



# 4finance Holding SA

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Investor presentation for nine month  
2023 results

15 November 2023

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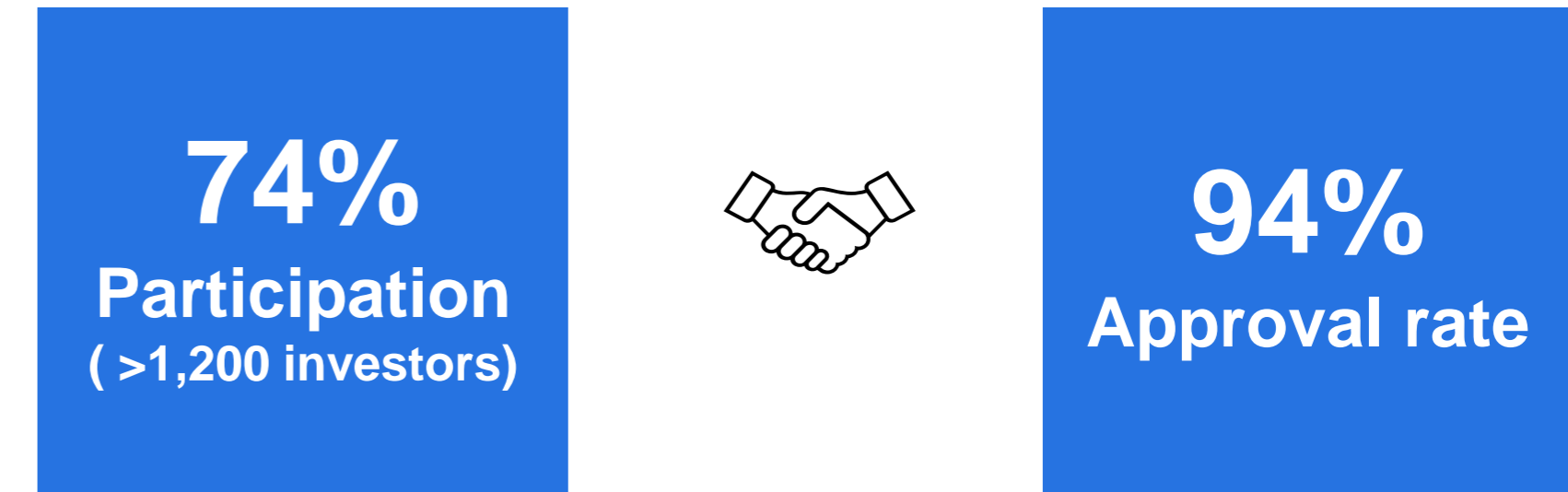
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# 4finance EUR 2025 bondholders approve refinancing

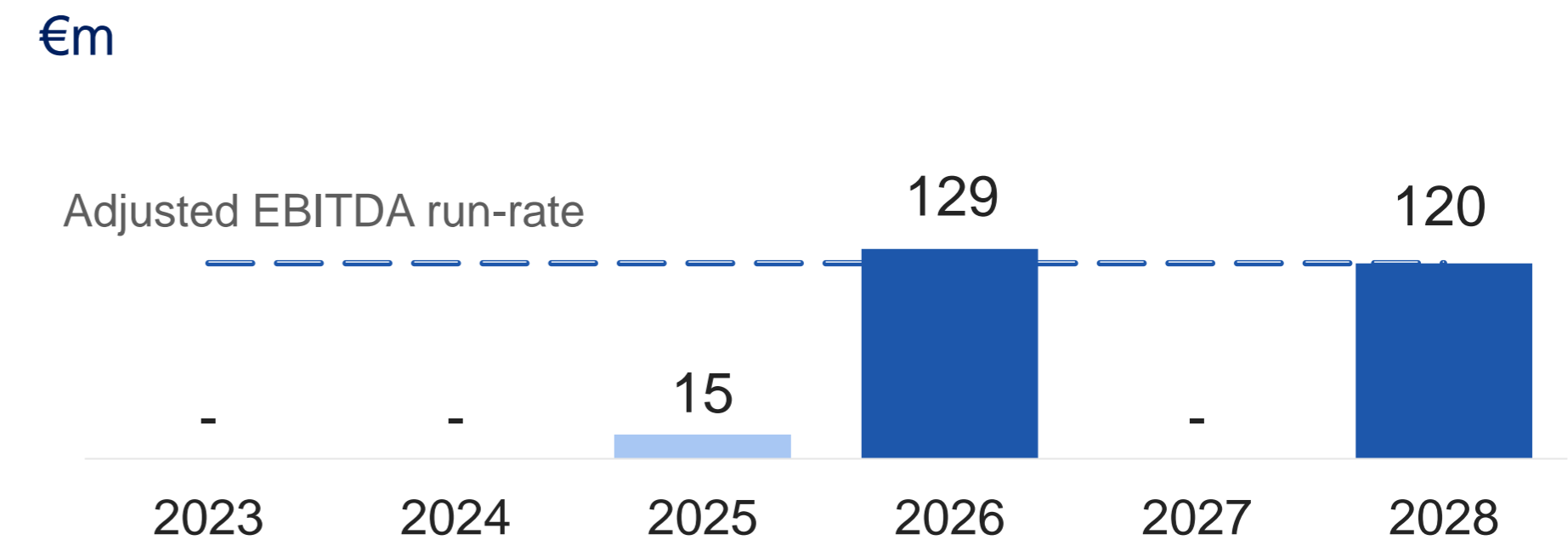
## Refinancing highlights

- Extension of bond maturity from Feb 2025 to May 2028
- Up to 20% deleveraging:
  - Cancellation of €15m of bonds planned in Dec 2023
  - Put option for up to €15m of liquidity at par in Feb 2025
- Updated call structure
- Philippines business to be added to list of guarantors
- Coupon maintained at a healthy 11.25%, payable quarterly
- Fees of 1.25% payable to participating investors in Dec 2023

**➔ No bond maturity for 3 years (October 2026)**



## Proforma bond maturity schedule <sup>(1)</sup>



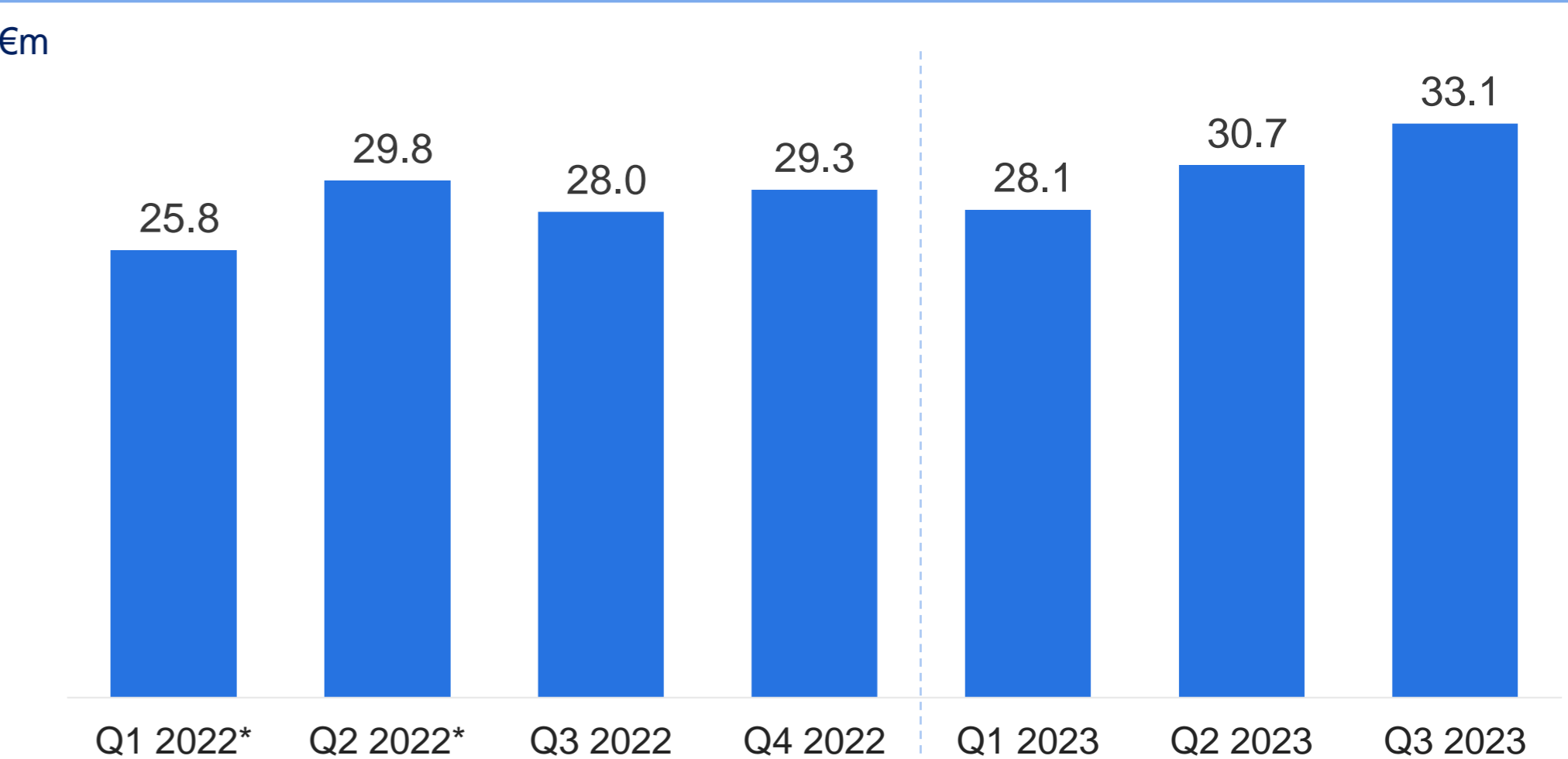
Note: (1) Represents the principal value of public bonds outstanding that comes due in each respective period, net of buybacks, after T&Cs of EUR 2025 bonds are amended. The EUR 15 million amount in 2025 represents maximum outlay for put option in Feb 2025. Any bonds not repurchased then would be repayable in 2028 in addition to EUR 120m shown

Note: Voting results announced in October 2023. Terms and Conditions of the EUR 2025 bonds are expected to be formally amended in early December 2023

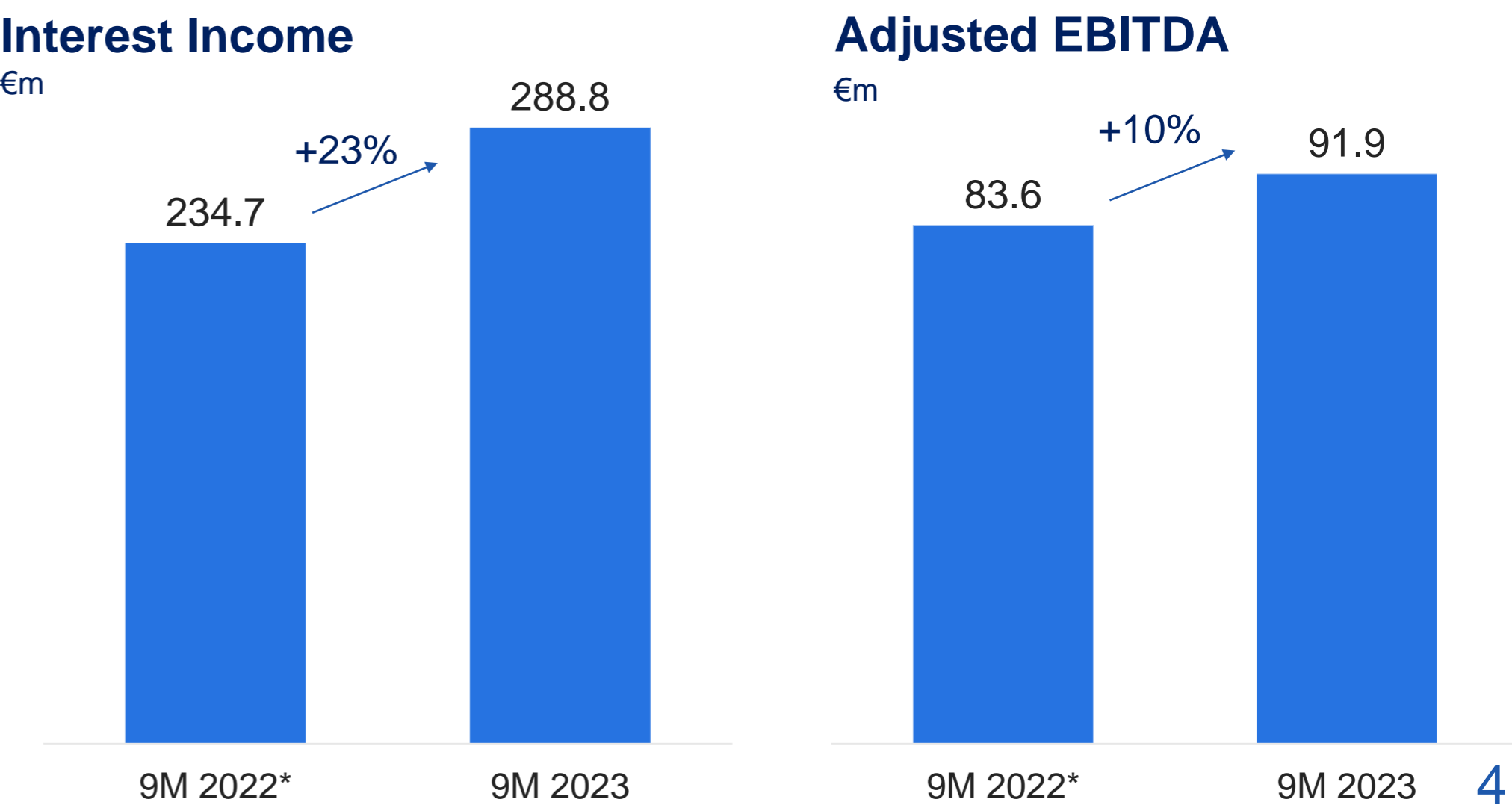
# Summary of nine month 2023 results

- €116m quarterly gross income (including interest income and fees) up 6% QoQ to highest level for over 3 years. Online contribution of €52m matches Q1 2022 level from online business pre Poland sale
- Interest income in 9M 2023 up 27% YoY to €289m
- Adjusted EBITDA €92m in 9M, up 10% vs proforma 9M 2022; EBITDA margin of 32%
- Online loan issuance growth driven by Czech Republic, Spain and Philippines
- Cost/income ratio of 44.2% in 9M 2023, an improvement from 49.0% in 9M 2022
- Surpassed €1 billion in net loan portfolio after 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
- Further deleveraging already in Oct/Nov with €3m net buybacks

## Proforma Adjusted EBITDA by quarter



## Year-on-year proforma comparison



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 29% YoY, driving revenue increase
- Further growth in deposits (reached €1bn milestone) 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 3,300 merchant partner check-out points, initial launch of banking app and monthly lending volume over €6.2m
- Increasing proportion of customers onboarded to market-leading banking App: up to 51% in Sep'23 in Bulgaria from 33% a year ago, with more self-service features
- 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
- Inaugural Moody's rating of Ba2 (deposit rating) and Ba3 (senior unsecured debt) with stable outlook

tbi bank

Book value 30 Sep 2023

€212m

Revenue 9M 2023

€151m (+29% YoY)

Net profit 9M 2023

€27m (€30m\* in 9M 2022)

