4finance Holding SA

Investor presentation for six month 2023 results

31 August 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

Diversified online lending business

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

EU-licensed bank

- 3 markets, with passporting to additional four markets
- €203m book value
- 24% compound growth in net receivables since acquisition in 2016
- Strong capital and liquidity ratios

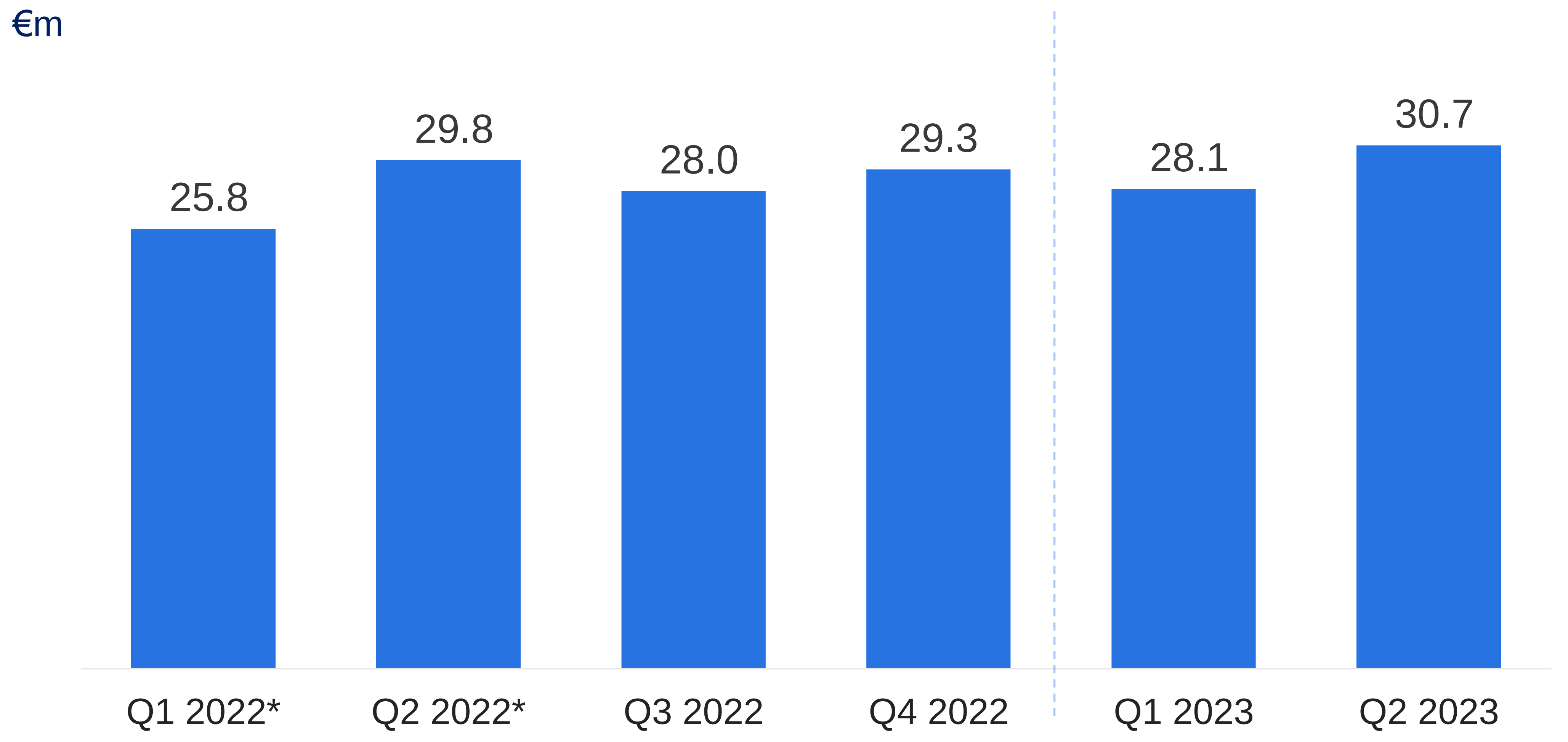
Strong Credit Profile

~€115m annualised Adj. EBITDA	€1.5bn Total assets of as at 30-Jun-23	~2.2x Net debt/ Adj EBITDA as at 30-Jun-23	Over €10bn 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 six month 2023 results

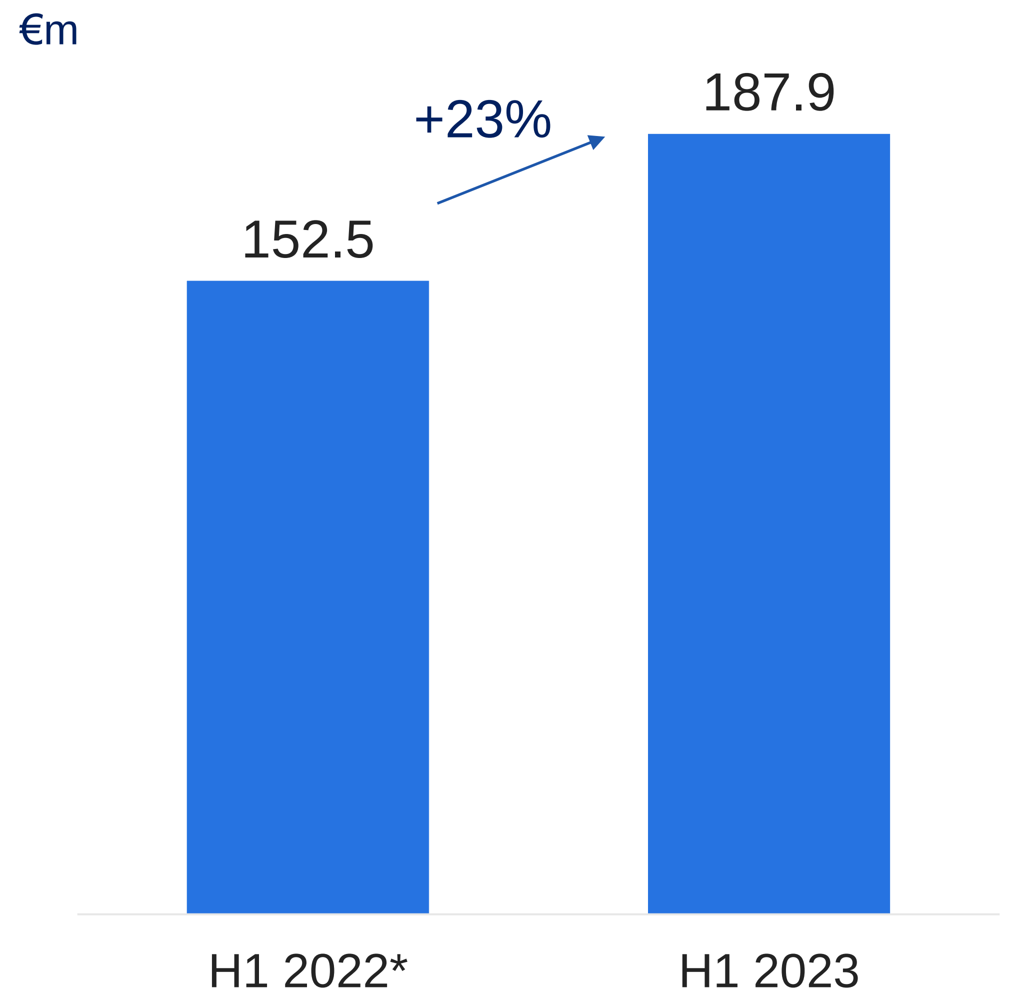
- €109m quarterly gross income (including interest income and fees) up 7% QoQ to highest level for over 3 years
- Interest income in H1 2023 up 30% YoY to €188m
- Adjusted EBITDA €59m in H1, up 6% vs proforma H1 2022; EBITDA margin of 31%
- Online loan issuance growth driven by Czech Republic, Latvia and Philippines
- Cost/income ratio of 44.7% in H1 2023, an improvement from 50.3% in H1 2022
- Another quarter of record origination and portfolio size at TBI Bank
- Cost of risk stable overall. Growth in portfolio leads to proportionate growth in provisions

Proforma Adjusted EBITDA by quarter

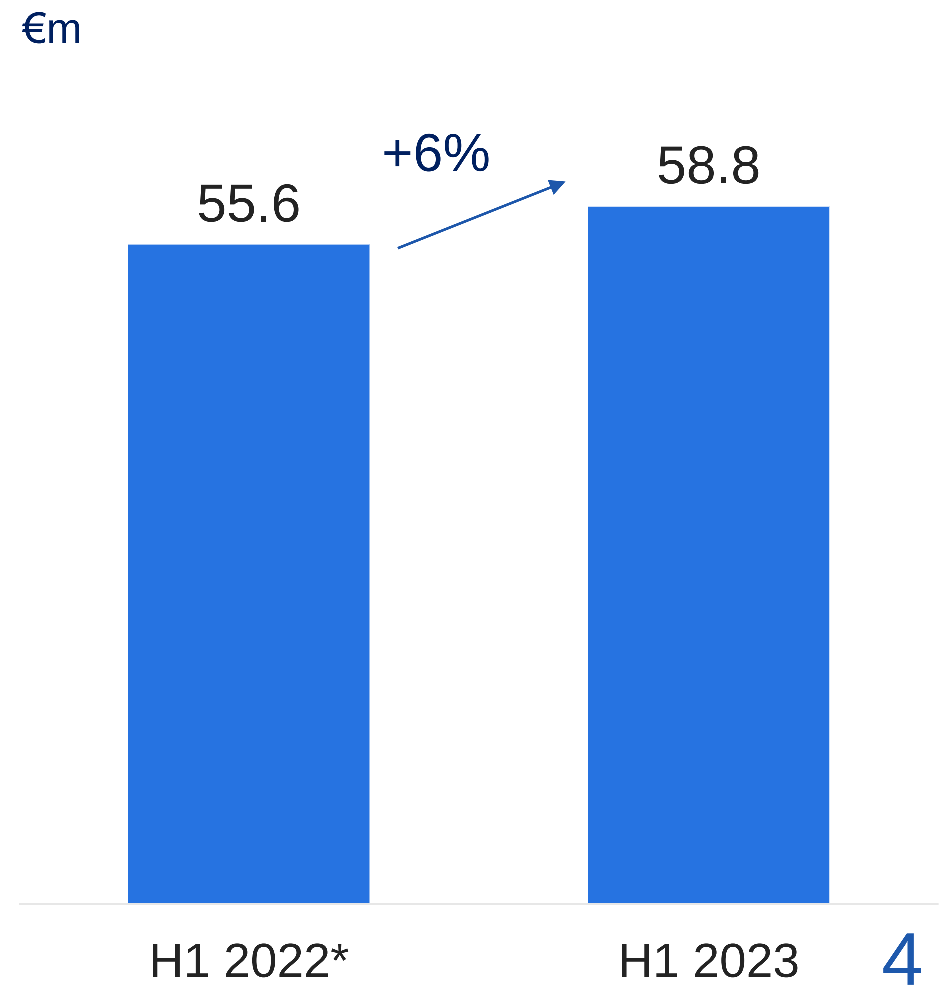


Year-on-year proforma comparison

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 35% 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 €12.6k
- Continued progress in Greece, with close to 3,000 merchant partners, initial launch of banking app and monthly lending volume over €5.2m
- Increasing proportion of customers onboarded to market-leading banking App: up to 47% in Jun'23 in Bulgaria from 29% 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 30 Jun 2023

€203m

Revenue 6M 2023

€96m (+26% YoY)

Net profit 6M 2023

€19m (€21m* in 6M 2022)

