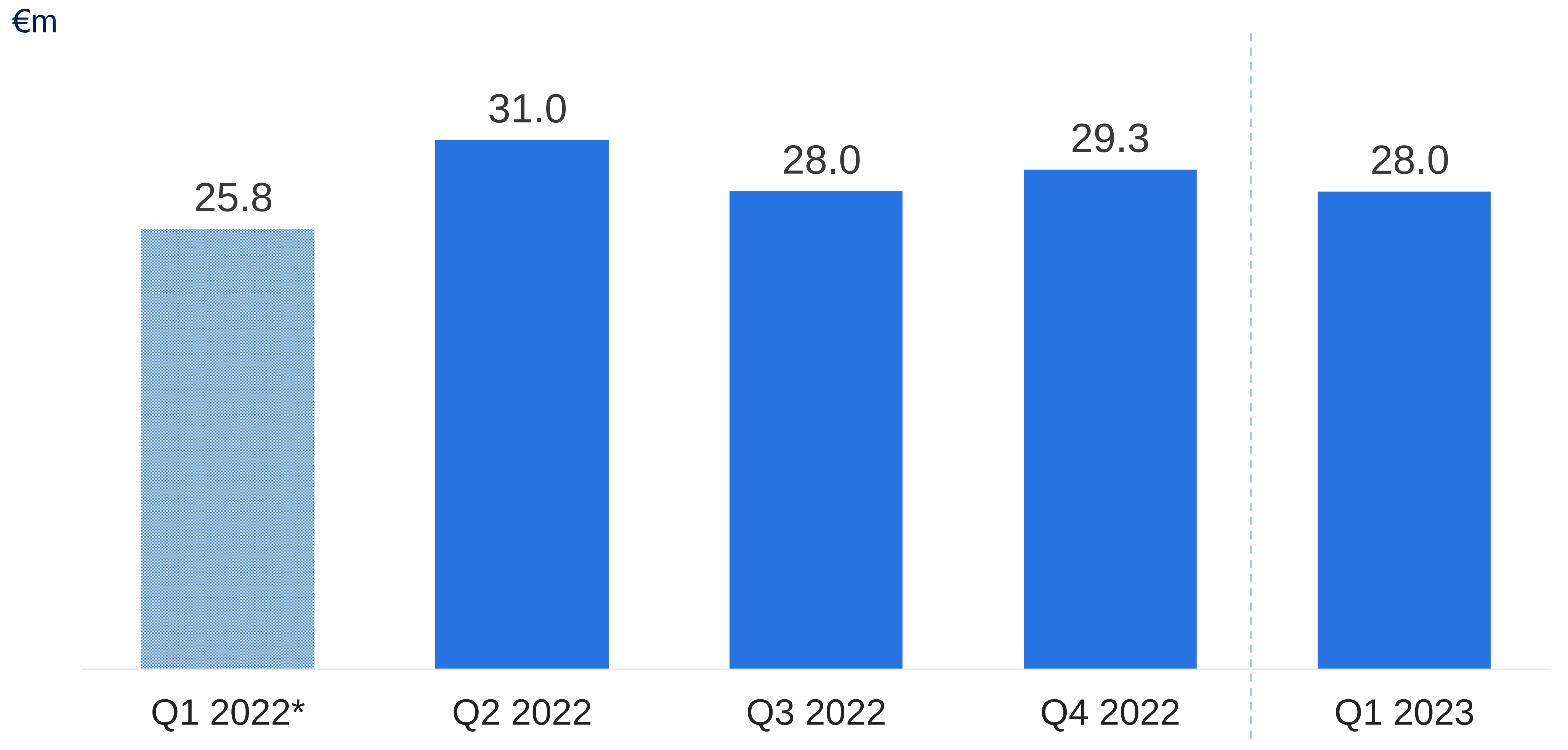
### Strong Credit Profile

| | | | | | | |
|---|---|---|---|---|---|---|
| ~€115m annualised Adj. EBITDA | €1.5bn Total assets of as at 31-Mar-23 | ~2.2x Net debt/ Adj EBITDA as at 31-Mar-23 | Over €9bn in online loans issued since 2008 | Frequent bond issuer since 2013 | B2 / B- ratings from Moody's and S&P | TBI Bank funded with low-cost deposits |

# Summary of three month 2023 results

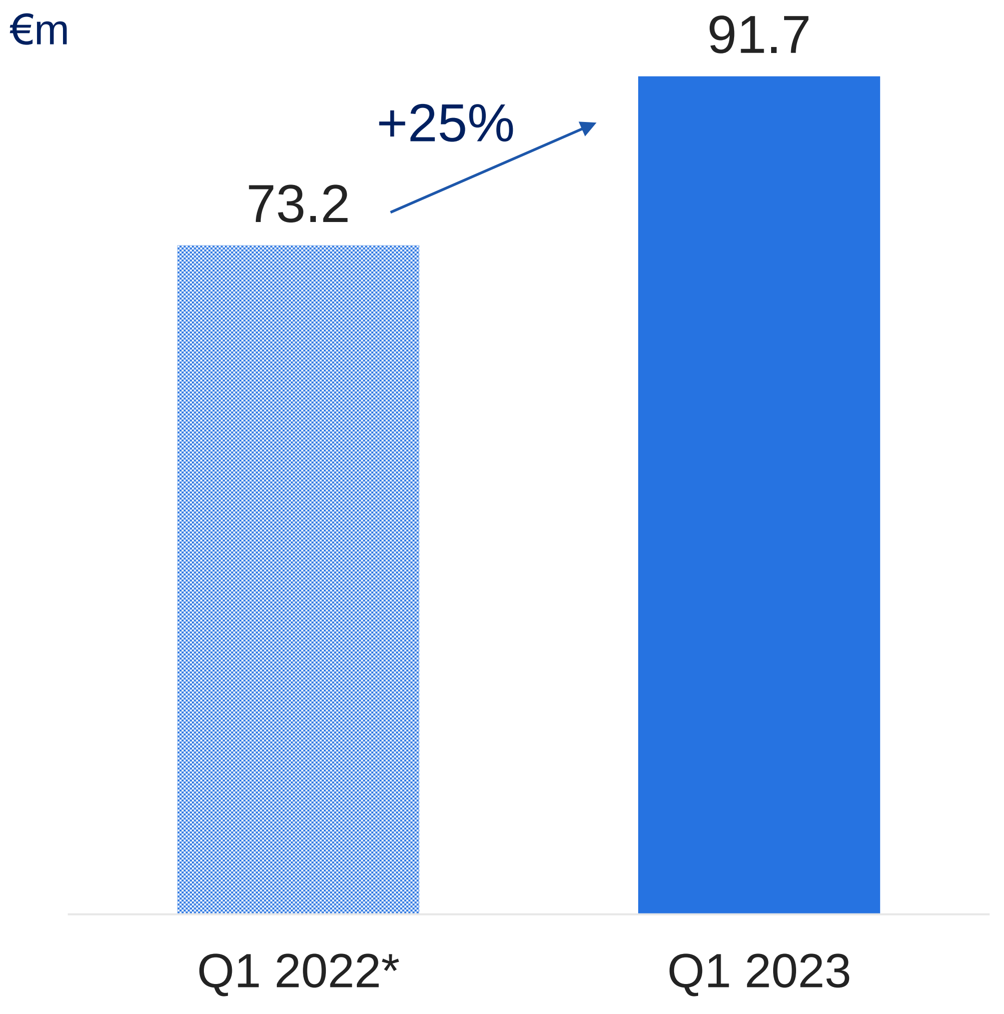
- Interest income up 39% YoY to €91.7m, or 25% proforma for Philippines
- Adjusted EBITDA €28m in Q1, up 8% vs proforma Q1 2022; EBITDA margin of 31%
- Online loan issuance growth driven by Czech Republic, Latvia, Sweden and Philippines
- Cost/income ratio of 46.0% in Q1 2023, an improvement from 53.9% in Q1 2022 (excluding Poland and Philippines)
- Gross income – including interest income and fees – up 2% quarter-on-quarter to €102m, maintaining seasonally strong Q4 levels
- Another quarter of record origination and portfolio size at TBI Bank
- Provisions up due to portfolio mix and growth, ongoing forward-flow negotiations and potential changes in collection strategies

## Adjusted EBITDA by quarter

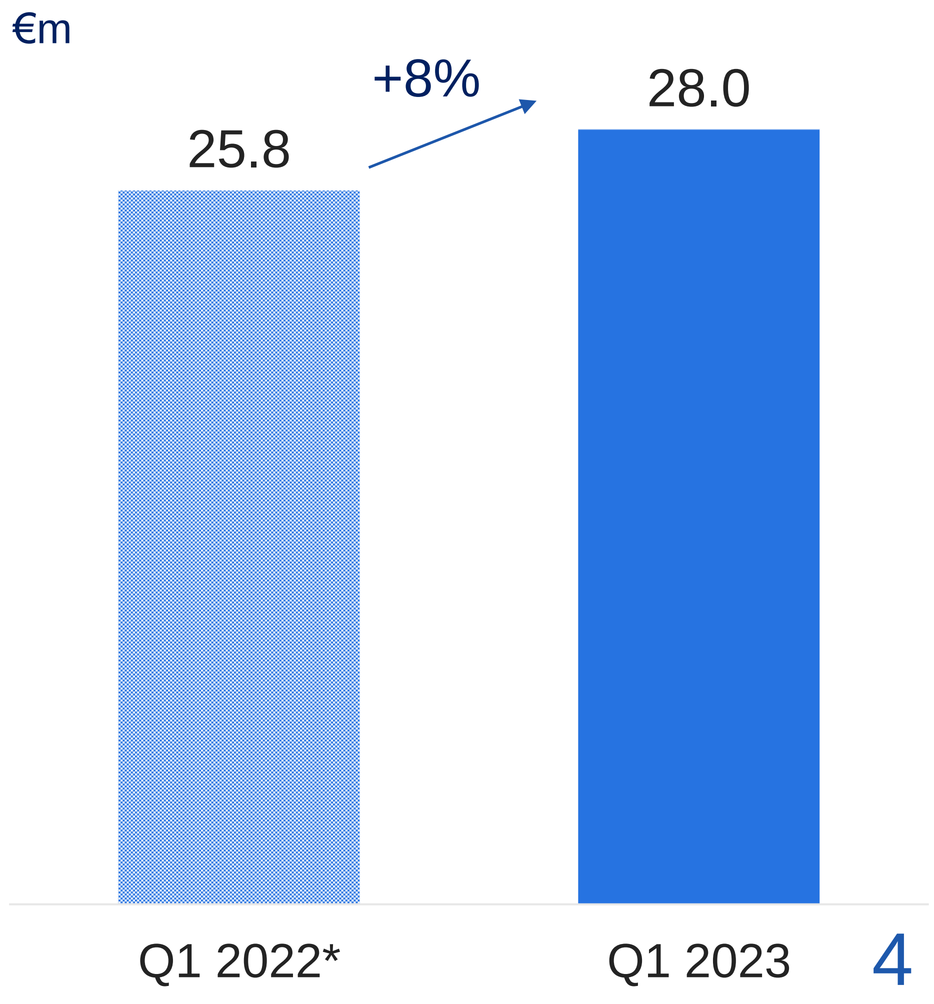



## Year-on-year proforma comparison

### Interest Income




### Adjusted EBITDA




See appendix for definitions of key metrics and ratios

* Illustrative proforma figure, excluding Poland, including Philippines

# TBI Bank profitable growth with well diversified funding

- Continued issuance growth, up 39% YoY, driving revenue increase
- Further growth in deposits with proactive management of funding sources and cost. Granular retail deposit base with average term deposit size of €12.5k
- Positive launch in Greece, with over 2,000 merchant partners and monthly lending volume over €4.6m
- Increasing proportion of customers onboarded to market-leading banking App: up to 41% in Mar’23 in Bulgaria from 25% a year ago, with more self-service functions
- Direct-to-consumer neon card launched in January
- Further digitisation initiatives across the business, including onboarding and risk management
- Dividend potential to be balanced with growth opportunities

tbi bank

Book value 31 Mar 2023
€192m

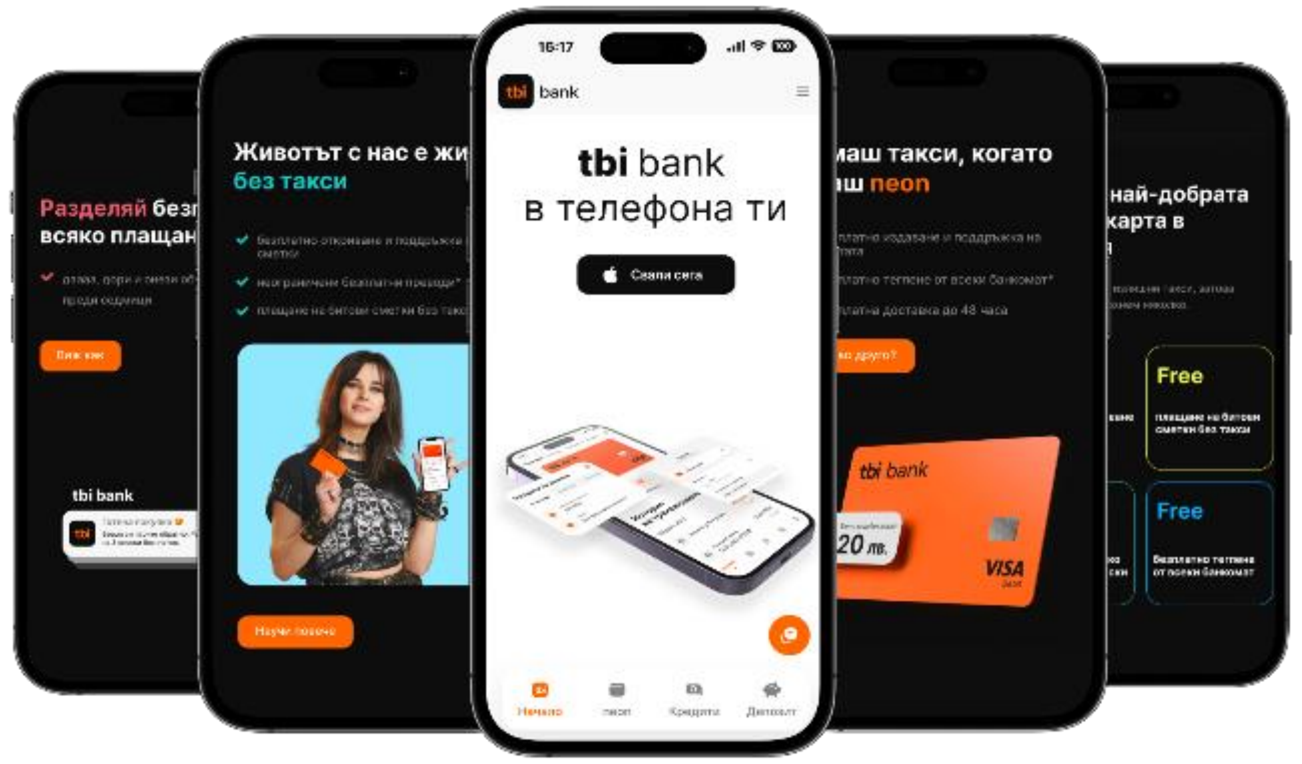
Revenue Q1 2023
€46m (+27% YoY)