Return on Equity 30 Sep 2023

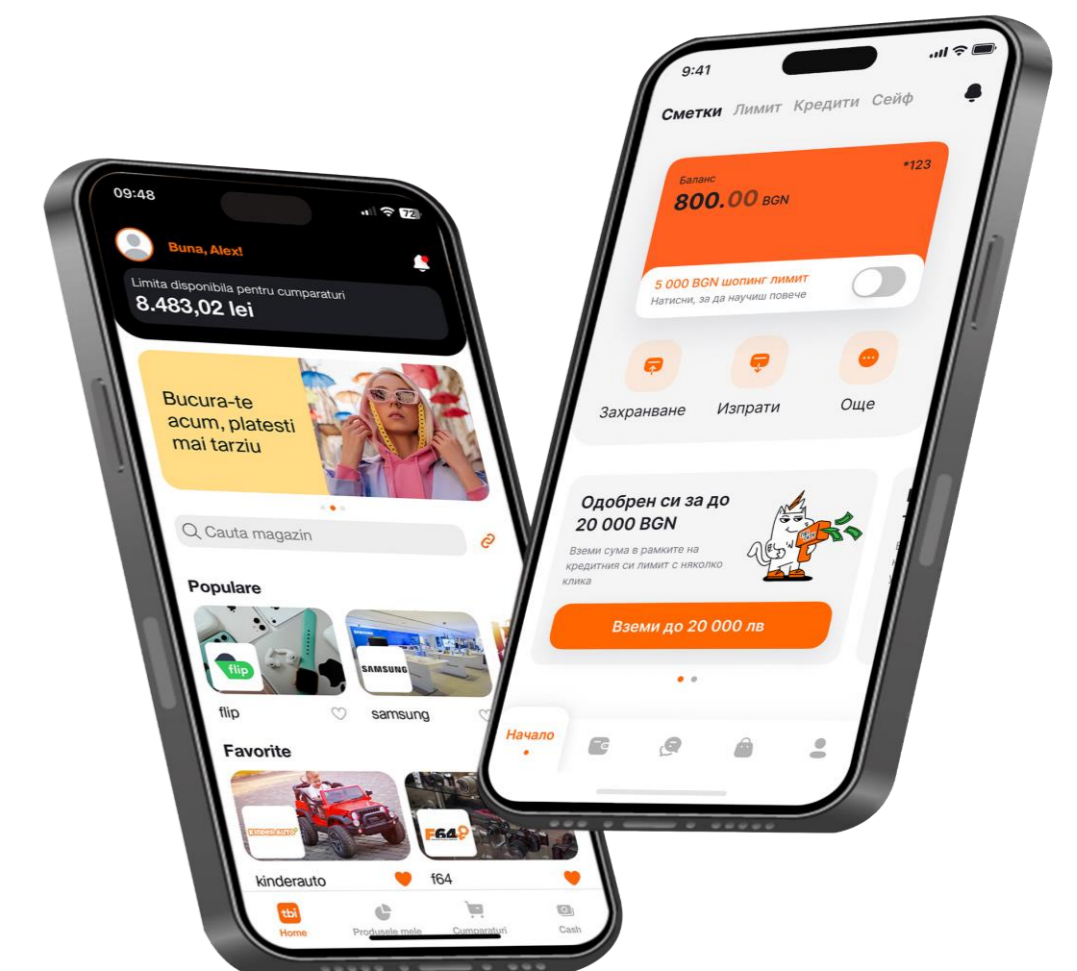
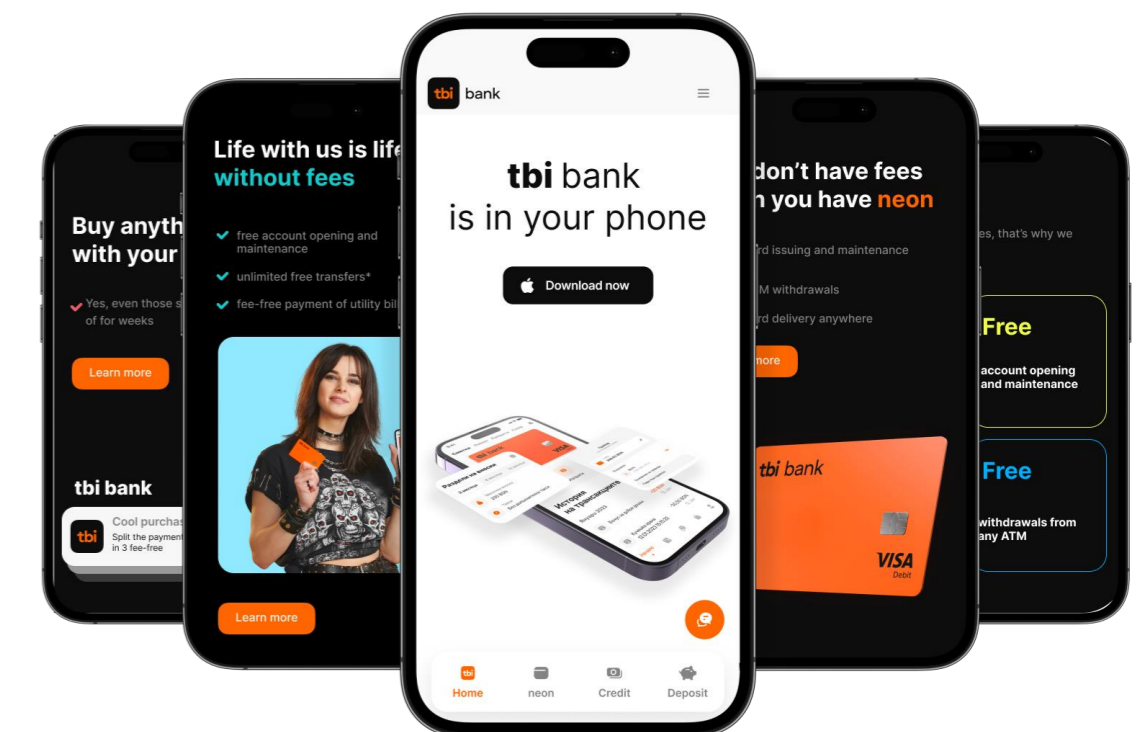
20.0%

7-year revenue CAGR

22.2%

Active customers

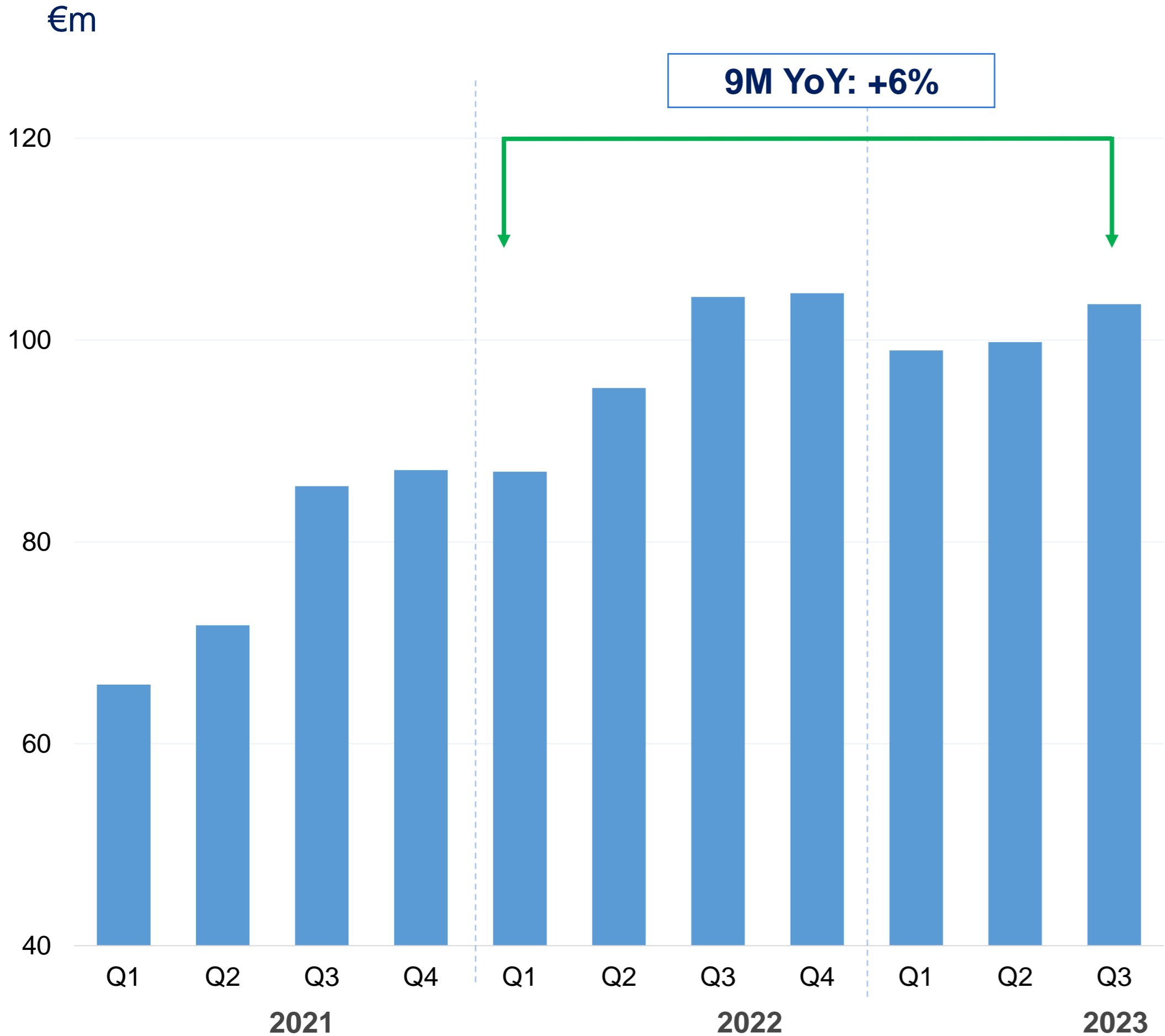
>700k



\* 9M 2022 net profit includes one-off effects from interest rate swaps

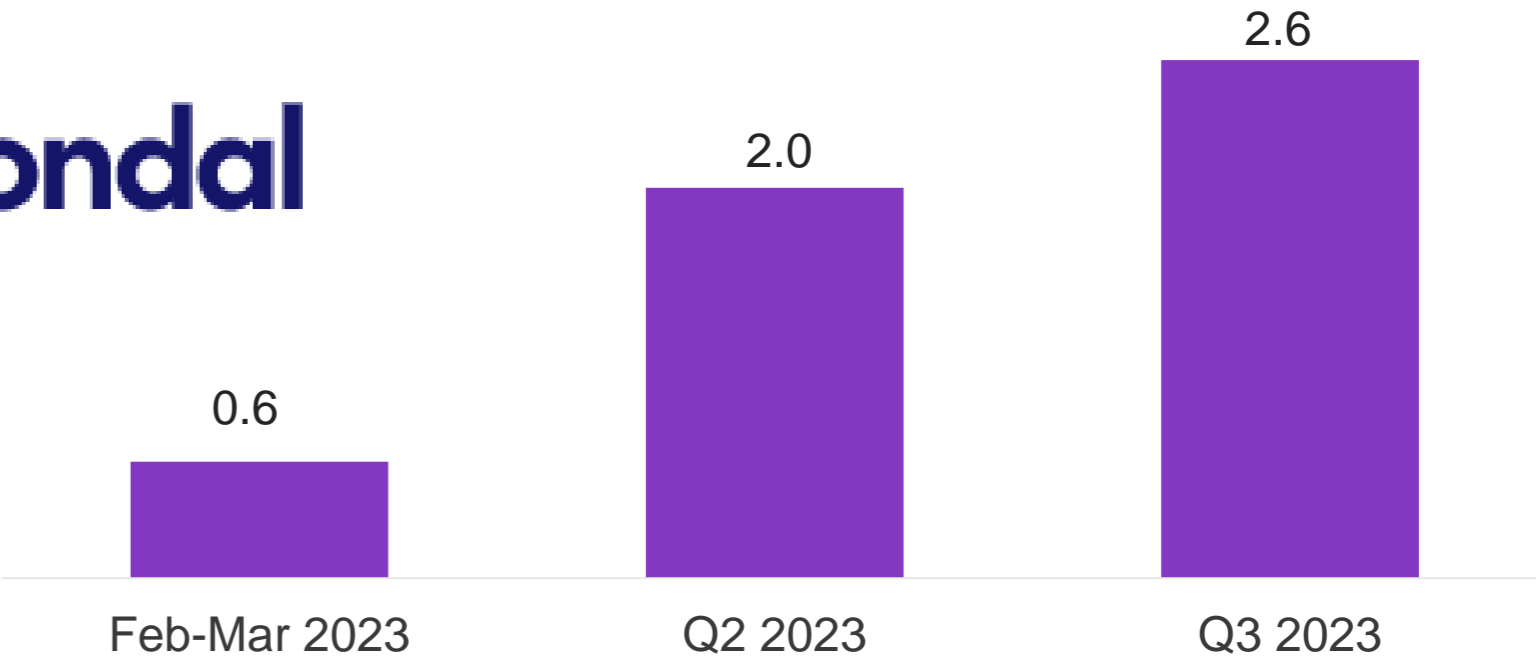
# Online loan issuance: growth in existing and new markets

## Existing markets: 'like for like' online loan issuance <sup>(1)</sup>



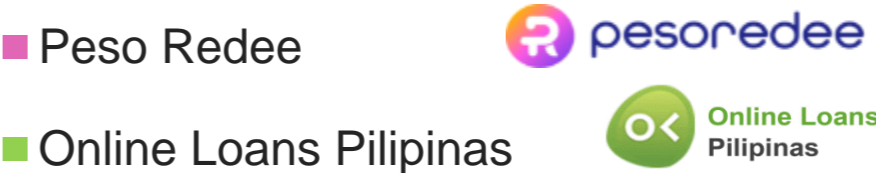
## New markets: UK joint venture loan issuance

£m



## New markets: Philippines loan issuance

€m

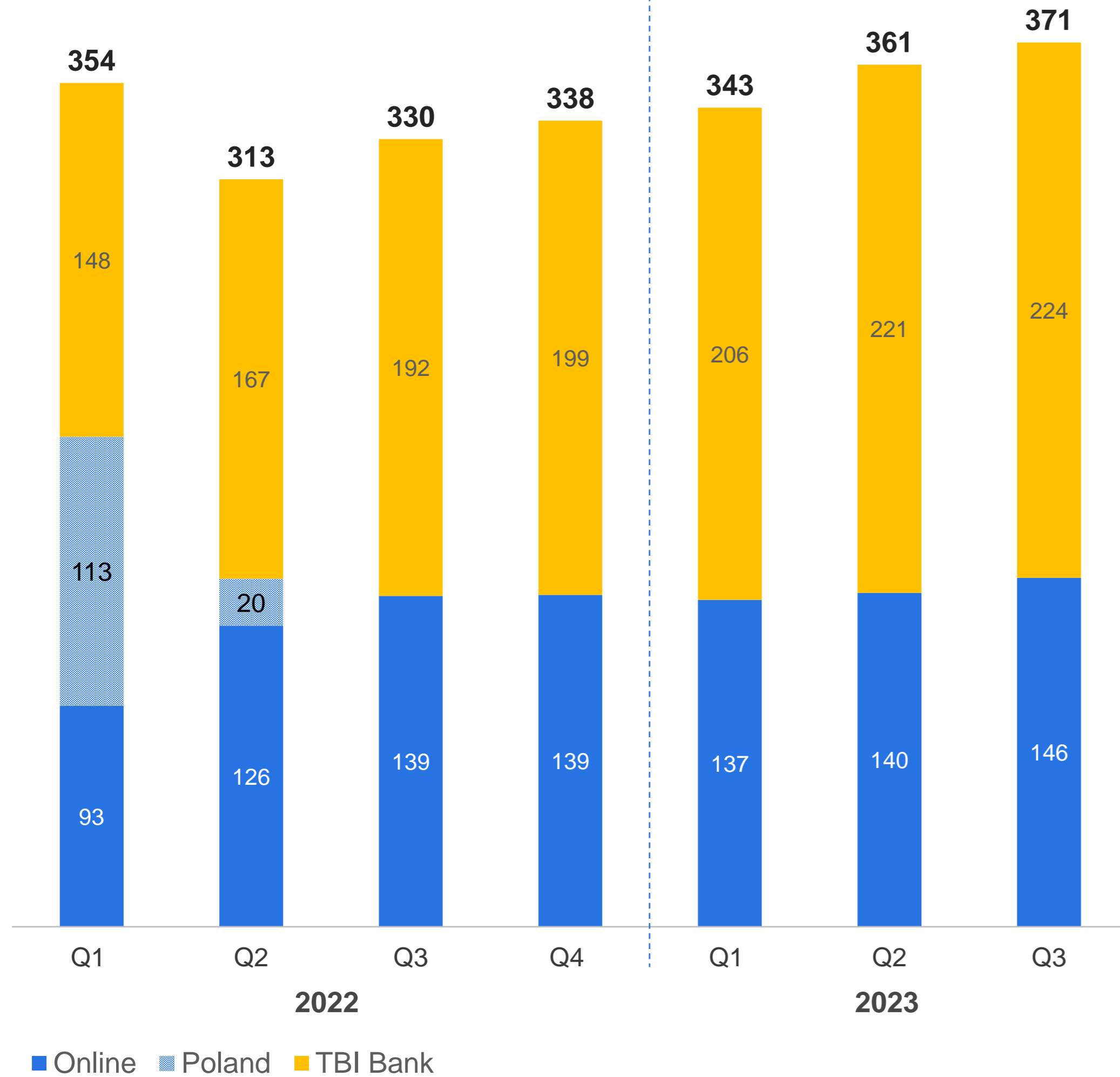


Note (1): Active online products as of 30 September 2023 (excluding Poland, TBI Bank and Philippines)