Return on Equity 30 Jun 2023

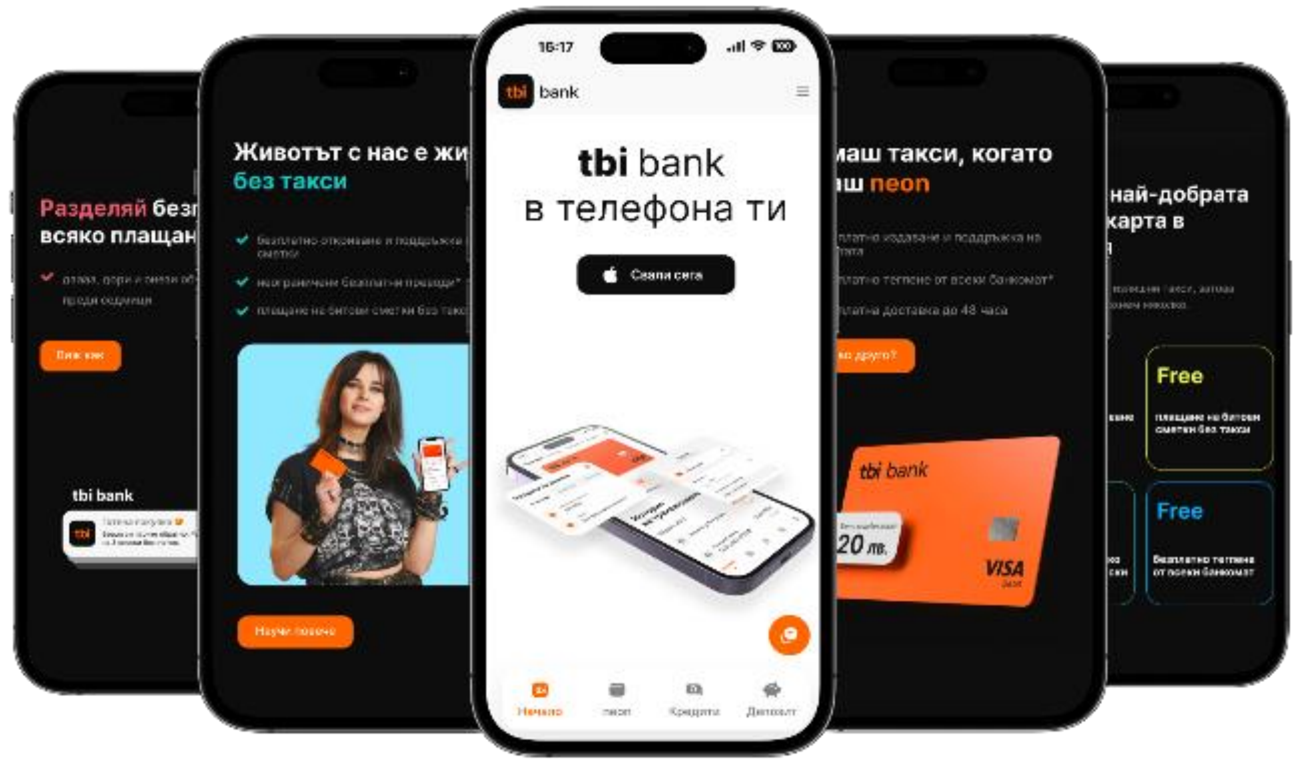
19.2%

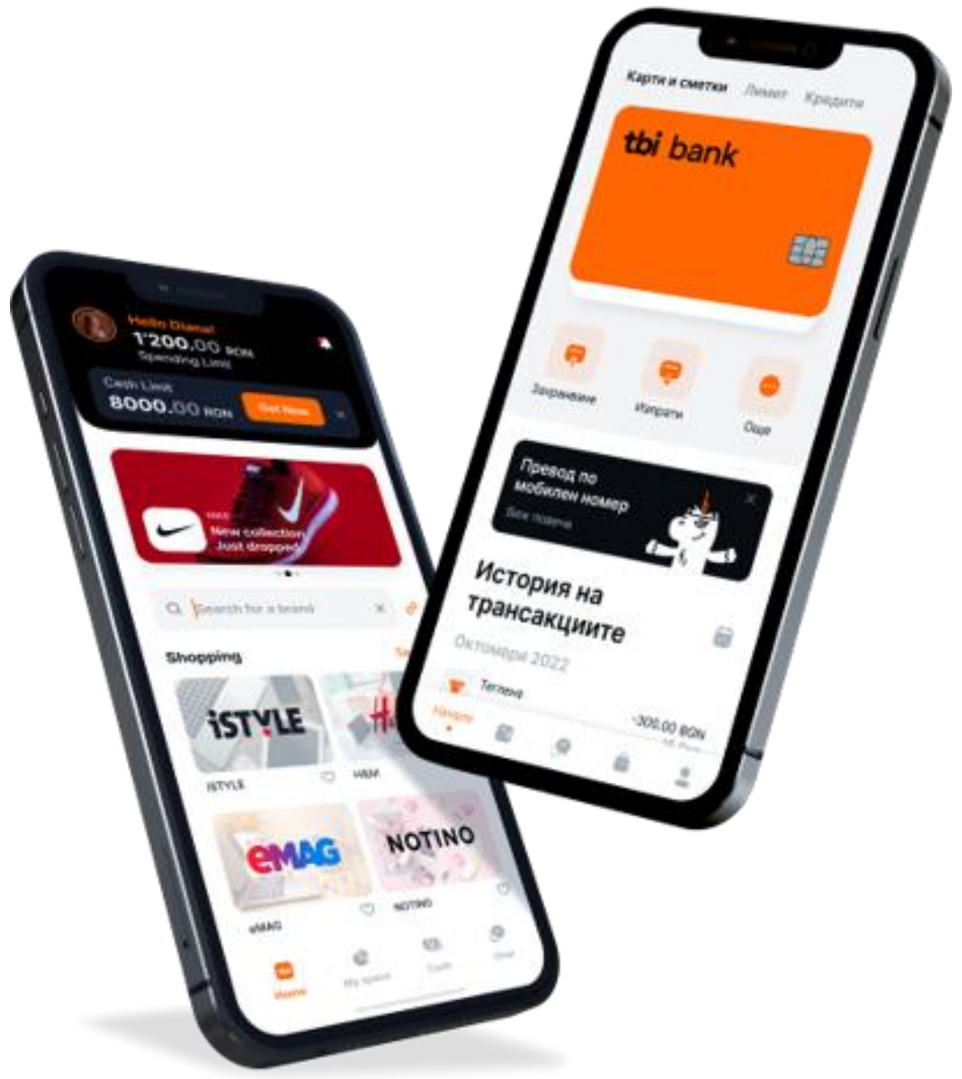
6-year revenue CAGR

24%

Active customers

665k

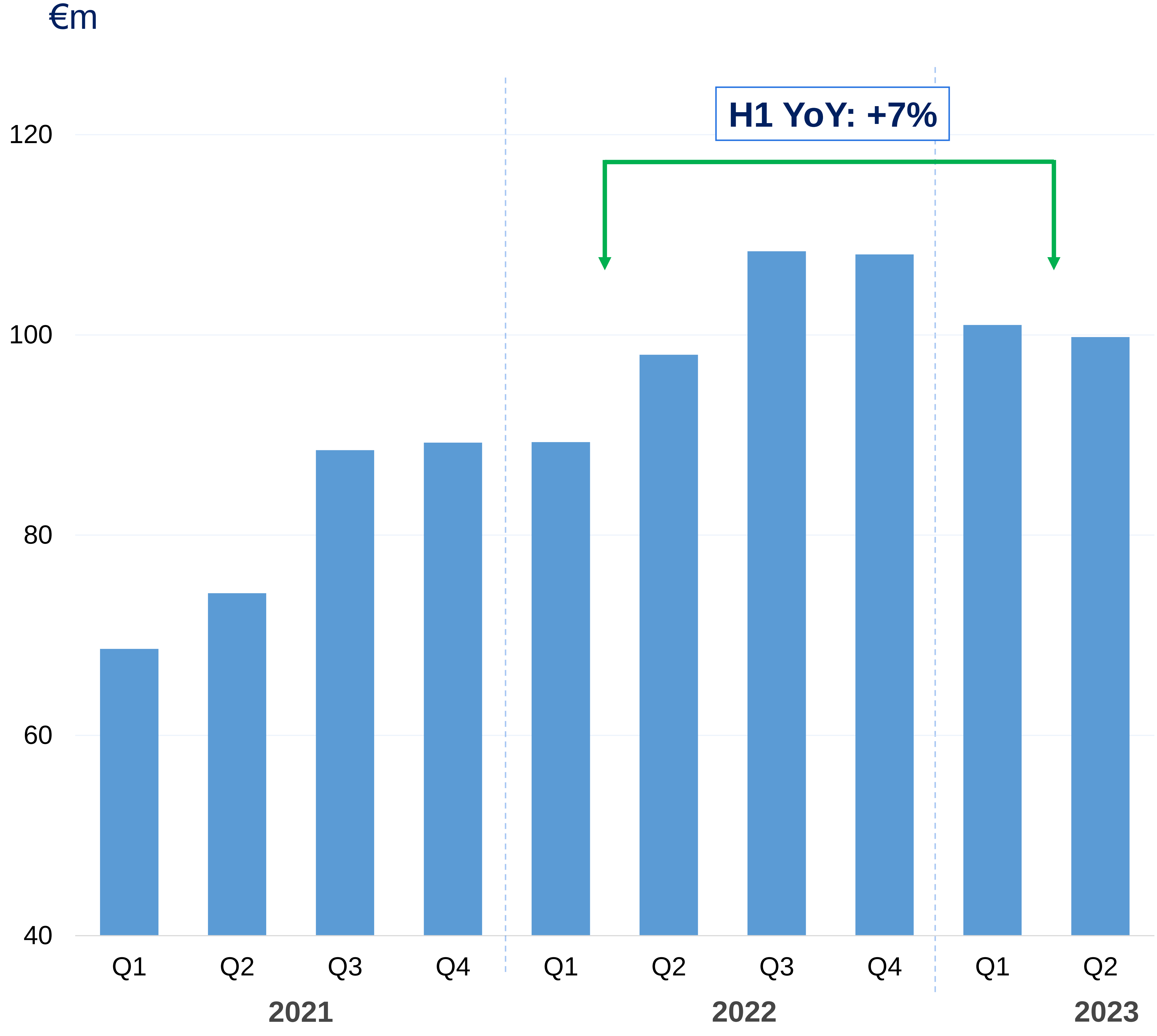




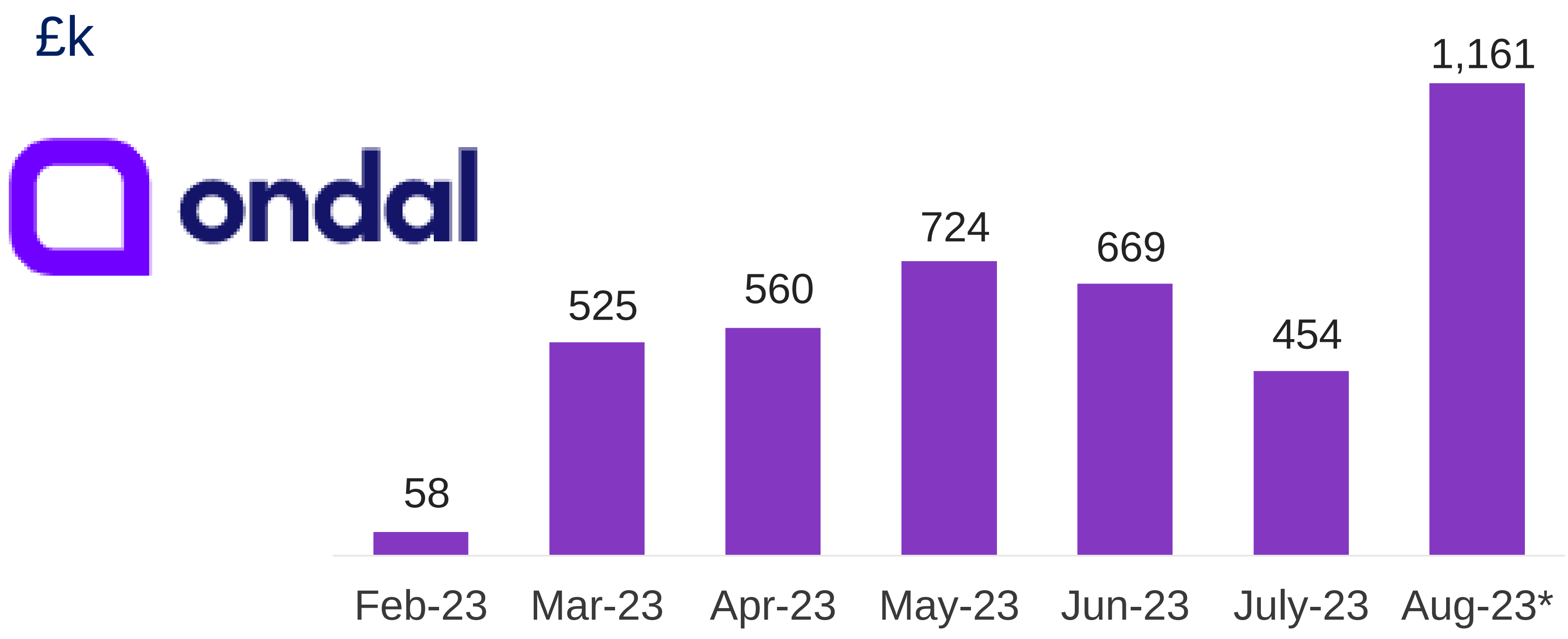
* H1 2022 net profit includes one-off effects from interest rate swap