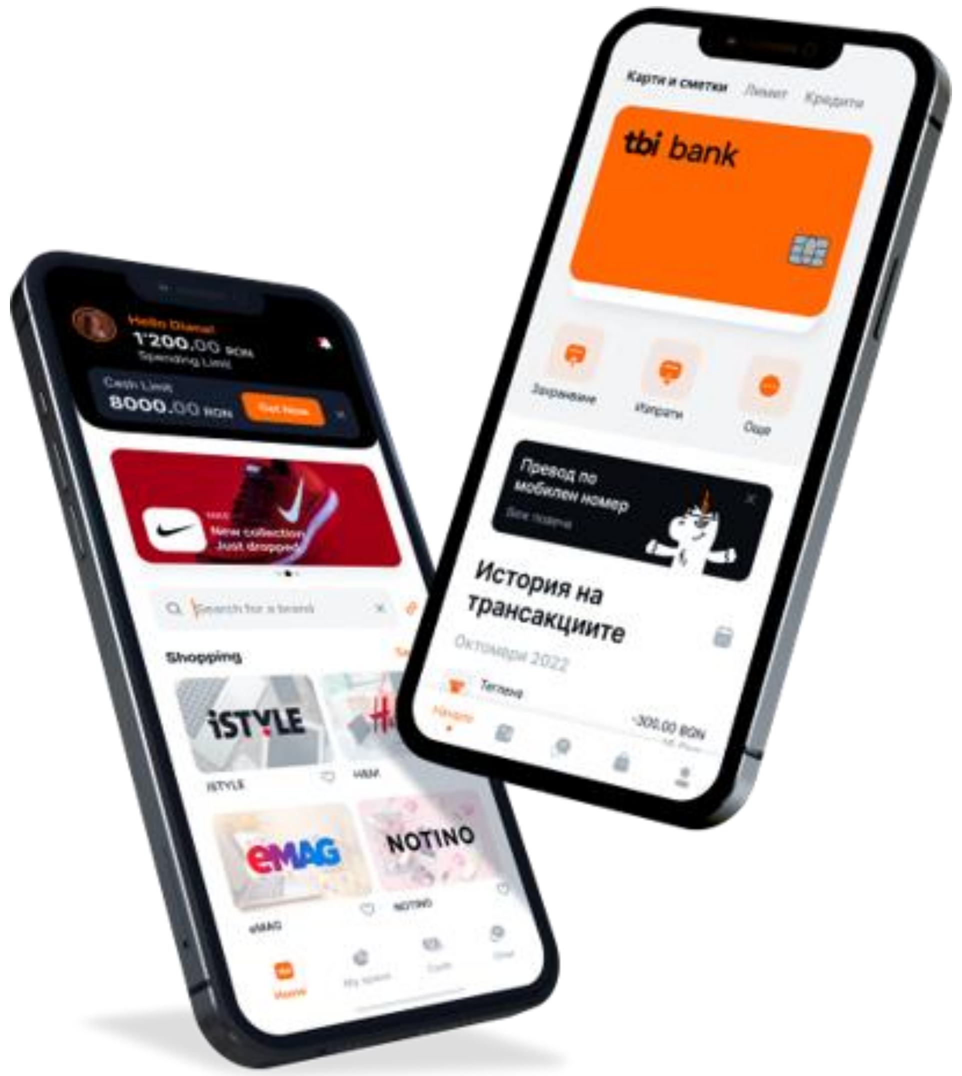
Net profit Q1 2023
€8m (€10m* in Q1 2022)

Return on Equity Q1 2023, LTM
19.2% (19.7% Q1 2022)

6-year revenue CAGR
22%

Active customers
631k

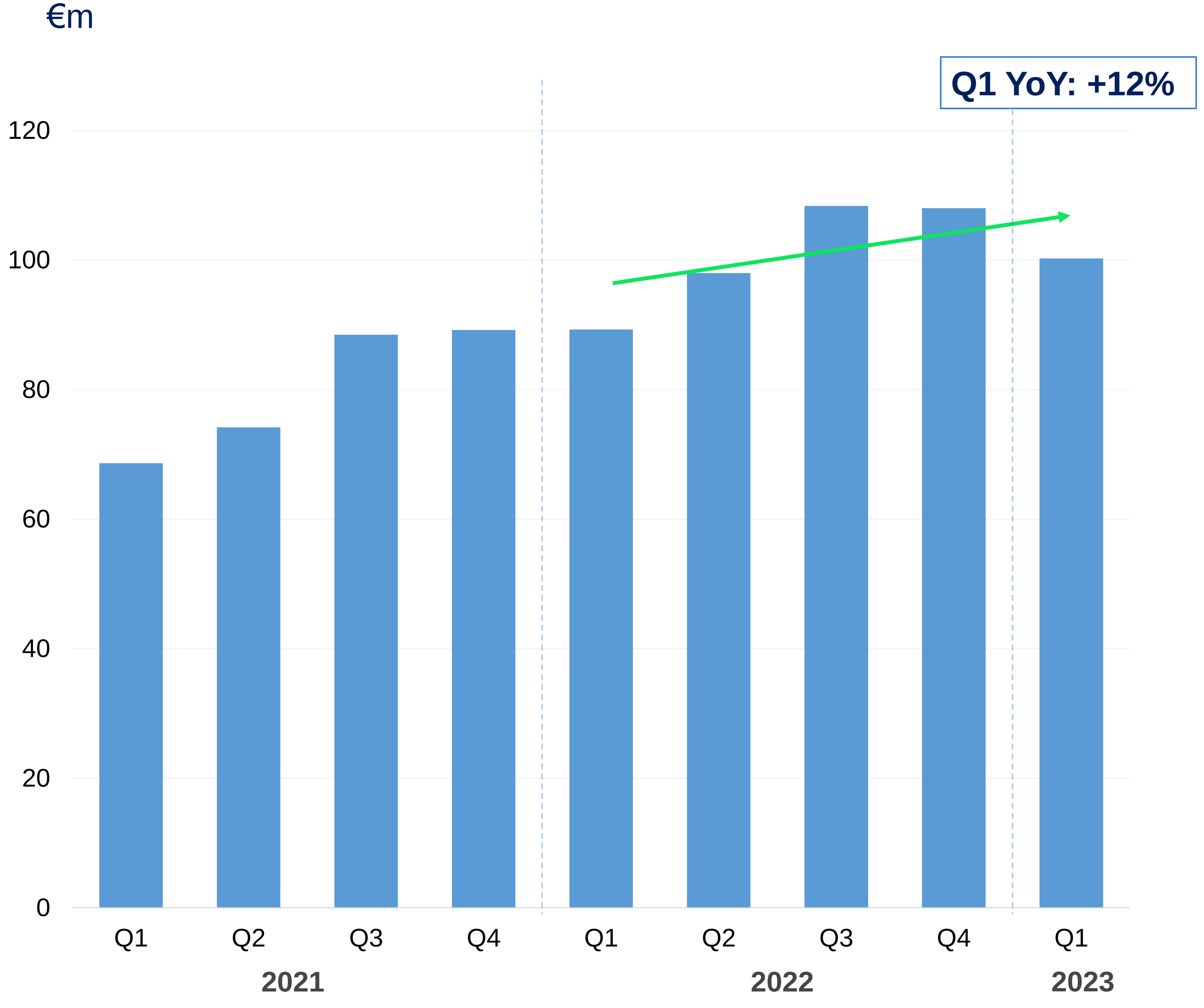


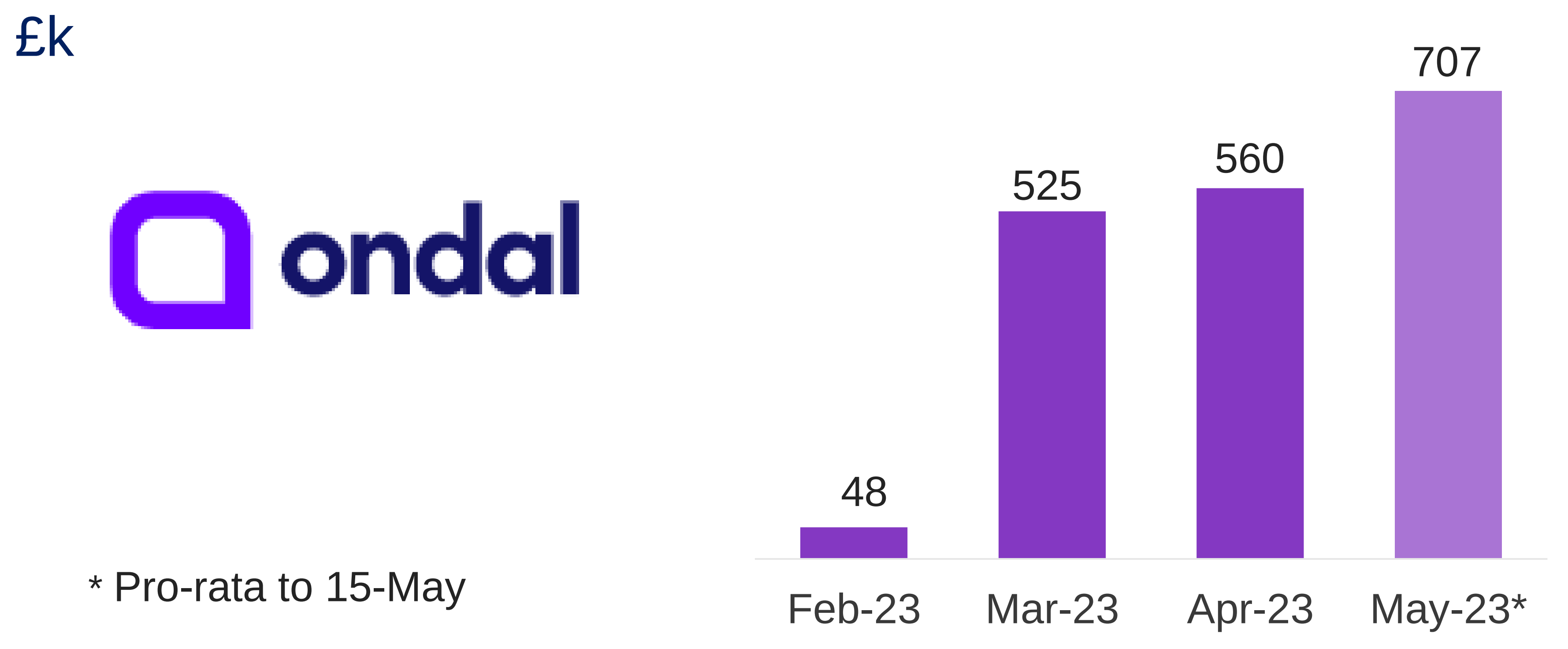

* Q1 2022 net profit includes one-off effects from debt sales and interest rate swap

# Online loan issuance: growth in existing and new markets

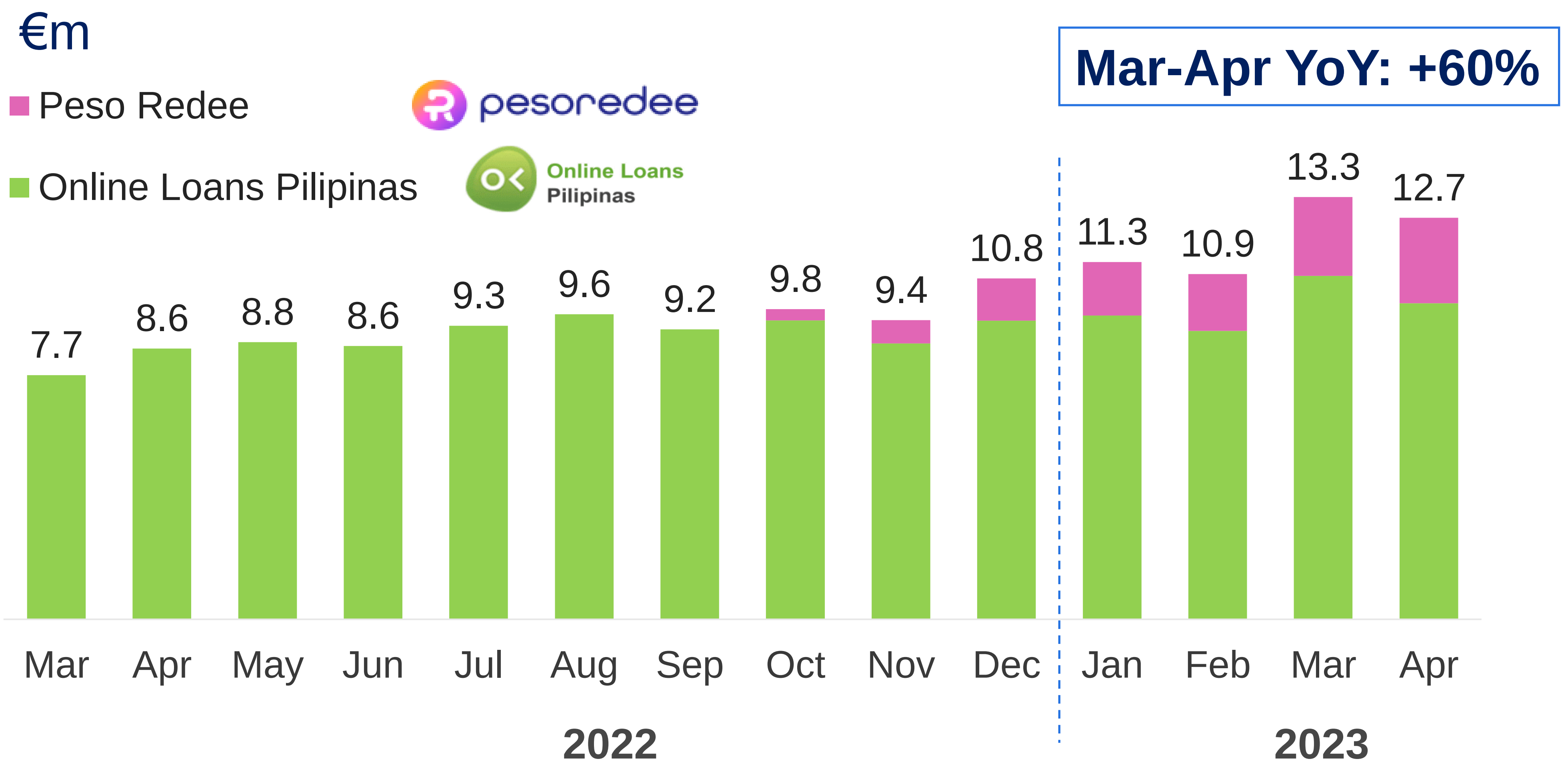
## Existing markets: 'like for like' online loan issuance (1)