# Overall loan issuance and gross income

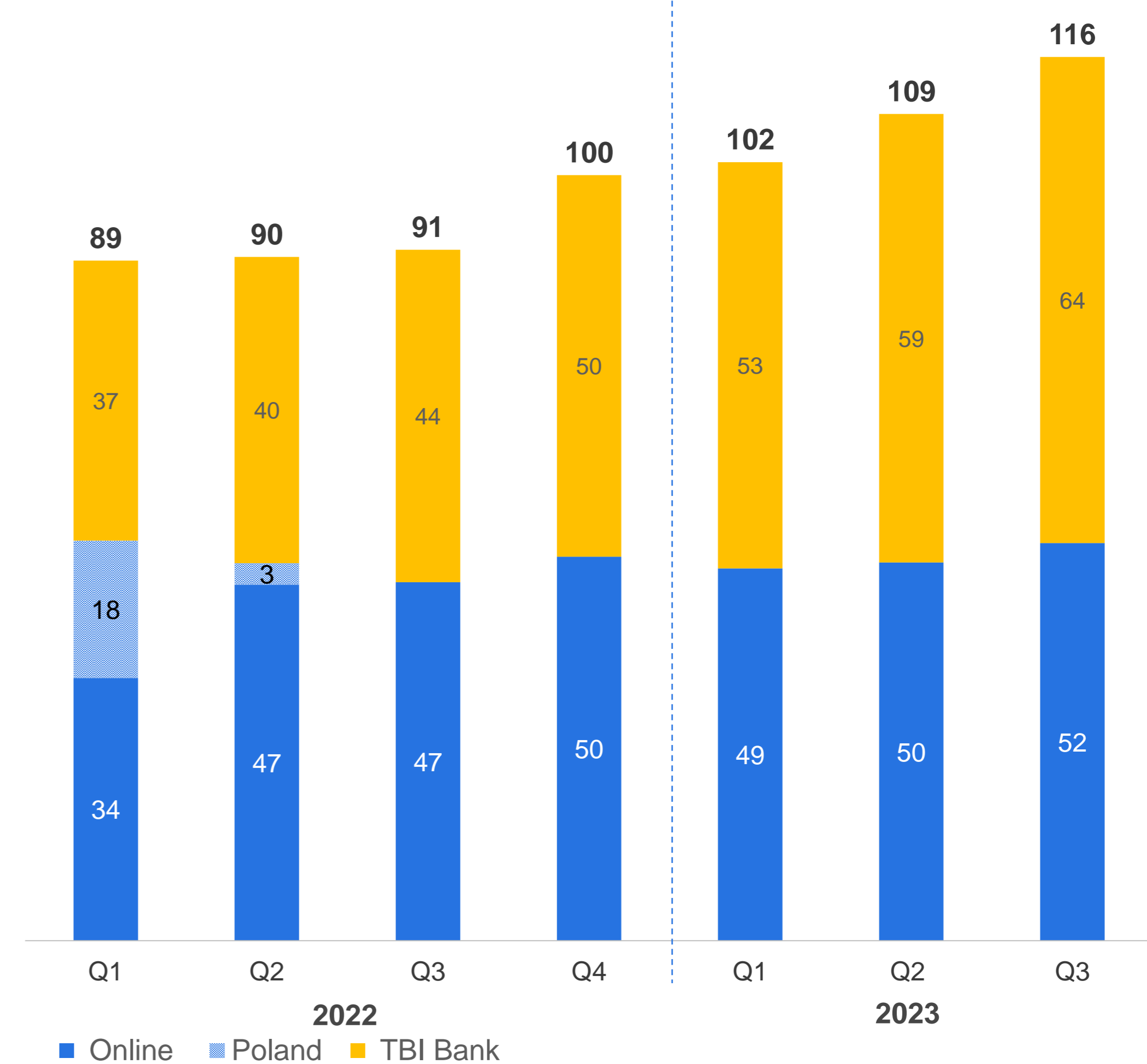
## Quarterly loan issuance

€m



## Quarterly gross income (1)

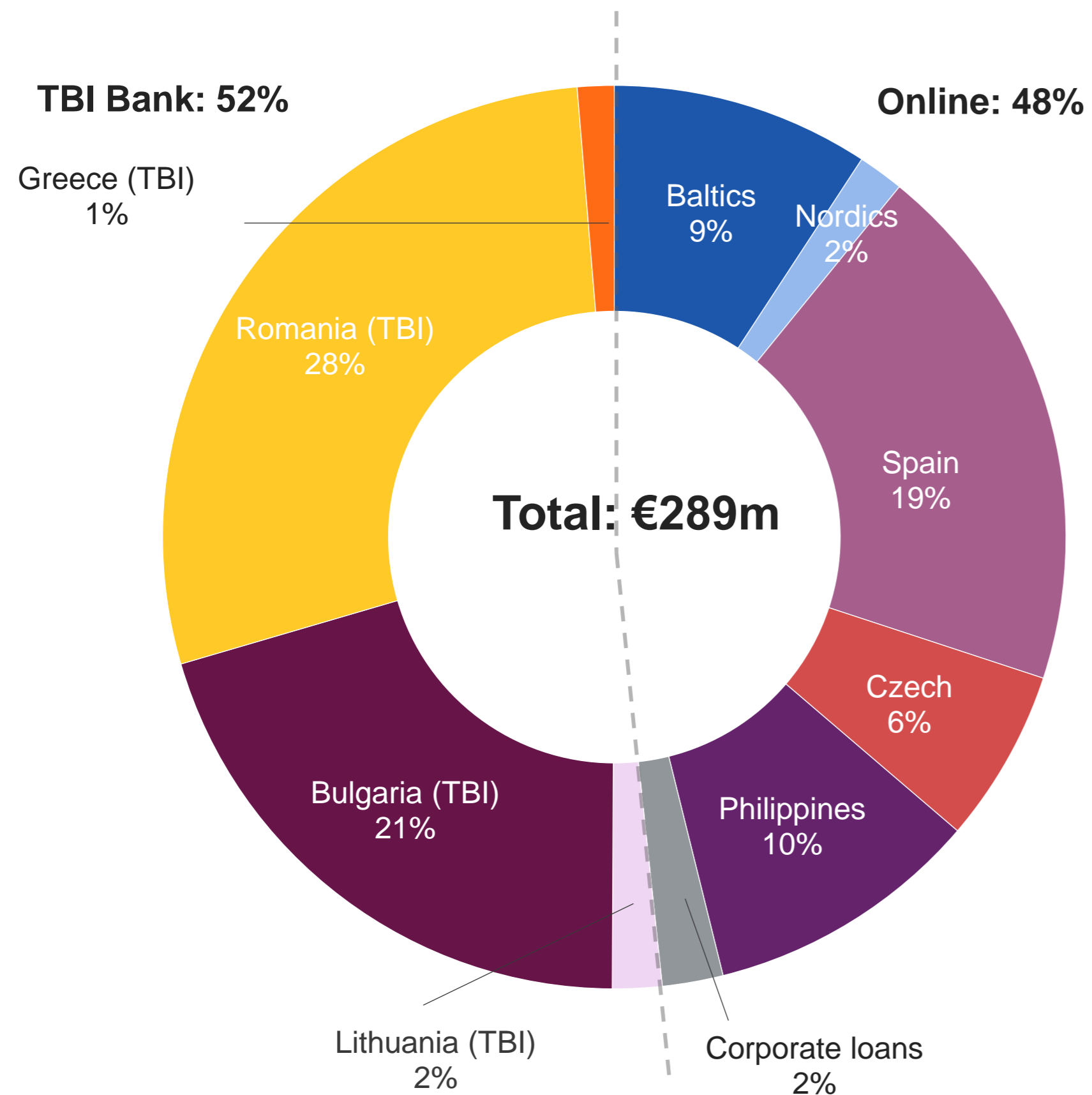
€m



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

## 9M 2023 interest income by country



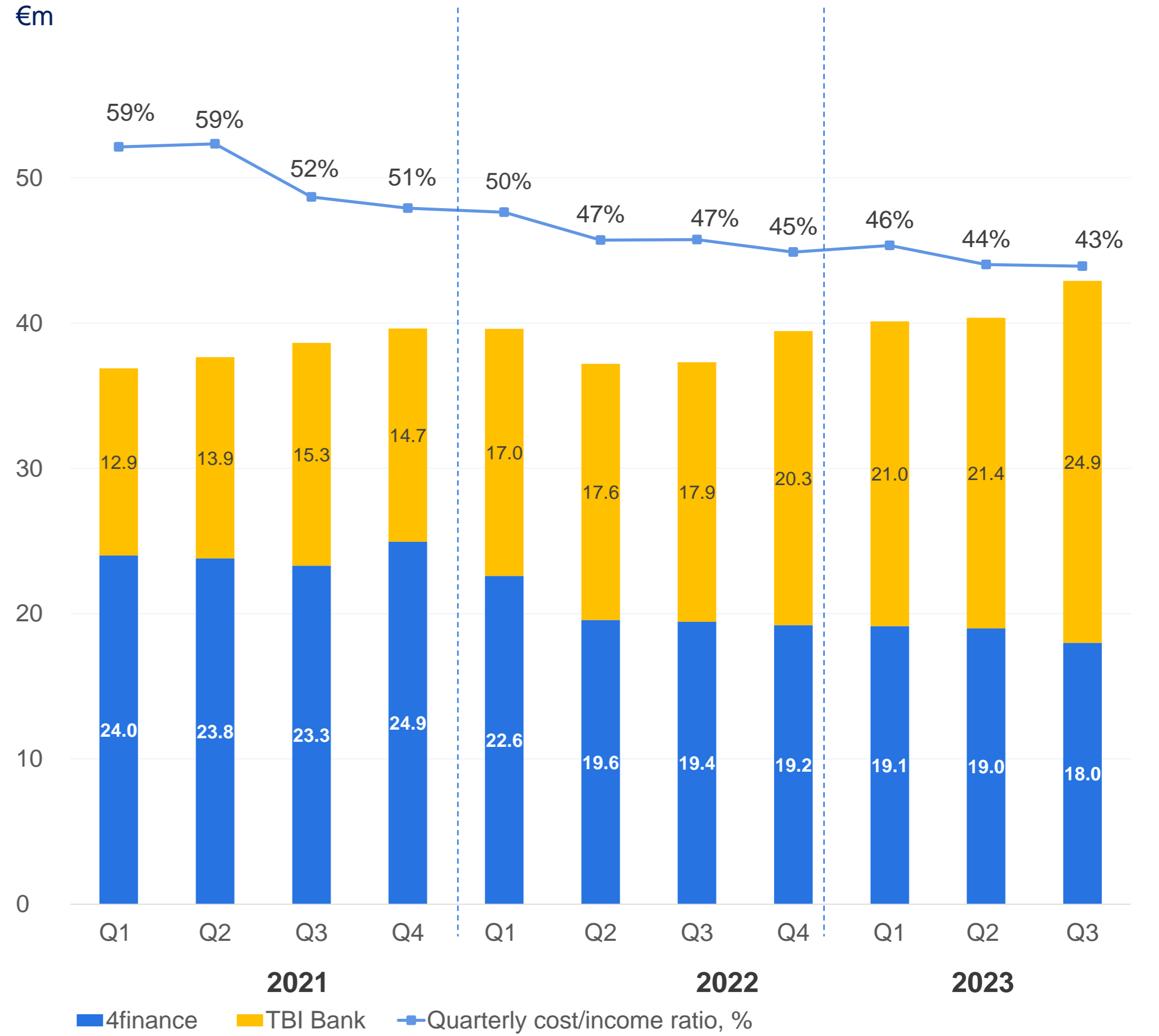
- Footprint in 8 online markets plus TBI Bank
  - Baltics: Latvia & Lithuania
  - Sweden
  - Spain
  - Czech Republic
  - Philippines
  - United Kingdom
  - Mexico
- Clear regulatory framework in place in most markets
  - Contrast to position of 3+ years ago
  - Demonstrated ability to adapt and share 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: Q3 2023 quarterly operating costs have decreased further and are lower vs previous quarters and YoY. Online costs for 9M 2023 are €5.5m lower than in the same period in 2022
- TBI Bank costs higher QoQ in order to support growing business and investment in strategic initiatives
- Cost/income ratio in Q3 2023 further improved to 43%, the lowest level in many years
- Continued focus on leveraging operational efficiency
- Comprehensive review of online business ‘systems’ costs in Autumn 2023

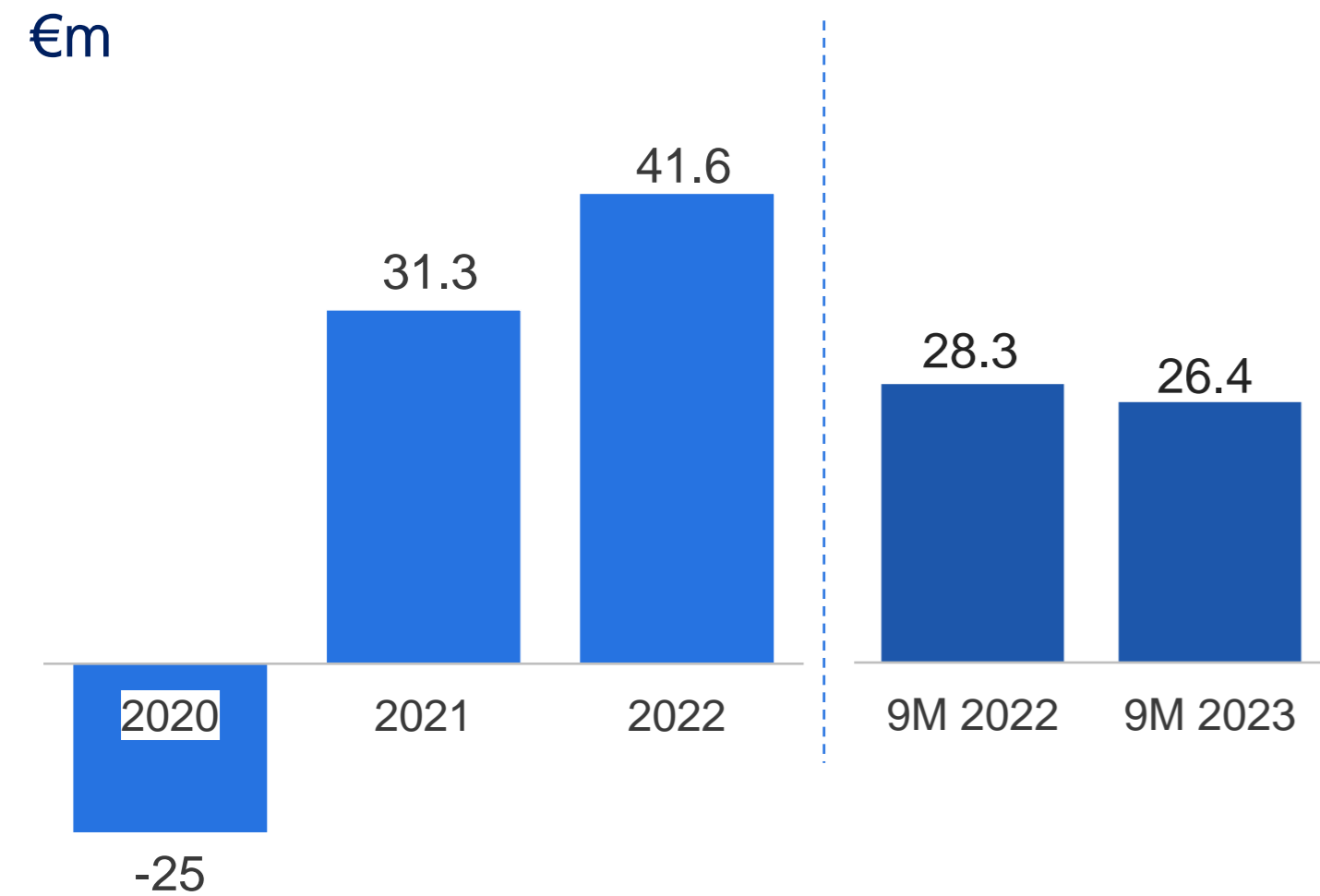
## Total operating costs (1)