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



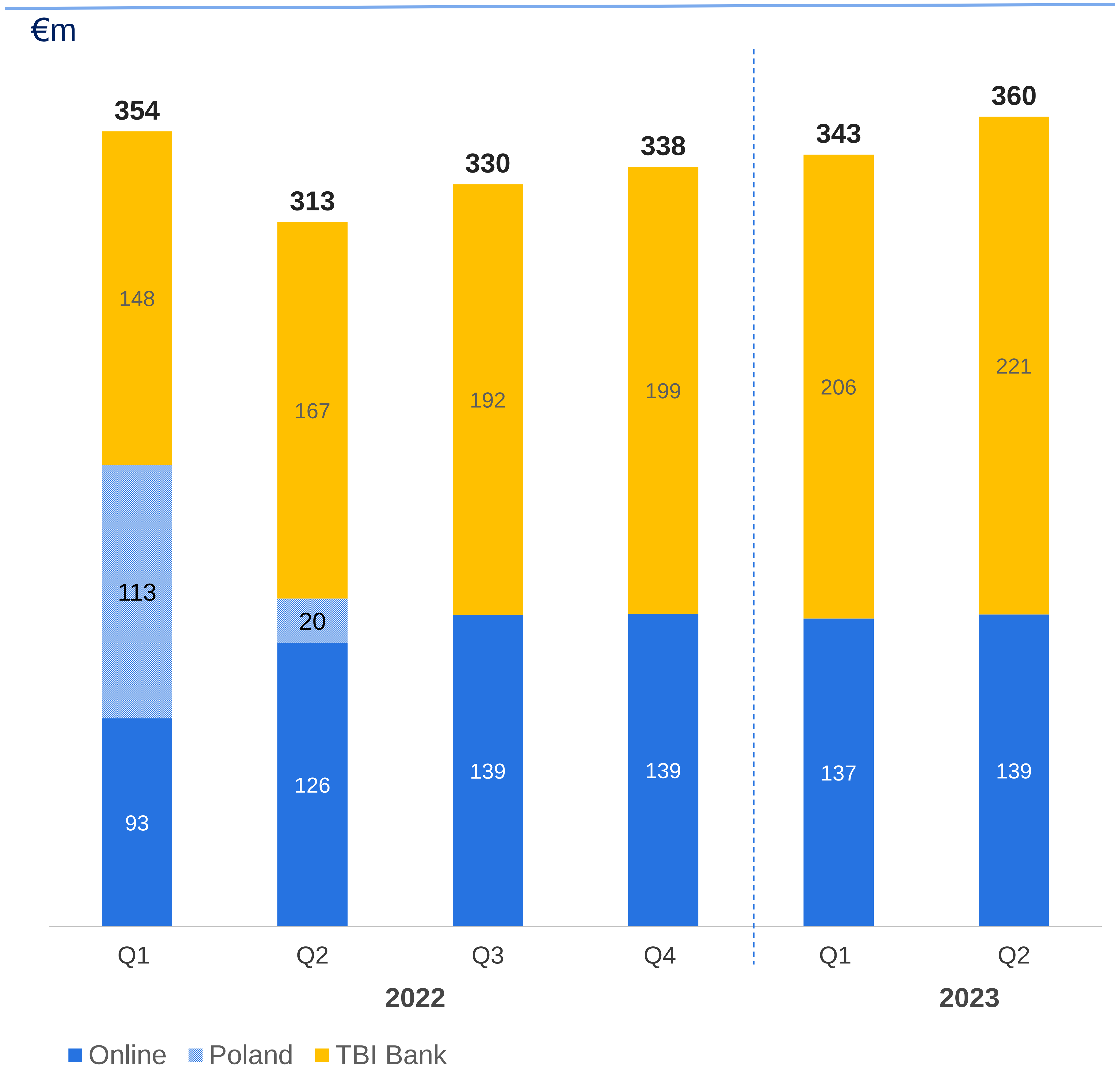
* Pro-rata to 27-Aug

New markets: Philippines loan issuance

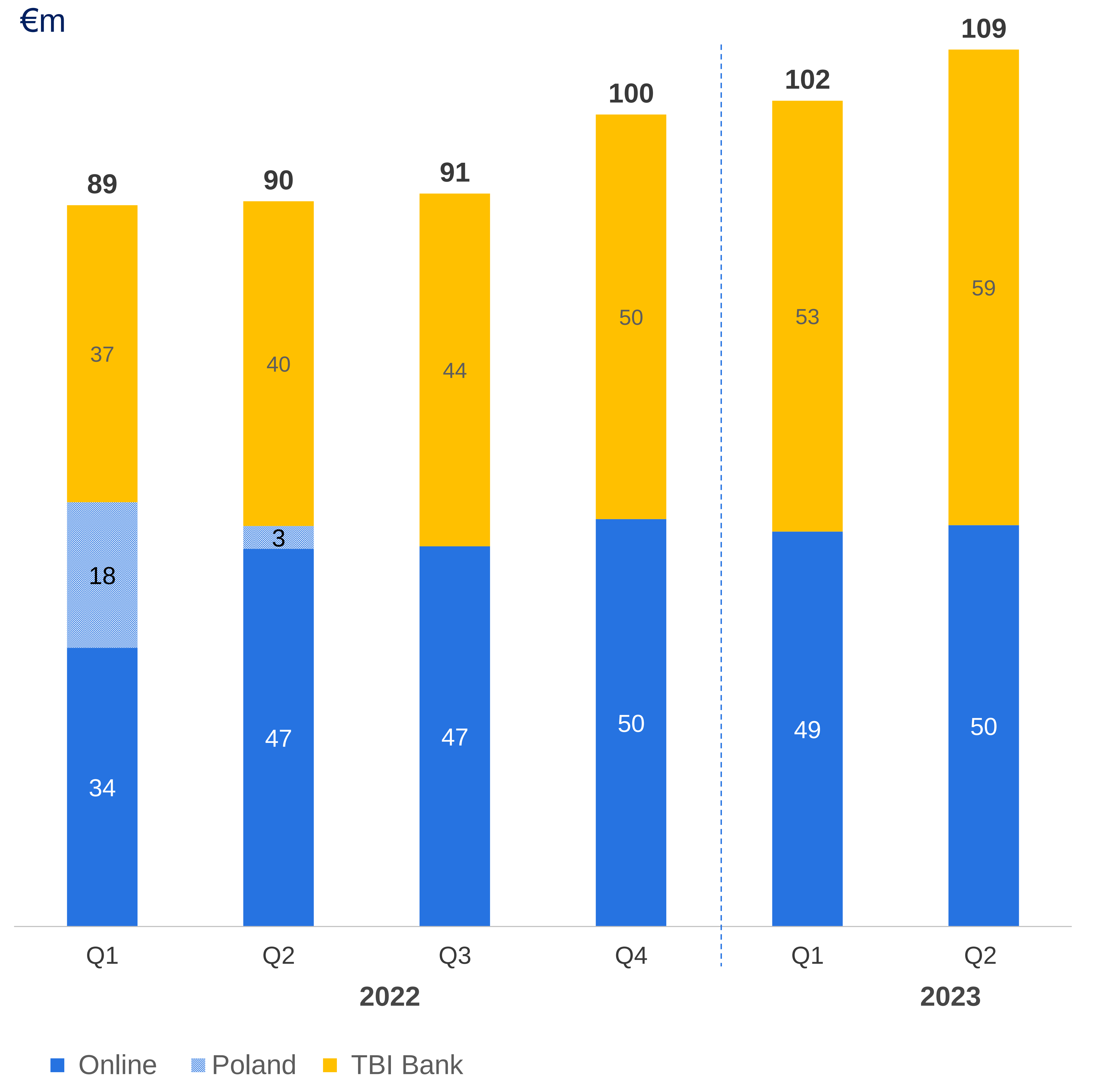
Note (1): Active online products as of 30 June 2023 (excluding Poland, TBI Bank and Philippines)

Overall loan issuance and gross income

Quarterly loan issuance



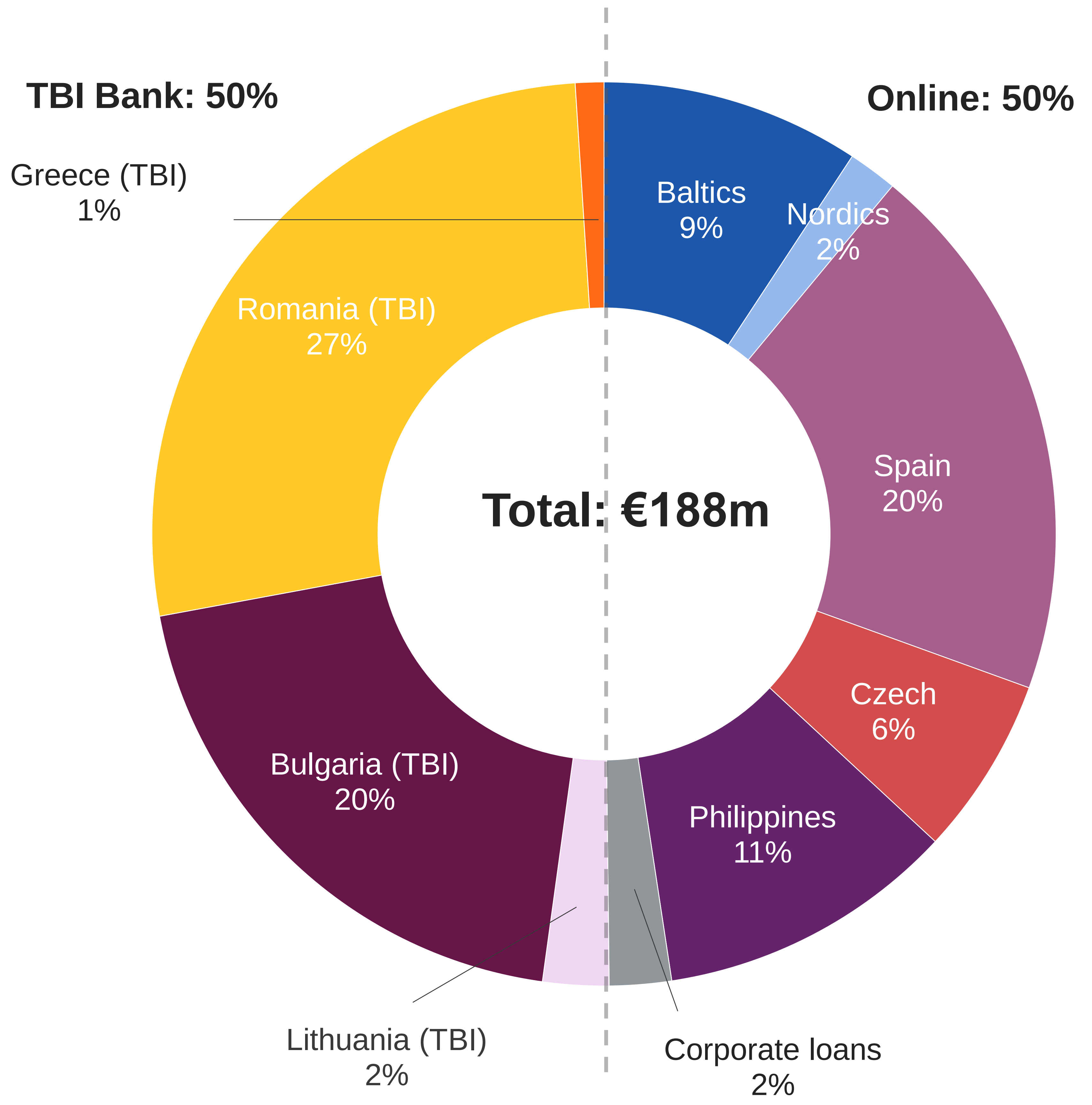
Quarterly gross income (1)



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

H1 2023 interest income by country

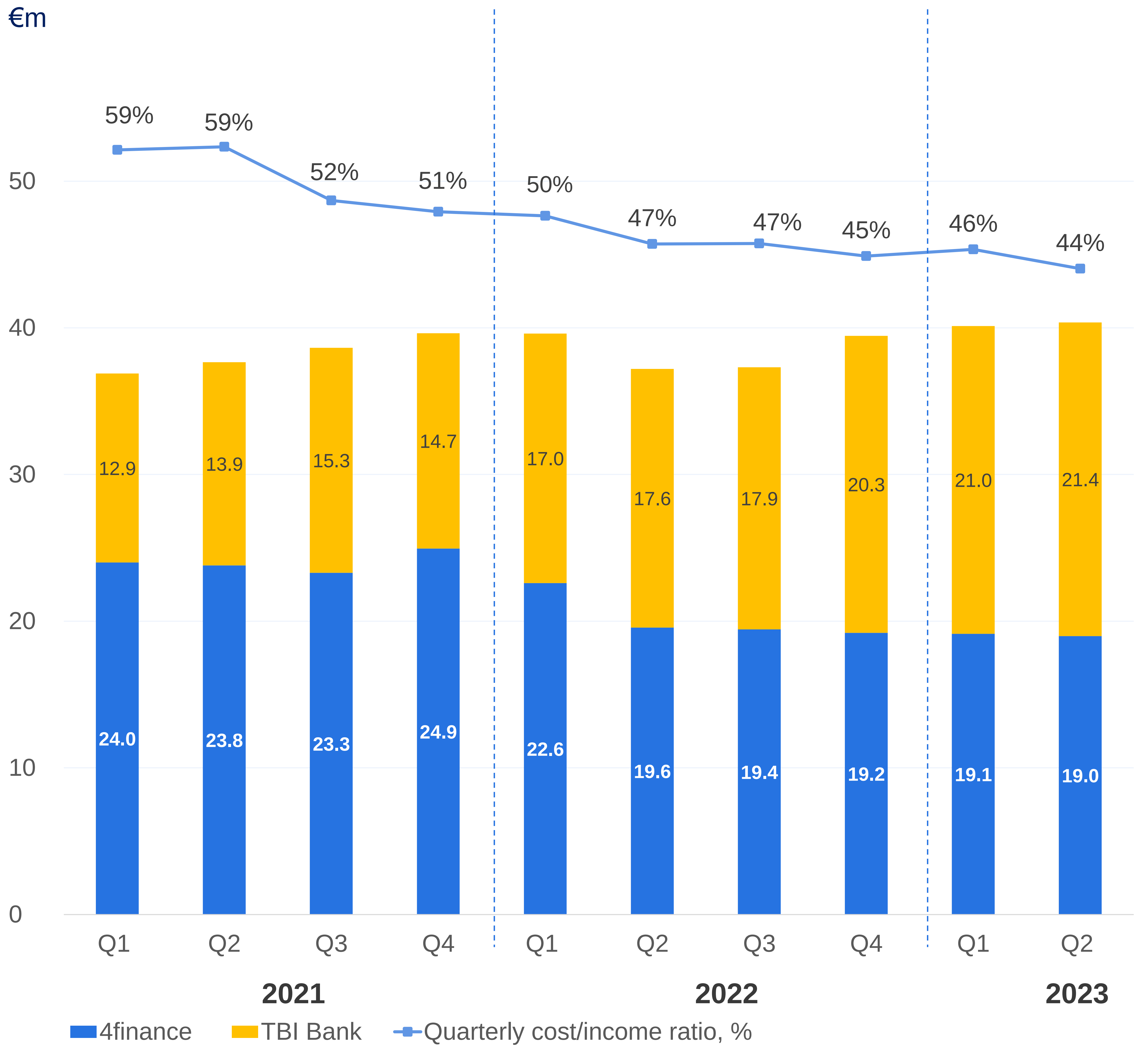


- Footprint in 7 online markets plus TBI Bank
  - Baltics: Latvia & Lithuania
  - Sweden
  - Spain
  - Czech Republic
  - Philippines
  - United Kingdom
- Clear regulatory framework in place in most markets
  - Contrast to position of 3+ years ago
  - Demonstrated ability to adapt and share best practice
- Disciplined approach to further growth opportunities
  - New segment/product pilots
  - Investing for growth at TBI Bank, including Greece
  - Mexico launch planned in Q4