## New markets: UK joint venture loan issuance



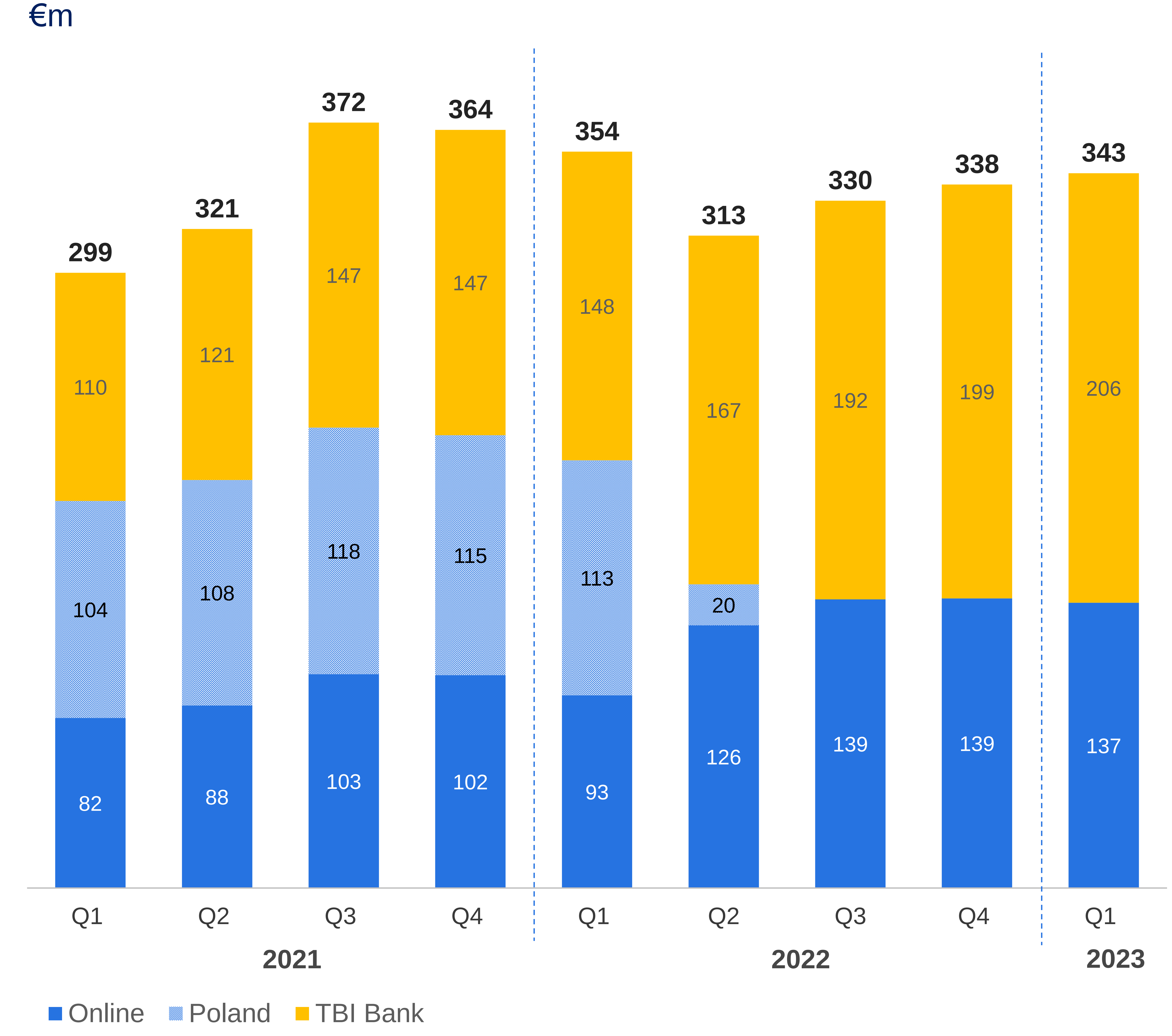

## New markets: Philippines loan issuance



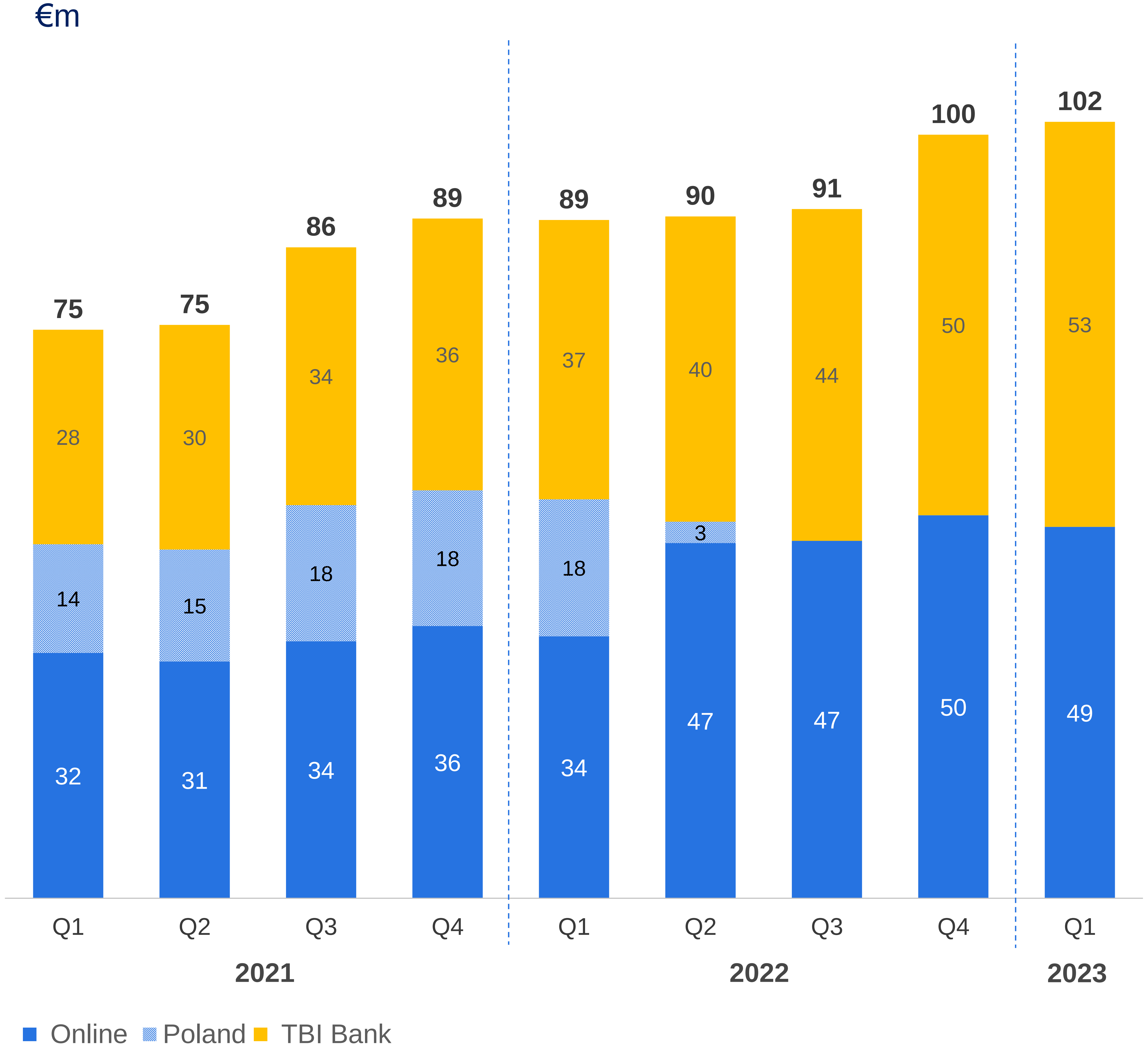

Note (1): Active online products as of 31 March 2023 (excluding Poland, TBI Bank and Philippines)

# Overall loan issuance and interest income

## Quarterly loan issuance



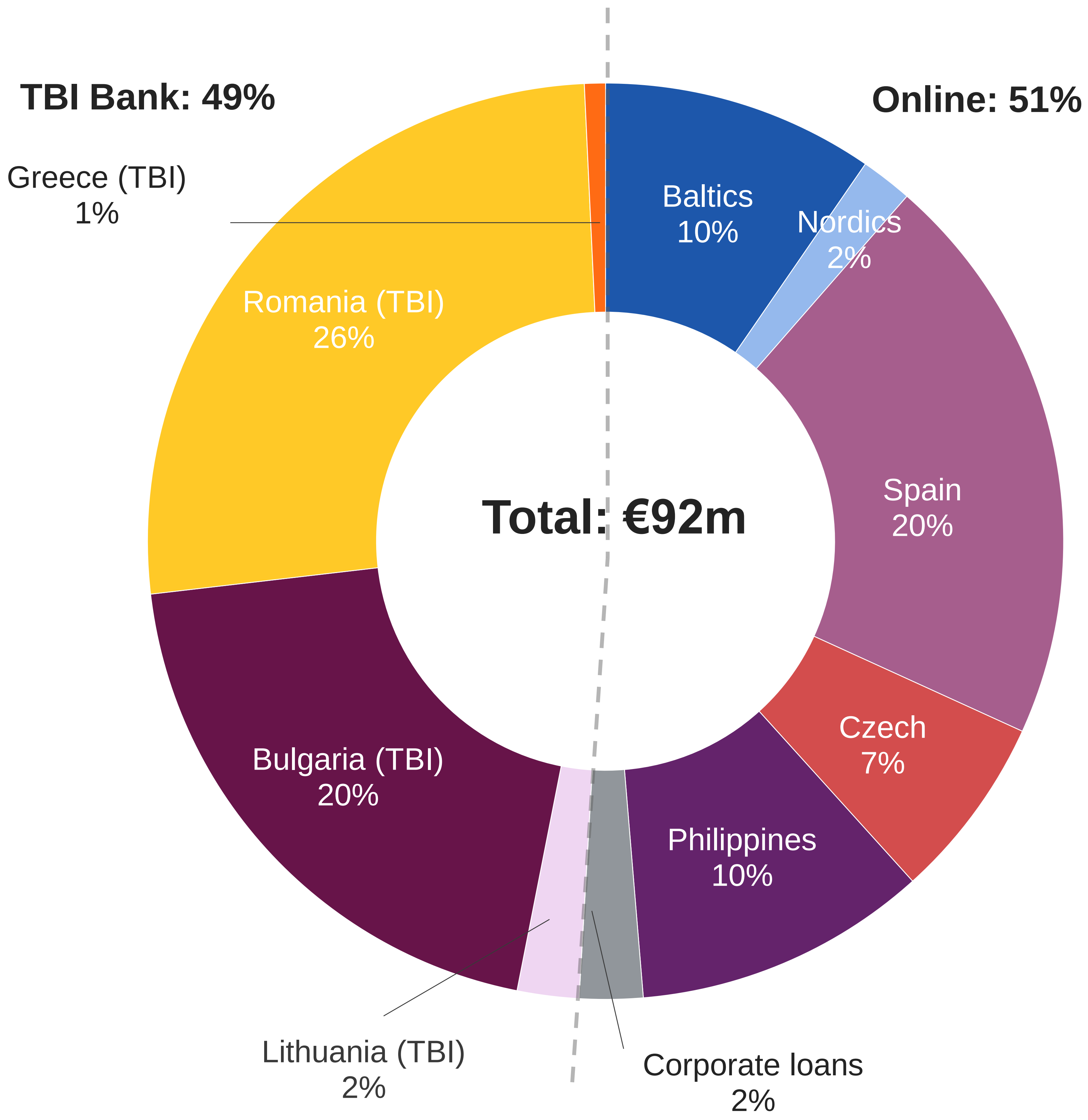

## Quarterly gross income (1)




Note (1): Gross income includes interest income, net fees & commissions and other operating income. No restatement has been made for Poland

# Interest income remains diversified

## 3M 2023 interest income by country

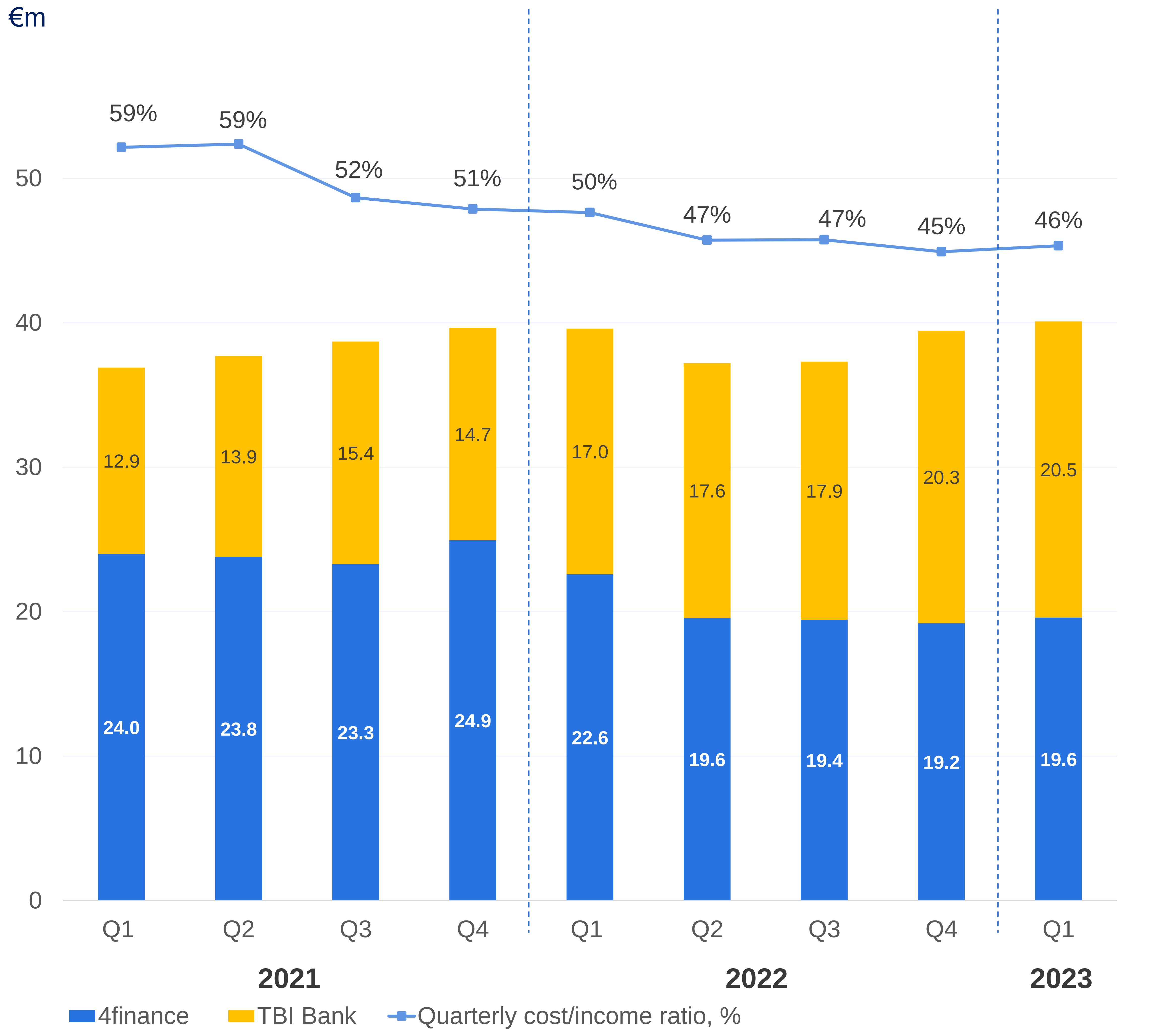



- Footprint in 7 online markets plus TBI Bank
  - Baltics: Latvia & Lithuania
  - Sweden
  - Spain
  - Czech Republic
  - Philippines
  - United Kingdom
- Clear regulatory framework in place in most markets
  - Contrast to position of 3+ years ago
  - Demonstrated ability to adapt and share best practice
- Disciplined approach to further growth opportunities
  - New segment/product pilots
  - Investing for growth at TBI Bank, including Greece