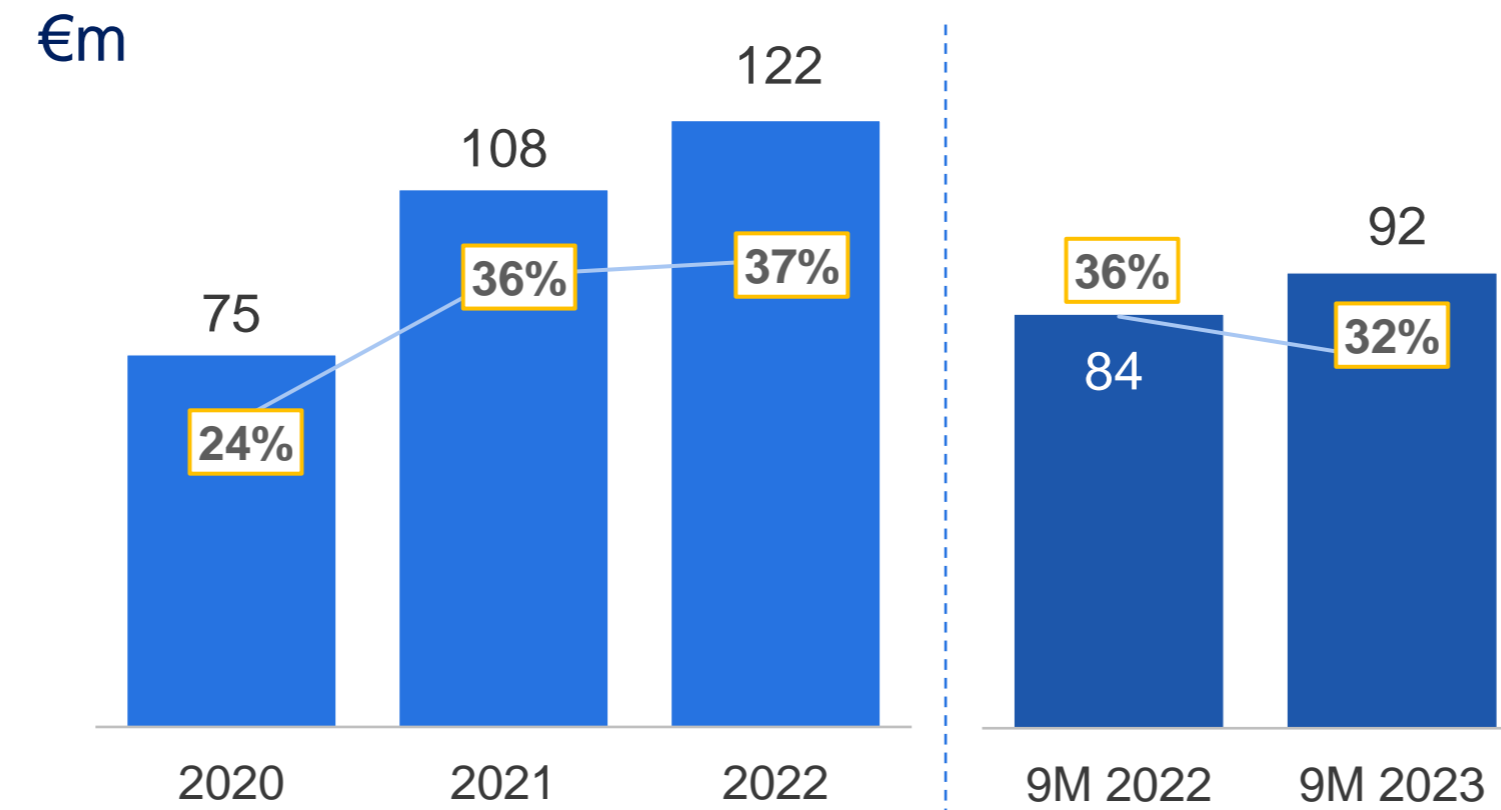
Note (1): Q4 costs for 2021 & 2022 have been adjusted to reflect respective year's audited figures. Figures include Poland until point of sale

# Resilient financial track record

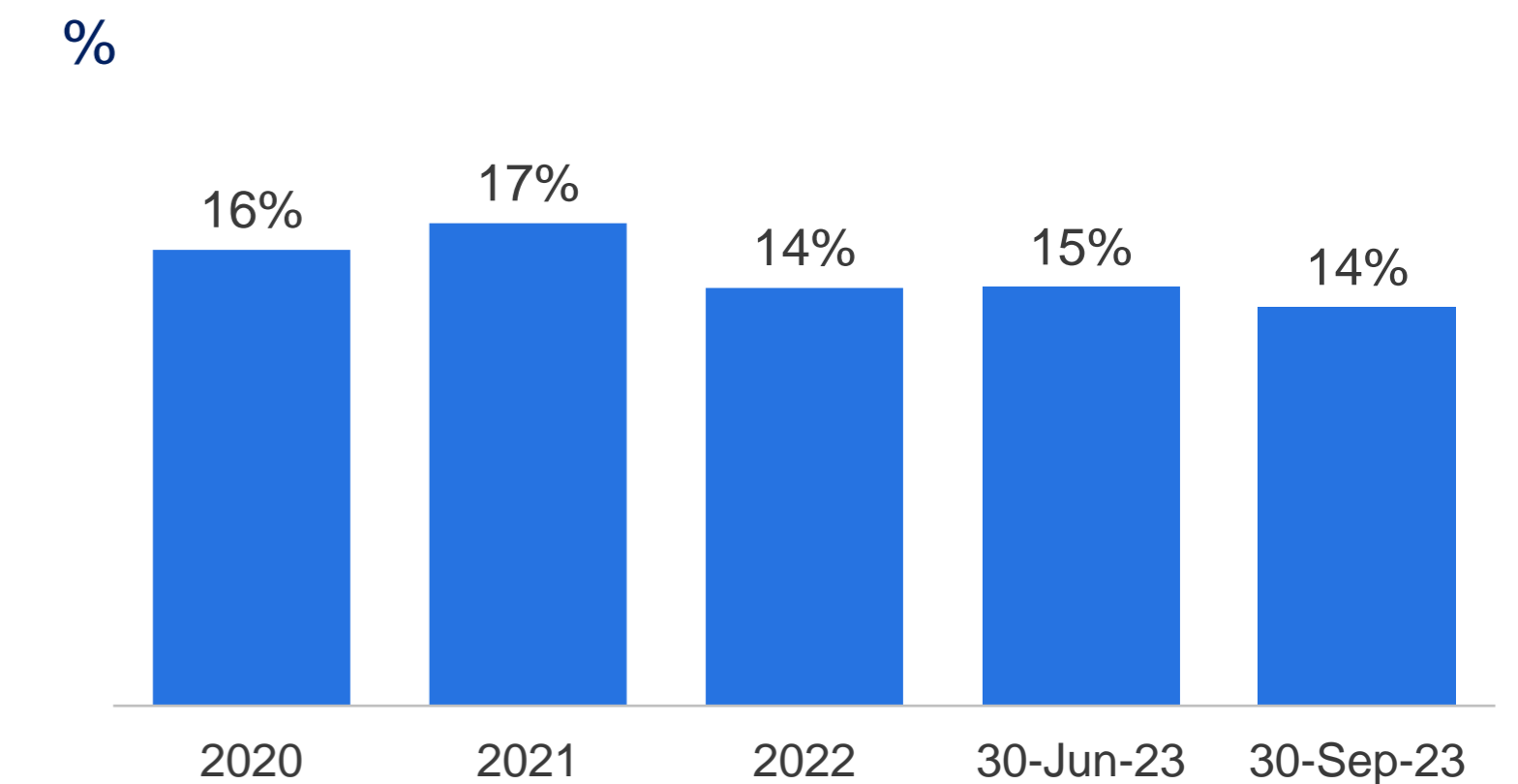
## Profit after tax<sup>(1)</sup>



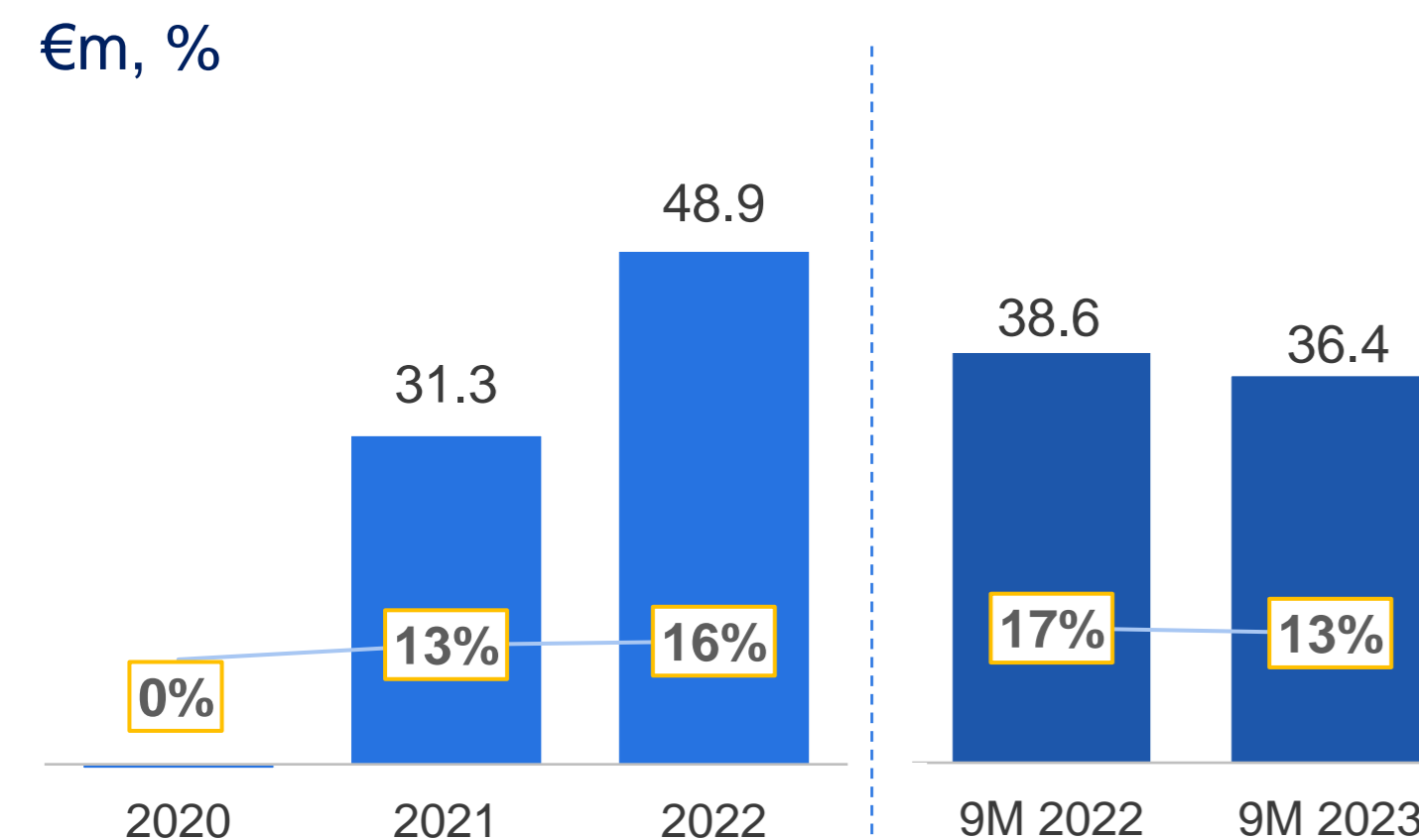
## Adj. EBITDA / Adj. EBITDA margin (%)<sup>(2)</sup>