Operating cost drivers

- Online business: Q2 2023 quarterly operating costs lower vs both Q1 2023 and YoY. Online costs for H1 2023 have decreased by €4m YoY
- TBI Bank costs higher QoQ in order to support growing business and investment in strategic initiatives
- Cost/income ratio in Q2 2023 considerably lower vs same period in previous years – the lowest since 2015
- Continued focus on leveraging operational efficiency

Total operating costs (1)

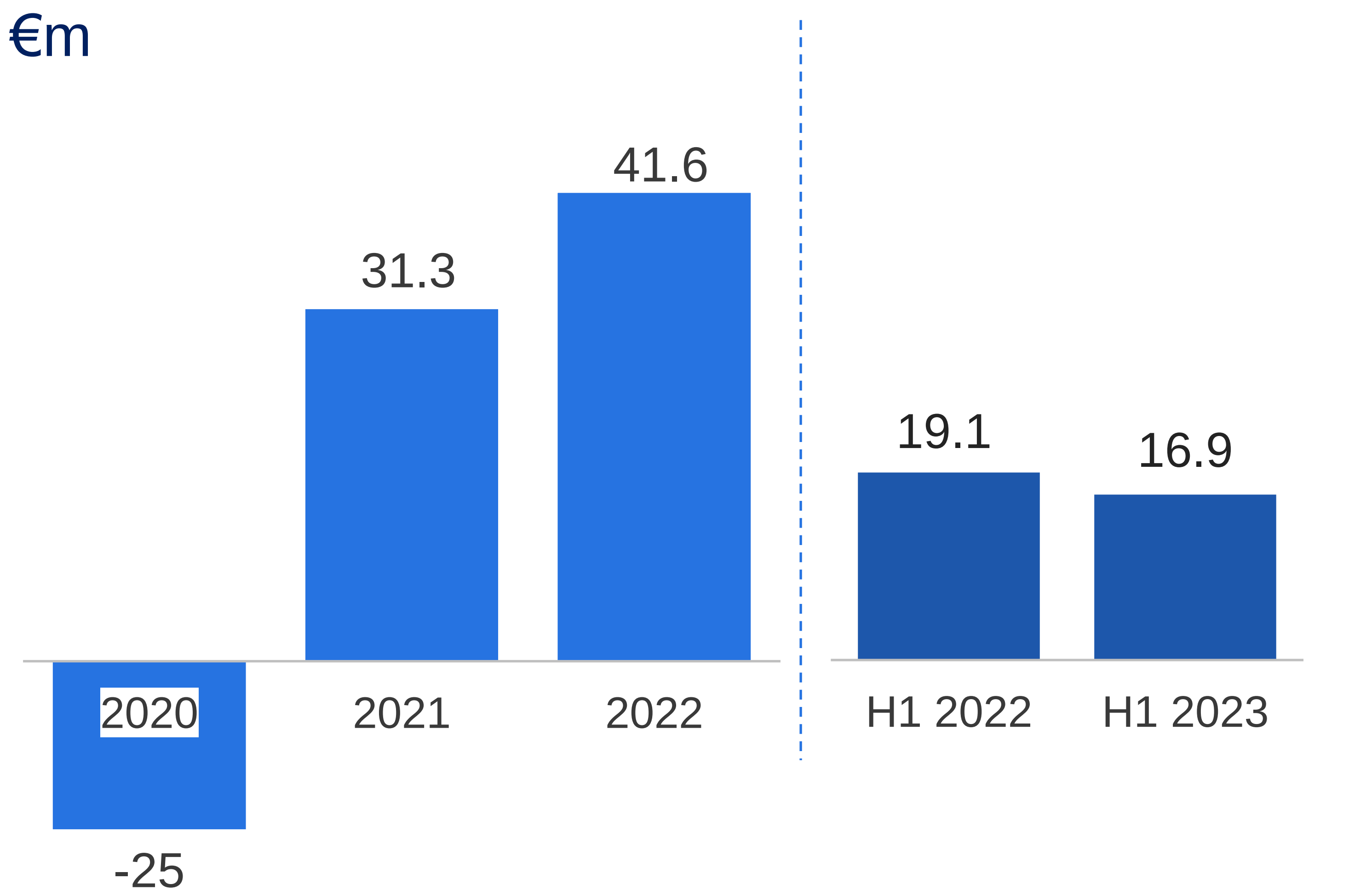


Note (1): Q4 costs for 2021 & 2022 have been adjusted to reflect respective year's audited figures. Figures include Poland until point of sale

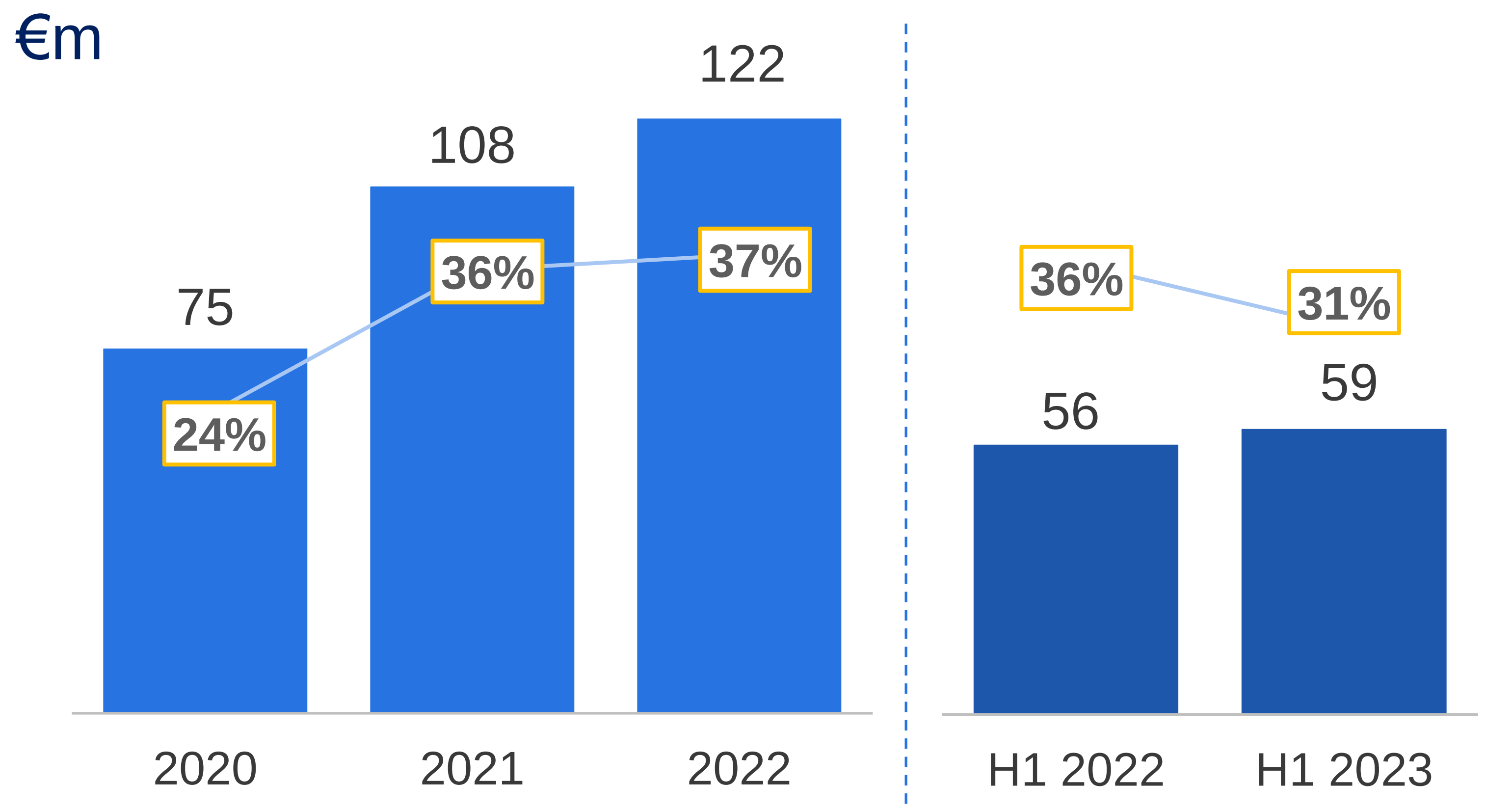
See appendix for definitions of key metrics and ratios

Resilient financial track record

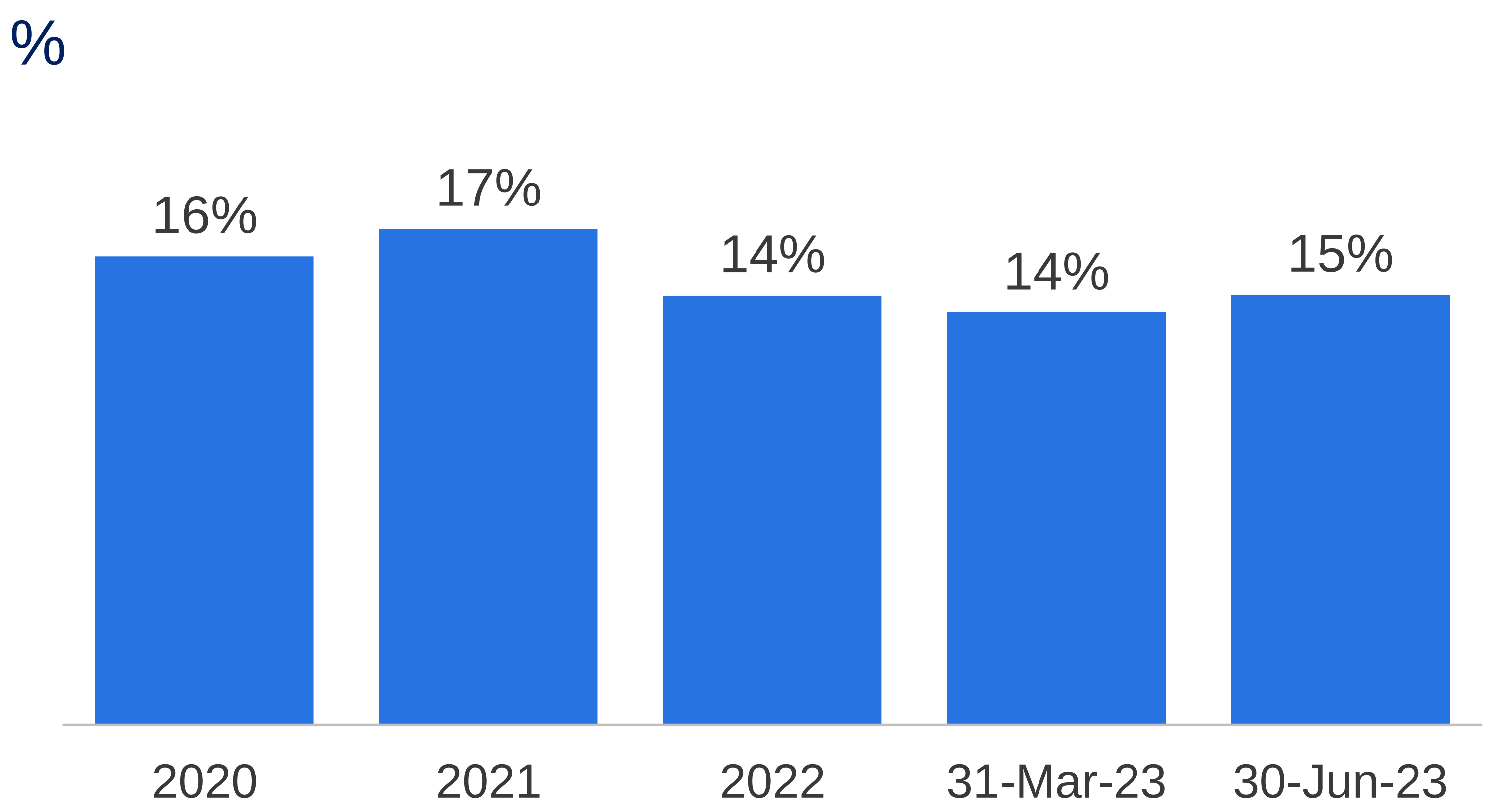
Profit after tax[1]