# Operating cost drivers

- Online business: Q1 2023 quarterly operating costs slightly higher vs Q4 2022. Online costs for Q1 2023 have decreased by €3m YoY
- TBI Bank costs higher QoQ in order to support growing business and investment in strategic initiatives
- Cost/income ratio in Q1 2023 significantly lower vs same period in previous years
- Continued focus on operational efficiency given inflationary environment

## Total operating costs (1)

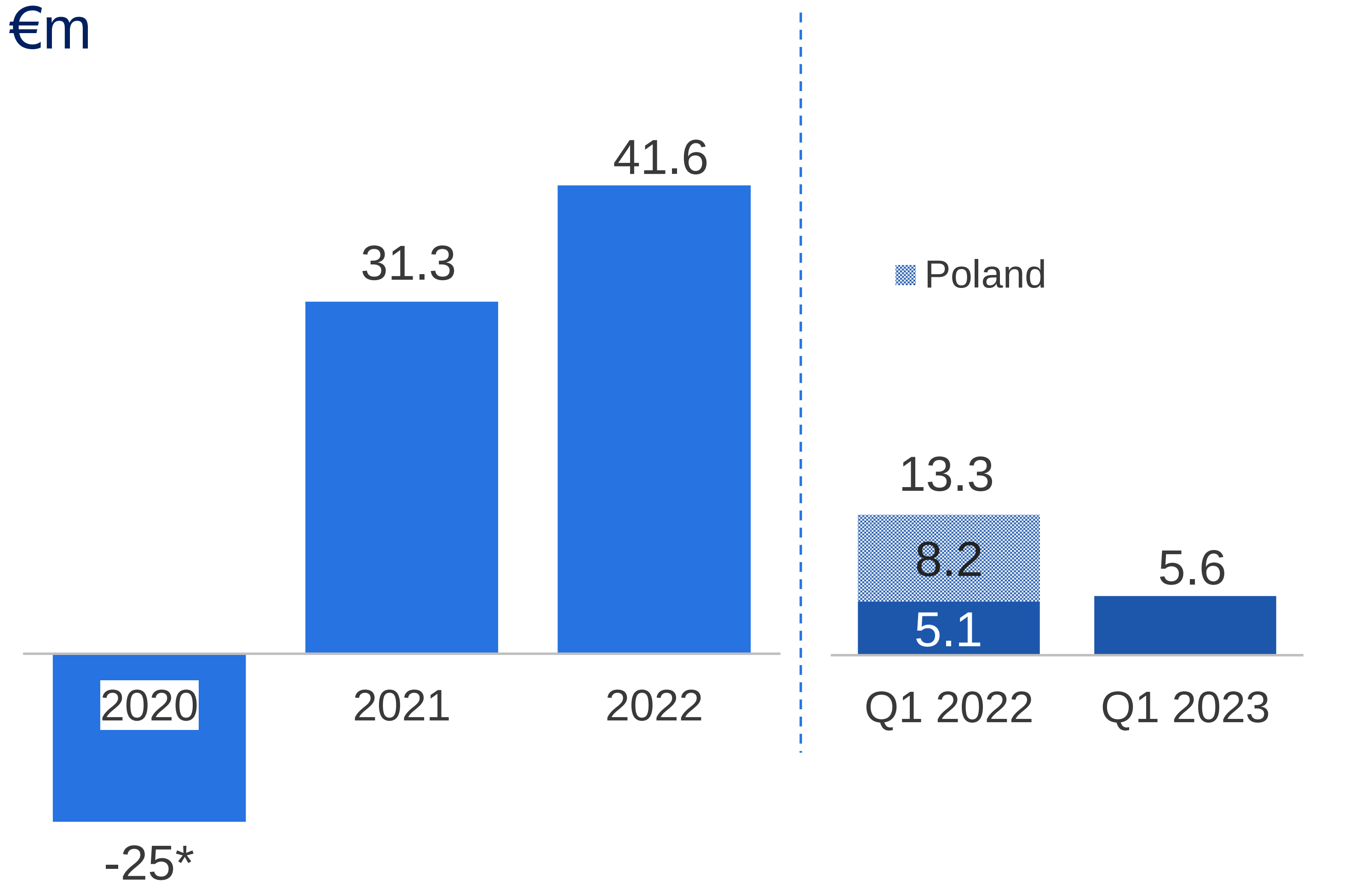



Note (1): Q4 costs for 2021 & 2022 have been adjusted to reflect respective year's audited figures and include Poland until point of sale

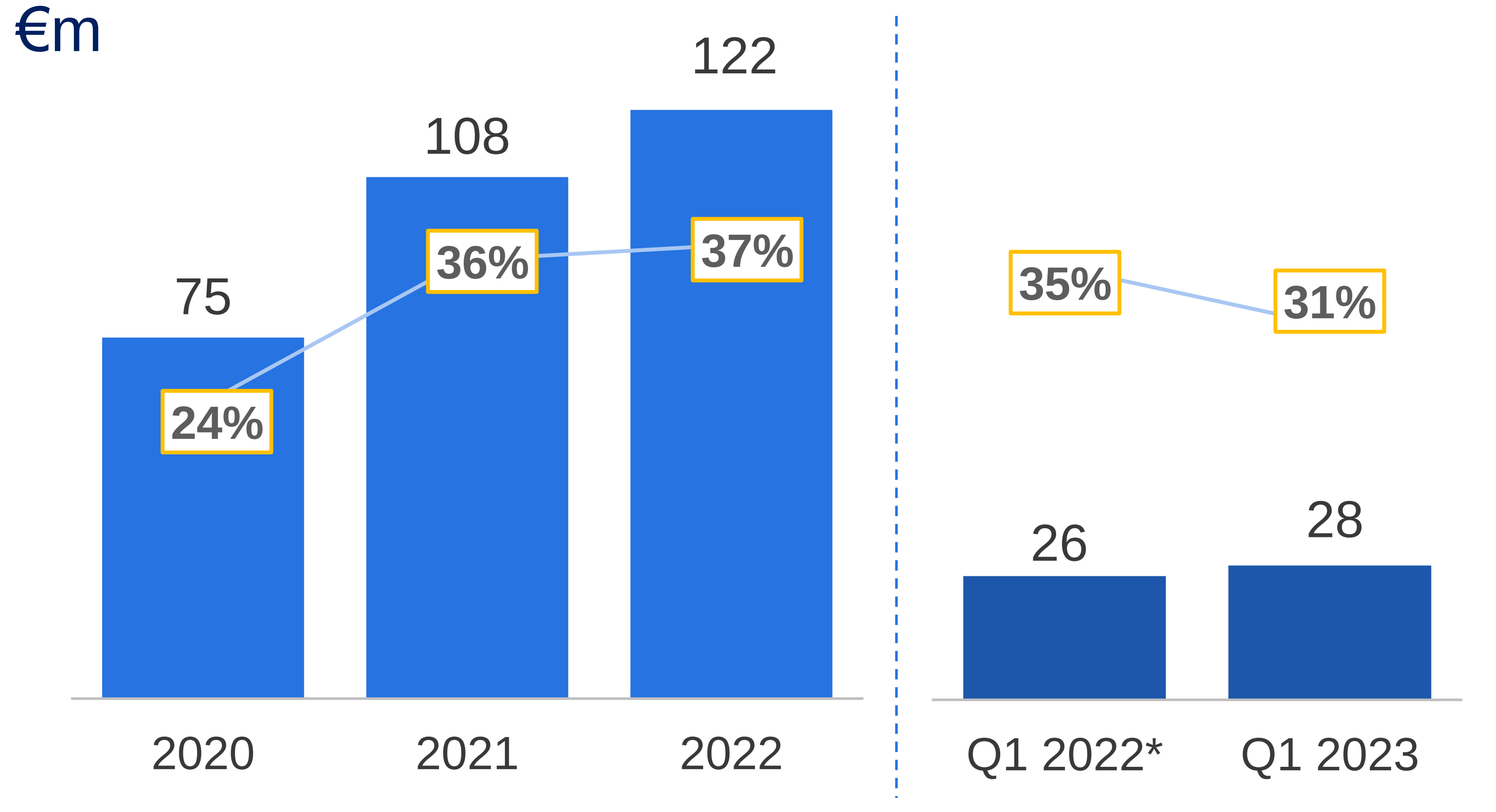
See appendix for definitions of key metrics and ratios

# Resilient financial track record

## Profit after tax

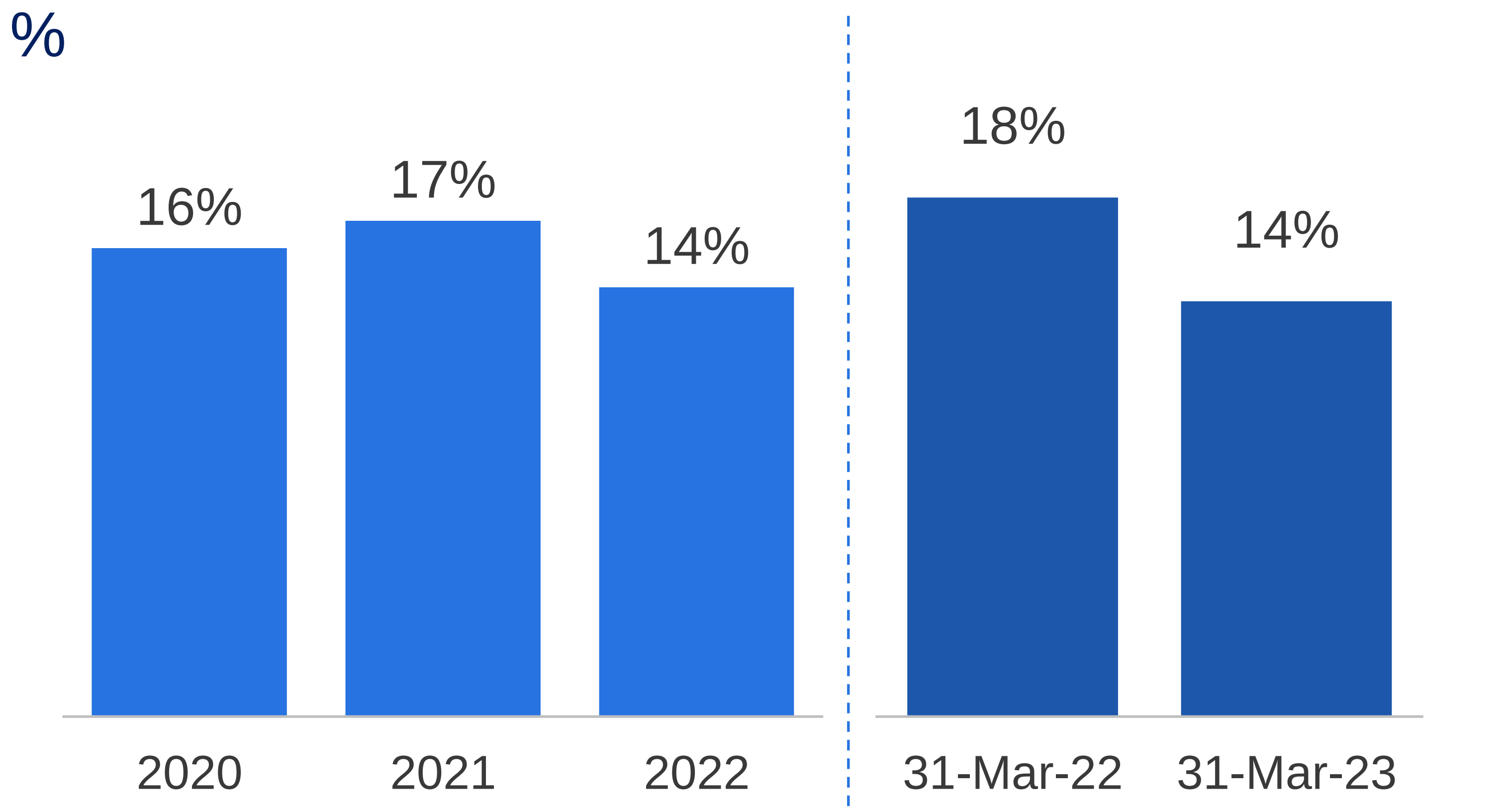



## Adj. EBITDA / Adj. EBITDA margin (%)(1)

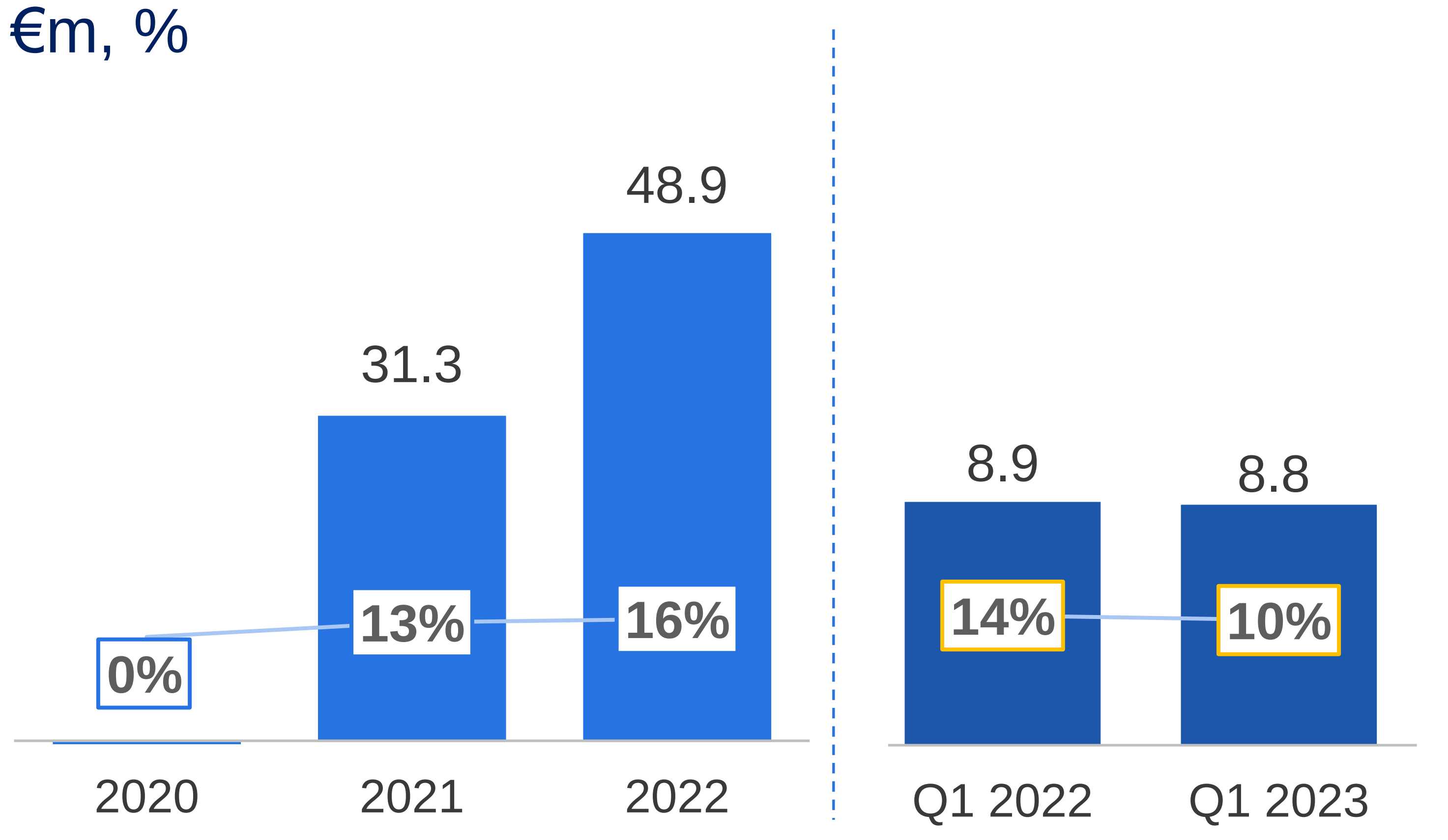



* Proforma adjusted EBITDA (excluding Poland, including Philippines)

