



4finance Holding SA

Investor presentation for full year
2023 results

5 March 2024

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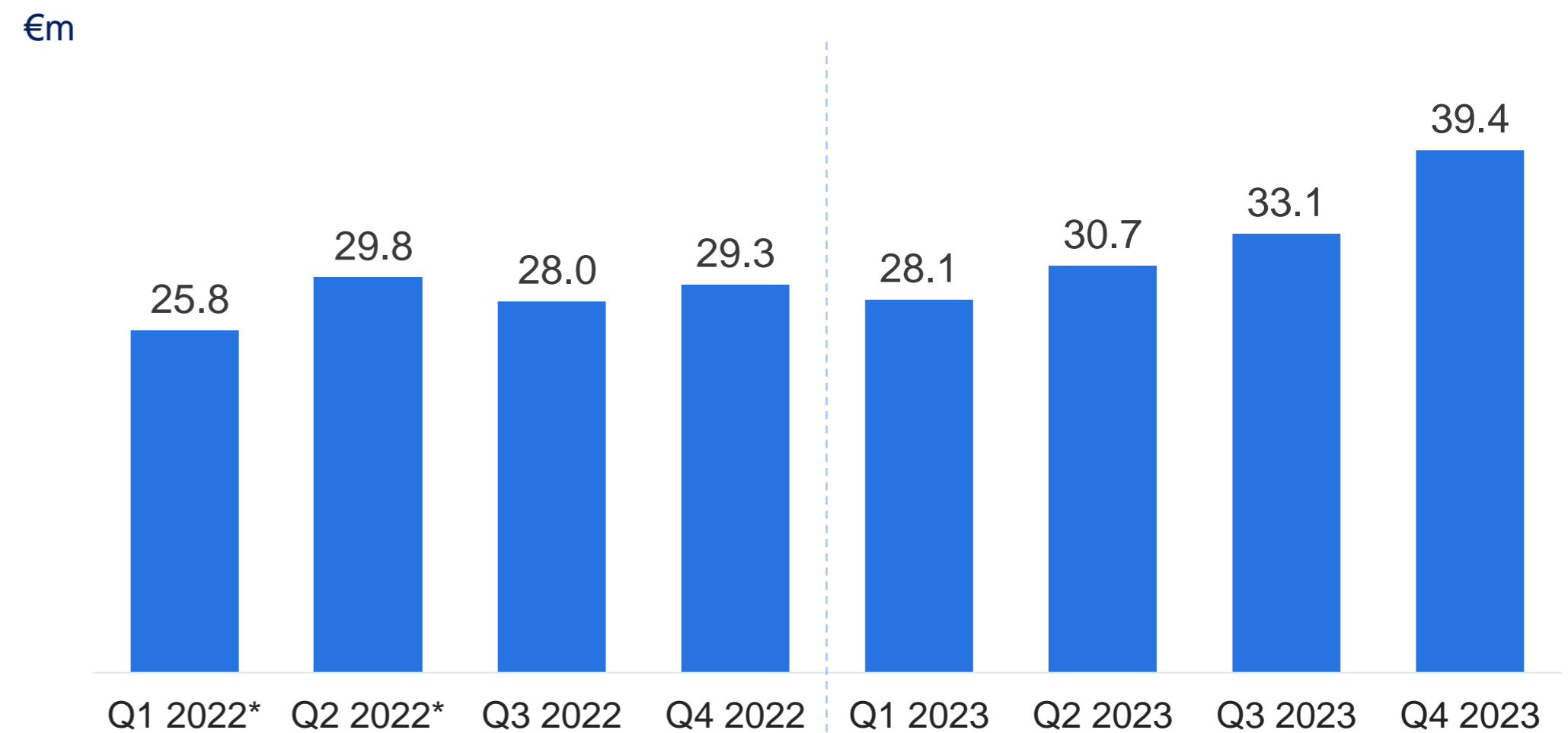
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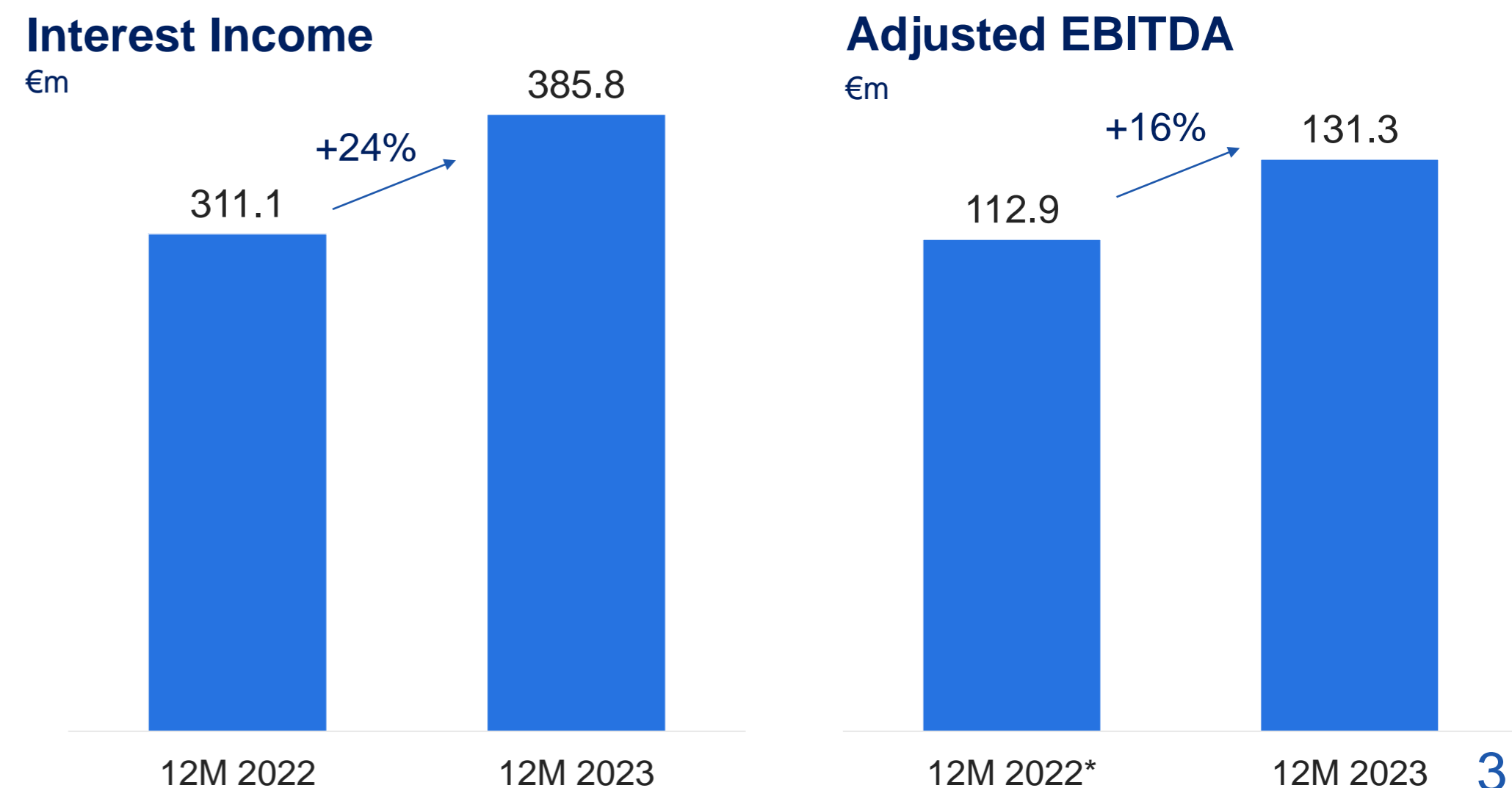
Summary of full year 2023 results

- Strong FY 2023 performance with net profit from continuing operations up 27% YoY to €44m, interest income up 24% YoY to €386m in 2023
- Record net profit at TBI Bank with strong debt sale gains in Q4
- Continued growth in quarterly gross income (including interest income and fees), an increase of 5% QoQ to €122m in Q4. Online contribution of €55m
- Adjusted EBITDA €131m in 2023, up 16% vs proforma 2022; EBITDA margin of 34%
- Online loan issuance growth driven by Czech Republic, Spain and Philippines. Launch of Mexico in Q4 showing encouraging signs
- Cost/income ratio of 43.4% in 2023, an improvement from 47.9% in 2022
- Cost of risk stable overall. Growth in portfolio leads to proportionate growth in provisions
- Bond refinancing process completed in Q4, with balanced maturity profile in place