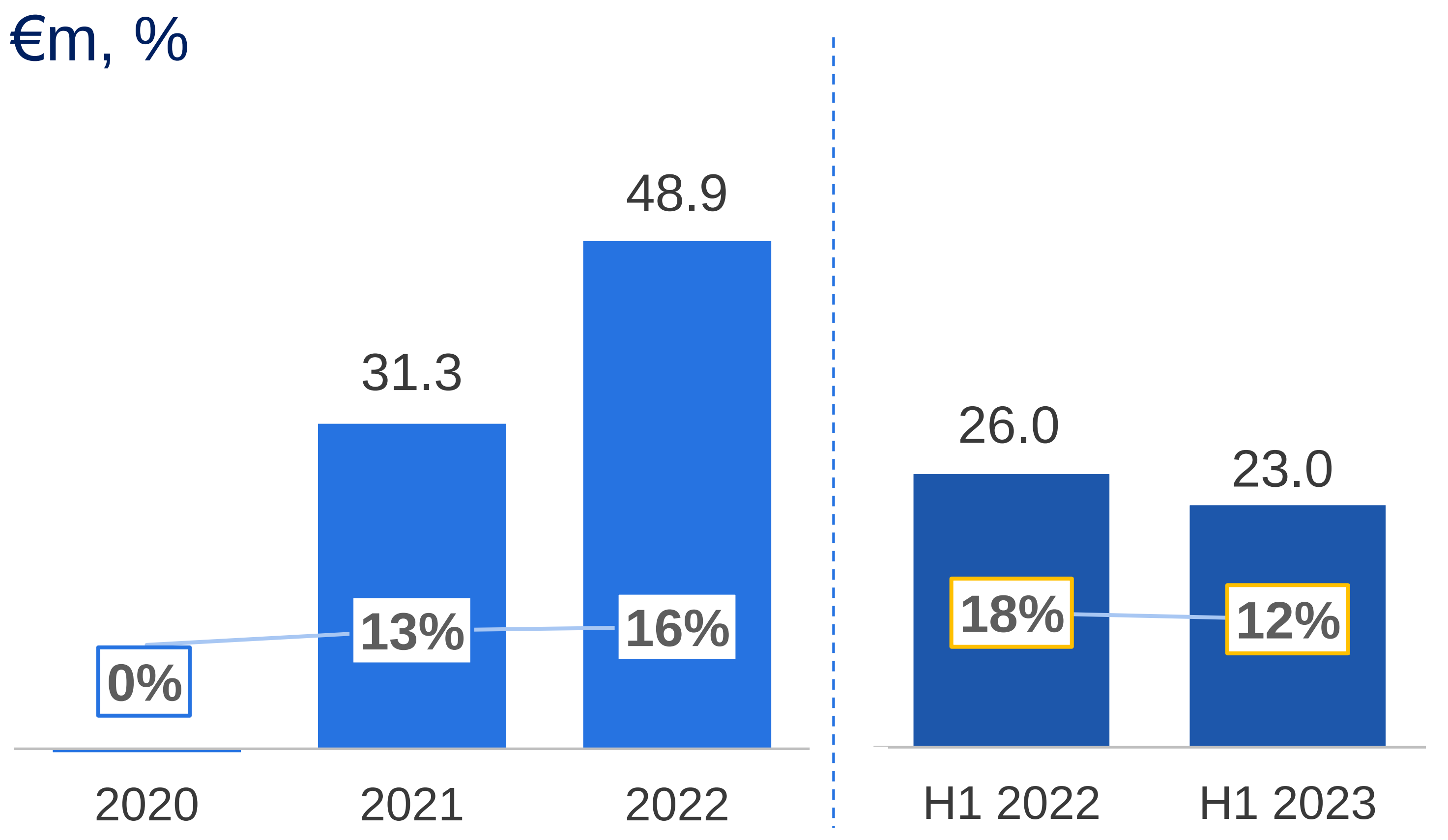
Adj. EBITDA / Adj. EBITDA margin (%)[2]



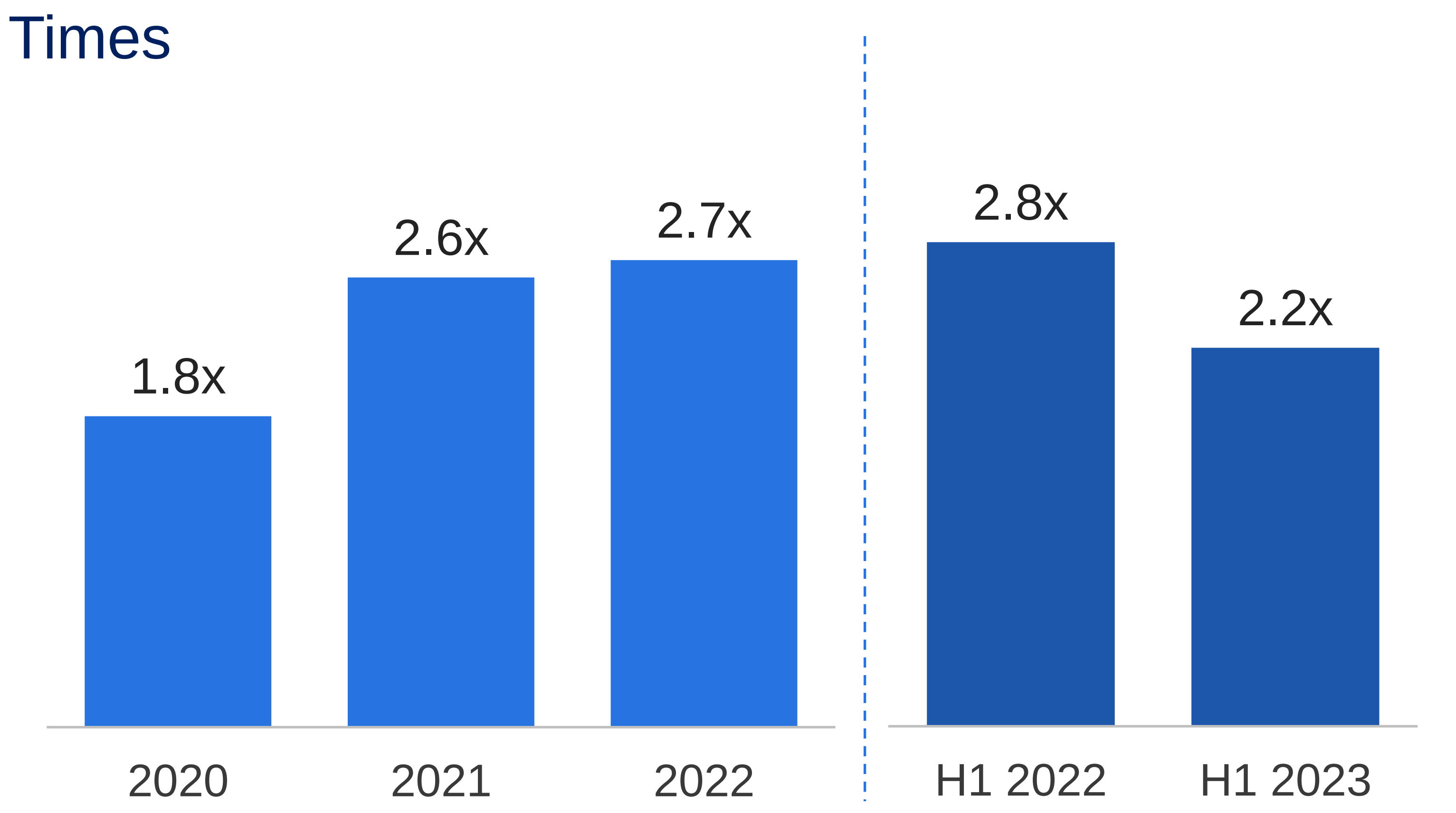
Equity to assets ratio



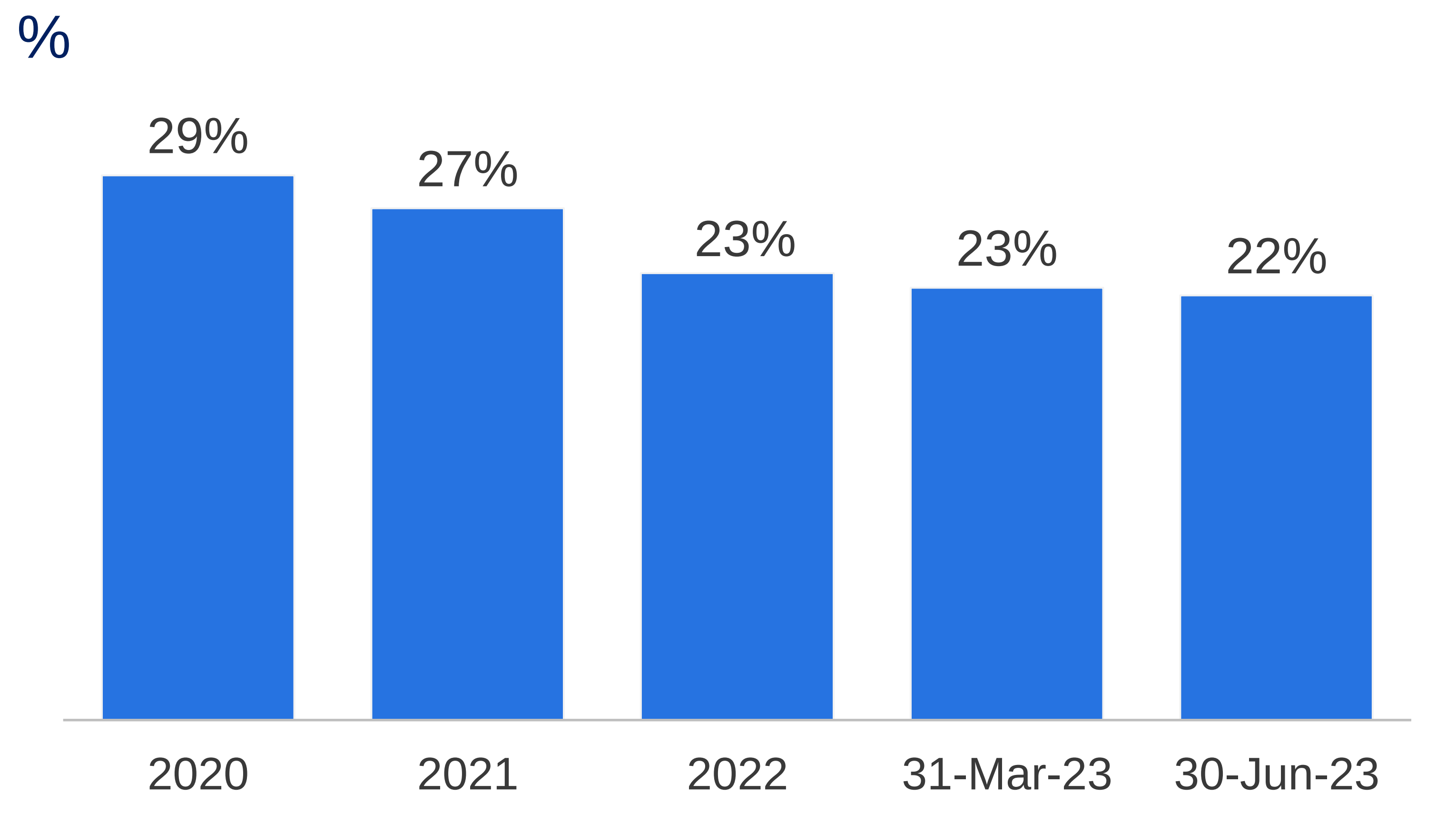
Profit before tax / PBT margin[1] (%)



Covenant interest coverage ratio[3]



Equity to net receivables ratio[4]

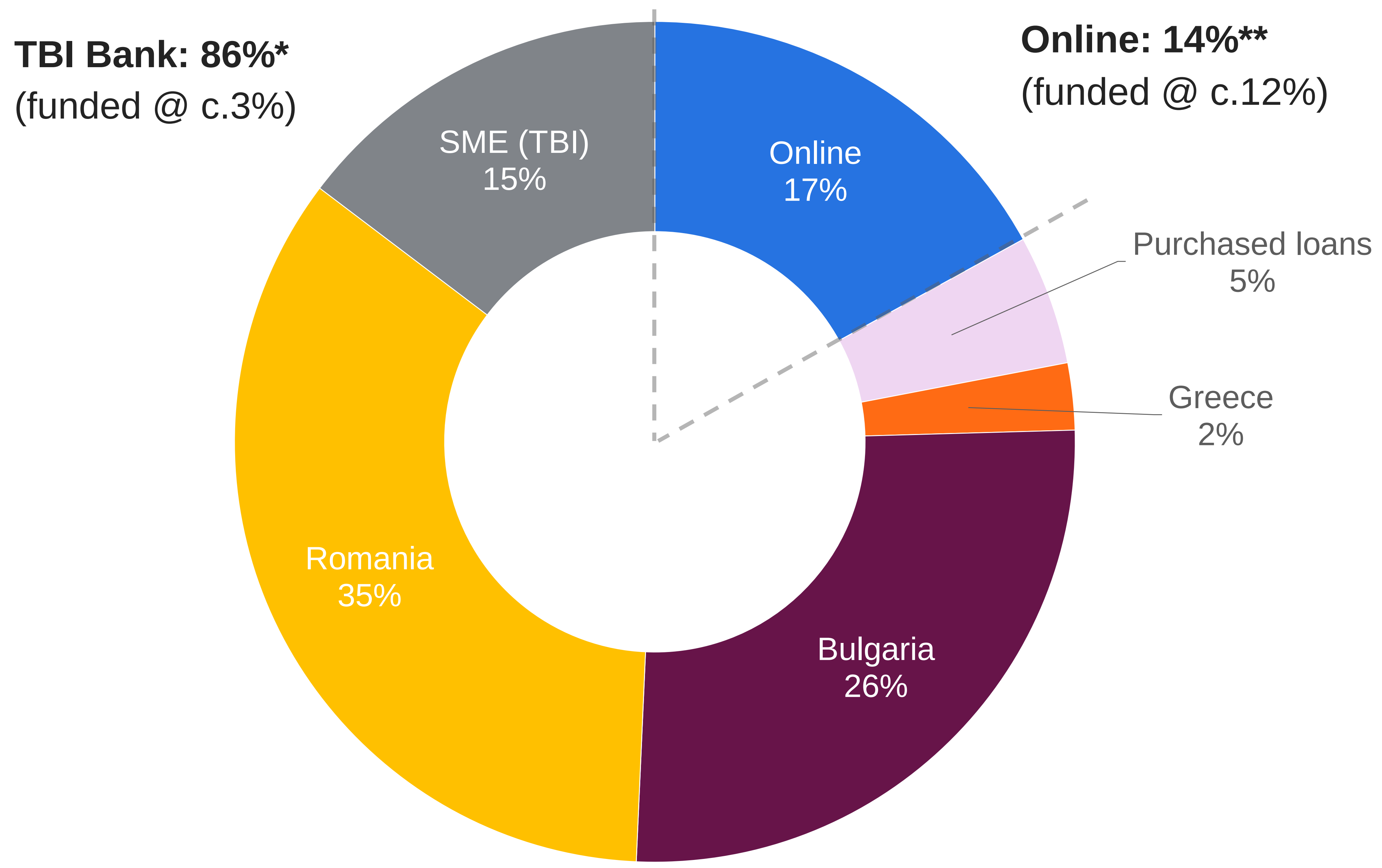


Notes:
(1): H1 2022 figure reflects continuing operations. PAT 2020 figure not shown to scale
(2): Poland not reflected as discontinued operations for FY2020, FY2021 and FY2022. H1 2022 figure shown on a proforma basis (excluding Poland, including Philippines)
(3): The graph is shown based on covenant 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
(4): The full covenant calculation of equity/net loans includes other loans and finance leases, and is currently 21%