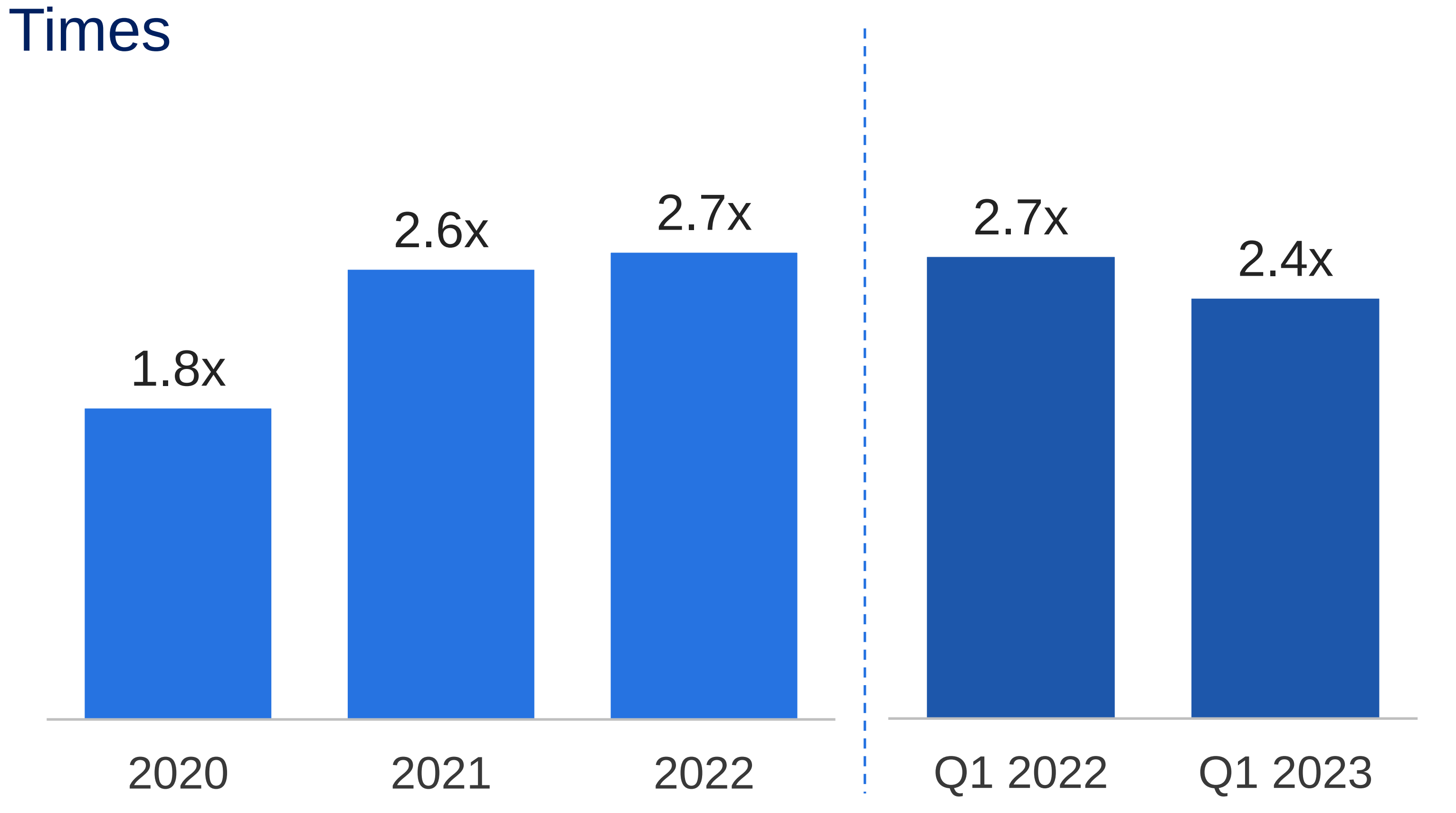
## Equity to assets ratio



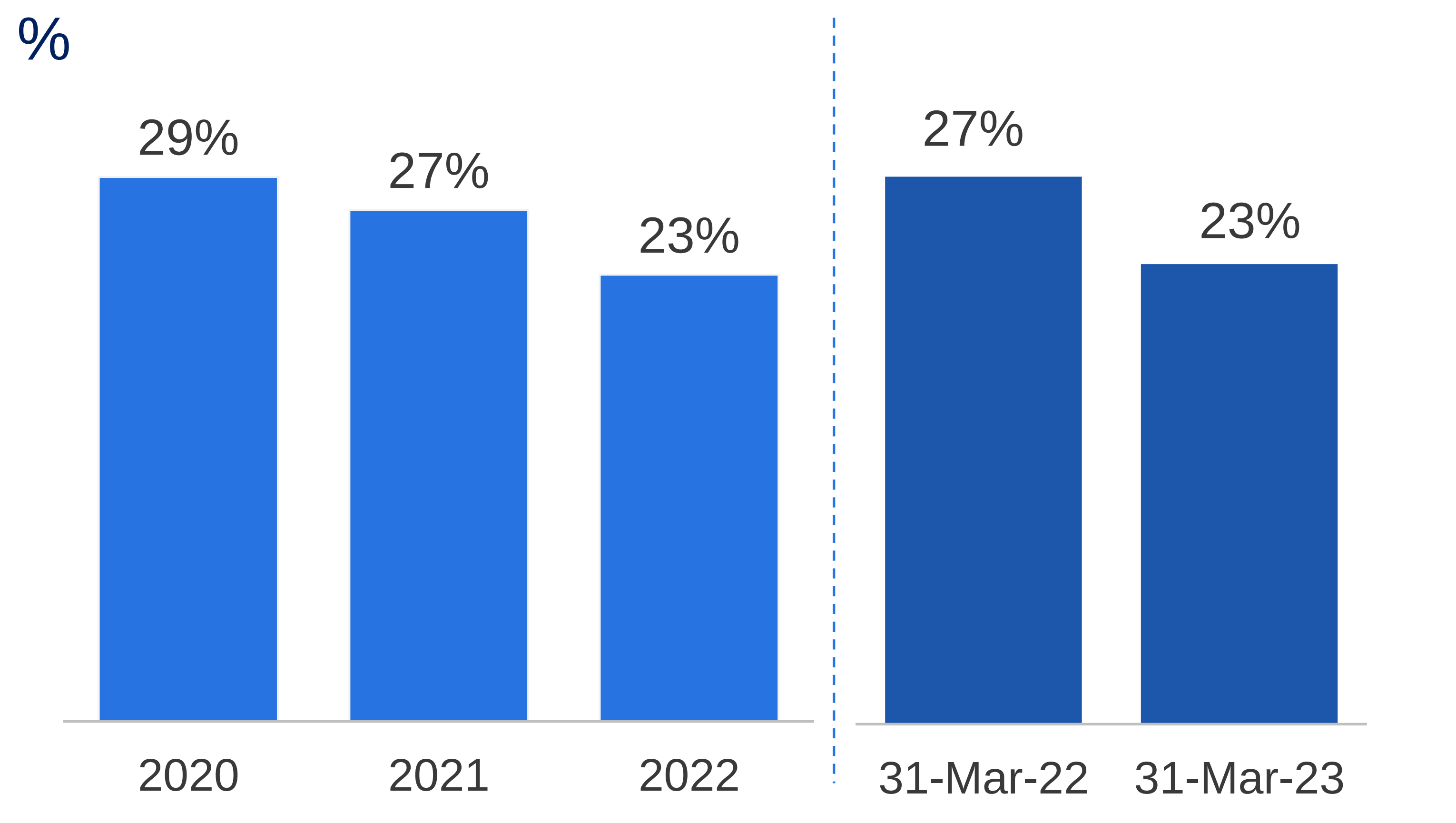

## Profit before tax / PBT margin (%)




## Covenant interest coverage ratio(2)




## Equity to net receivables ratio(3)

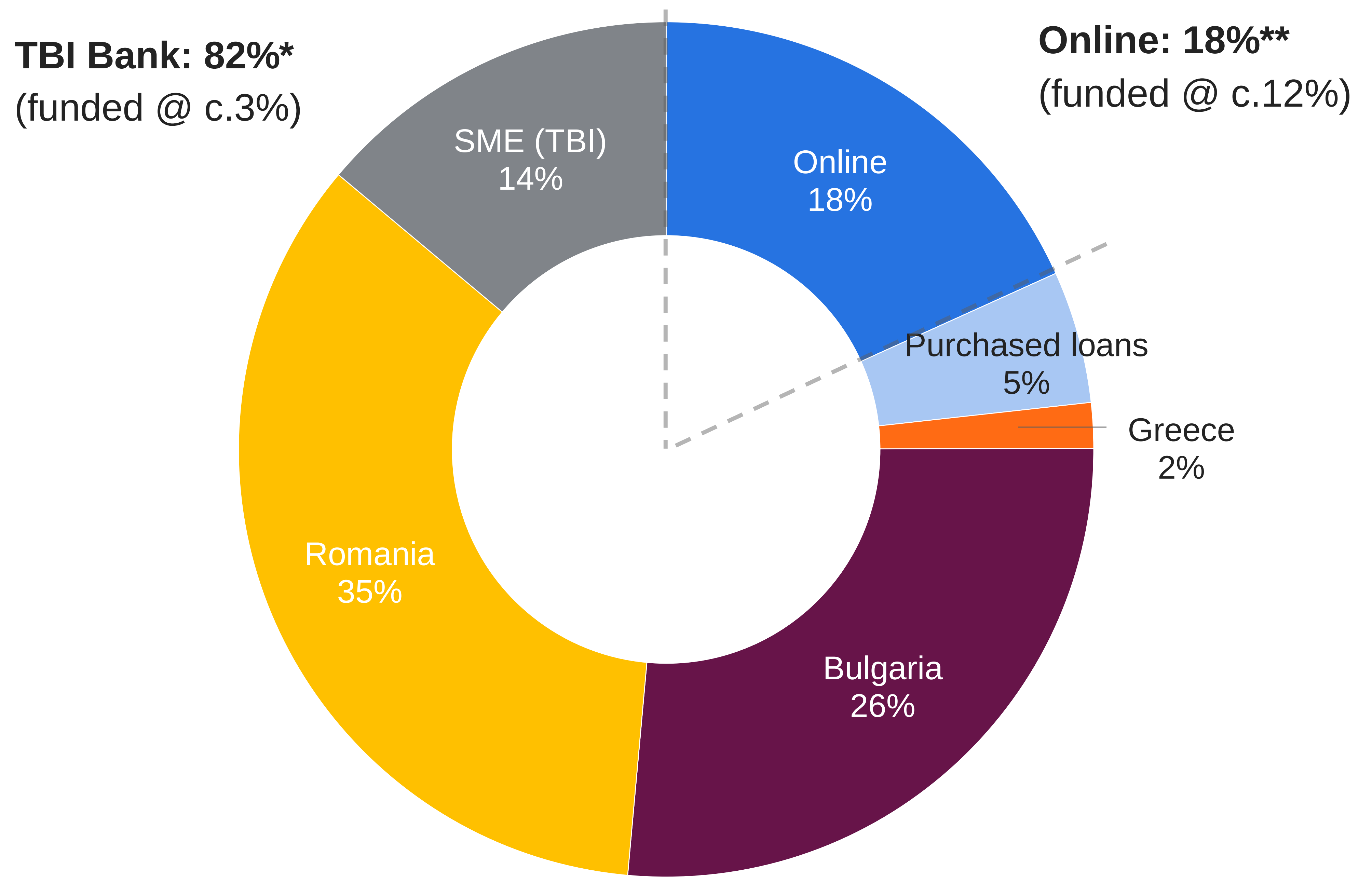



Notes:
(1): Poland not reflected as discontinued operations for FY2020, FY2021 and FY2022
(2): The graph is shown based on covenant calculation of interest coverage ratio as described in results report, based on proforma last twelve-month figures, as at the date of publication of the respective period results
(3): The full covenant calculation of equity/net loans includes other loans and finance leases, and is currently 21%
** not to scale*