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 28% YoY, driving operating income increase
- Further growth in deposits (reached €1.1bn milestone) with proactive management of funding sources and cost. Granular retail deposit base with average term deposit size of €12.5k
- Continued progress in Greece, with 3,800 merchant partner check-out points, initial launch of banking app and monthly lending volume over €7.7m (in Q4 2023)
- Increasing proportion of customers onboarded to market-leading banking App: 59% in Dec'23 in Bulgaria from 36% a year ago, with more self-service features
- Direct-to-consumer neon card launched in January 2023
- 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 31 Dec 2023

€230m

Operating Income FY'2023

€208m (+27% YoY)

Net profit FY'2023

€43.6m (€36m* in 2022)

Return on Average Equity FY'2023

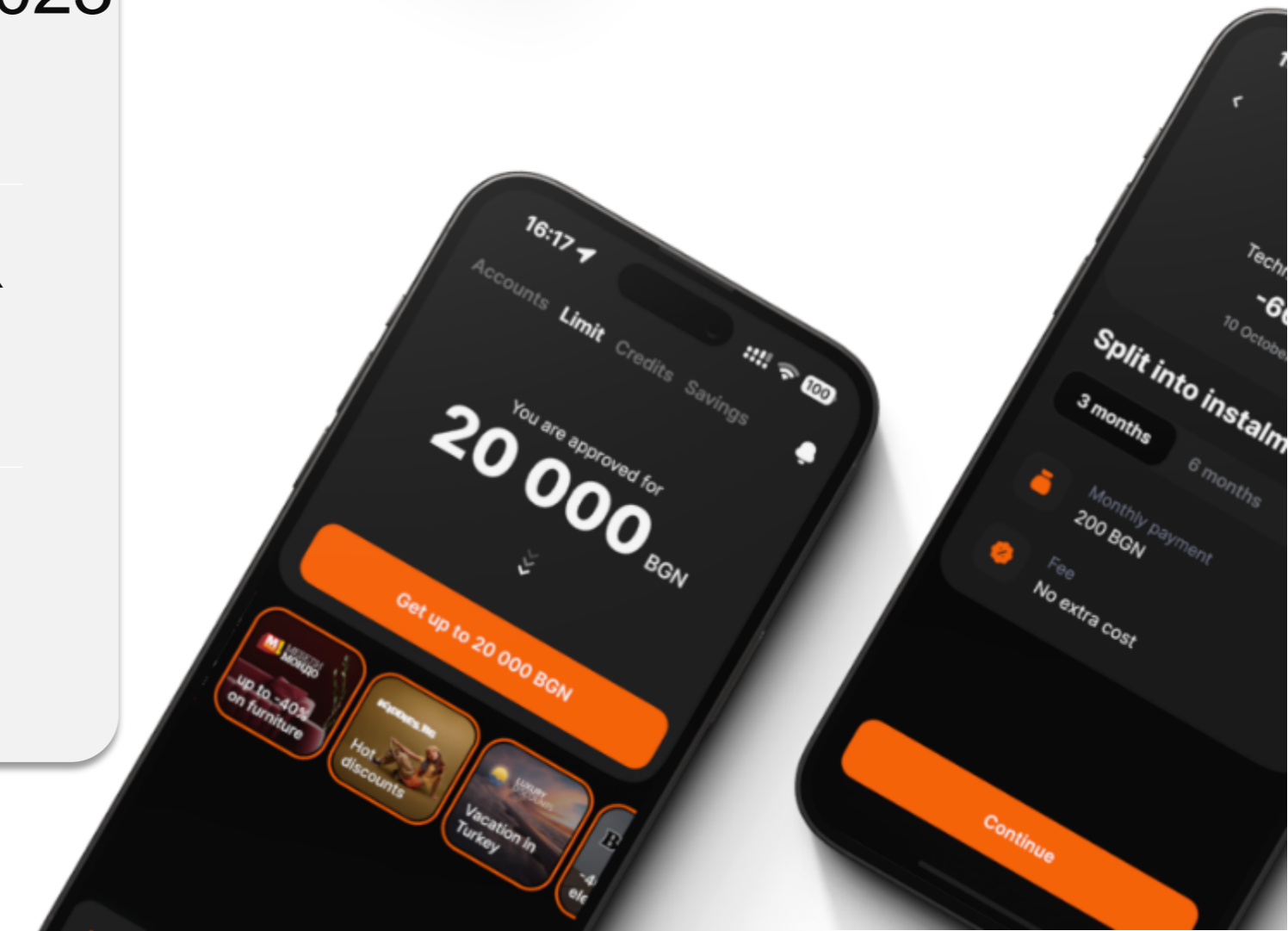
20.9%

7-year operating income CAGR

21%

Active customers

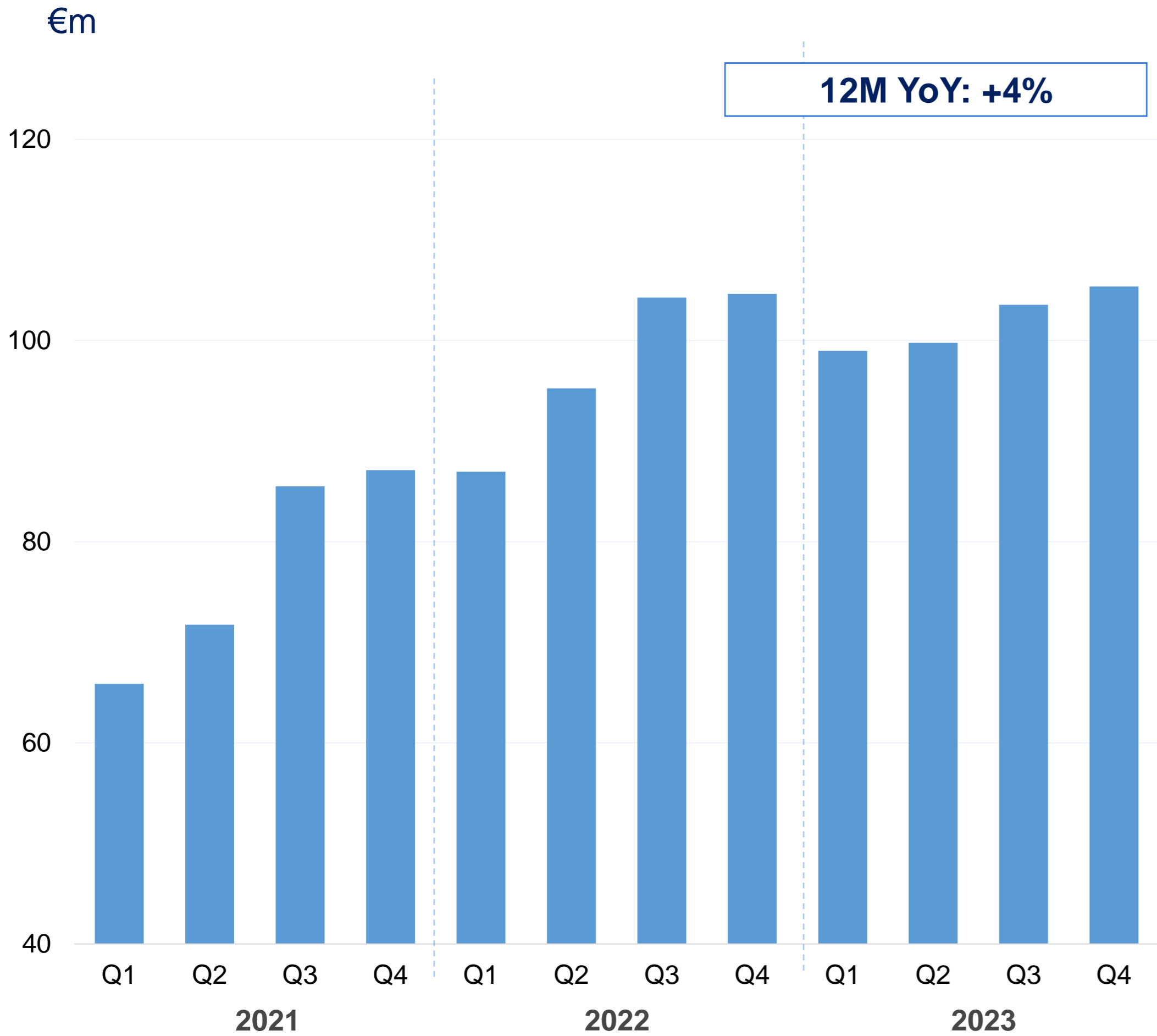
~750k



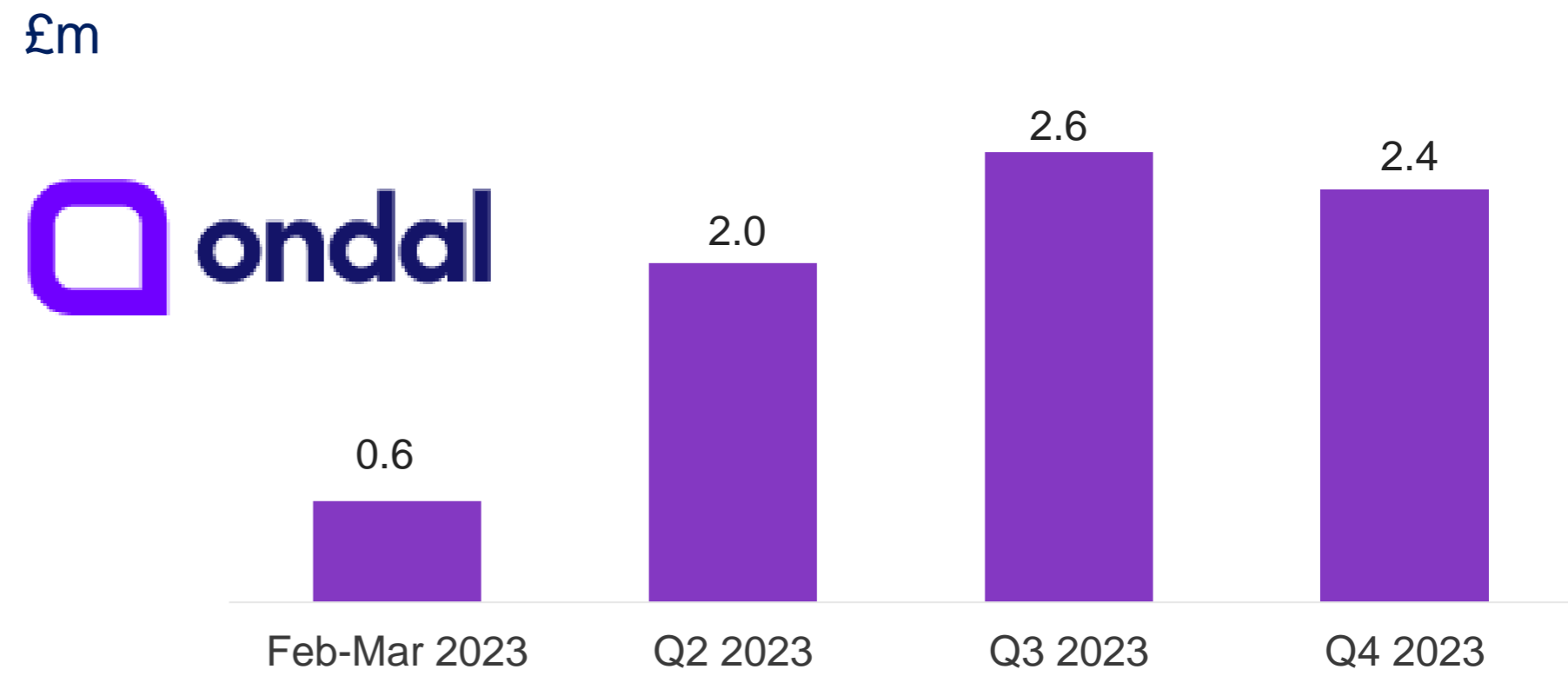
* 2022 net profit includes one-off effects from interest rate swaps

Online loan issuance: growth in existing and new markets

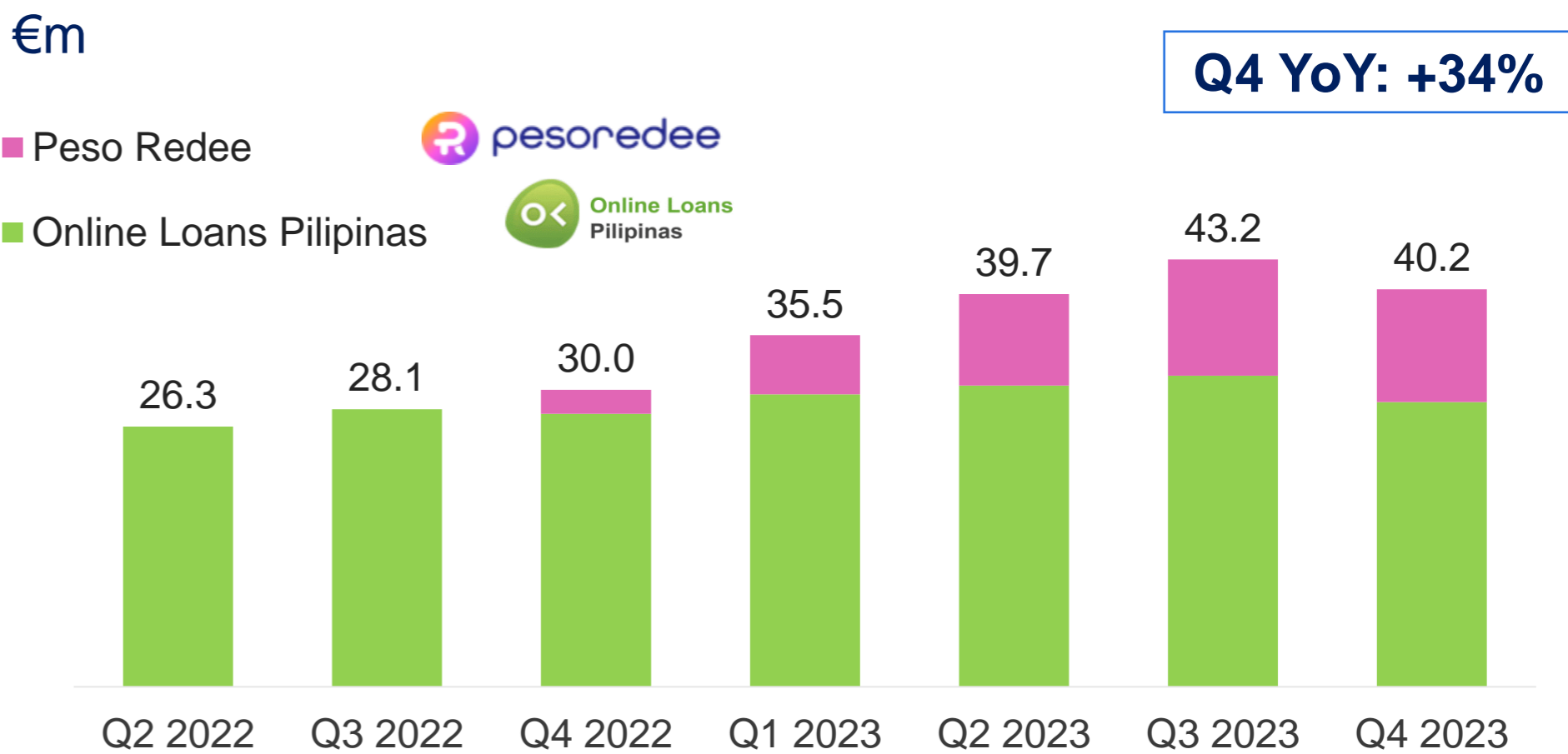
Existing markets: 'like for like' online loan issuance ⁽¹⁾