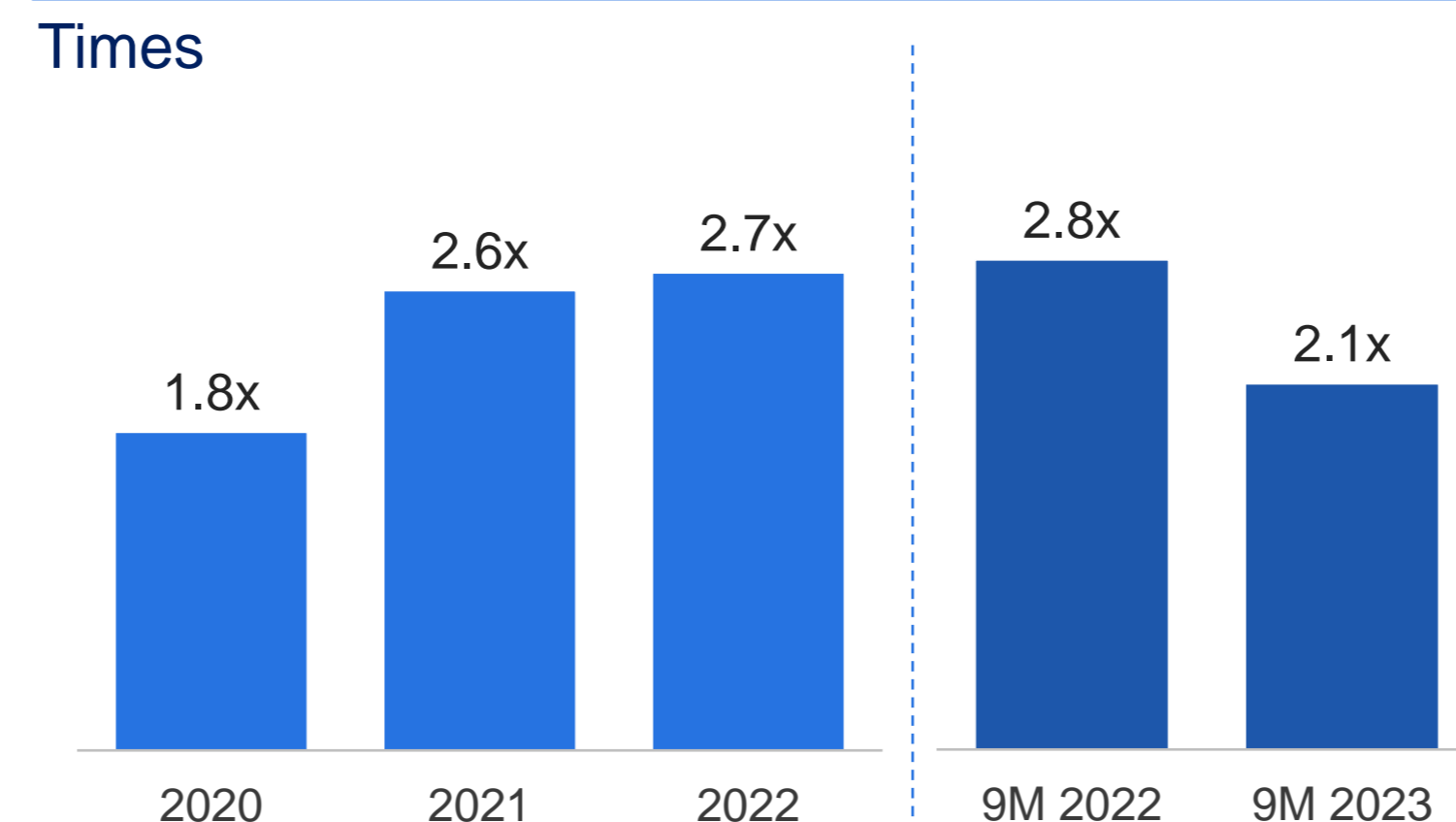
## Equity to assets ratio



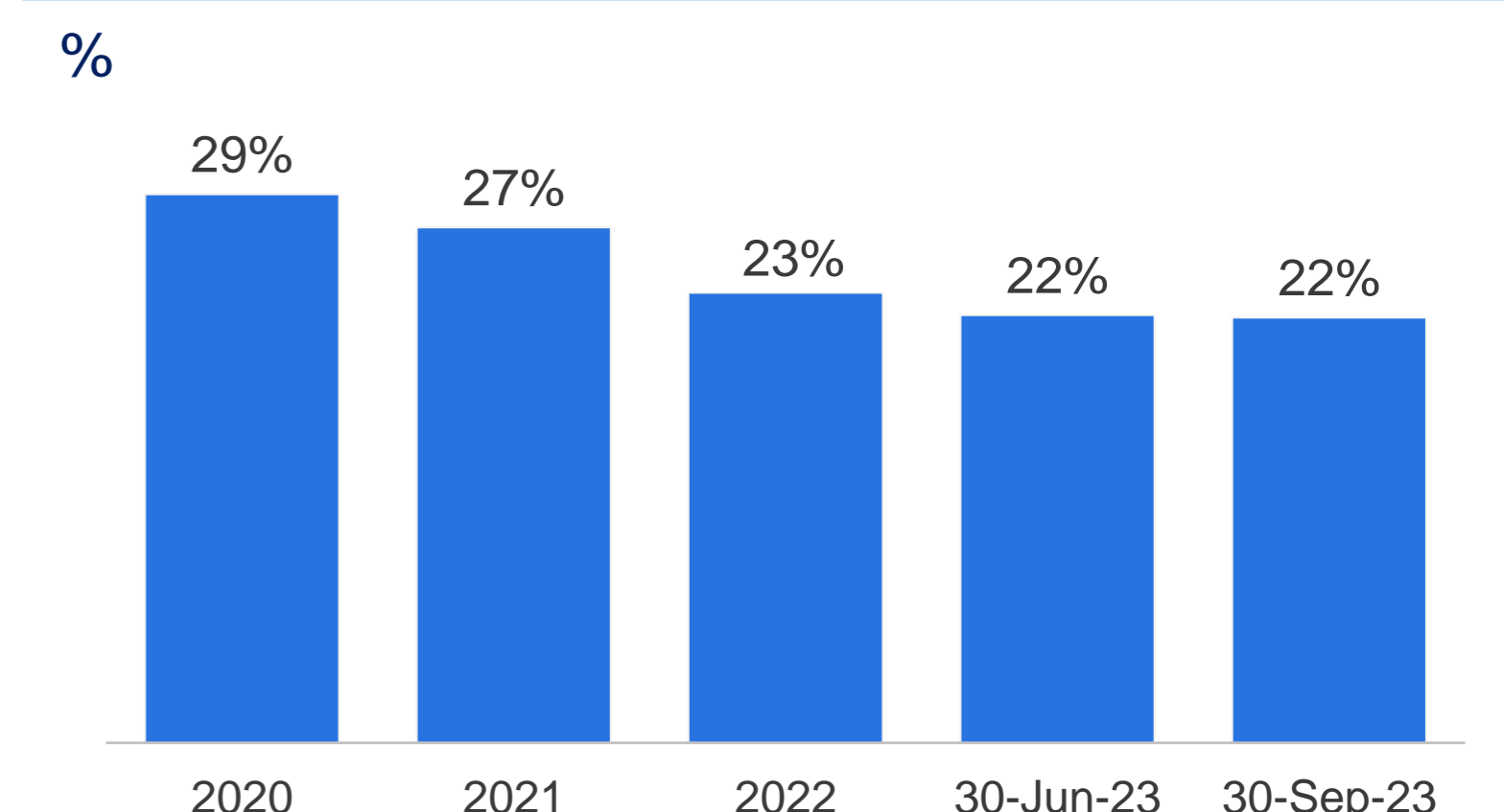
## Profit before tax / PBT margin<sup>(1)</sup> (%)



## Covenant interest coverage ratio<sup>(3)</sup>



## Equity to net receivables ratio<sup>(4)</sup>



Notes:

(1): 9M 2022 figure reflects continuing operations. PAT 2020 figure not shown to scale

(2): Poland not reflected as discontinued operations for FY2020, FY2021 and FY2022. 9M 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

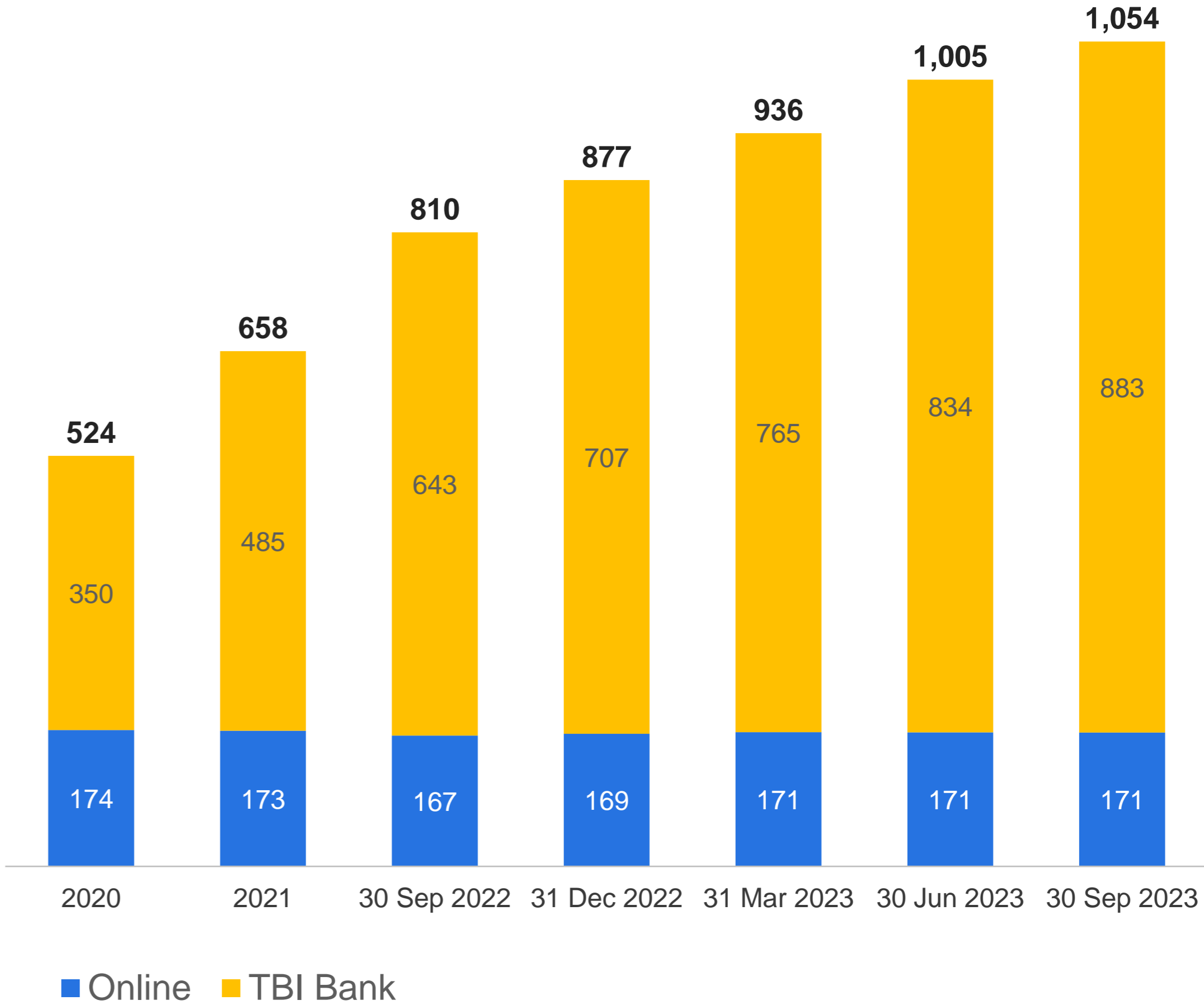
(4): The full covenant calculation of equity/net loans includes other loans and finance leases, and is currently 21%

# Diversified and growing loan portfolio

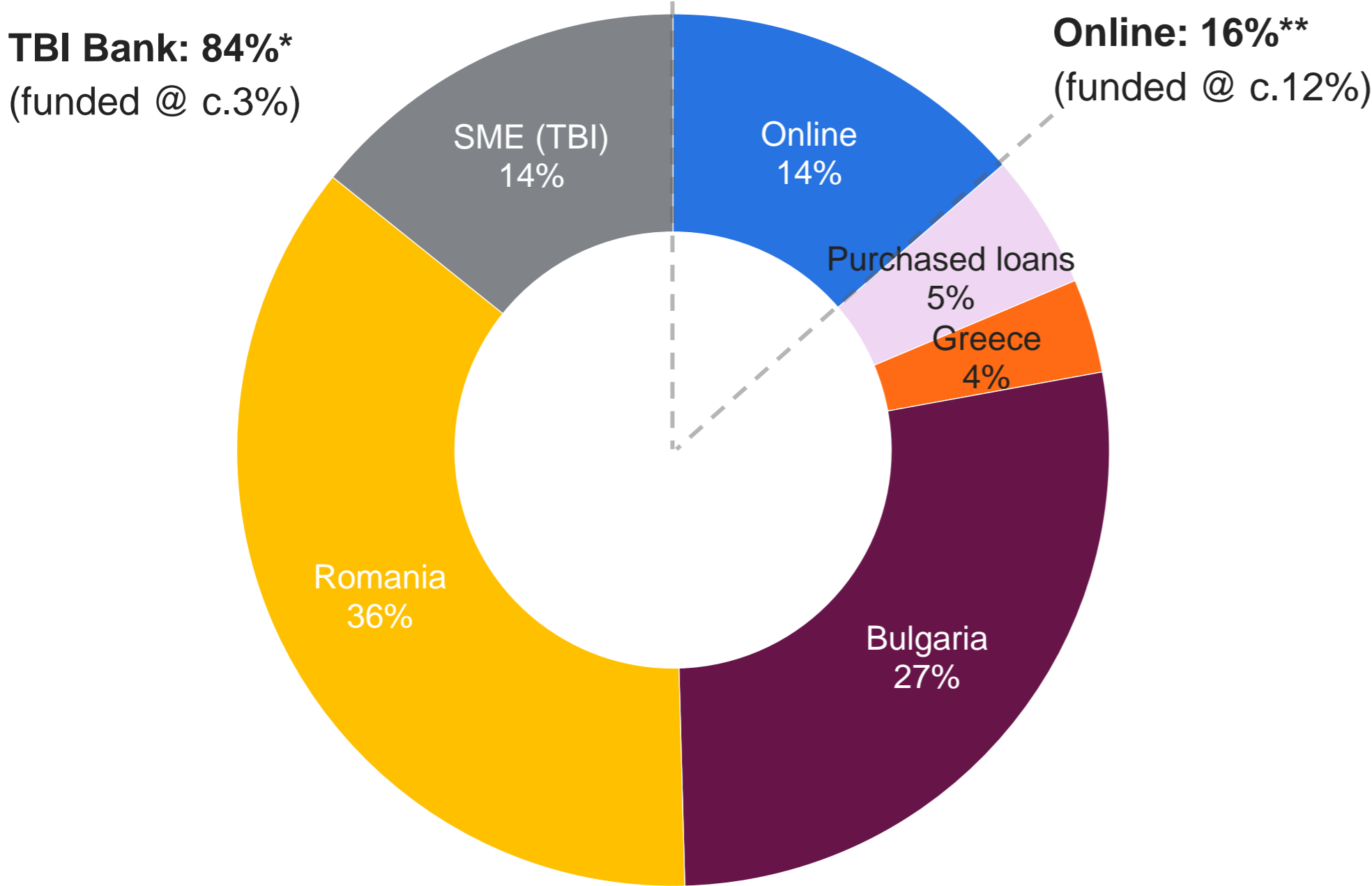
- Strong performance in loan issuance in 9M supported net receivables growth
- Overall net receivables including Poland loan of €1,054m
  - 5% increase during Q3
  - 86% consumer loans

## Net receivables\*\*

€m



## Net receivables, 30 September 2023



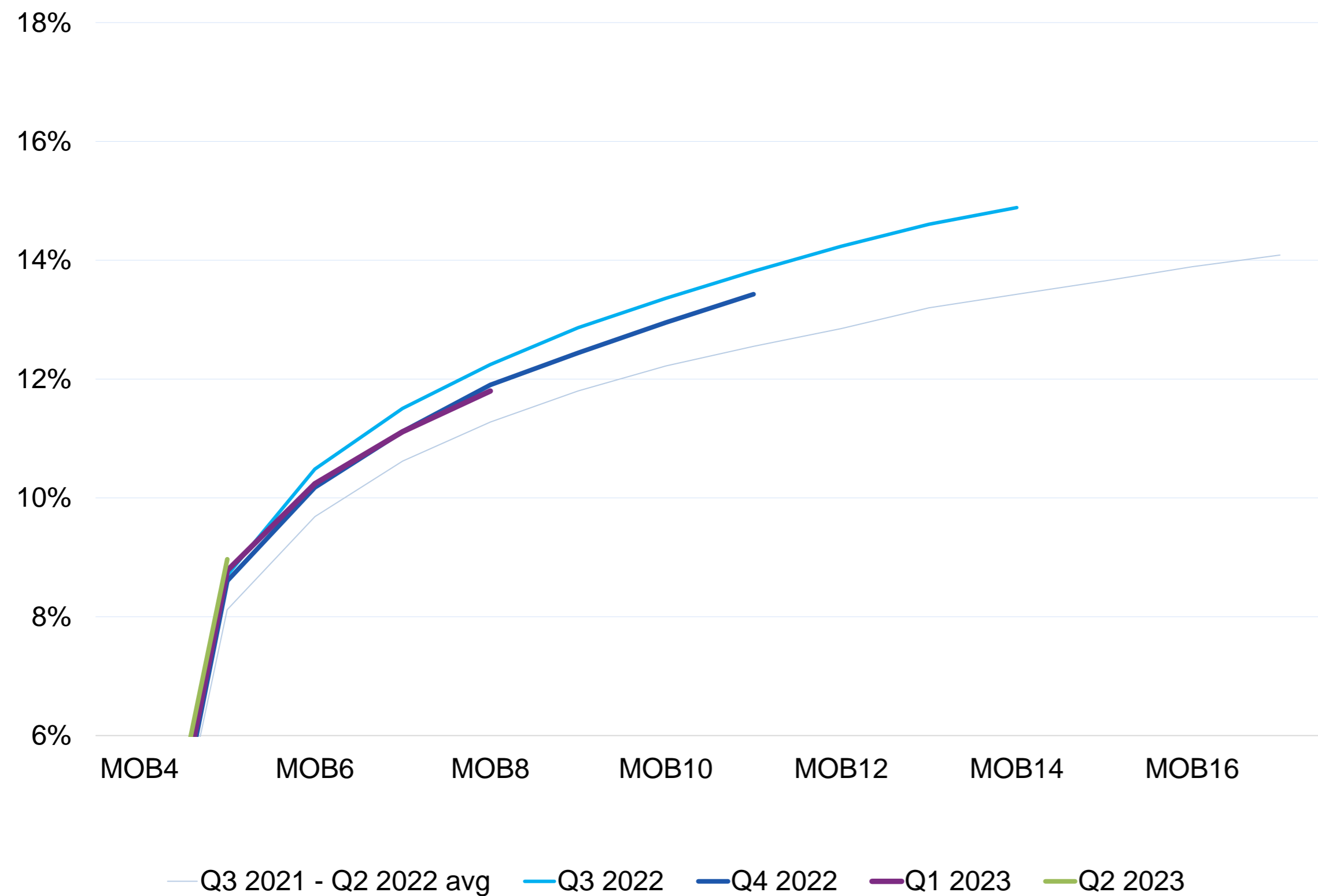
See appendix for definitions of key metrics and ratios