# Diversified and growing loan portfolio

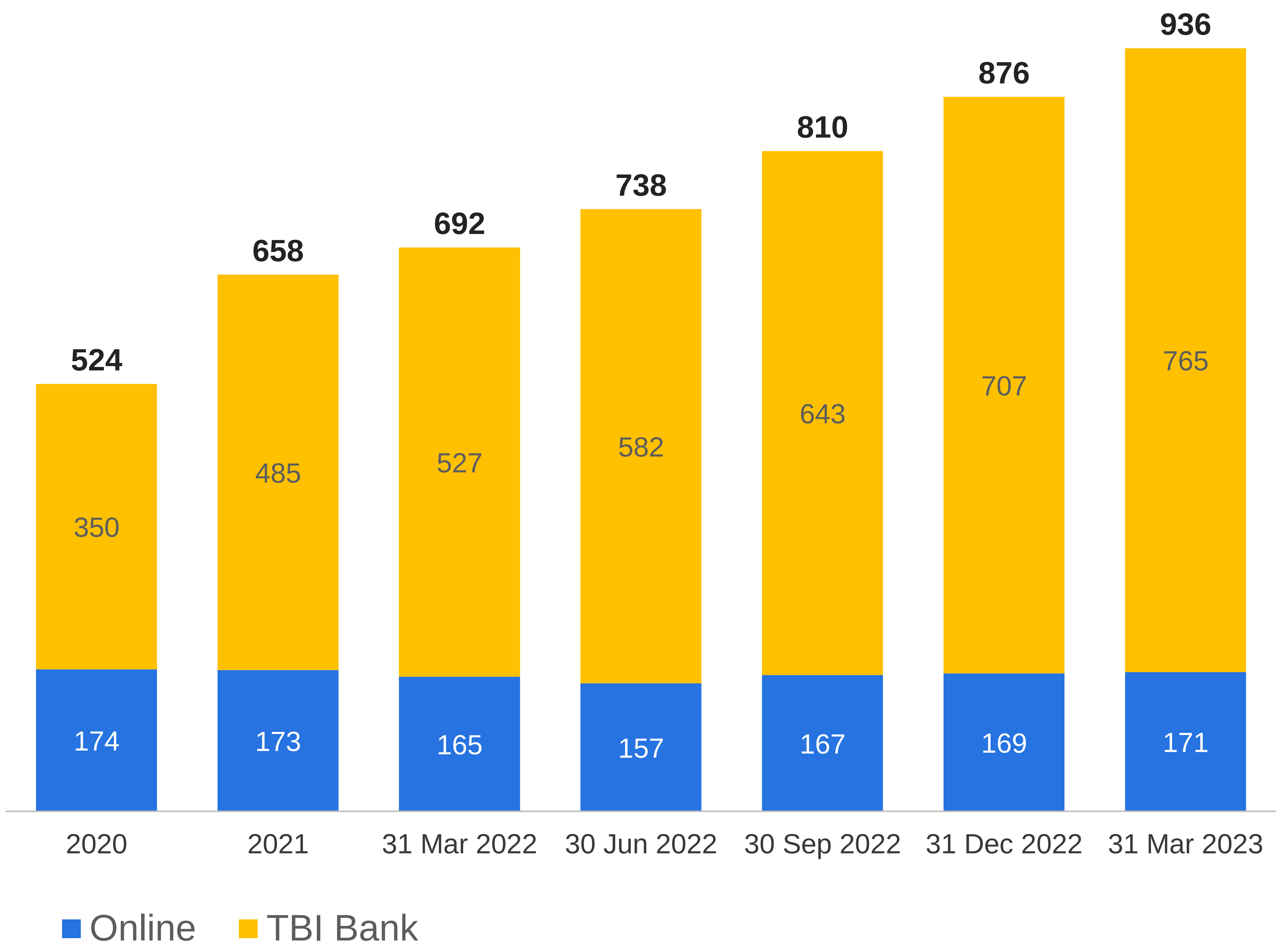
- Strong performance in loan issuance in Q1 supported net receivables growth in Online and TBI Bank portfolios
- Overall net receivables, including Poland loan, of €936m
    - 7% increase during Q1
    - 86% consumer loans

## Net receivables, 31 March 2023




## Net receivables**

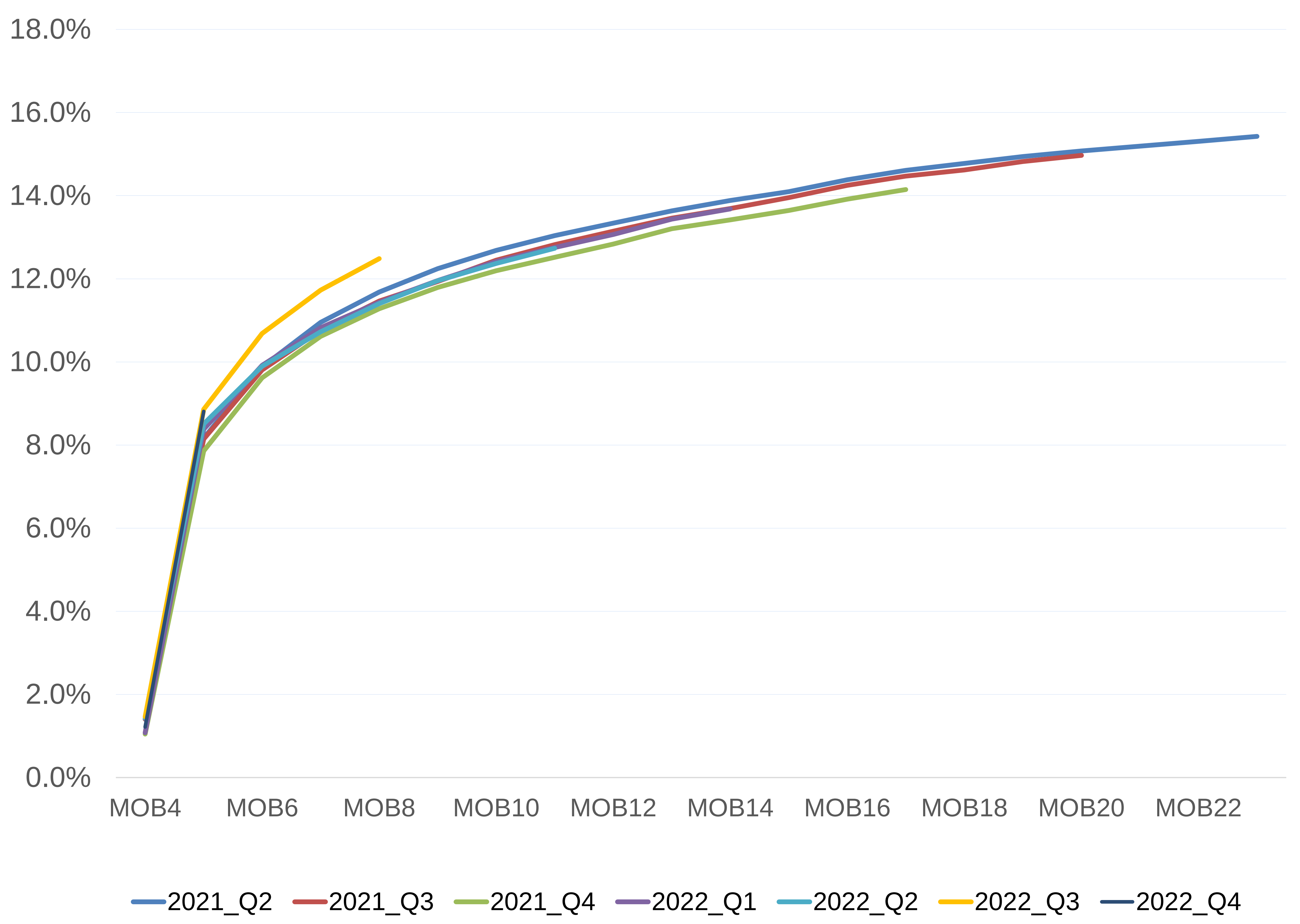
€m



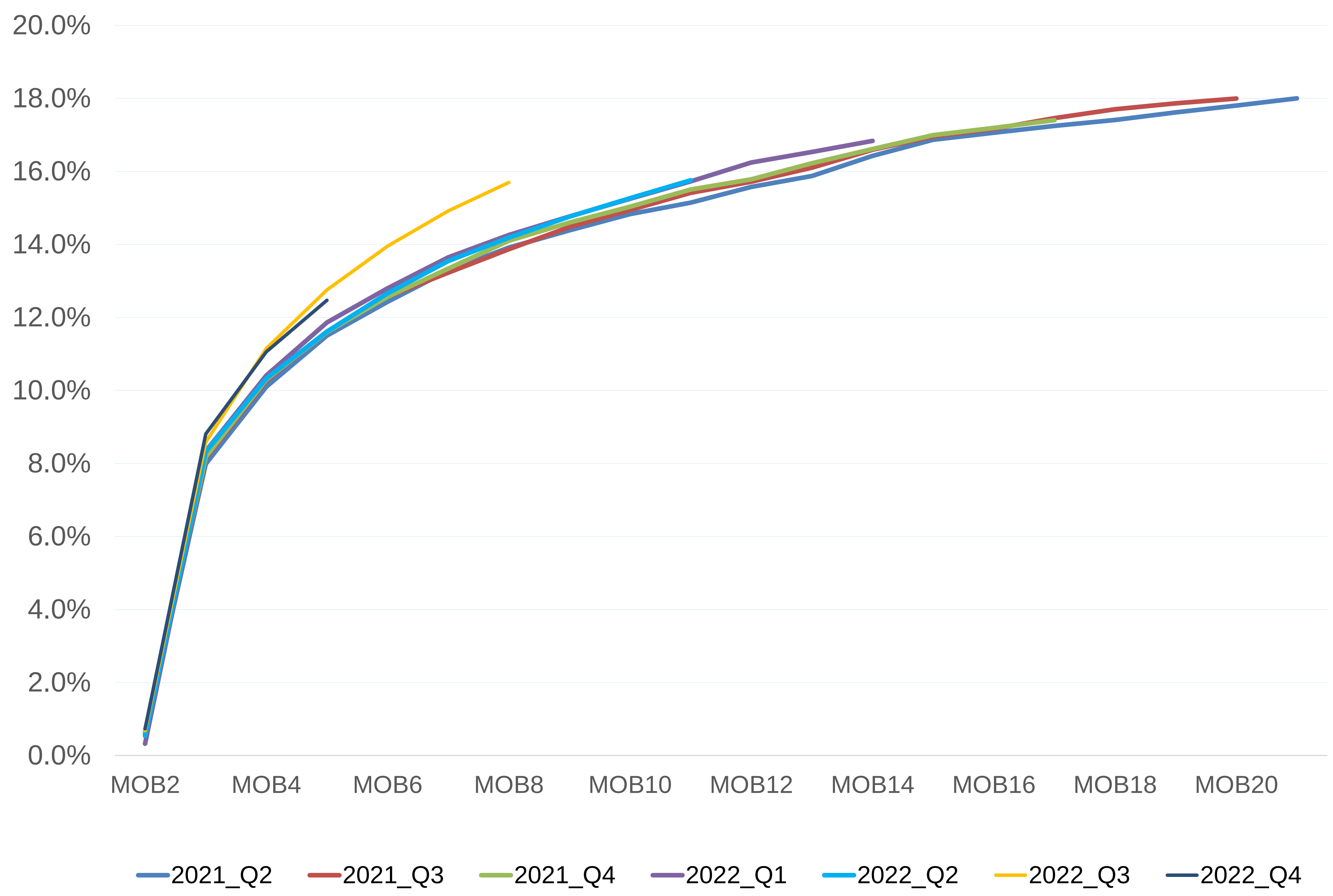

See appendix for definitions of key metrics and ratios
* Includes TBI bank, BG online and €47m of purchased Poland and Lithuania portfolios
** Includes loan to Polish business

# Online portfolio asset quality

### Vintage ‘ever’ 90+ DPD (1)




### Vintage ‘ever’ 30+ DPD (1)

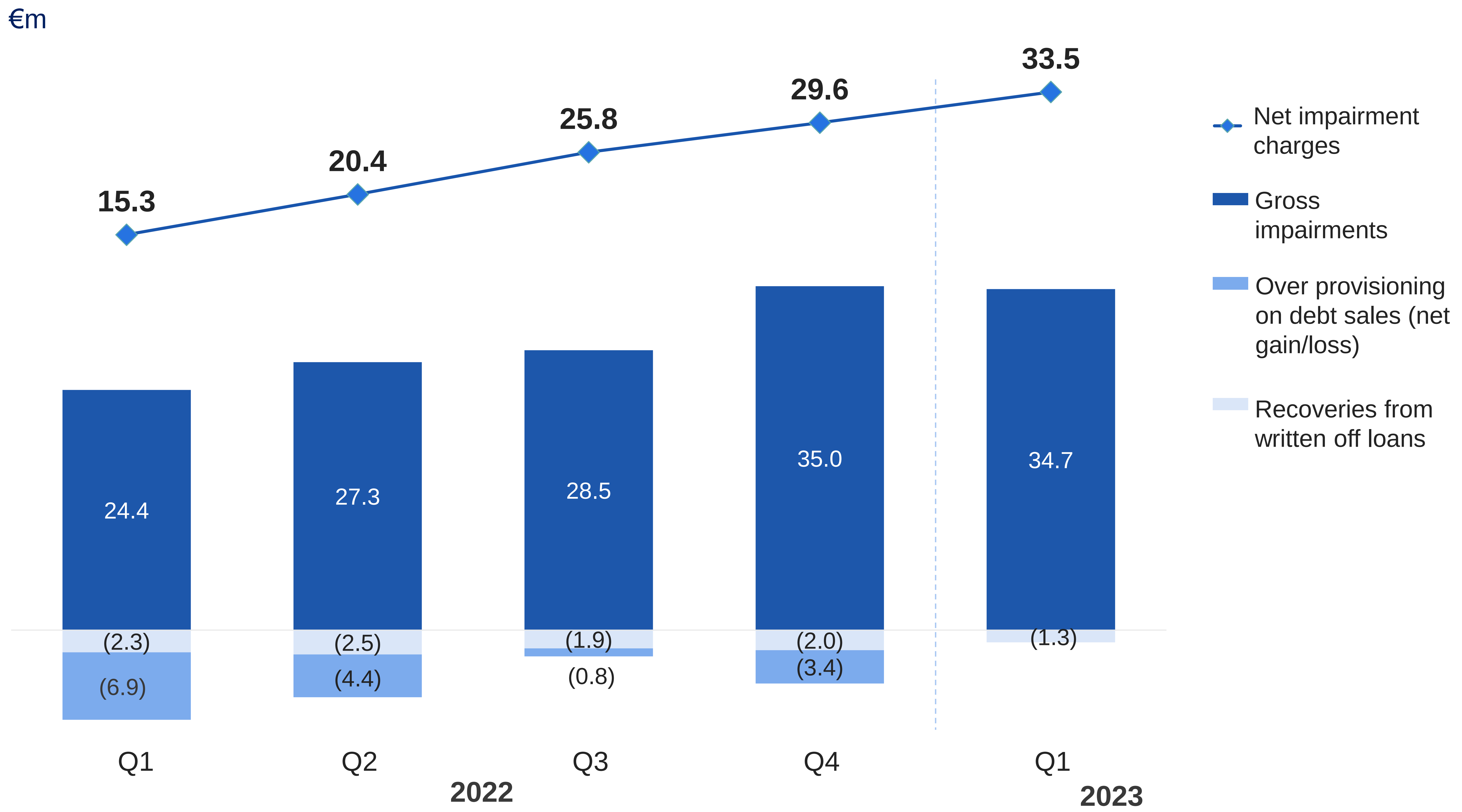



- Portfolio vintages demonstrate broadly stable asset quality, with various product/market specifics being addressed
- Graph represents actual product portfolio belonging to the Group (Poland excluded, Philippines data from Q1 ‘21)
- Parameters vary between products and markets, so changing mix of portfolio impacts overall averages