New markets: UK joint venture loan issuance



Philippines loan issuance

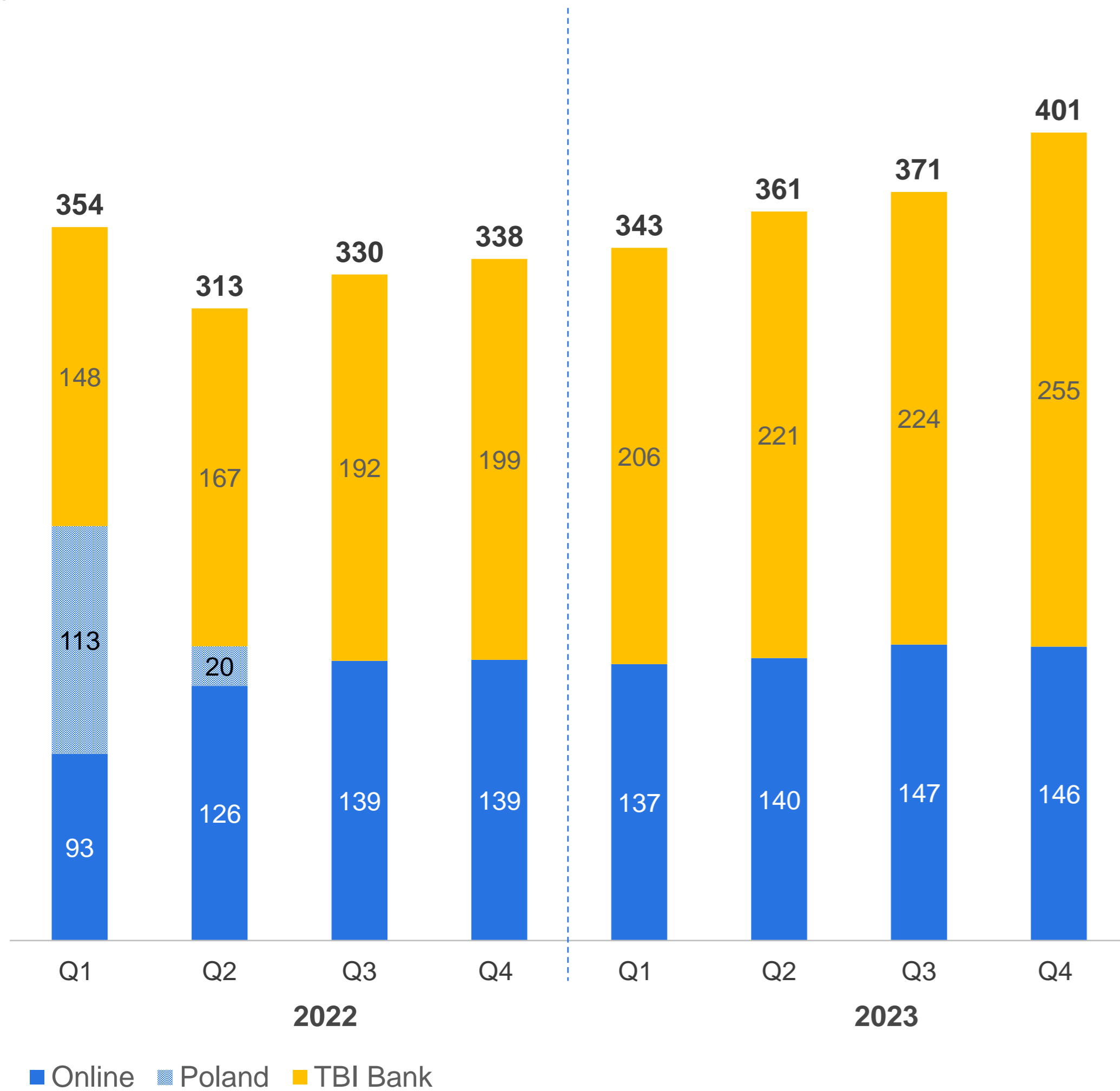


Note (1): Active online products as of 31 December 2023 (excluding Poland, TBI Bank, Philippines, and Mexico)

Overall loan issuance and gross income

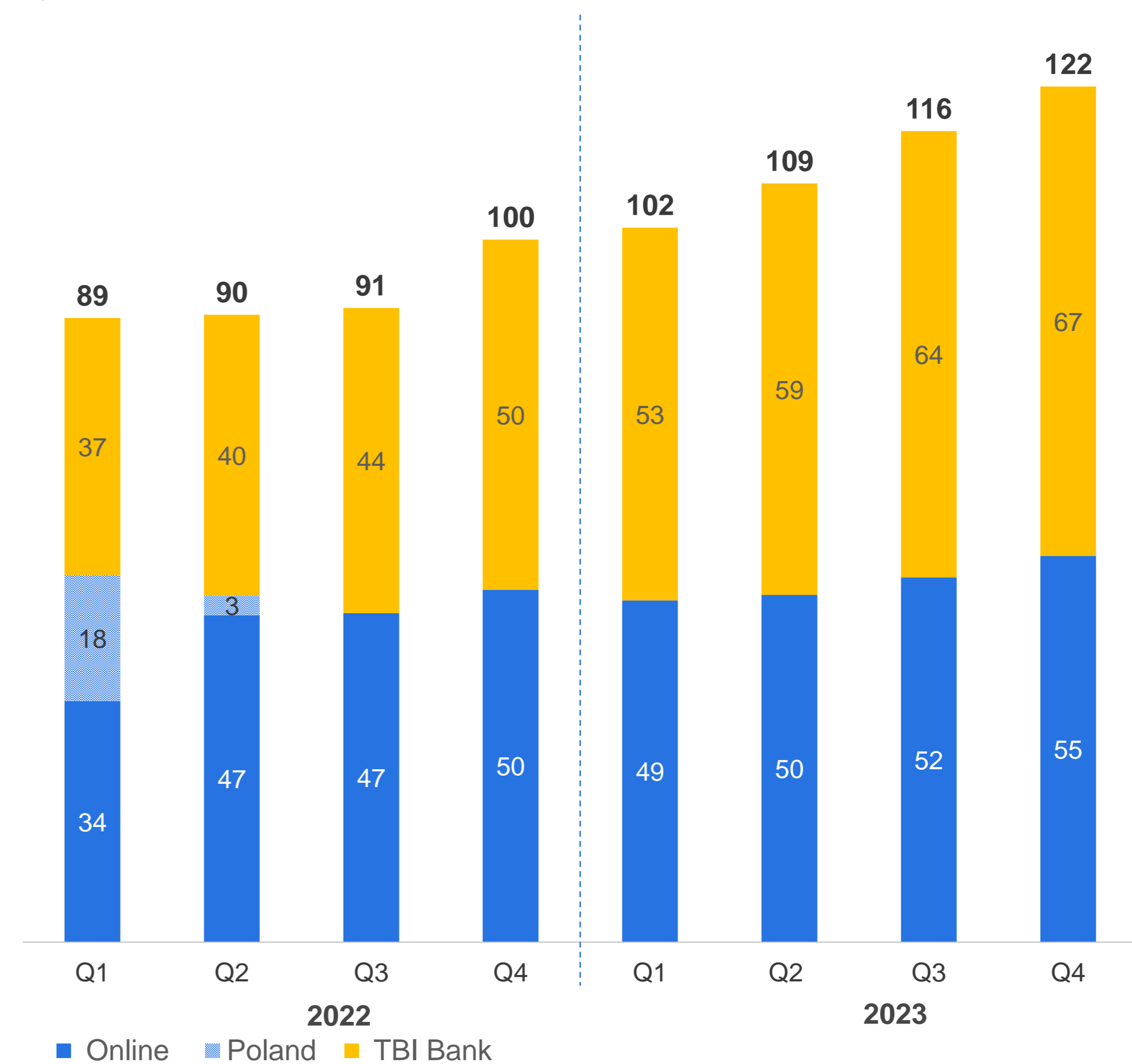
Quarterly loan issuance

€m



Quarterly gross income (1)