Diversified and growing loan portfolio

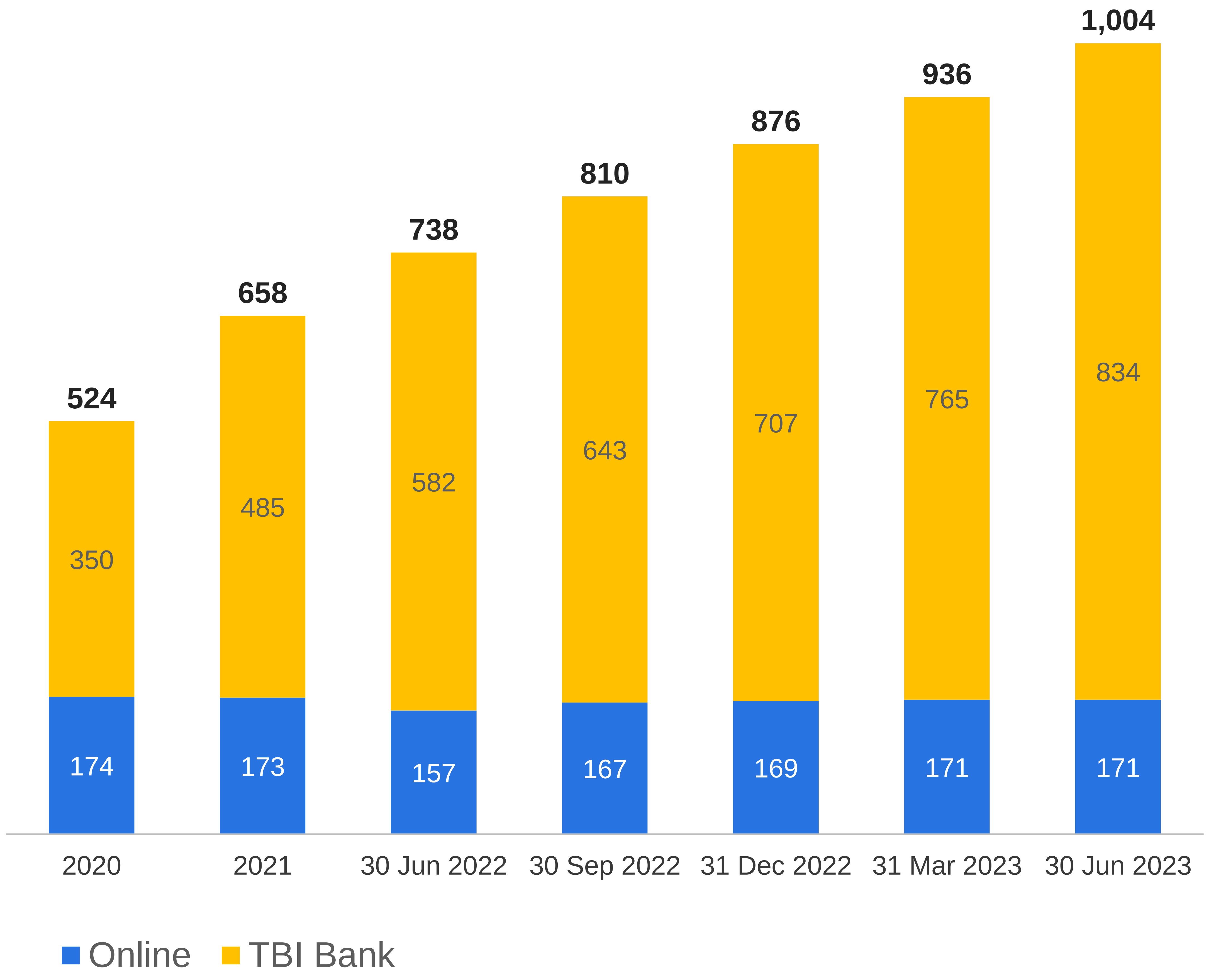
- Strong performance in loan issuance in H1 supported net receivables growth
- Overall net receivables including Poland loan of €1,004m
  - 7% increase during Q2
  - 85% consumer loans

Net receivables, 30 June 2023



Net receivables**

€m



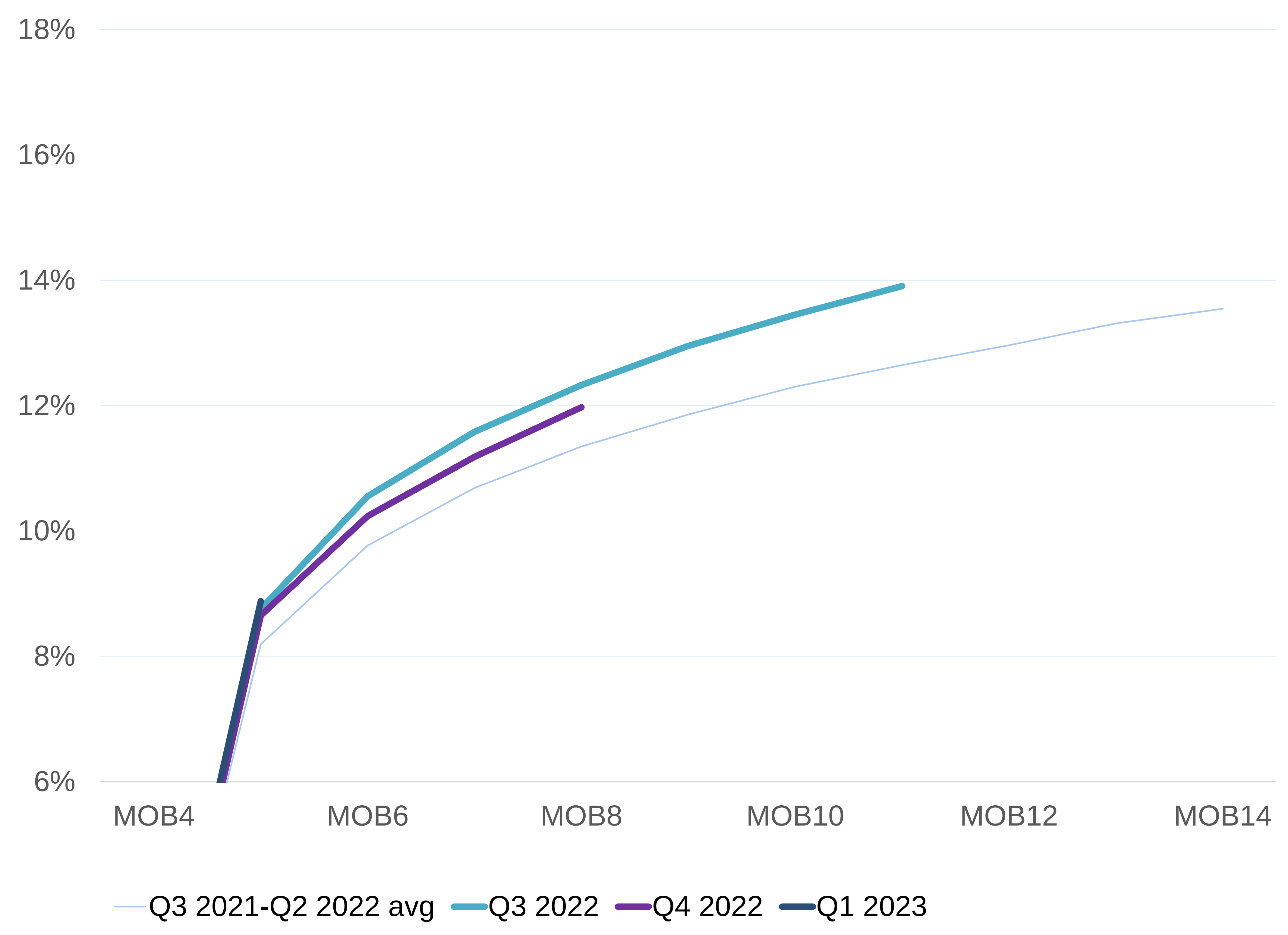
See appendix for definitions of key metrics and ratios

* Includes TBI bank, BG online and €50m of purchased Poland and Lithuania portfolios

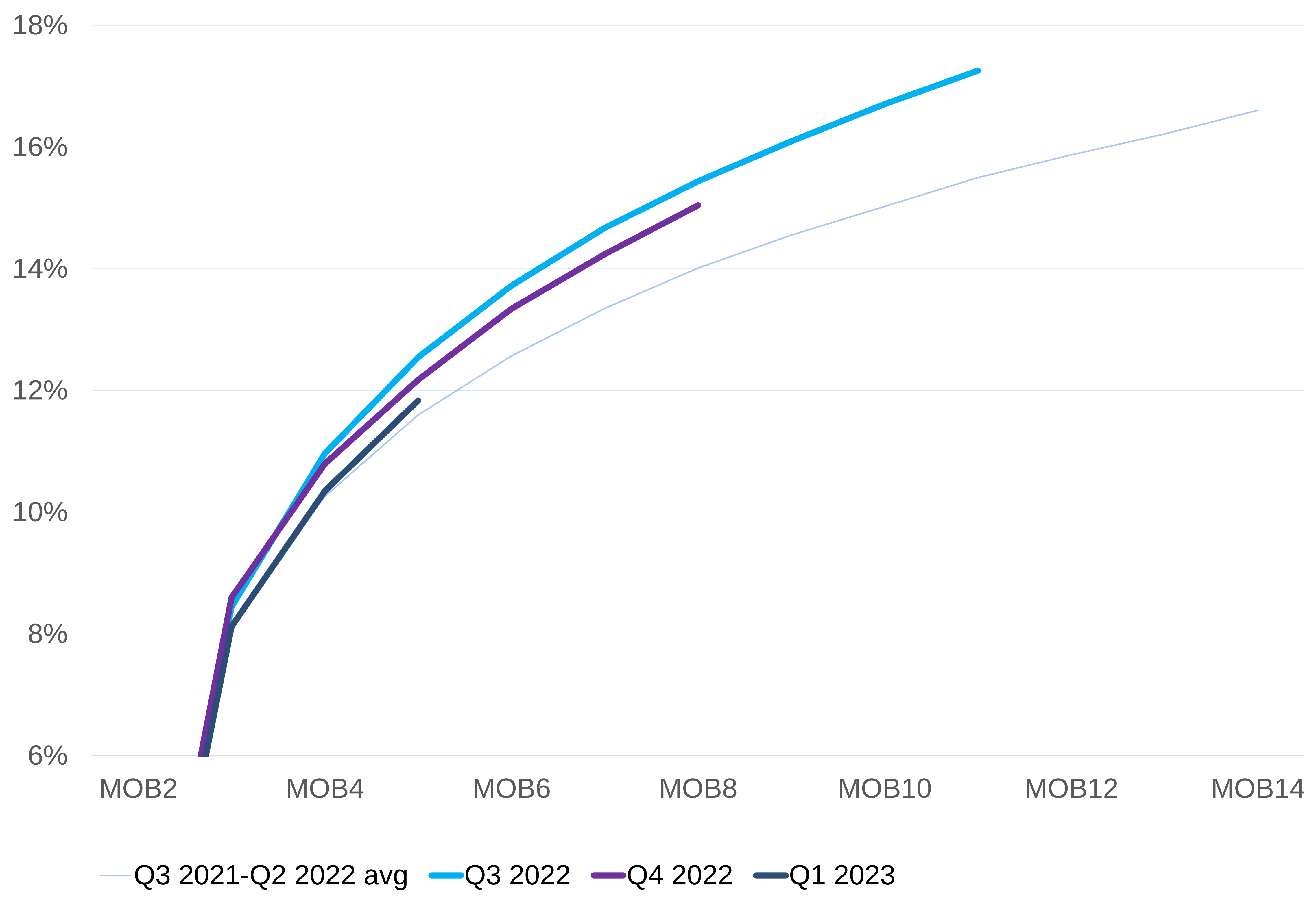
** Includes loan to Polish business

Online portfolio asset quality

Vintage 'ever' 90+ DPD (1)



Vintage 'ever' 30+ DPD (1)