Note (1): Represents current business footprint, ie including Philippines, excluding Poland. Vintages ‘ever’ = outstanding amount of principal at the moment of entering 90+ and 30+ DPD to total principal issued for all online loans in the analysed period. MOB = months on book

# Analysis of net impairment charges

## Net impairment charges by quarter (1)




**Annualised cost of risk (2)**

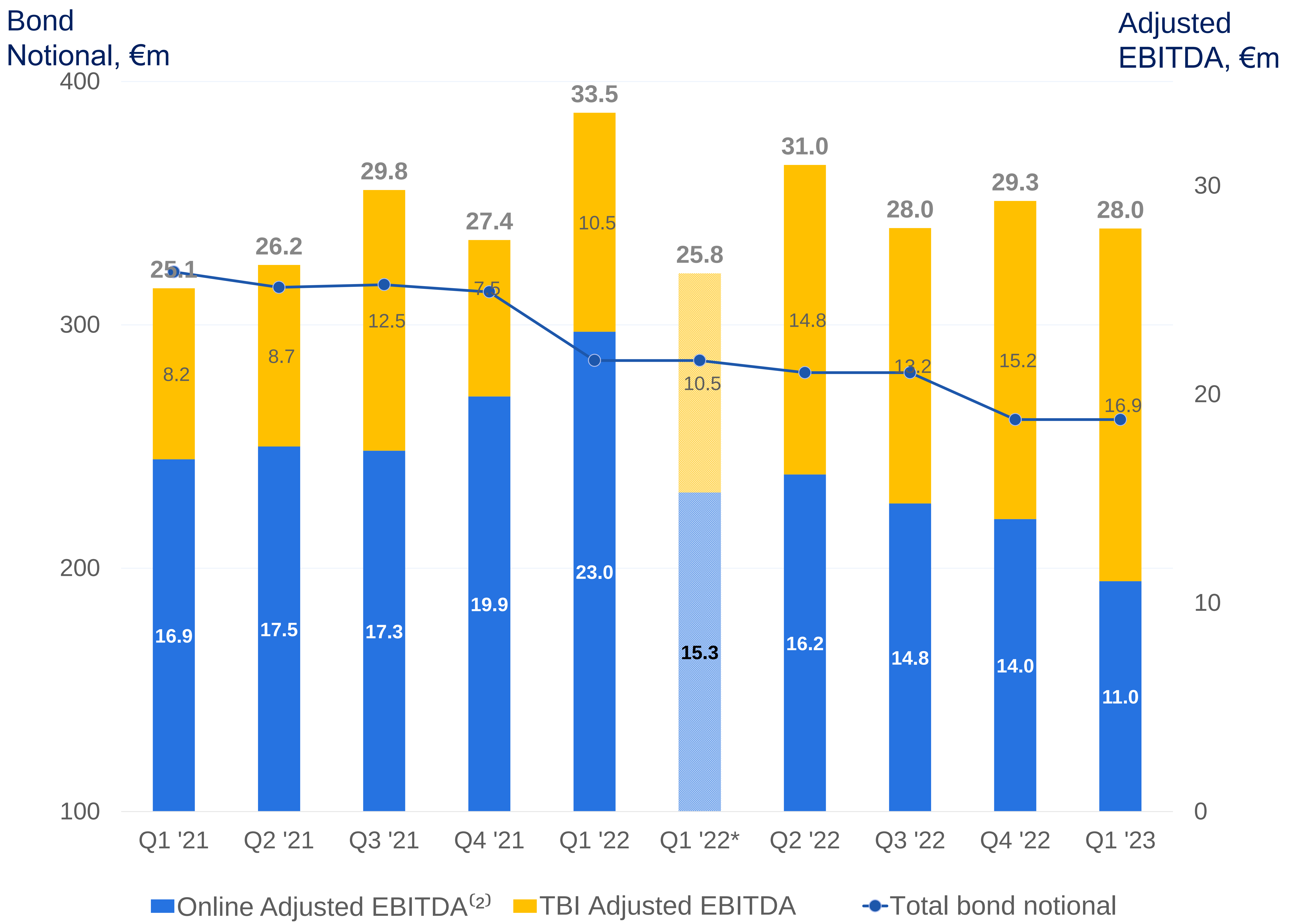
| | Q1 2022 | 2022 | Q1 2023 |
|---|---|---|---|
| TBI Bank | 4.1% | 5.1% | 6.4% |
| Overall | 8.7% | 11.1% | 13.7% |

- Online net impairment charges:
  - Increase in net impairment reflects growing receivables as well as changing portfolio product mix
  - Less active debt sales market in some countries: ongoing forward flow negotiations and reviewing in-house collections opportunities
  - Cost of risk not a relevant metric for short-term loans
- TBI Bank net impairment charges
  - Cost of risk a more relevant measure for TBI Bank given nature of loan portfolio
  - Overall cost of risk in Q1 2023 at 6.4% vs 4.1% in Q1 2022 (significant debt sale gains in prior year)

Notes: (1) Q4 costs for 2022 have been adjusted to reflect respective year's audited figures and include Poland until point of sale
(2) Annualised net impairment charges / average gross receivables (average total gross receivables as of the start and end of each period) based on the audited figures for FY2022 and including Poland until point of sale

# EBITDA and leverage metrics

## Adjusted EBITDA vs bond notional outstanding [1]




Notes: (1): Bond notional in issue minus bonds held in treasury
(2): Online EBITDA includes income from loan sales to TBI that is eliminated on consolidation

* Proforma adjusted EBITDA

- Continued to deliver solid quarterly EBITDA
- Significant reduction in leverage and interest expense in recent years
- Current online business footprint is delivering EBITDA of 1.5-2x bond interest
- Overall credit metrics improved significantly from pre-Covid levels. In approximate run-rate terms:

| | Early 2020 | Q1 2023 |
|---|---|---|
| Net debt (€m) | ~360 | ~250 |
| Adj. EBITDA (€m) | ~90 | ~115 |
| Multiple | ~4x | ~2.2x |

# Summary

**Solid results, demonstrating resilience of the business in challenging markets**

- Interest income increased 39% year-on-year to €91.7m
- Increase in provisions due to change in portfolio mix

**Growth in core markets**

- Focus on unit economics and efficiency

**TBI Bank performing well**

- Growing in all products
- Successful new initiatives: Greece launch, consumer app & orange card

**New business growth opportunities**

- Profitable & growing business in Philippines (€35m loans issued in Q1 2023)
- Encouraging start for UK joint-venture

# Thank you and Questions

# Appendix – ESG, responsible lending and regulatory overview

# ESG at 4finance

## Creating a sustainable future

- 4finance aims to be a good corporate citizen everywhere it operates, working respectfully with customers, employees, regulators and other stakeholders to deliver a great service
- Established public policies on Data Security, Privacy, Whistleblowing, Conduct, Tax and Ethics
- Progress made on the ESG strategy with areas of focus and plans to improve to be set out
- In March 2023, evaluated by S&P as being in the top third of businesses in our sector (Diversified Financial Services and Capital Markets, FBN) in the S&P Global Corporate Sustainability Assessment, reflecting our efforts to engage in a more comprehensive way in this area

Full ESG statement available on www.4finance.com

# 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, whistleblowing and other strategic compliance priorities
- Robust corporate governance
- 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 and sharing our ESG approach and credentials as we move towards formal corporate sustainability 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
- Actively engaged in the discussions surrounding revisions to the EU Consumer Credit Directive as it moves to adoption and transposition into national laws over the next three years

## 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

| Country | % of interest income (Q1 2023)* | Products (1) | Regulator | CB (2) | License required (3) | Interest rate cap (1) | Status |
|---|---|---|---|---|---|---|---|
| **Bulgaria** | 20% | SPL (online), IL, LOC, POS, SME | Bulgarian National Bank | Yes | Yes | APR (inc. fees) | Draft Bill for Amendments in Contracts and Obligations Act, lowering default interest from 10% to 4% for individuals, which may reduce APR cap from 50% to 20%. Parliamentary process postponed |
| **Czech Republic** | 7% | SPL, IL | Czech National Bank | Yes | Yes | - | Stable framework |
| **Latvia** | 9% | MTP, IL | Consumer Rights Protection Centre | - | Yes | Nominal, fees & TCOC | Stable framework |
| **Lithuania** | 1% | IL | Central Bank of Lithuania | Yes | Yes | Nominal, fees & TCOC | Stable framework |
| **Philippines** | 10% | SPL, IL | Securities and Exchange Commission | - | Yes | Nominal, fees, penalties & TCOC | Cost caps introduced in March 2022 |
| **Romania** | 26% | IL, LOC, POS, SME | National Bank of Romania | Yes | Yes | - | Stable framework |
| **Spain** | 20% | SPL, IL | N/A | - | - | - | Stable framework |
| **Sweden** | 2% | MTP | Swedish Financial Supervisory Authority | Yes | Yes | Nominal & TCOC | Stable framework |

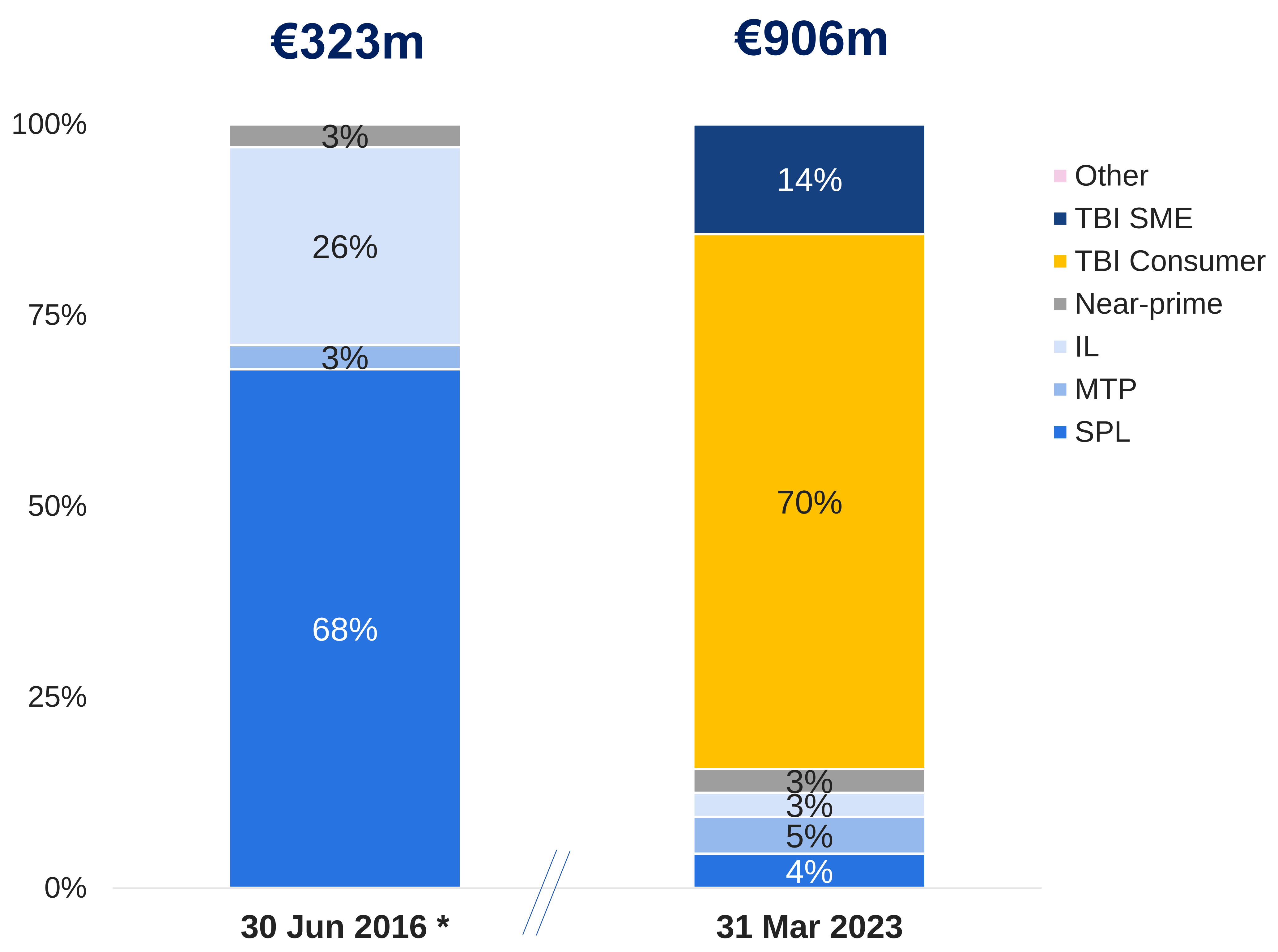
**Notes:**
(1) APR – Annual Percentage Rate; IL – Instalment loans; LOC – Line of Credit / Credit Cards; MTP – Minimum to pay; POS – Point of Sale; SPL – Single Payment Loans; SME – Business Banking; TCOC – Total Cost of Credit
(2) Indicates whether the regulator is also the main banking supervisory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

* 5% of interest income come from other corporate loans, Greece and purchased Lithuanian portfolio