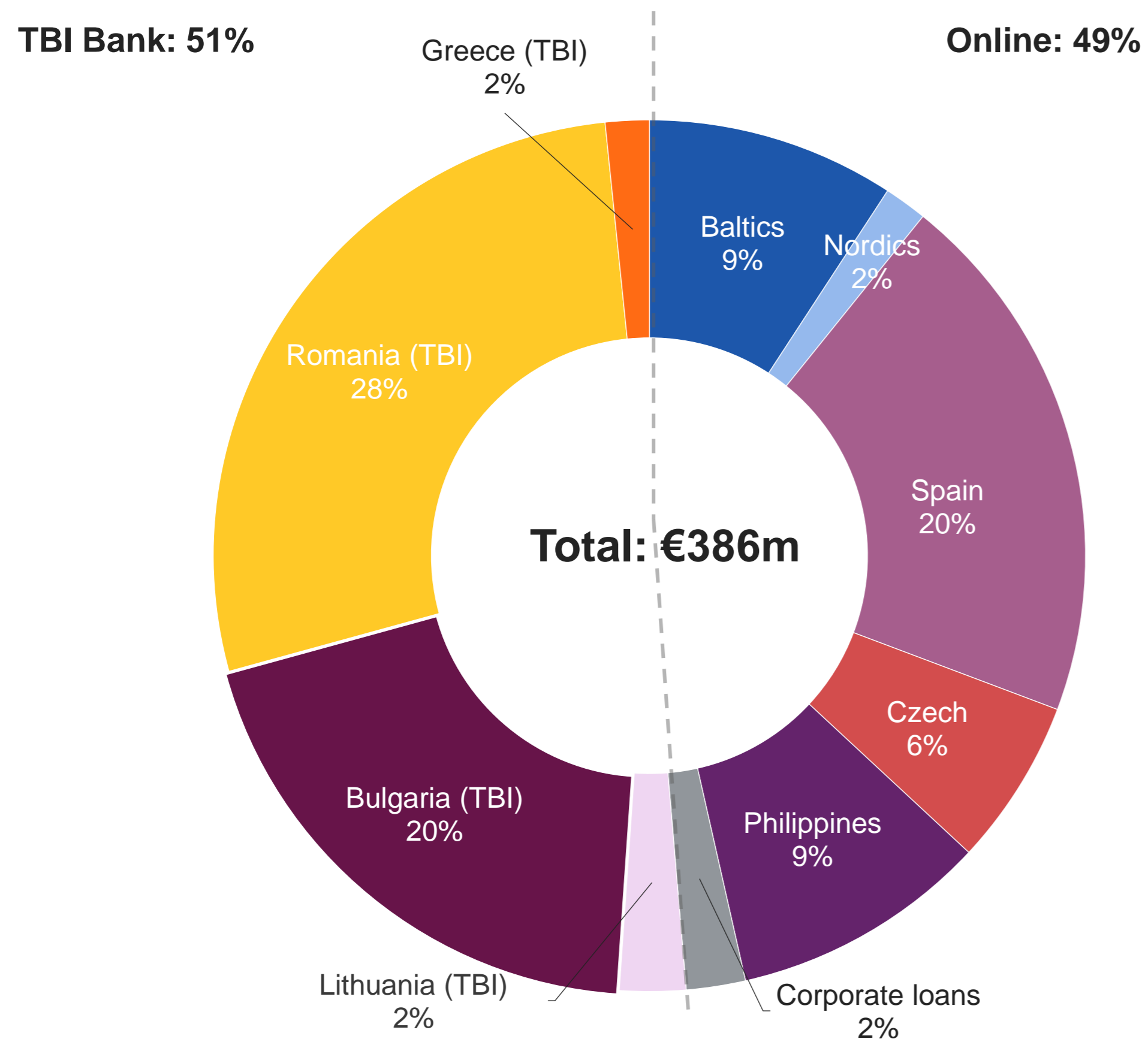
€m



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

2023 interest income by country

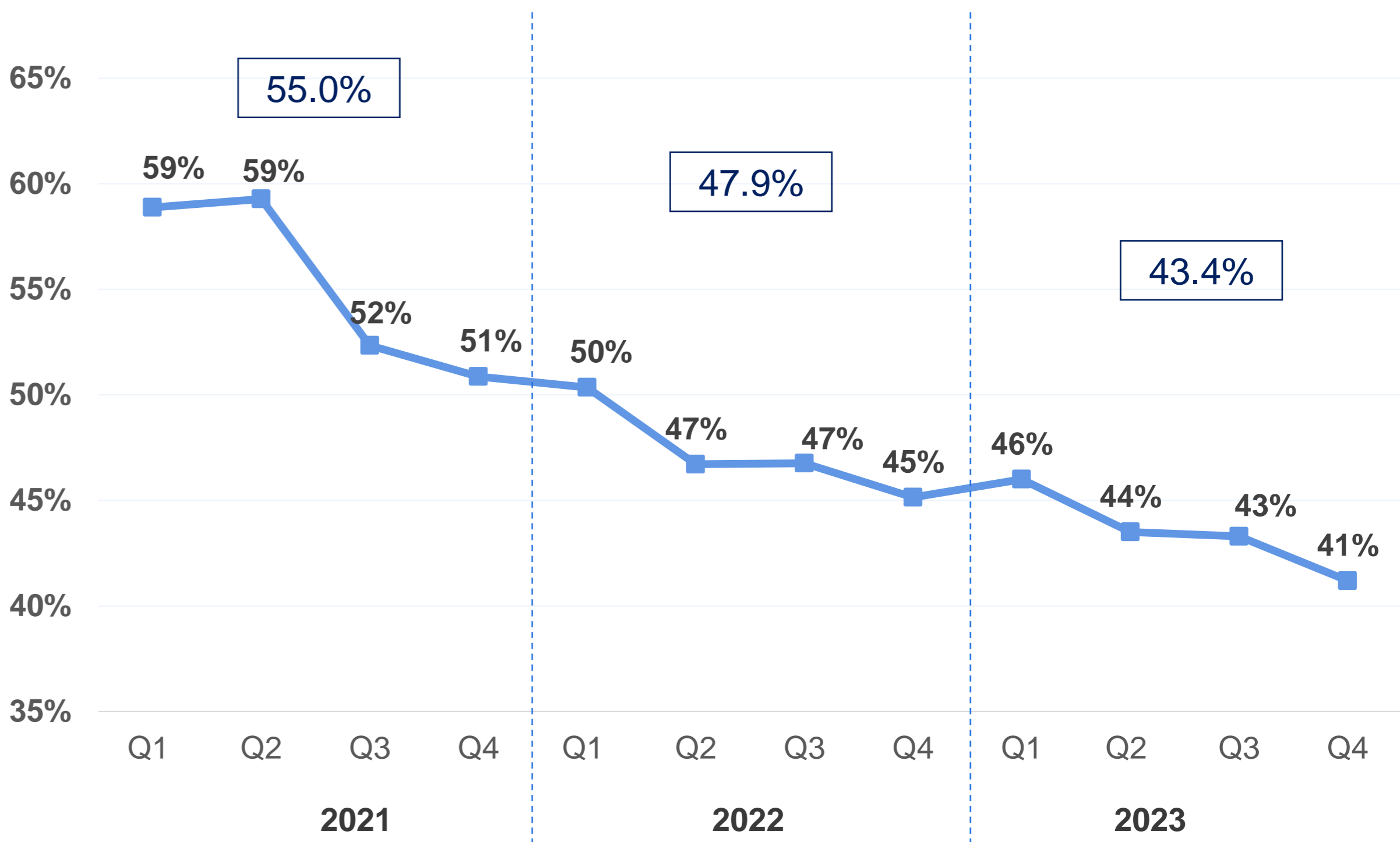


- Footprint in 8 online markets plus TBI Bank
 - Baltics: Latvia & Lithuania
 - Sweden
 - Spain
 - Czech Republic
 - Philippines
 - United Kingdom
 - Mexico
- Clear regulatory framework in place in most markets
 - Contrast to position of 3+ years ago
 - Demonstrated ability to adapt and share best practice
- Disciplined approach to further growth opportunities
 - New segment/product pilots
 - Investing for growth at TBI Bank, including Greece
 - Exploring opportunities in other markets, including India

Operating cost drivers

- Overall costs held steady quarter-on-quarter whilst income generation has increased
- Online business: costs for 2023 are €6m lower than 2022 despite inflationary pressures. Start-up costs in Mexico in Q4
- TBI Bank: continued investment delivering higher rate of top line growth
- Cost/income ratio in Q4 2023 further improved to 41%, the lowest level in many years
- Continued focus on leveraging operational efficiency
- Comprehensive review of online business ‘systems’ costs in Autumn 2023 showing through, alongside robust cost budgeting process