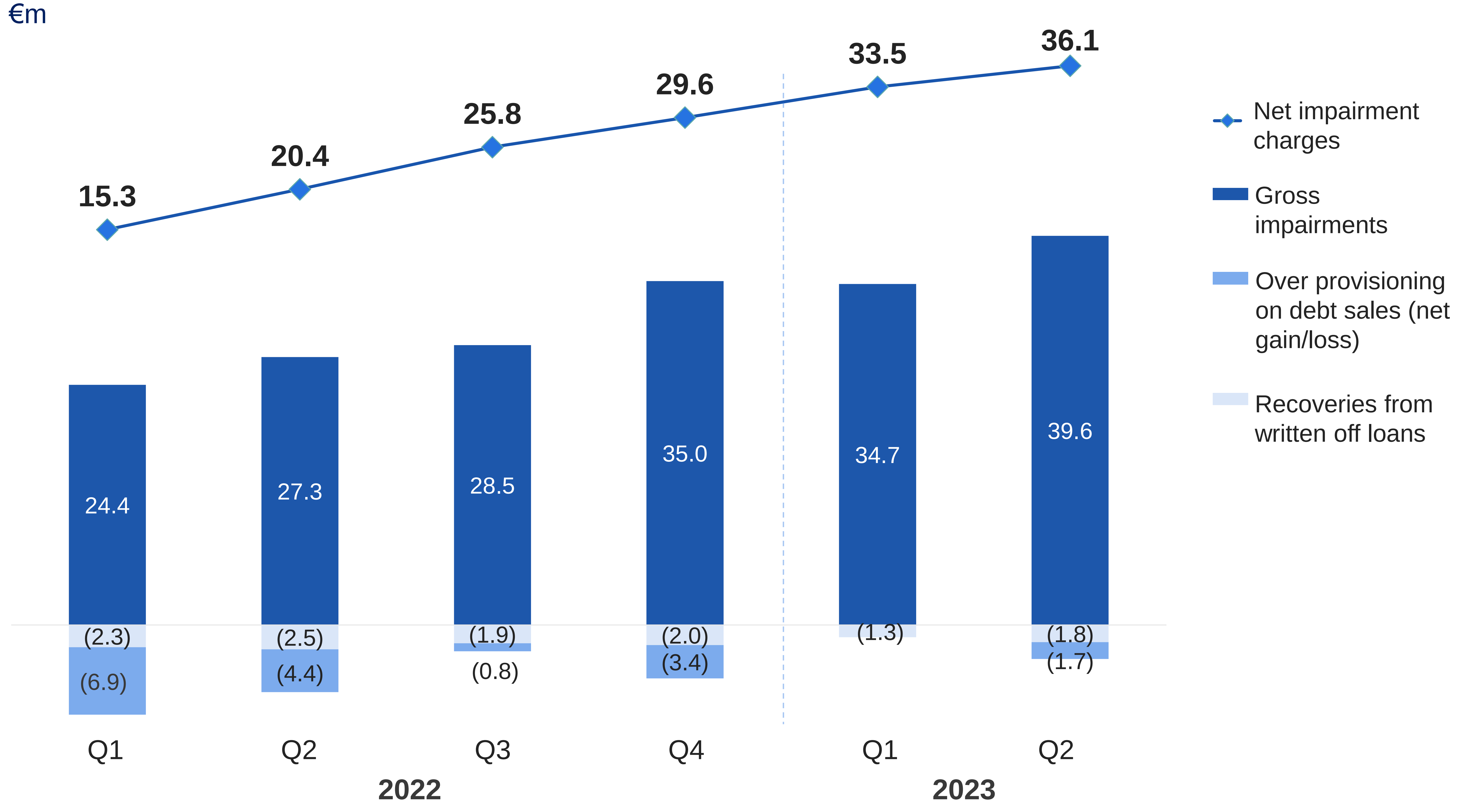


- Portfolio vintages demonstrate broadly stable asset quality, with various product/market specifics being addressed
- Graphs represent actual product portfolio belonging to the Group (Poland excluded, Philippines included)
- Parameters vary between products and markets, so changing mix of portfolio 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)



- Online net impairment charges:
  - Increase in net impairment reflects growing receivables as well as changing portfolio product mix
  - Debt sales market recovering: ongoing forward flow negotiations and reviewing in-house collections opportunities
- TBI Bank net impairment charges
  - Cost of risk at TBI in H1 2023 at 6.4% vs 4.0% in H1 2022 (significant debt sale gains in prior year)

Annualised cost of risk (2)

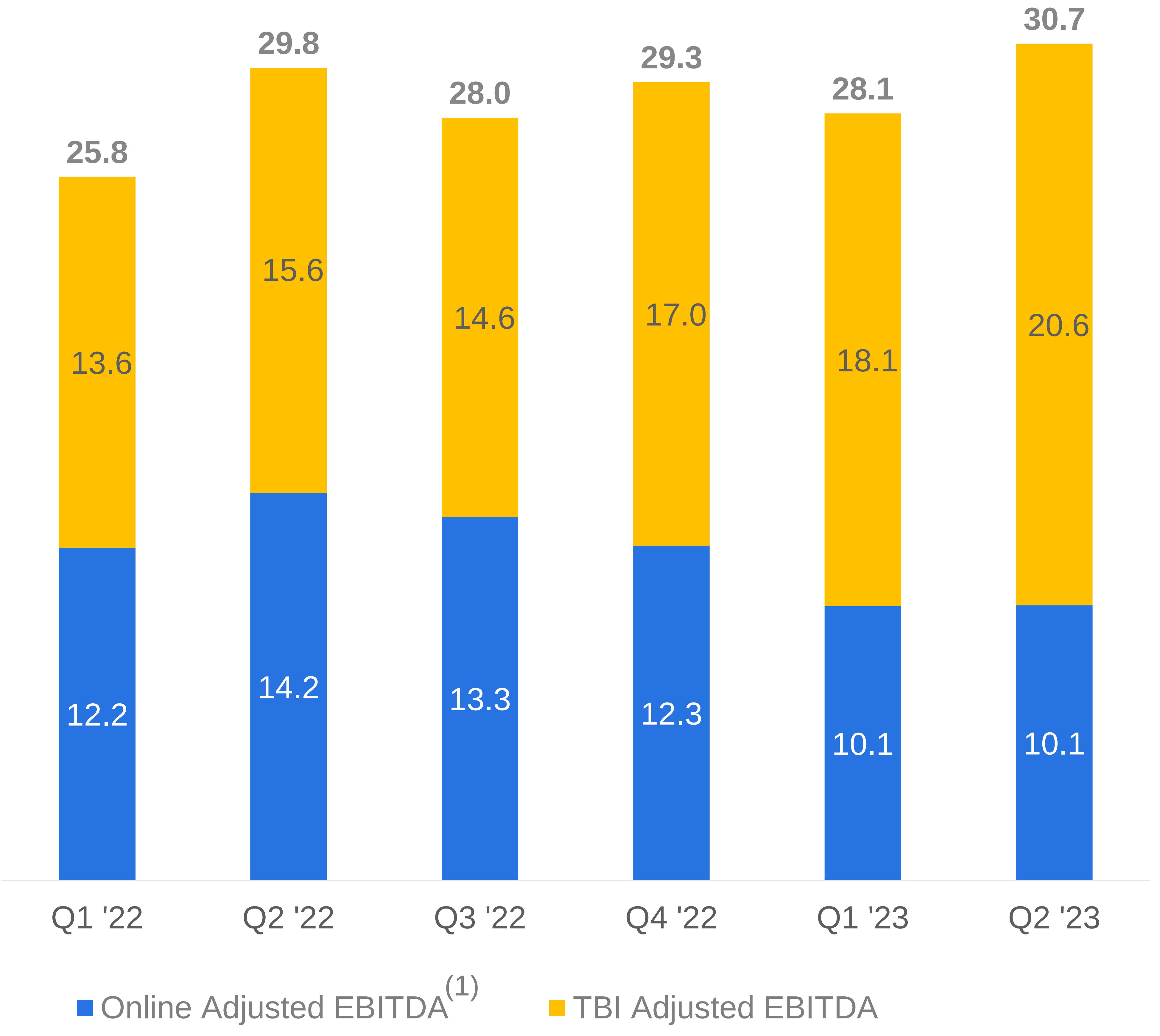
	H1 2022	FY 2022	Q1 2023	H1 2023
TBI Bank	4.0%	5.1%	6.4%	6.4%
Overall	9.5%	11.1%	13.7%	13.7%

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

Proforma Adjusted EBITDA

€m



Note: (1) Online EBITDA includes income from loan sales to TBI that is eliminated on consolidation

- Strong quarterly EBITDA contribution in Q2 2023
- Significant reduction in leverage and interest expense in recent years
- Current online business footprint is delivering EBITDA of c.1.5x bond interest
- Reviewing alternatives regarding February 2025 bond maturity
- Overall credit metrics improved significantly from pre-Covid levels. In approximate run-rate terms:

	Early 2020	Q2 2023
Net debt (€m)	~360	~250
Adj. EBITDA (€m)	~90	~115
Multiple	~4x	~2.2x

Summary

Solid six-month results, demonstrating resilience of the business in challenging markets

- €10bn online loan issuance milestone surpassed in July
- Further improvement in cost/income ratio
- Quarterly gross income up 7% QoQ to €109m, Adjusted EBITDA up 9% to €31m
- Robust balance sheet with good cash levels

TBI Bank continues to perform well

- Growing in all products
- Delivering good profitability and book value growth
- Strategic investment in growth and successful new initiatives: Greece launch, consumer app & orange card

New business growth opportunities enhance overall group profile

- Over €75m loans issued in H1 2023 in Philippines
- Good progress in the UK joint-venture
- Mexico in preparation, exploring opportunities in India

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
- Participant of the UN Global Compact as of 4 July 2023

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 (6M 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)	Stable framework
Czech Republic	6%	SPL, IL	Czech National Bank	Yes	Yes	-	Stable framework***
Greece	1%	POS, SME	Bulgarian National Bank and Bank of Greece**	Yes	Yes**	Penalties	Stable framework***
Latvia	9%	MTP, IL	Consumer Rights Protection Centre	-	Yes	Nominal, fees & TCOC	Stable framework
Lithuania	3%	IL	Central Bank of Lithuania	Yes	Yes	Nominal, fees & TCOC	Stable framework
Philippines	11%	SPL, IL	Securities and Exchange Commission	-	Yes	Nominal, fees, penalties & TCOC	Cost caps introduced in March 2022
Romania	27%	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

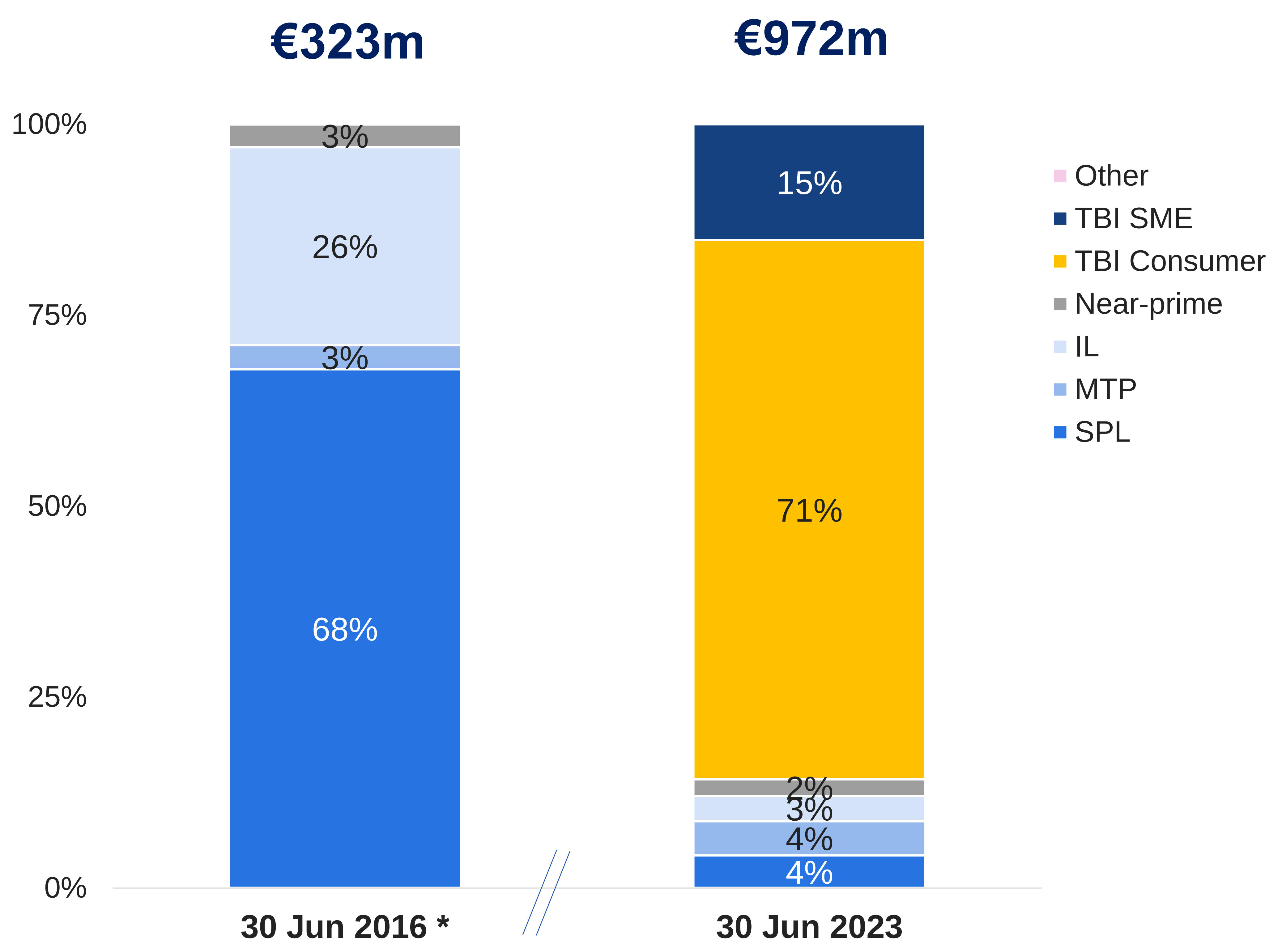
Notes:
(1) APR – Annual Percentage Rate; IL – Instalment loans; LOC – Line of Credit / Credit Cards; MTP – Minimum to pay; POS – Point of Sale; SPL – Single Payment Loans; SME – Business Banking; TCOC – Total Cost of Credit
(2) Indicates whether the regulator is also the main banking supervisory authority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