# Appendix – strategic evolution of portfolio and funding

# Evolution of product mix

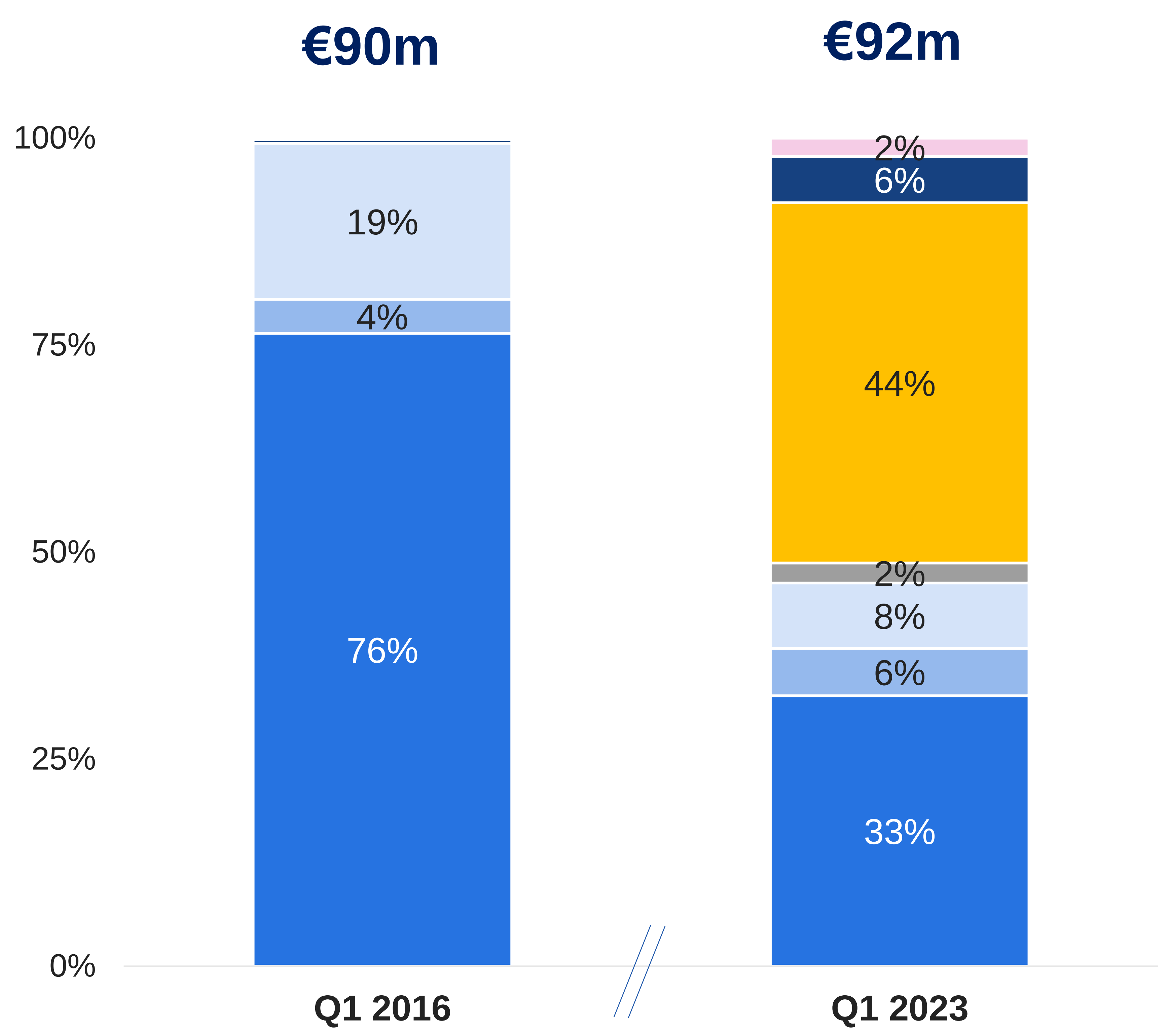
## Net receivables by product




**Online subprime only**

**Bank and online, near-prime and subprime**

## Interest income by product




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

# Purchase of near-prime loans from online business

**Brokerage model: origination of 'online' near-prime loans in Baltics for sale to TBI Bank**

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**Online acquisition**

**Initial portfolio development**

Early stage customer acquisition and credit metrics monitored and enhanced

**Funding Platform**

In-house IT funding platform ensuring ongoing automated portfolio transfers

tbi bank

**Retail deposit funding**

**Bringing portfolios to scale**

Market specific portfolios grow with ongoing sales to reach scale

Payment of fair market value

True sale of portfolio(s), loan servicing

- **Sales of Lithuanian near-prime loans with over €58m principal sold since February 2021**

**Illustrative near-prime "unit economics"(1)**

Indicative APRs
20-40%

Cost/Income ratio
c.40%

Cost of Risk
<6-8%

Cost of Funds
3-5%

Return on Assets
3-5%(2)

Notes:
(1) Illustrative metrics for near-prime portfolios and not indicative of a specific product or market
(2) Illustrative potential returns in medium-term at scale

# Appendix – financials and key ratios

# Income statement

| *In millions of €* | 3M 2023 (unaudited) | 3M 2022 (unaudited) | % change |
|---|---|---|---|
| Interest Income | 91.7 | 65.8 | +39% |
| Interest Expense | (15.1) | (10.6) | +43% |
| **Net Interest Income** | **76.6** | **55.2** | **+39%** |
| Net F&C Income | 8.3 | 6.5 | +29% |
| Other operating income | 2.4 | 0.9 | nm |
| **Non-Interest Income** | **10.7** | **7.3** | **+45%** |
| **Operating Income (Revenue)** | **87.2** | **62.5** | **+40%** |
| **Total operating costs** | **(40.1)** | **(33.7)** | **+19%** |
| **Pre-provision operating profit** | **47.1** | **28.8** | **+63%** |
| Net impairment charges | (33.5) | (15.4) | +118% |
| **Post-provision operating profit** | **13.6** | **13.5** | **+1%** |
| Depreciation and amortisation | (1.9) | (1.7) | +17% |
| Non-recurring income/(expense) | (0.7) | (0.2) | nm |
| Net FX gain/(loss) | (2.2) | (2.7) | (18)% |
| **Profit before tax** | **8.8** | **8.9** | **(1)%** |
| Income tax expense | (3.2) | (3.8) | (17)% |
| **Profit from continuing operations** | **5.6** | **5.1** | **+11%** |
| Profit from discontinued operations, net of tax | - | 8.2 | nm |
| **Profit for the period** | **5.6** | **13.3** | **(58)%** |

Some income items have been reclassified between interest income and other operating income and Poland is reflected separately as discontinued operations

# Quarterly income statement

| *In millions of €* | Q1 2023 (unaudited) | Q4 2022 (unaudited) | Q3 2022 (unaudited) | Q2 2022 (unaudited) | Q1 2022 (unaudited) | YoY % change |
|---|---|---|---|---|---|---|
| Interest Income | **91.7** | 86.5 | 80.7 | 80.8 | 82.6 | +11% |
| Interest Expense | (15.1) | (13.0) | (10.9) | (10.1) | (10.6) | +43% |
| **Net Interest Income** | **76.6** | **73.5** | **69.8** | **70.6** | **72.0** | **+6%** |
| Net F&C Income | 8.3 | 11.6 | 7.8 | 6.8 | 6.5 | +29% |
| Other operating income | 2.4 | 2.3 | 2.2 | 2.2 | 0.2 | nm |
| **Non-Interest Income** | **10.7** | **13.8** | **10.0** | **9.0** | **6.7** | **+60%** |
| **Operating Income (Revenue)** | **87.2** | **87.3** | **79.8** | **79.6** | **78.7** | **+11%** |
| **Total operating costs** | **(40.1)** | **(39.5)** | **(37.3)** | **(37.2)** | **(39.6)** | **+1%** |
| **Pre-provision operating profit** | **47.1** | **47.9** | **42.5** | **42.4** | **39.1** | **+21%** |
| Net impairment charges | (33.5) | (29.6) | (25.8) | (20.4) | (15.3) | +119% |
| **Post-provision operating profit** | **13.6** | **18.3** | **16.7** | **22.0** | **23.8** | **(43)%** |
| Depreciation and amortisation | (1.9) | (2.2) | (1.5) | (1.6) | (1.8) | +6% |
| Non-recurring income/(expense) | (0.7) | 0.6 | 0.2 | (4.2) | (0.4) | +82% |
| Net FX gain/(loss) | (2.2) | (6.2) | (2.9) | 0.1 | (2.7) | (18)% |
| One-off adjustments to intangible assets | - | (0.2) | - | - | - | nm |
| **Profit before tax** | **8.8** | **10.3** | **12.6** | **16.2** | **18.8** | **(53)%** |
| Income tax expense | (3.2) | (3.9) | (3.4) | (3.5) | (5.6) | (43)% |
| **Net profit/(loss) after tax** | **5.6** | **6.4** | **9.2** | **12.8** | **13.3** | **(58)%** |
| | | | | | | |
| **Adjusted EBITDA** | **28.0** | **29.3** | **28.0** | **31.0** | **33.5** | **(17)%** |

The reclassifications between interest income and other operating income, described in the Income Statement section, have been applied retrospectively here. To maintain consistency with reported quarterly results, no restatement has been made for Poland. Q4 2022 reflects adjustments made in final audited 2022 figures.

# Balance sheet

| *In millions of €* | 31 March 2023 (unaudited) | 31 December 2022 |
|---|---|---|
| *Assets* | | |
| **Cash and cash equivalents, of which:** | **194.8** | **221.6** |
| - Online | 44.0 | 52.5 |
| - TBI Bank | 150.8 | 169.1 |
| Placements with other banks | 36.6 | 35.7 |
| Gross receivables due from customers | 1,016.1 | 943.7 |
| Allowance for impairment | (109.9) | (97.4) |
| **Net receivables due from customers, of which:** | **906.2** | **846.4** |
| - Principal | 887.6 | 826.6 |
| - Accrued interest | 18.6 | 19.8 |
| Net investments in finance leases | 2.0 | 1.9 |
| Net loans to related parties | 29.5 | 28.8 |
| Net loans to other parties | 29.7 | 29.6 |
| Property and equipment | 18.1 | 18.2 |
| Financial investments | 128.9 | 67.7 |
| Prepaid expenses | 4.2 | 3.5 |
| Tax assets | 4.1 | 3.8 |
| Deferred tax assets | 11.2 | 11.5 |
| Intangible IT assets | 18.3 | 17.1 |
| Goodwill | 27.6 | 27.6 |
| Other assets | 67.0 | 58.7 |
| **Total assets** | **1,478.2** | **1,372.1** |

| *In millions of €* | 31 March 2023 (unaudited) | 31 December 2022 |
|---|---|---|
| *Liabilities* | | |
| Loans and borrowings | 296.2 | 284.8 |
| Deposits from customers | 862.0 | 781.7 |
| Deposits from banks | 0.0 | - |
| Income tax liabilities | 8.5 | 6.8 |
| Other liabilities | 106.0 | 100.2 |
| **Total liabilities** | **1,272.7** | **1,173.4** |
| Share capital | 35.8 | 35.8 |
| Retained earnings | 199.3 | 193.6 |
| Reserves | (29.5) | (30.7) |
| **Total equity** | **205.5** | **198.6** |
| **Total shareholders' equity and liabilities** | **1,478.2** | **1,372.1** |

# Statement of cash flows

| In millions of € | 3 Months to 31 March (unaudited) | |
|---|---|---|
| | 2023 | 2022 |
| ***Cash flows from operating activities*** | | |
| Profit before tax from continuing operations | 8.8 | 8.9 |
| Profit before tax from discontinued operations | - | 10.0 |
| **Profit before taxes** | **8.8** | **18.8** |
| *Adjustments for:* | | |
| Depreciation and amortisation | 1.9 | 1.8 |
| Net loss on foreign exchange from borrowings and other monetary items | 0.6 | 0.2 |
| Impairment losses on loans | 34.7 | 24.4 |
| Reversal of provision on debt portfolio sales | 0.0 | (6.9) |
| Write-off and disposal of intangible and property and equipment assets | 0.3 | 0.0 |
| Interest income from non-customers loans | (2.1) | (1.7) |
| Interest expense on loans and borrowings and deposits from customers | 15.1 | 10.6 |
| Non-recurring finance (income) | (0.0) | (0.6) |
| Other non-cash items | 0.0 | (0.1) |
| Profit before adjustments for the effect of changes to current assets and short-term liabilities | **59.5** | **46.7** |
| *Adjustments for:* | | |
| Change in financial instruments measured at fair value through profit or loss | 0.7 | (1.7) |
| (Increase) in other assets (including TBI statutory reserve, placements & leases) | (5.7) | (13.1) |
| Increase in accounts payable to suppliers, contractors and other creditors | 6.3 | 3.3 |
| ***Operating cash flow before movements in portfolio and deposits*** | ***60.8*** | ***35.2*** |
| Increase in loans due from customers | (99.1) | (65.6) |
| Proceeds from sale of portfolio | 4.9 | 14.3 |
| Increase in deposits (customer and bank deposits) | 80.4 | 15.3 |
| Deposit interest payments | (7.2) | (1.8) |
| ***Gross cash flows from operating activities*** | ***39.7*** | ***(2.7)*** |
| Corporate income tax (paid), net of refunds received | (1.5) | (1.4) |
| ***Net cash flows from / (used in) operating activities*** | ***38.3*** | ***(4.1)*** |

| *In millions of € (continued)* | 3 Months to 31 March (unaudited) | |
|---|---|---|
| | 2023 | 2022 |
| ***Cash flows from / (used in) investing activities*** | | |
| Purchase of property and equipment and intangible assets | (2.7) | (1.7) |
| Net cash from (Purchase) / Sale of financial instruments | (60.9) | (19.3) |
| Other / related party loans repaid | 0.7 | - |
| Other / related party loans issued | (1.1) | - |
| Interest received on other / related party loans | 1.7 | 1.8 |
| (Acquisition) of equity investments | - | (1.8) |
| ***Net cash flows used in investing activities*** | ***(62.3)*** | ***(21.0)*** |
| ***Cash flows from / (used in) financing activities*** | | |
| Loans received and notes issued | 8.2 | - |
| Repayment and repurchase of loans and notes | (1.0) | (26.7) |
| Interest payments | (3.7) | (4.7) |
| FX hedging margin | (0.9) | 1.5 |
| Payment of lease liabilities | (0.9) | (0.9) |
| ***Net cash flows from / (used in) financing activities*** | ***1.7*** | ***(30.9)*** |
| **Net decrease in cash and cash equivalents** | **(22.4)** | **(56.0)** |
| ***Cash and cash equivalents at the beginning of the period*** | ***155.6*** | ***134.2*** |
| Effect of exchange rate fluctuations on cash | (0.0) | (0.0) |
| ***Cash and cash equivalents at the end of the period*** | ***133.1*** | ***78.2*** |
| ***TBI Bank minimum statutory reserve*** | ***61.6*** | ***49.1*** |
| ***Total cash on hand and cash at central banks*** | ***194.8*** | ***127.3*** |

# Key financial ratios

| | 3 months to 31 March | |
|---|---|---|
| | **2023** | **2022** |
| ***Capitalisation*** | | |
| Equity / assets | 13.9% | 17.5% |
| Tangible common equity / tangible assets | 10.4% | 14.2% |
| Equity / net receivables | 22.7% | 27.0% |
| Adjusted interest coverage | 2.4x | 2.5x |
| TBI Bank consolidated capital adequacy | 23.3% | 21.4% |
| ***Profitability*** | | |
| Net interest margin: | | |
| - Online | 99.9% | 73.8% |
| - TBI Bank | 18.7% | 21.6% |
| - Overall group | 32.0% | 32.1% |
| Cost / income ratio | 46.0% | 53.9% |
| Post-provision operating profit margin | 14.9% | 20.5% |
| Normalised Profit before tax margin | 12.8% | 18.0% |
| Normalised Return on average equity | 16.9% | 17.7% |
| Normalised Return on average assets | 2.4% | 3.0% |

| | 3 months to 31 March | |
|---|---|---|
| | **2023** | **2022** |
| ***Asset quality*** | | |
| Cost of risk: | | |
| - TBI Bank | 6.4% | 4.1% |
| - Overall group | 13.7% | 8.7% |
| Net impairment / interest income | 36.5% | 23.3% |
| Gross NPL ratio: | | |
| - Online | 10.0% | 12.2% |
| - TBI Bank | 9.8% | 9.5% |
| - Overall group | 9.8% | 10.2% |
| Overall group NPL coverage ratio | 110.1% | 114.1% |
| Loan loss reserve / gross receivables, % | 10.8% | 11.6% |

See appendix for definitions of key metrics and ratios

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

- **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)

- **ESG –** Environment, Social and Governance

- **Gross NPL ratio –** Non-performing receivables (including accrued interest) / 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 that are over 90 days past due (over 30 DPD in the Philippines) and, for TBI Bank, shown on a customer level basis

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

- **Overall group NPL coverage ratio –** Overall receivables allowance account / 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)

# Contacts

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