Quarterly cost to income ratio, %



Quarterly operating costs

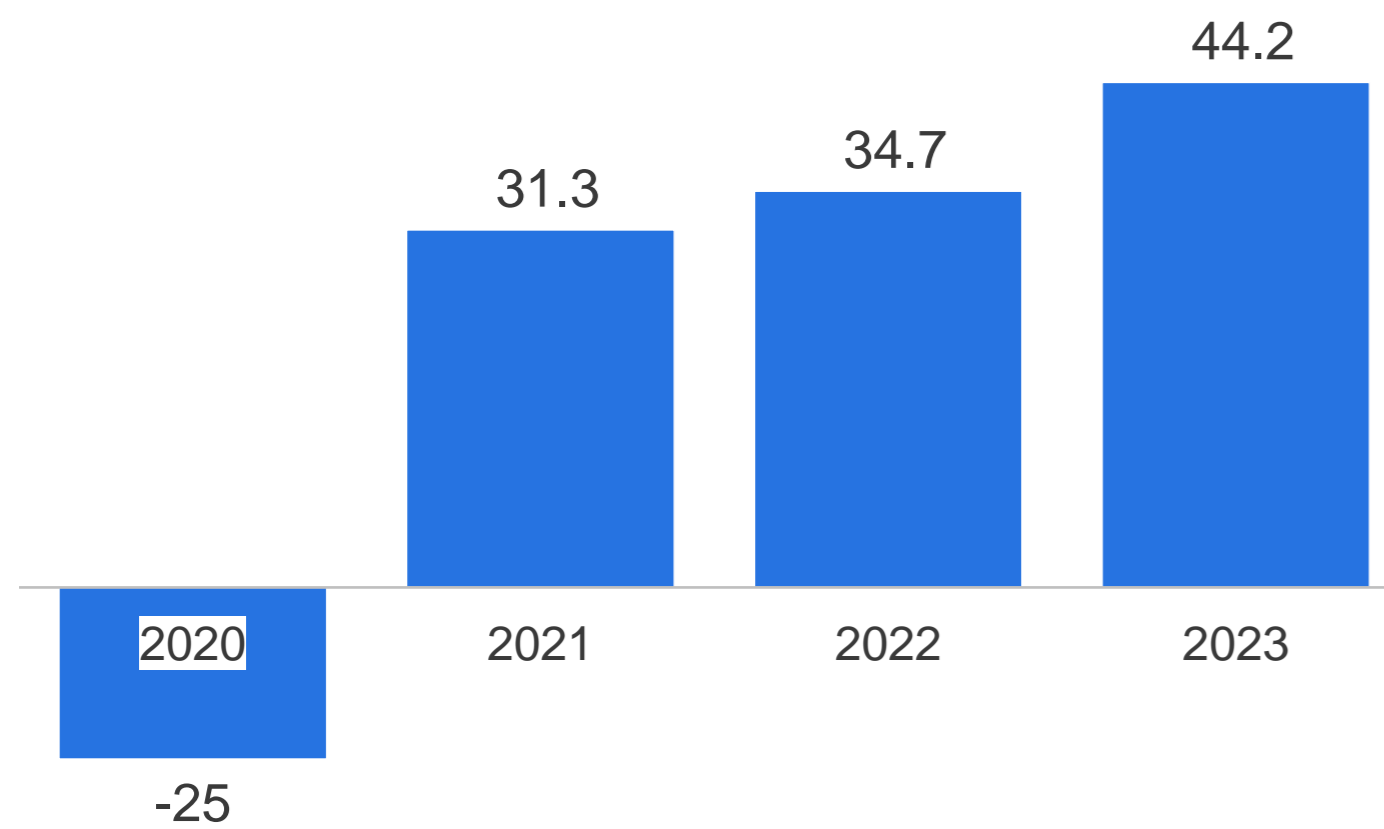
€m	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023
Online	19.2	19.1	19.0	18.0	18.9
TBI Bank	20.3	21.0	21.4	24.9	24.1
Total costs	39.5	40.1	40.4	43.0	43.0