\* Includes TBI bank, BG online and €51m of purchased Poland and Lithuania portfolios

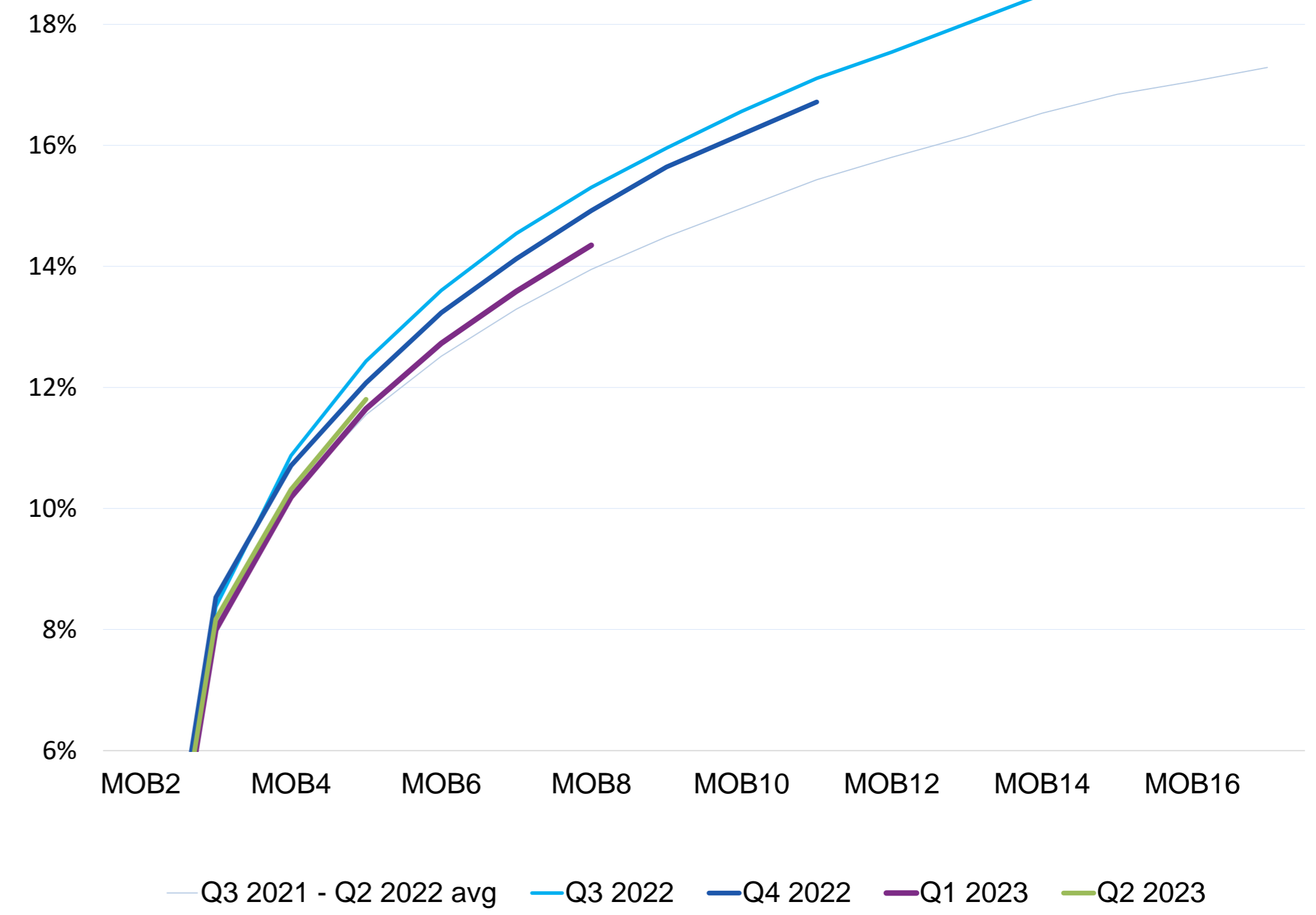
\*\* Includes loan to Polish business and online portfolio related to income classified under other operating income based on IFRS 15

# Online portfolio asset quality

## Vintage 'ever' 90+ DPD (1)



## Vintage 'ever' 30+ DPD (1)

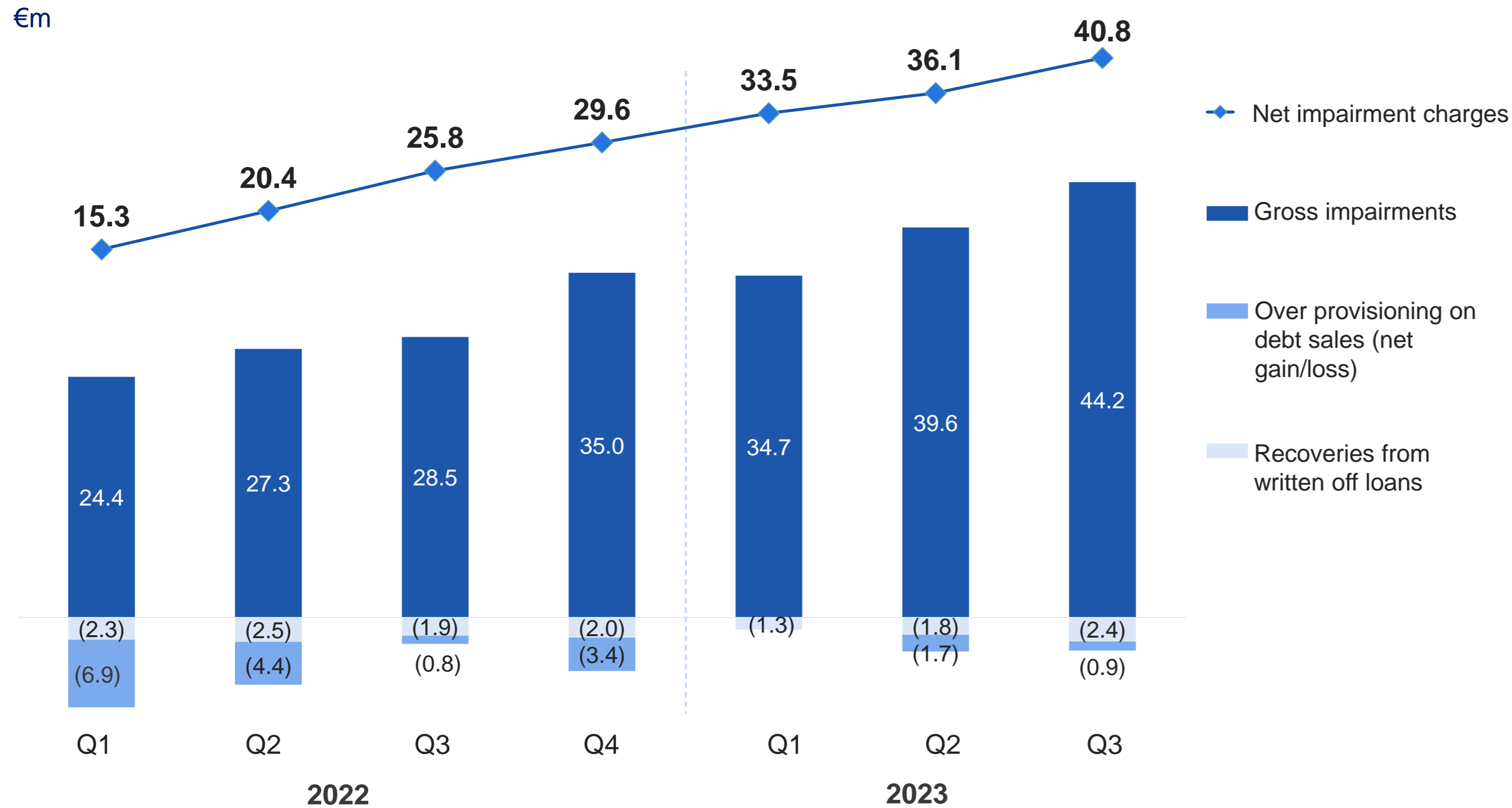


- Portfolio vintages demonstrate broadly stable asset quality, with various product/market specifics being addressed
- Graphs represent actual product portfolio belonging to the Group (Poland excluded, Philippines included)
- Parameters vary between products and markets, so changing mix of portfolio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

Note (1): Represents current business footprint, i.e.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 <sup>(1)</sup>



- Online net impairment charges
  - Increase in net impairment reflects growing receivables as well as changing portfolio product mix
  - Debt sales market recovering: forward flow sales in Latvia resumed in Q3
  - Enhancing our in-house collections capabilities for late stage NPLs as alternative to sales
- TBI Bank net impairment charges
  - Cost of risk at TBI in 9M 2023 at 6.9% vs 4.6% in 9M 2022 (significant debt sale gains in prior year)

### Annualised cost of risk <sup>(2)</sup>

	9M 2022	FY 2022	Q1 2023	H1 2023	9M 2023
TBI Bank	4.6%	5.1%	6.4%	6.4%	6.9%
Overall	10.4%	11.1%	13.7%	13.7%	14.1%

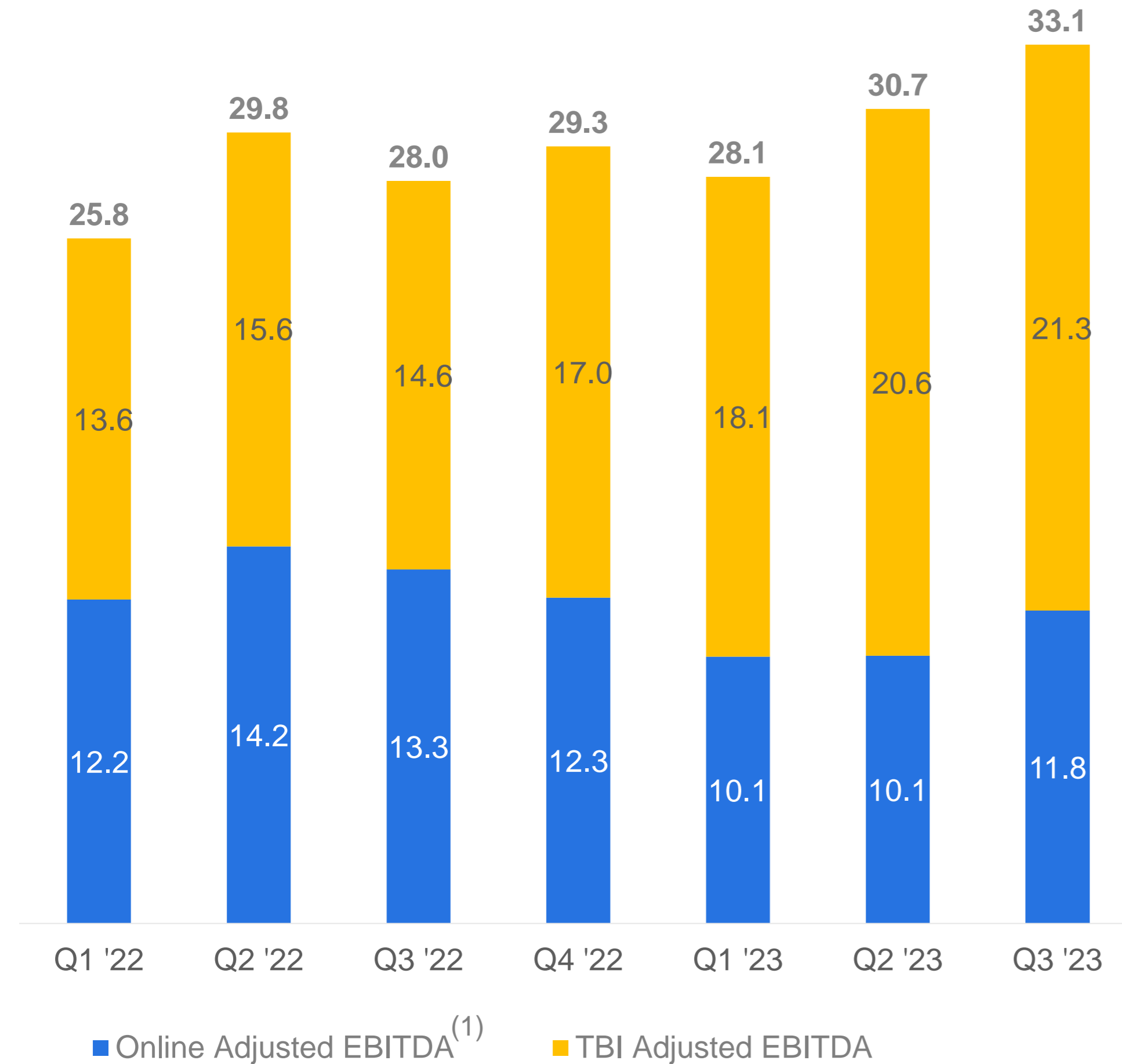
Notes: (1) Q4 costs for 2022 have been adjusted to reflect respective year's audited figures and include Poland until point of sale

(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

# Improved EBITDA and leverage metrics

## Proforma Adjusted EBITDA

€m



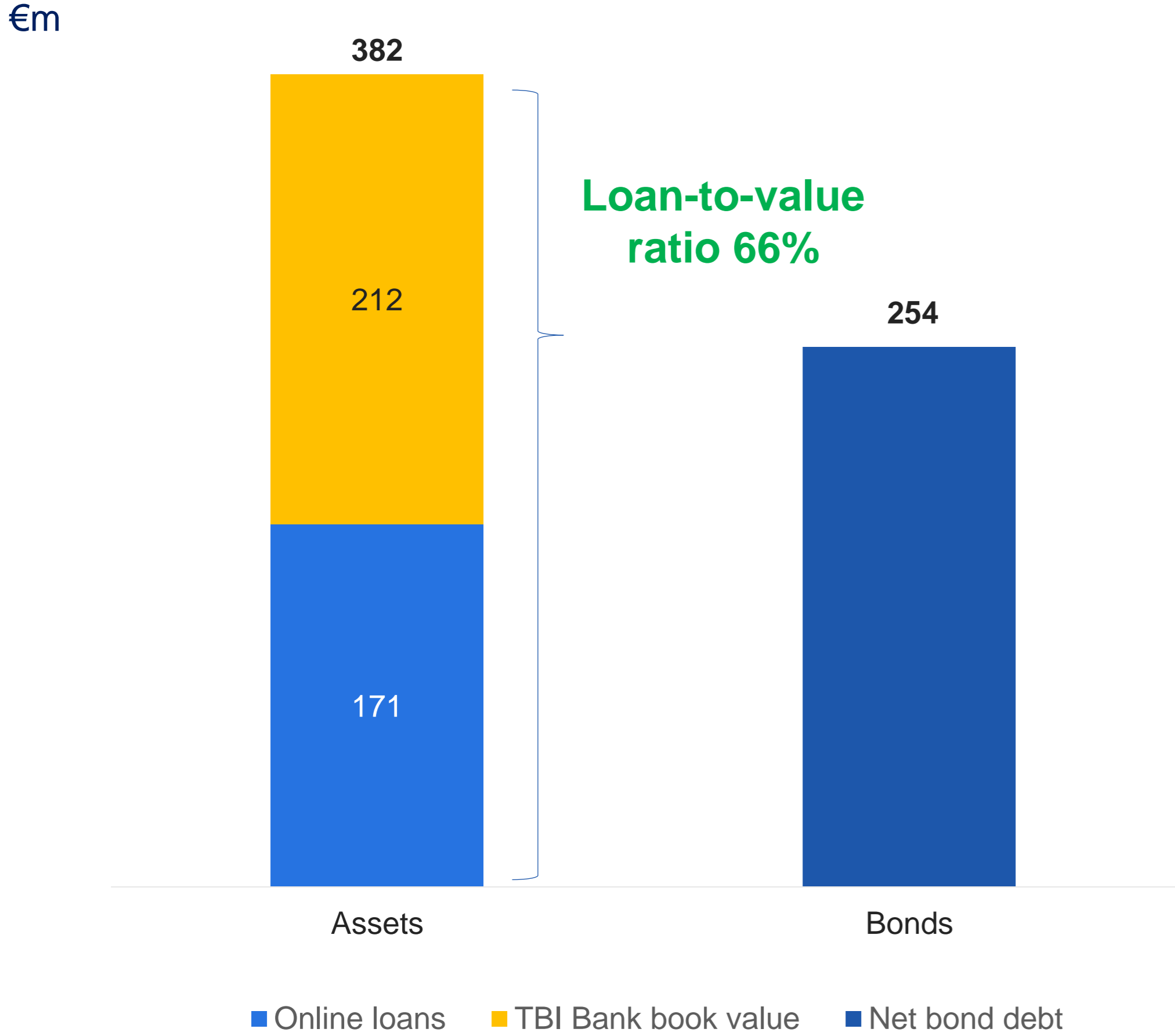
- Strong quarterly EBITDA contribution from both online and bank in Q3 2023
- Significant reduction in leverage and interest expense in recent years
- Online business is delivering EBITDA of c.1.7x bond interest on current run-rate
- Balanced maturity profile following EUR 2025 bond extension to May 2028
- Overall credit metrics improved significantly from pre-Covid levels. In approximate run-rate terms:

	Early 2020	Q3 2023
Net debt (€m)	~360	~250
Adj. EBITDA (€m)	~90	~120
Multiple	~4x	~2.1x

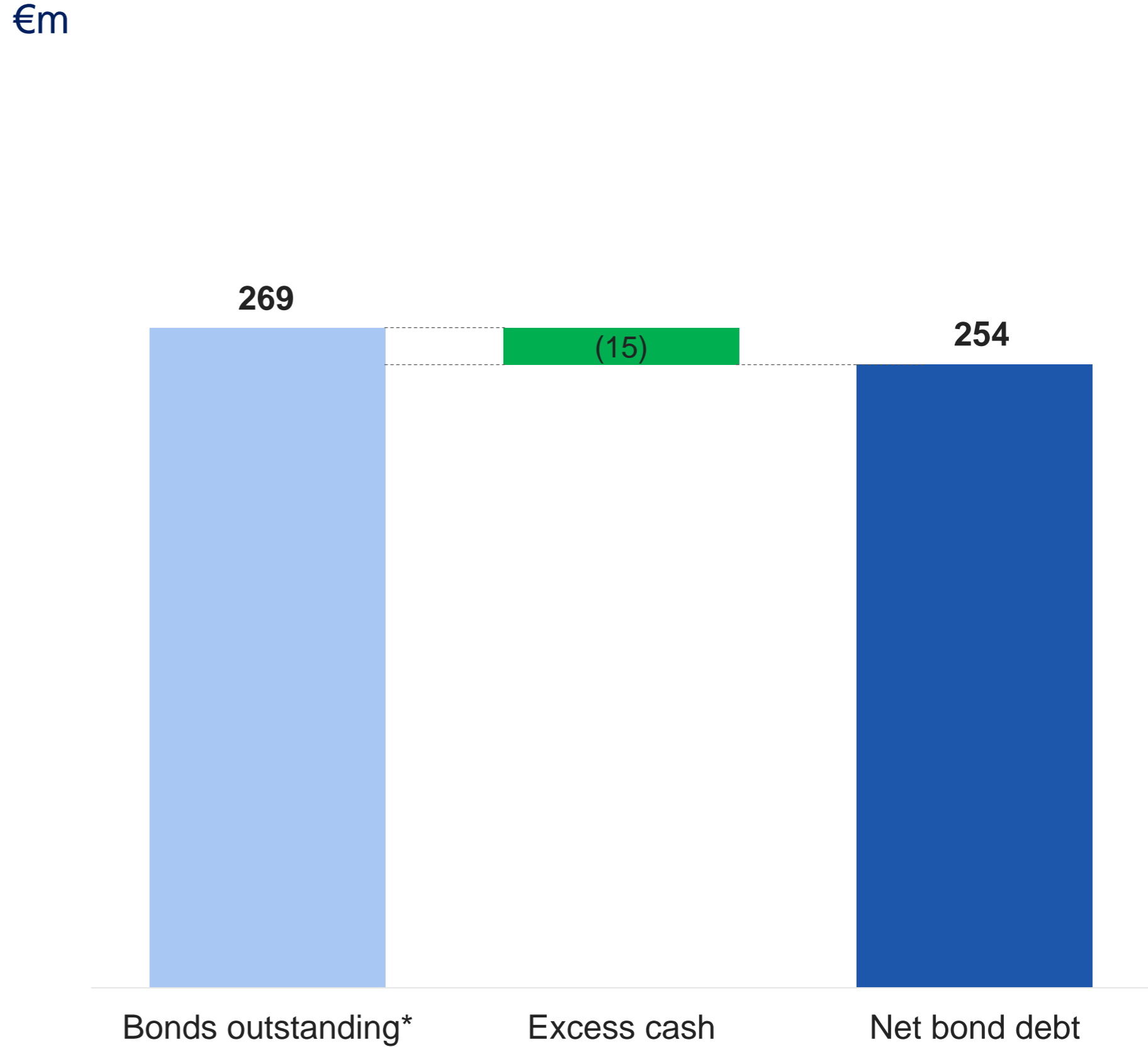
Note: (1) Online EBITDA includes income from loan sales to TBI that is eliminated on consolidation

# Strong asset coverage

“Loan to value” illustration, 30-Sep-2023



Net bond debt, 30-Sep-2023



\* EUR 325m of bonds net of EUR 56m owned in treasury

Note: Online loans includes EUR 30m loan to former Polish business which is performing and paying cash interest quarterly. Analysis shows selected balance sheet asset and liability items only.

# Summary

## **Solid nine-month results, demonstrating resilience of the business in challenging markets**

- Adjusted EBITDA up 8% QoQ to €33m in Q3 and up 10% for 9M 23 vs last year
- Quarterly gross income up 6% QoQ to €116m. Online figure back at Q1 2022 level (pre-sale of Poland)
- Further improvement in cost/income ratio

## **TBI Bank continues to perform well, with book value of €212m**

- Attractive asset with track record of profitable growth
- Strong capital, liquidity and funding position

## **Conservative medium-term capital structure**

- Strong balance sheet and cash position
- Strong 'asset coverage' for bonds from online portfolio and TBI Bank book value
- Refinancing process for 2025 bonds delivers a balanced maturity profile with 3 years until next maturity and very manageable bond sizes (c. €130m each)

## **New business growth opportunities**

- Mexico – first loan issuance in October
- Exploring opportunities in other markets
- Deliberately step-by-step approach





**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, Health and Safety, AML/CTF, Tax and Ethics
- Progress made on the ESG strategy with areas of focus and plans to improve
- 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

# 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
- Engaging through the anticipated implementation process of EU Directives into local legislation, particularly in RO, ES, GR and CZ

## 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 (9M 2023)*	Products <sup>(1)</sup>	Regulator	CB <sup>(2)</sup>	License required <sup>(3)</sup>	Interest rate cap <sup>(1)</sup>	Status
Bulgaria 	20%	SPL (online), IL, LOC, POS, SME	Bulgarian National Bank	Yes	Yes	APR (inc. fees)	Stable framework
Czech Republic 	6%	SPL, IL, MTP	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 	2%	IL	Central Bank of Lithuania	Yes	Yes	Nominal, fees & TCOC	Stable framework
Mexico 	0%	SPL	National Financial Services Consumer Protection Commission	-	Yes	-	Stable framework
Philippines 	10%	SPL, IL	Securities and Exchange Commission	-	Yes	Nominal, fees, penalties & TCOC	Cost caps introduced in March 2022. New general consumer protection rules in May 2023
Romania 	28%	IL, LOC, POS, SME	National Bank of Romania	Yes	Yes	-	Stable framework***
Spain 	19%	SPL, IL	N/A	-	-	-	Stable framework***
Sweden 	1%	MTP	Swedish Financial Supervisory Authority	Yes	Yes	Nominal & TCOC	High-level political discussion on possible reduction of nominal interest rate cap

## 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

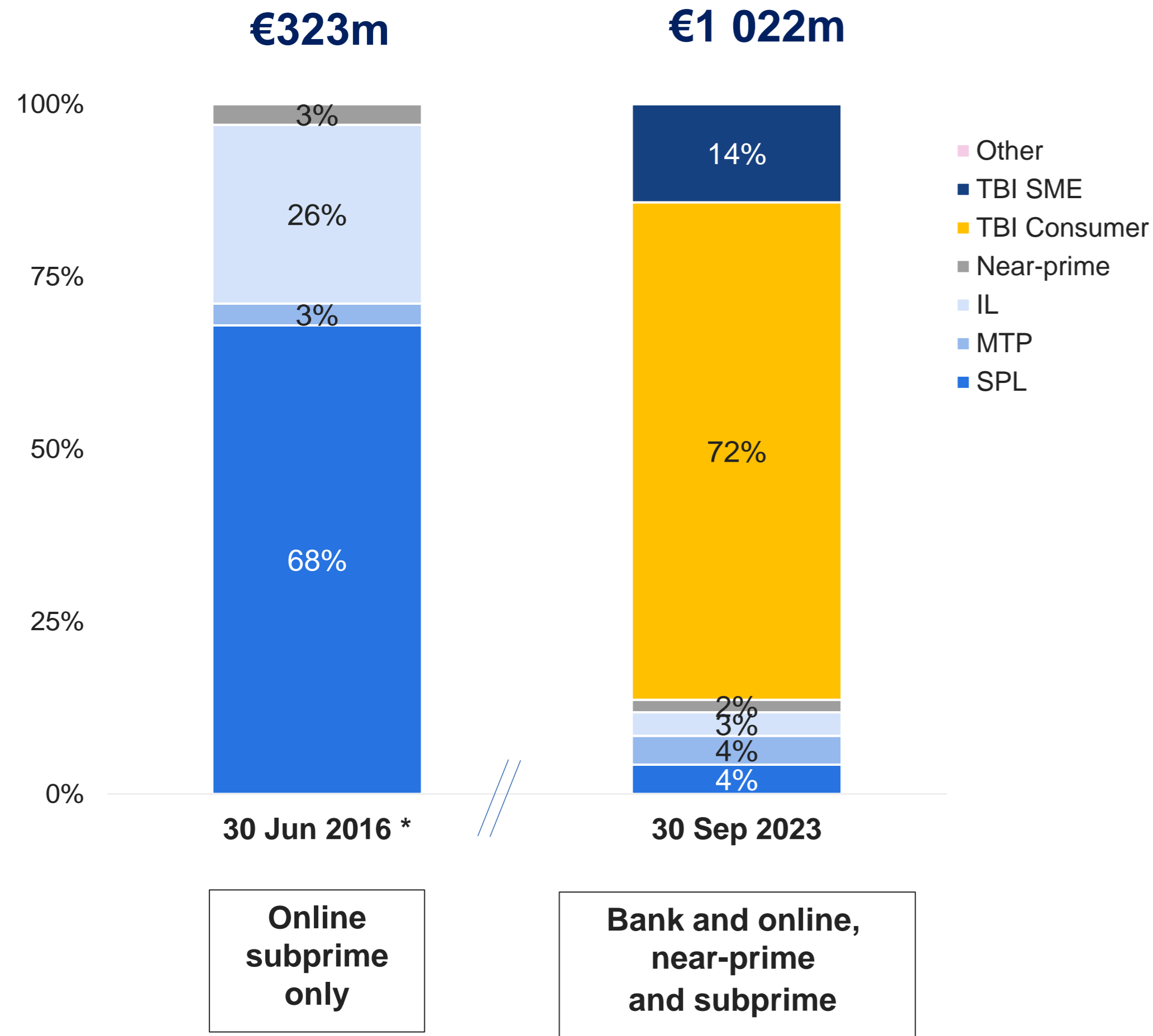
\*\* Passported branch of TBI Bank, Bulgaria

\*\*\* Following the adoption of the EU Consumer Credit Directive (in Autumn 2023), Member States will have to introduce measures against excessive interest rates, which may include cost caps

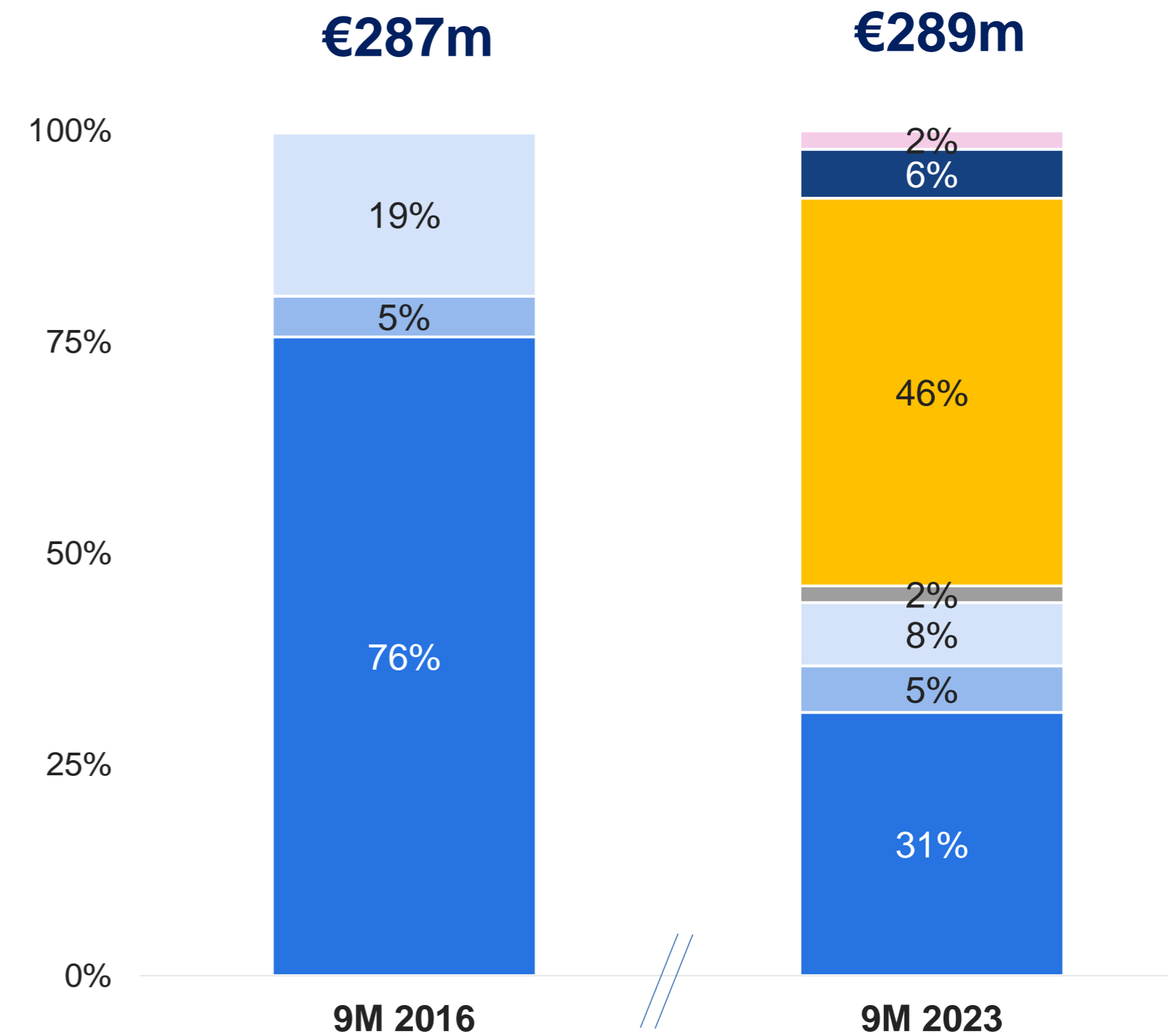
# Appendix – strategic evolution of portfolio and funding