* Remaining interest income comes from other corporate loans, Denmark and Armenia
** Passported branch of TBI Bank, Bulgaria
*** Following the adoption of the EU Consumer Credit Directive (expected in autumn 2023), Member States will have to introduce measures against excessive interest rates, which may include cost caps

Appendix – strategic evolution of portfolio and funding

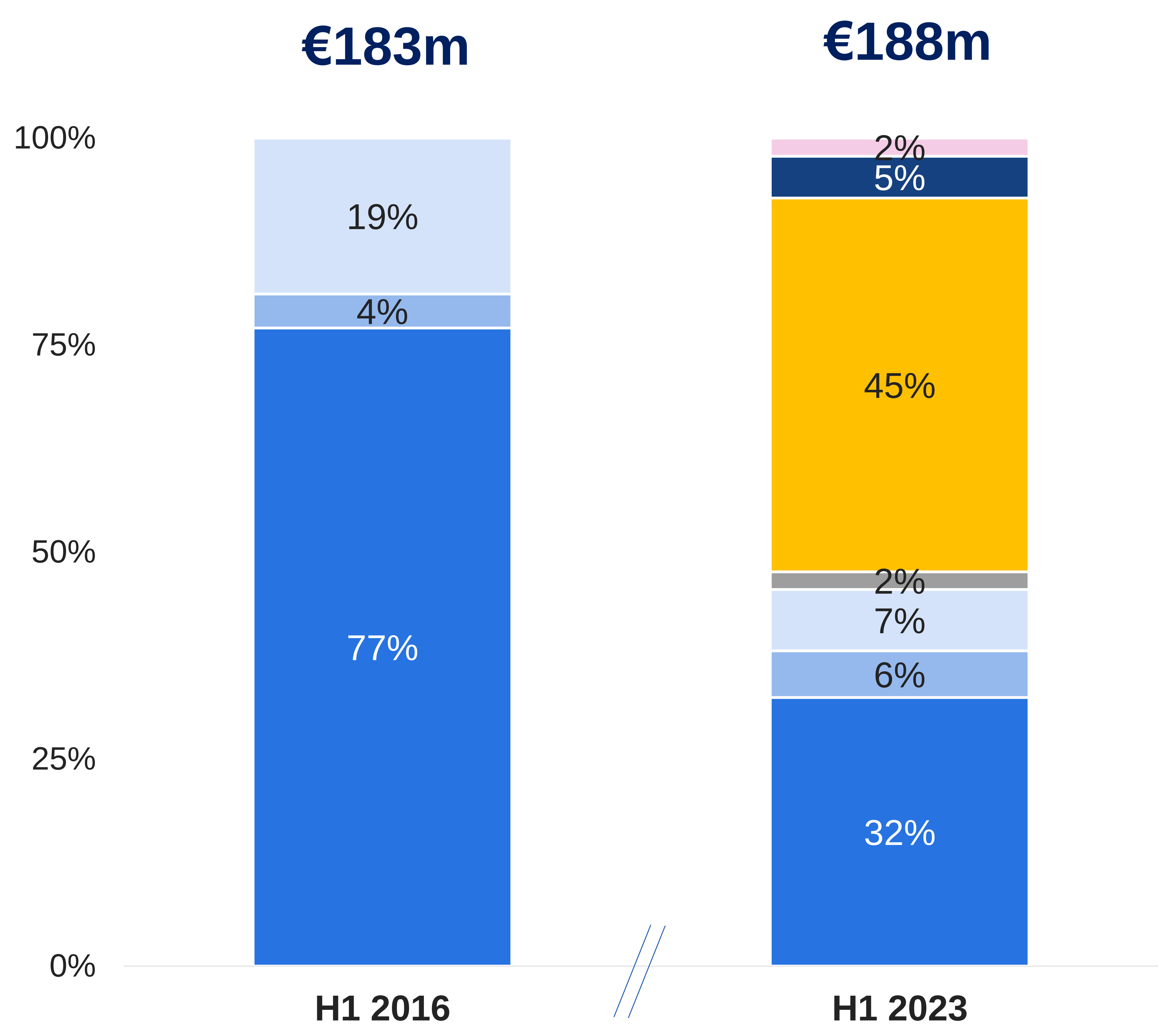
Evolution of product mix

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 €65m 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 €	6M 2023 (unaudited)	6M 2022 (unaudited)	% change
Interest Income	187.9	145.1	+30%
Interest Expense	(30.9)	(20.7)	+49%
Net Interest Income	**157.0**	**124.3**	**+26%**
Net F&C Income	17.9	13.3	+35%
Other operating income	5.1	1.9	nm
Non-Interest Income	**23.0**	**15.2**	**+52%**
Operating Income (Revenue)	**180.0**	**139.5**	**+29%**
Total operating costs	**(80.5)**	**(70.1)**	**+15%**
Pre-provision operating profit	**99.5**	**69.4**	**+43%**
Net impairment charges	(69.6)	(35.3)	+97%
Post-provision operating profit	**29.9**	**34.1**	**(12)%**
Depreciation and amortisation	(3.9)	(3.2)	+19%
Non-recurring income/(expense)	(0.8)	(2.2)	(65)%
Net FX gain/(loss)	(2.3)	(2.7)	(16)%
Profit before tax	**23.0**	**26.0**	**(11)%**
Income tax expense	(6.2)	(6.9)	(11)%
Profit from continuing operations	**16.9**	**19.1**	**(12)%**
Profit from discontinued operations, net of tax	—	7.0	nm
Profit for the period	**16.9**	**26.1**	**(35)%**

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 €	Q2 2023 (unaudited)	Q1 2023 (unaudited)	QoQ % change	Q2 2022 (unaudited)	YoY % change
Interest Income	96.2	91.7	+5%	80.8	+19%
Interest Expense	(15.7)	(15.1)	+4%	(10.1)	+55%
Net Interest Income	**80.5**	**76.6**	**+5%**	**70.6**	**+14%**
Net F&C Income	9.6	8.3	+15%	6.8	+40%
Other operating income	2.8	2.4	+17%	2.2	+27%
Non-Interest Income	**12.3**	**10.7**	**+15%**	**9.0**	**+37%**
Operating Income (Revenue)	**92.8**	**87.2**	**+6%**	**79.6**	**+17%**
Total operating costs	**(40.4)**	**(40.1)**	**+1%**	**(37.2)**	**+8%**
Pre-provision operating profit	**52.4**	**47.1**	**+11%**	**42.4**	**+24%**
Net impairment charges	(36.1)	(33.5)	+8%	(20.4)	+77%
Post-provision operating profit	**16.3**	**13.6**	**+20%**	**22.0**	**(26)%**
Depreciation and amortisation	(1.9)	(1.9)	+0%	(1.6)	+17%
Non-recurring income/(expense)	(0.1)	(0.7)	(92)%	(4.2)	(99)%
Net FX gain/(loss)	(0.1)	(2.2)	(98)%	0.1	nm
Profit before tax	**14.2**	**8.8**	**+62%**	**16.2**	**(12)%**
Income tax expense	(3.0)	(3.2)	(6)%	(3.5)	(13)%
Net profit/(loss) after tax	**11.2**	**5.6**	**+101%**	**12.8**	**(12)%**
Adjusted EBITDA	**30.7**	**28.1**	**+9%**	**31.0**	**(1)%**

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.

Balance sheet

In millions of €	30 June 2023 (unaudited)	31 December 2022
Assets		
Cash and cash equivalents, of which:	**175.3**	**221.6**
- Online	47.0	52.5
- TBI Bank	128.3	169.1
Placements with other banks	34.2	35.7
Gross receivables due from customers	1,086.1	943.7
Allowance for impairment	(114.0)	(97.4)
Net receivables due from customers, of which:	**972.1**	**846.4**
- Principal	951.5	826.6
- Accrued interest	20.6	19.8
Net investments in finance leases	1.9	1.9
Net loans to related parties	30.6	28.8
Net loans to other parties	32.3	29.6
Property and equipment	17.4	18.2
Financial investments	124.7	67.7
Prepaid expenses	5.7	3.5
Tax assets	2.2	3.8
Deferred tax assets	11.6	11.5
Intangible IT assets	21.4	17.1
Goodwill	27.4	27.6
Other assets	45.4	58.7
Total assets	**1,502.3**	**1,372.1**

In millions of €	30 June 2023 (unaudited)	31 December 2022
Liabilities		
Loans and borrowings	295.9	284.8
Deposits from customers	897.5	781.7
Deposits from banks	3.6	—
Income tax liabilities	6.2	6.8
Other liabilities	81.9	100.2
Total liabilities	**1,285.2**	**1,173.4**
Share capital	35.8	35.8
Retained earnings	210.5	193.6
Reserves	(29.1)	(30.7)
Total equity	**217.2**	**198.6**
Total shareholders' equity and liabilities	**1,502.3**	**1,372.1**

Statement of cash flows

In millions of €	6 Months to 30 June (unaudited)	
	2023	2022
Cash flows from operating activities		
Profit before tax from continuing operations	23.0	26.0
Profit before tax from discontinued operations	—	9.1
Profit before taxes	**23.0**	**35.1**
Adjustments for:		
Depreciation and amortisation	3.8	3.5
Impairment of goodwill and intangible assets	(0.0)	(0.1)
Net loss (gain) on foreign exchange from borrowings and other monetary items	(0.9)	(1.3)
Impairment losses on loans	74.3	51.7
Reversal of provision on debt portfolio sales	(1.7)	(11.2)
Write-off and disposal of intangible and property and equipment assets	0.3	1.2
Interest income from non-customers loans	(4.1)	(4.4)
Interest expense on loans and borrowings and deposits from customers	30.9	20.7
Non-recurring finance cost / (income)	0.1	(0.4)
Other non-cash items	(0.1)	2.3
Profit before adjustments for the effect of changes to current assets and short-term liabilities	**125.6**	**97.1**
Adjustments for:		
Change in financial instruments measured at fair value through profit or loss	(0.4)	(3.8)
(Increase) in other assets (including TBI statutory reserve, placements & leases)	(3.2)	(31.5)
(Decrease) / Increase in accounts payable to suppliers, contractors and other creditors	(7.5)	11.6
Operating cash flow before movements in portfolio and deposits	***114.4***	***73.5***
Increase in loans due from customers	(209.1)	(155.1)
Proceeds from sale of portfolio	10.5	23.6
Increase in deposits (customer and bank deposits)	114.8	89.2
Deposit interest payments	(14.8)	(3.7)
Gross cash flows from operating activities	***15.9***	***27.4***
Corporate income tax (paid), net of refunds received	(5.2)	(6.2)
Net cash flows from / (used in) operating activities	***10.7***	***21.2***

In millions of € (continued)	6 Months to 30 June (unaudited)	
	2023	2022
Cash flows from / (used in) investing activities		
Purchase of property and equipment and intangible assets	(6.9)	(5.0)
Net cash from (Purchase) / Sale of financial instruments	(55.8)	(18.9)
Other / related party loans repaid	0.8	7.7
Other / related party loans issued	(2.3)	(0.3)
Interest received on other / related party loans	2.7	3.6
Acquisition and disposal of subsidiaries, net of cash acquired / disposed	(2.0)	(5.7)
(Acquisition) of equity investments	—	(1.8)
Net cash flows used in investing activities	***(63.4)***	***(20.4)***
Cash flows from / (used in) financing activities		
Loans received and notes issued	18.2	—
Repayment and repurchase of loans and notes	(4.2)	(29.4)
Interest payments	(14.2)	(16.3)
Costs of notes issuance/amendment	0.0	(0.0)
FX hedging margin	0.7	1.8
Payment of lease liabilities	(1.6)	(1.7)
Net cash flows from / (used in) financing activities	***(1.1)***	***(45.7)***
Net decrease in cash and cash equivalents	**(53.9)**	**(44.9)**
Cash and cash equivalents at the beginning of the period	***155.6***	***134.2***
Effect of exchange rate fluctuations on cash	0.0	0.2
Cash and cash equivalents at the end of the period	***101.7***	***89.4***
TBI Bank minimum statutory reserve	***73.6***	***51.1***
Total cash on hand and cash at central banks	***175.3***	***140.5***

Key financial ratios

	6 months to 30 June	
	2023	**2022**
Capitalisation		
Equity / assets	14.5%	17.1%
Tangible common equity / tangible assets	10.9%	13.6%
Equity / net receivables	22.3%	28.1%
Interest coverage ratio	2.2x	2.8x
TBI Bank consolidated capital adequacy	21.5%	22.1%
Profitability		
Net interest margin:		
- Online	100.5%	86.8%
- TBI Bank	18.7%	21.6%
- Overall group	31.7%	34.5%
Cost / income ratio	44.7%	50.3%
Post-provision operating profit margin	15.9%	23.5%
Normalised Profit before tax margin	13.9%	21.3%
Normalised Return on average equity	19.1%	25.5%
Normalised Return on average assets	2.8%	4.3%

	6 months to 30 June	
	2023	**2022**
Asset quality		
Cost of risk:		
- TBI Bank	6.4%	4.0%
- Overall group	13.7%	9.5%
Net impairment / interest income	37.0%	24.3%
Gross NPL ratio:		
- Online	12.0%	10.6%
- TBI Bank	9.1%	9.4%
- Overall group	9.6%	9.6%
Overall group NPL coverage ratio	109.6%	117.5%
Loan loss reserve / gross receivables, %	10.5%	11.3%

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

- **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)

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