See appendix for definitions of key metrics and ratios

Resilient financial track record

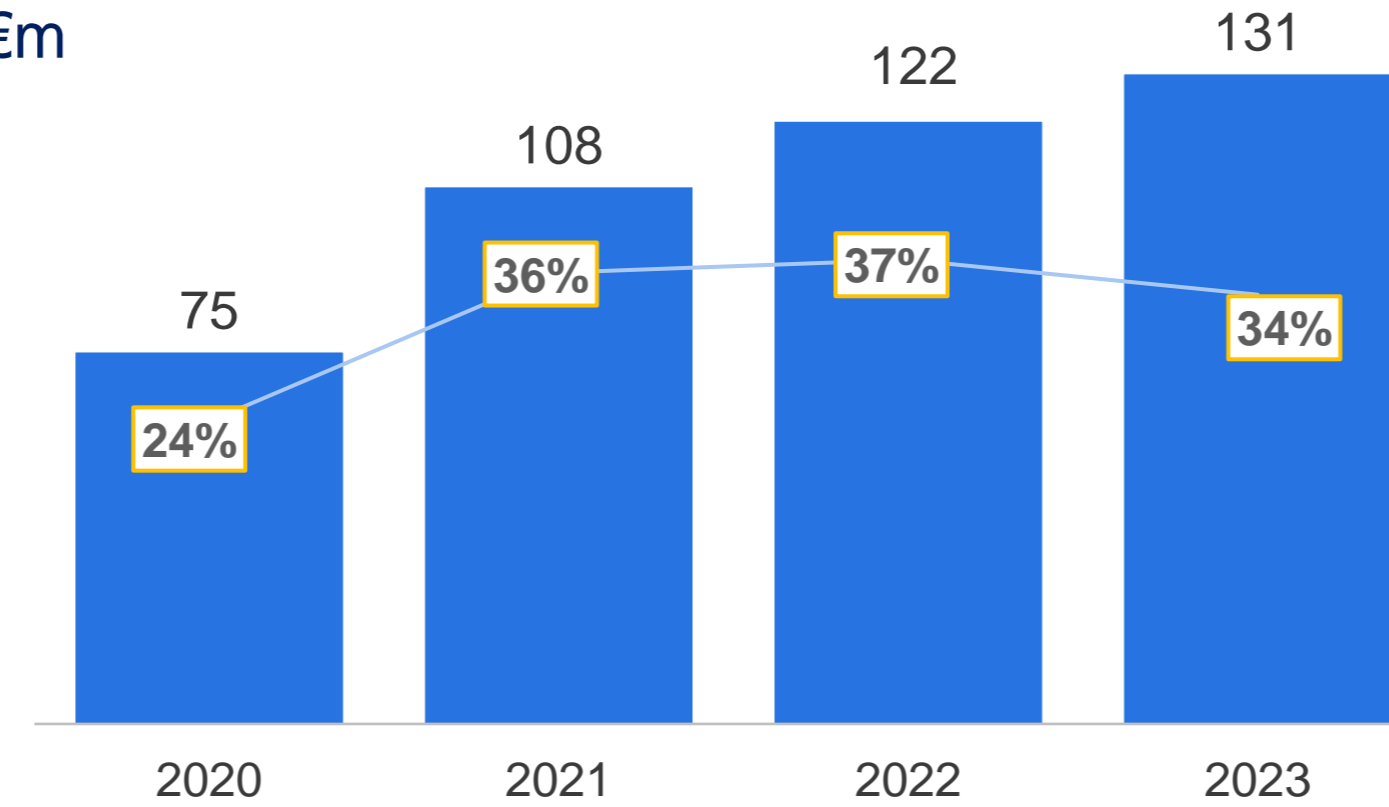
Profit after tax⁽¹⁾

€m



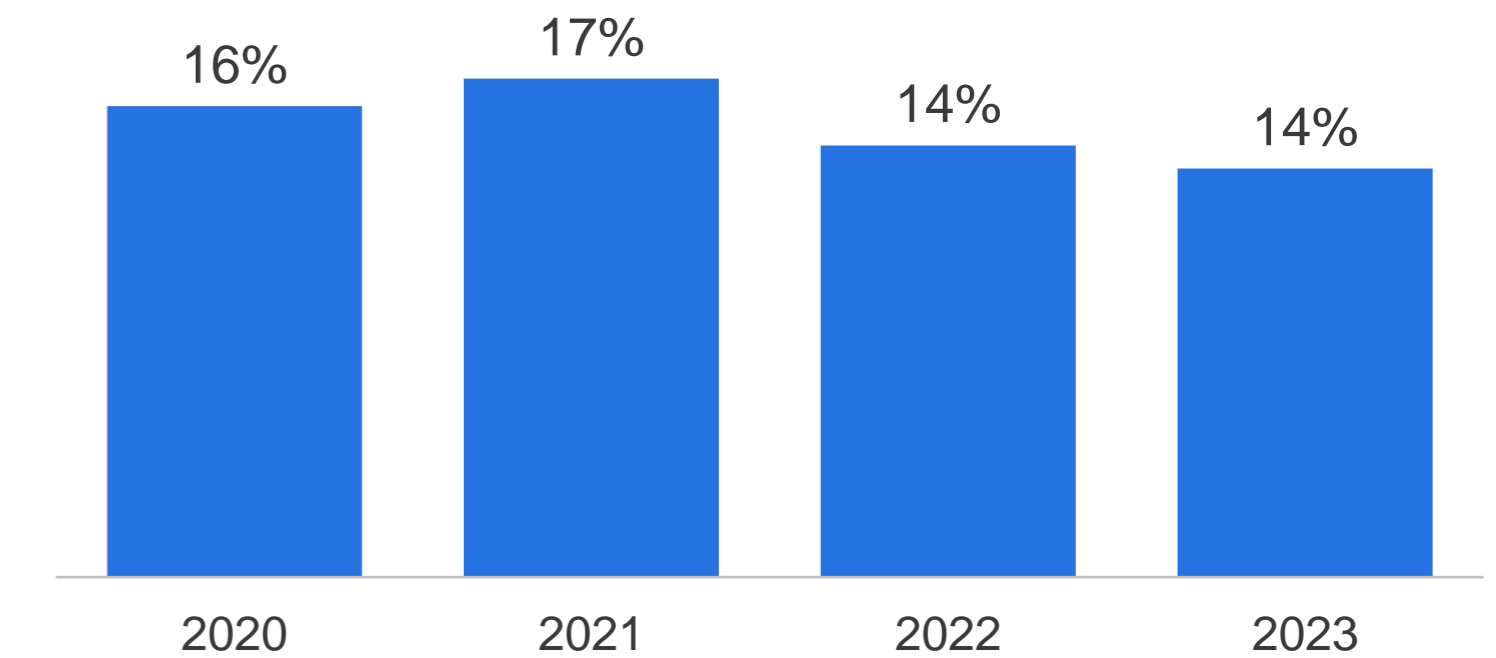
Adj. EBITDA / Adj. EBITDA margin (%)⁽²⁾

€m



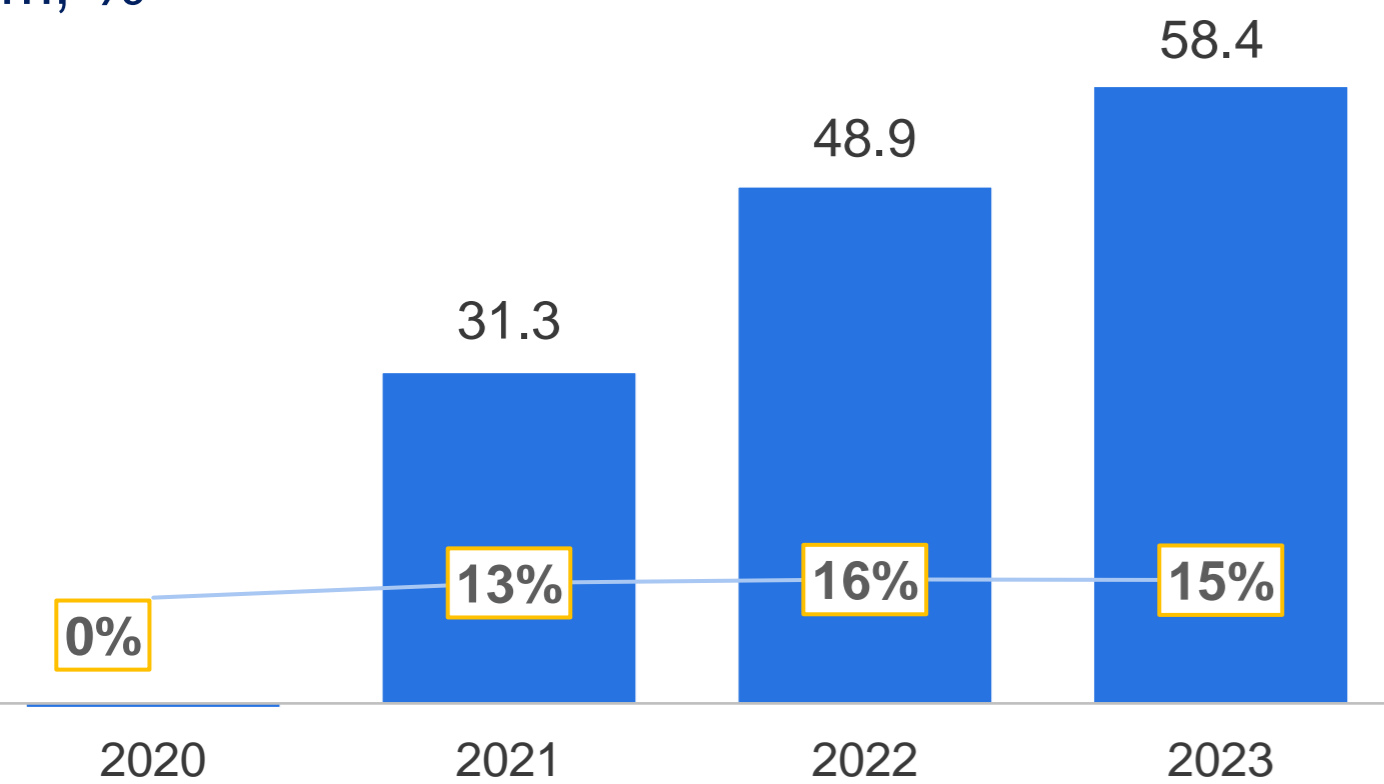
Equity to assets ratio

%



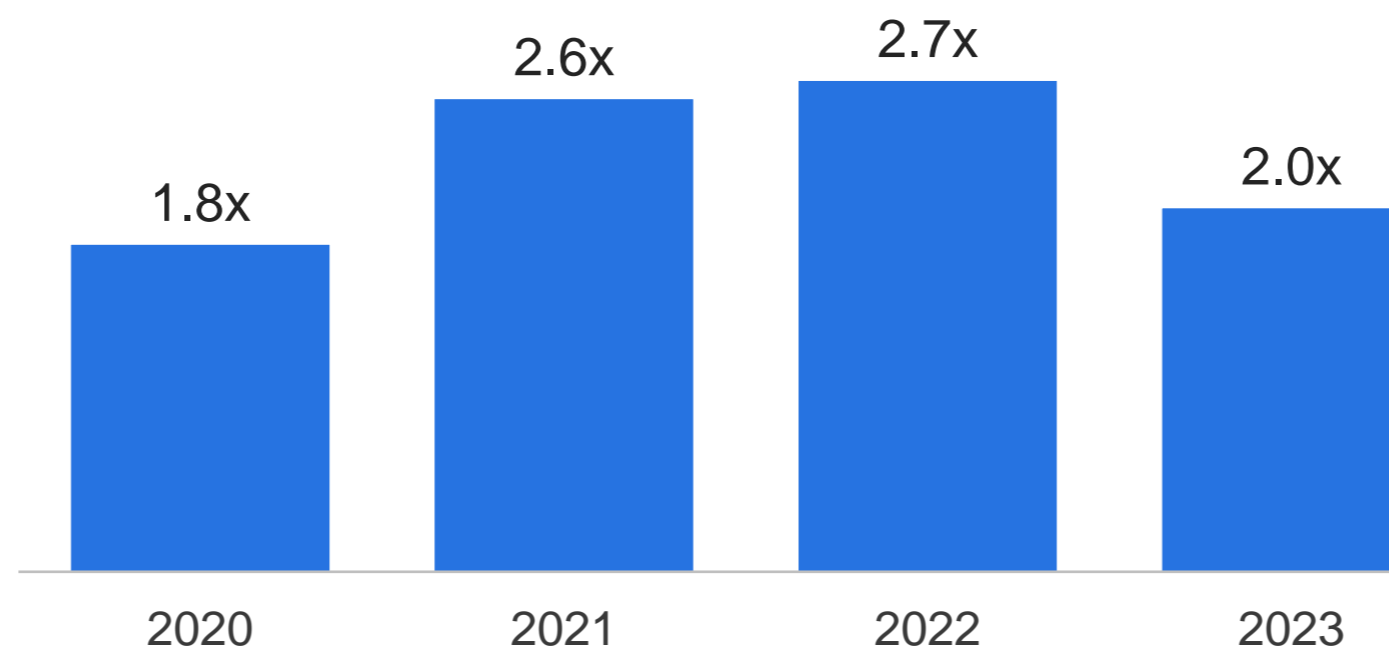
Profit before tax / PBT margin⁽¹⁾ (%)