# Evolution of product mix

## Net receivables by product



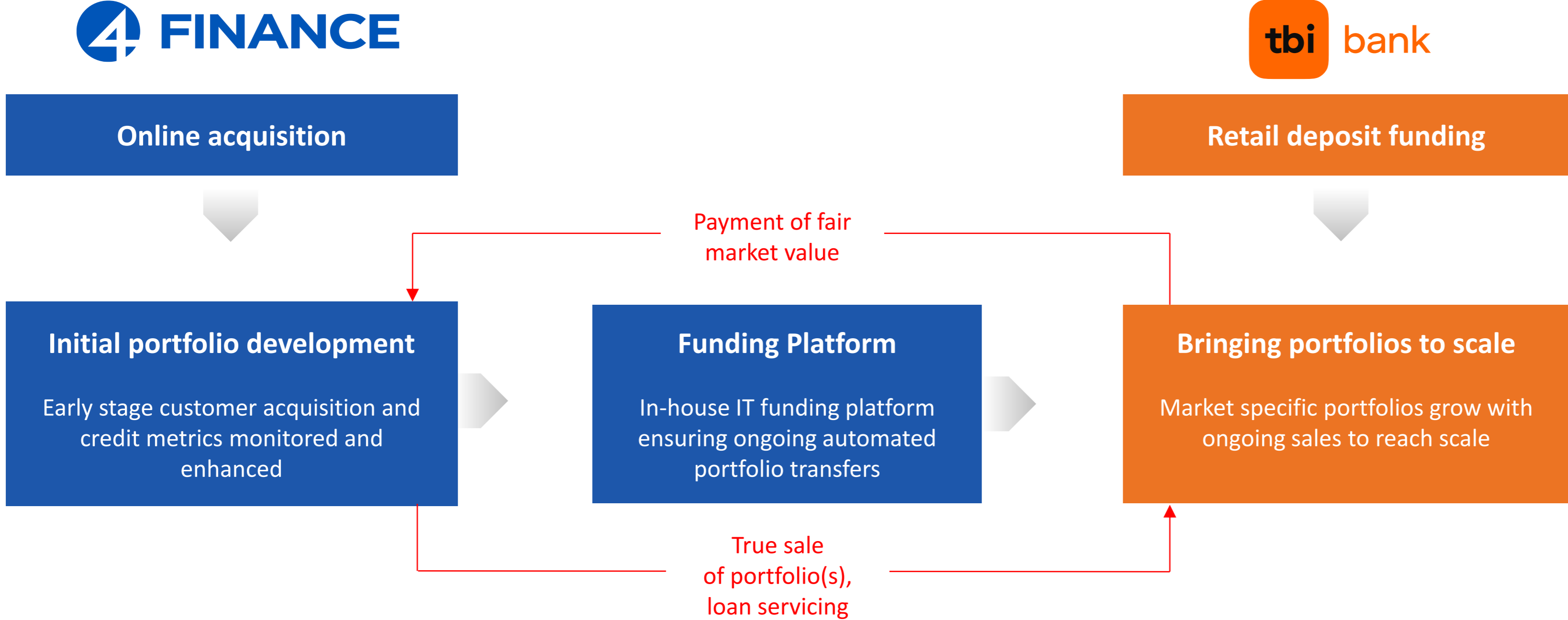
## Interest income by product



\* 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 Lithuania for sale to TBI Bank



**Illustrative near-prime 'unit economics' <sup>(1)</sup>**

Indicative APRs  
**20-40%**

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Cost/Income ratio  
**c.40%**

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Cost of Risk  
**<6-8%**

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Cost of Funds  
**3-5%**

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Return on Assets  
**3-5% <sup>(2)</sup>**

- Sales of Lithuanian near-prime loans with over €72m principal sold since February 2021

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

<i>In millions of €</i>	9M 2023 (unaudited)	9M 2022 (unaudited)	% change
Interest Income	288.8	227.3	+27%
Interest Expense	(47.8)	(31.7)	+51%
<b>Net Interest Income</b>	<b>241.1</b>	<b>195.6</b>	<b>+23%</b>
Net F&C Income	26.7	21.1	+26%
Other operating income	11.4	2.7	nm
<b>Non-Interest Income</b>	<b>38.0</b>	<b>23.8</b>	<b>+60%</b>
<b>Operating Income (Revenue)</b>	<b>279.1</b>	<b>219.4</b>	<b>+27%</b>
<b>Total operating costs</b>	<b>(123.4)</b>	<b>(107.5)</b>	<b>+15%</b>
<b>Pre-provision operating profit</b>	<b>155.7</b>	<b>112.0</b>	<b>+39%</b>
Net impairment charges	(110.4)	(61.1)	+81%
<b>Post-provision operating profit</b>	<b>45.2</b>	<b>50.9</b>	<b>(11)%</b>
Depreciation and amortisation	(5.9)	(4.7)	+25%
Non-recurring income/(expense)	0.0	(2.0)	nm
Net FX gain/(loss)	(2.9)	(5.6)	(48)%
<b>Profit before tax</b>	<b>36.4</b>	<b>38.6</b>	<b>(6)%</b>
Income tax expense	(10.0)	(10.3)	(3)%
<b>Profit from continuing operations</b>	<b>26.4</b>	<b>28.3</b>	<b>(7)%</b>
Profit from discontinued operations, net of tax	-	7.0	nm
<b>Profit for the period</b>	<b>26.4</b>	<b>35.3</b>	<b>(25)%</b>

# Quarterly income statement

<i>In millions of €</i>	Q3 2023 (unaudited)	Q2 2023 (unaudited)	Q1 2023 (unaudited)	QoQ % change	Q3 2022 (unaudited)	YoY % change
Interest Income	100.9	96.2	91.7	+5%	80.7	+25%
Interest Expense	(16.9)	(15.7)	(15.1)	+8%	(10.9)	+55%
<b>Net Interest Income</b>	<b>84.0</b>	<b>80.5</b>	<b>76.6</b>	<b>+4%</b>	<b>69.8</b>	<b>+20%</b>
Net F&C Income	8.8	9.6	8.3	(8)%	7.8	+13%
Other operating income	6.3	2.8	2.4	+127%	2.2	nm
<b>Non-Interest Income</b>	<b>15.1</b>	<b>12.3</b>	<b>10.7</b>	<b>+22%</b>	<b>10.0</b>	<b>+51%</b>
<b>Operating Income (Revenue)</b>	<b>99.1</b>	<b>92.8</b>	<b>87.2</b>	<b>+7%</b>	<b>79.8</b>	<b>+24%</b>
<b>Total operating costs</b>	<b>(43.0)</b>	<b>(40.4)</b>	<b>(40.1)</b>	<b>+6%</b>	<b>(37.3)</b>	<b>+15%</b>
<b>Pre-provision operating profit</b>	<b>56.1</b>	<b>52.4</b>	<b>47.1</b>	<b>+7%</b>	<b>42.5</b>	<b>+32%</b>
Net impairment charges	(40.8)	(36.1)	(33.5)	+13%	(25.8)	+58%
<b>Post-provision operating profit</b>	<b>15.3</b>	<b>16.3</b>	<b>13.6</b>	<b>(6)%</b>	<b>16.7</b>	<b>(8)%</b>
Depreciation and amortisation	(2.1)	(1.9)	(1.9)	+9%	(1.5)	+39%
Non-recurring income/(expense)	0.8	(0.1)	(0.7)	nm	0.2	nm
Net FX gain/(loss)	(0.6)	(0.1)	(2.2)	nm	(2.9)	(77)%
<b>Profit before tax</b>	<b>13.4</b>	<b>14.2</b>	<b>8.8</b>	<b>(6)%</b>	<b>12.6</b>	<b>+6%</b>
Income tax expense	(3.8)	(3.0)	(3.2)	+26%	(3.4)	+12%
<b>Net profit/(loss) after tax</b>	<b>9.6</b>	<b>11.2</b>	<b>5.6</b>	<b>(15)%</b>	<b>9.2</b>	<b>+4%</b>
<b>Adjusted EBITDA</b>	<b>33.1</b>	<b>30.7</b>	<b>28.1</b>	<b>+8%</b>	<b>28.0</b>	<b>+18%</b>

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

<i>In millions of €</i>	30 September 2023 (unaudited)	31 December 2022
<b>Assets</b>		
<b>Cash and cash equivalents, of which:</b>	<b>217.0</b>	<b>221.6</b>
- Online	49.1	52.5
- TBI Bank	167.8	169.1
Placements with other banks	51.6	35.7
Gross receivables due from customers	1,147.6	943.7
Allowance for impairment	(125.4)	(97.4)
<b>Net receivables due from customers, of which:</b>	<b>1,022.2</b>	<b>846.4</b>
- Principal	1,001.3	826.6
- Accrued interest	20.9	19.8
Net investments in finance leases	1.8	1.9
Net loans to related parties	31.4	28.8
Net loans to other parties	29.9	29.6
Property and equipment	18.2	18.2
Financial investments	128.1	67.7
Prepaid expenses	4.0	3.5
Tax assets	3.4	3.8
Deferred tax assets	12.1	11.5
Intangible IT assets	24.1	17.1
Goodwill	27.5	27.6
Other assets	76.0	58.7
<b>Total assets</b>	<b>1,647.3</b>	<b>1,372.1</b>

<i>In millions of €</i>	30 September 2023 (unaudited)	31 December 2022
<b>Liabilities</b>		
Loans and borrowings	301.5	284.8
Deposits from customers	1,003.3	781.7
Income tax liabilities	9.4	6.8
Other liabilities	106.5	100.2
<b>Total liabilities</b>	<b>1,420.6</b>	<b>1,173.4</b>
Share capital	35.8	35.8
Retained earnings	219.4	193.6
Reserves	(28.6)	(30.7)
<b>Total equity</b>	<b>226.6</b>	<b>198.6</b>
<b>Total shareholders' equity and liabilities</b>	<b>1,647.3</b>	<b>1,372.1</b>

# Statement of cash flows

In millions of €	9 Months to 30 September (unaudited)		In millions of € (continued)	9 Months to 30 September (unaudited)	
	2023	2022		2023	2022
<b>Cash flows from operating activities</b>			<b>Cash flows from / (used in) investing activities</b>		
Profit before tax from continuing operations	36.5	38.6	Purchase of property and equipment and intangible assets	(11.4)	(8.3)
Profit before tax from discontinued operations	—	9.1	Net cash from (Purchase) / Sale of financial instruments	(58.2)	(19.3)
<b>Profit before taxes</b>	<b>36.5</b>	<b>47.7</b>	Other / related party loans repaid	0.8	1.2
<i>Adjustments for:</i>			Other / related party loans issued	(3.4)	(0.9)
Depreciation and amortisation	6.0	4.9	Interest received on other / related party loans	6.3	9.2
Impairment of goodwill and intangible assets	(0.0)	(0.1)	Acquisition and disposal of subsidiaries, net of cash acquired / disposed	(2.0)	(14.2)
Net loss (gain) on foreign exchange from borrowings and other monetary items	0.0	(0.7)	(Acquisition) of equity investments	—	(1.8)
Impairment losses on loans	118.5	80.2	<b>Net cash flows used in investing activities</b>	<b>(67.9)</b>	<b>(34.1)</b>
Reversal of provision on debt portfolio sales	(2.6)	(12.0)	<b>Cash flows from / (used in) financing activities</b>		
Write-off and disposal of intangible and property and equipment assets	0.3	2.3	Loans received and notes issued	19.8	—
Interest income from non-customers loans	(6.3)	(7.2)	Repayment and repurchase of loans and notes	(4.2)	(31.2)
Interest expense on loans and borrowings and deposits from customers	47.8	31.6	Interest payments	(18.5)	(20.7)
Non-recurring finance cost / (income), net	(0.2)	(0.9)	Costs of notes issuance/amendment	0.0	(0.0)
Other non-cash items	(0.1)	2.3	FX hedging margin	4.7	0.7
Profit before adjustments for the effect of changes to current assets and short-term liabilities	<b>199.8</b>	<b>148.0</b>	Payment of lease liabilities	(2.5)	(2.5)
<i>Adjustments for:</i>			Dividend payments	—	(15.0)
Change in financial instruments measured at fair value through profit or loss	(5.9)	(2.6)	<b>Net cash flows from / (used in) financing activities</b>	<b>(0.8)</b>	<b>(68.8)</b>
(Increase) in other assets (including TBI statutory reserve, placements & leases)	(73.2)	(38.7)	<b>Net decrease in cash and cash equivalents</b>	<b>(36.7)</b>	<b>(66.3)</b>
Increase in accounts payable to suppliers, contractors and other creditors	17.3	19.7	<b>Cash and cash equivalents at the beginning of the period</b>	<b>155.6</b>	<b>134.2</b>
<b>Operating cash flow before movements in portfolio and deposits</b>	<b>137.9</b>	<b>126.5</b>	Effect of exchange rate fluctuations on cash	0.0	0.1
Increase in loans due from customers	(307.4)	(260.4)	<b>Cash and cash equivalents at the end of the period</b>	<b>118.9</b>	<b>68.0</b>
Proceeds from sale of portfolio	15.1	28.0	<b>TBI Bank minimum statutory reserve</b>	<b>98.1</b>	<b>51.4</b>
Increase in deposits (customer and bank deposits)	217.0	157.6	<b>Total cash on hand and cash at central banks</b>	<b>217.0</b>	<b>119.3</b>
Deposit interest payments	(23.3)	(6.3)			
<b>Gross cash flows from operating activities</b>	<b>39.4</b>	<b>45.4</b>			
Corporate income tax (paid), net of refunds received	(7.5)	(8.9)			
<b>Net cash flows from / (used in) operating activities</b>	<b>31.9</b>	<b>36.5</b>			

# Key financial ratios

	9 months to 30 September	
	2023	2022
<b>Capitalisation</b>		
Equity / assets	13.8%	15.6%
Tangible common equity / tangible assets	10.3%	12.2%
Equity / net receivables	22.2%	24.5%
Interest coverage ratio	2.1x	2.8x
TBI Bank consolidated capital adequacy	21.1%	18.9%
<b>Profitability</b>		
Net interest margin:		
- Online	98.4%	90.6%
- TBI Bank	19.1%	20.8%
- Overall group	31.5%	34.4%
Cost / income ratio	44.2%	49.0%
Post-provision operating profit margin	15.7%	22.4%
Normalised Profit before tax margin	13.6%	20.3%
Normalised Return on average equity	18.4%	26.0%
Normalised Return on average assets	2.6%	4.2%

	9 months to 30 September	
	2023	2022
<b>Asset quality</b>		
Cost of risk:		
- TBI Bank	6.9%	4.6%
- Overall group	14.1%	10.4%
Net impairment / interest income	37.1%	26.9%
Gross NPL ratio:		
- Online	12.8%	7.7%
- TBI Bank	9.4%	10.0%
- Overall group	9.9%	9.6%
Overall group NPL coverage ratio	110.0%	114.0%
Loan loss reserve / gross receivables, %	10.9%	10.9%

# 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 charges / average gross receivables (total gross receivables as of the start and end of each period divided by two)
- **Cost / income ratio** – Operating costs / operating income (revenue)
- **Equity / assets ratio** – Total equity / total assets
- **Equity / net receivables** – Total equity / net customer receivables (including accrued interest)
- **ESG** – Environment, Social and Governance
- **Gross NPL ratio** – Non-performing receivables (including accrued interest) with a delay of over 90 days / gross receivables (including accrued interest)
- **Gross receivables** – Total amount receivable from customers, including principal and accrued interest, after deduction of deferred income
- **Intangible assets** – consists of deferred tax assets, intangible IT assets and goodwill
- **Interest income** – Interest and similar income generated from our customer loan portfolio and corporate/other loans
- **Loss given default** – Loss on non-performing receivables (i.e. 1 - recovery rate) based on recoveries during the appropriate time window for the specific product, reduced by costs of collection, discounted at the weighted average effective interest rate
- **Net effective annualised yield** – annualised interest income (excluding penalties) / average net loan principal
- **Net impairment / interest income ratio** – Net impairment charges on loans and receivables / interest income plus relevant fee income (interest income and other income from contracts with customers in Philippines and Lithuania under IFRS 15)
- **Net interest margin** – Annualised net interest income / average gross loan principal (total gross loan principal as of the start and end of each period divided by two)
- **Net receivables** – Gross receivables (including accrued interest) less impairment provisions
- **Non-performing loans (NPLs)** – Loan principal or receivables that are over 90 days past due (over 30 DPD in the Philippines) 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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