€m, %



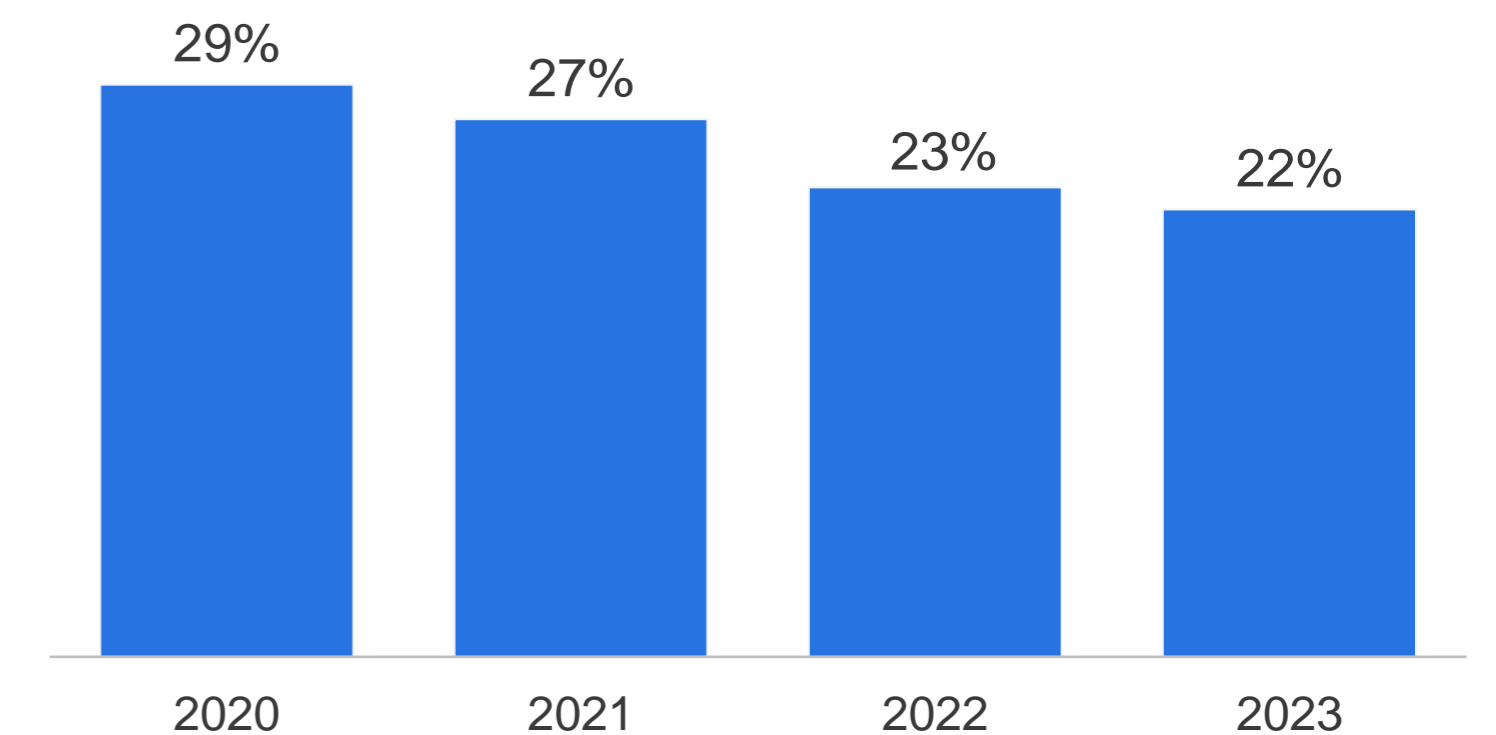
Covenant interest coverage ratio⁽³⁾

Times



Equity to net receivables ratio⁽⁴⁾

%



Notes:

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

(2): Poland not reflected as discontinued operations for 2020, 2021 and 2022

(3): The graph is shown based on the 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

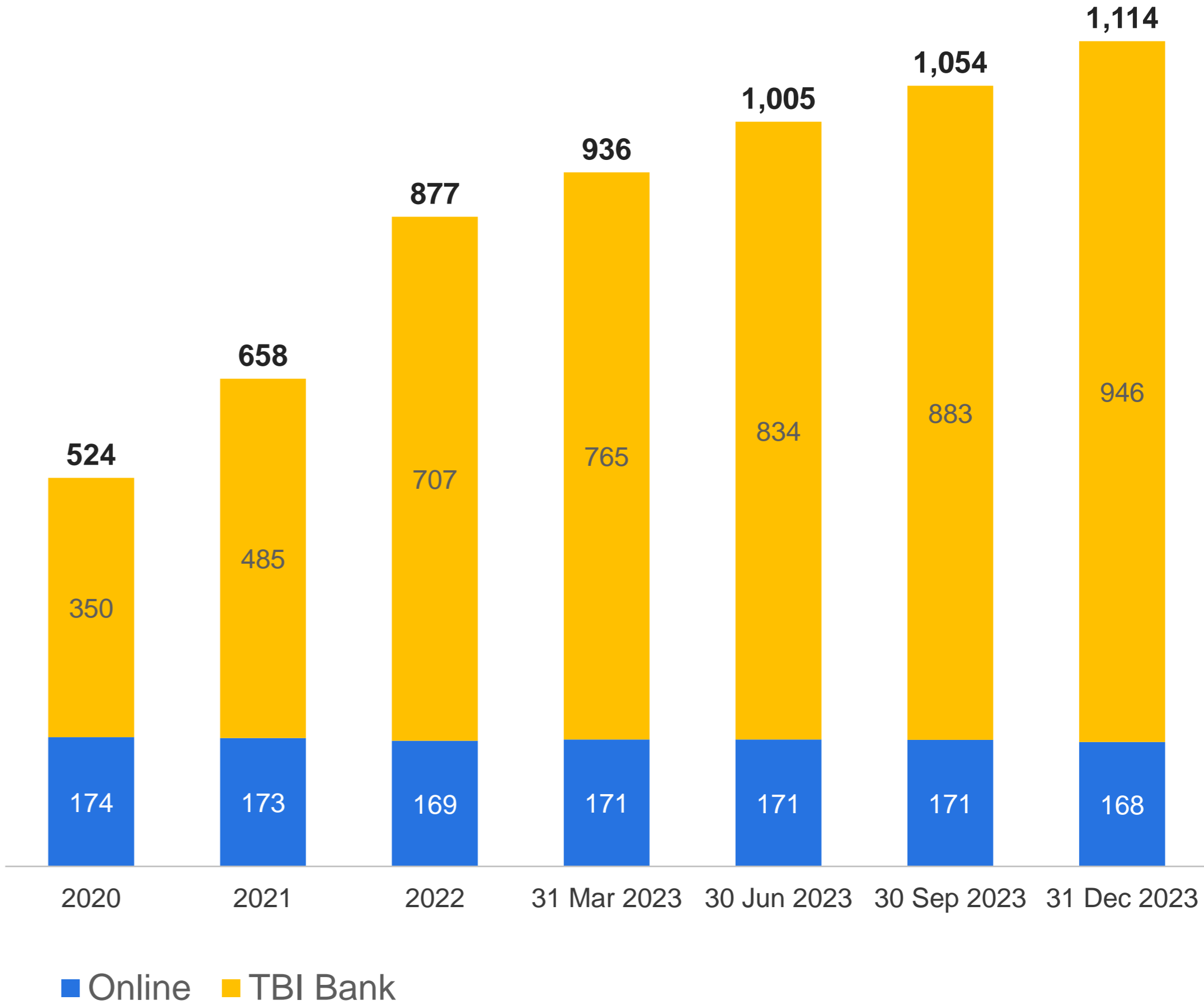
(4): The full covenant calculation of equity/net loans includes other loans and finance leases, and is currently 21%

Diversified and growing loan portfolio

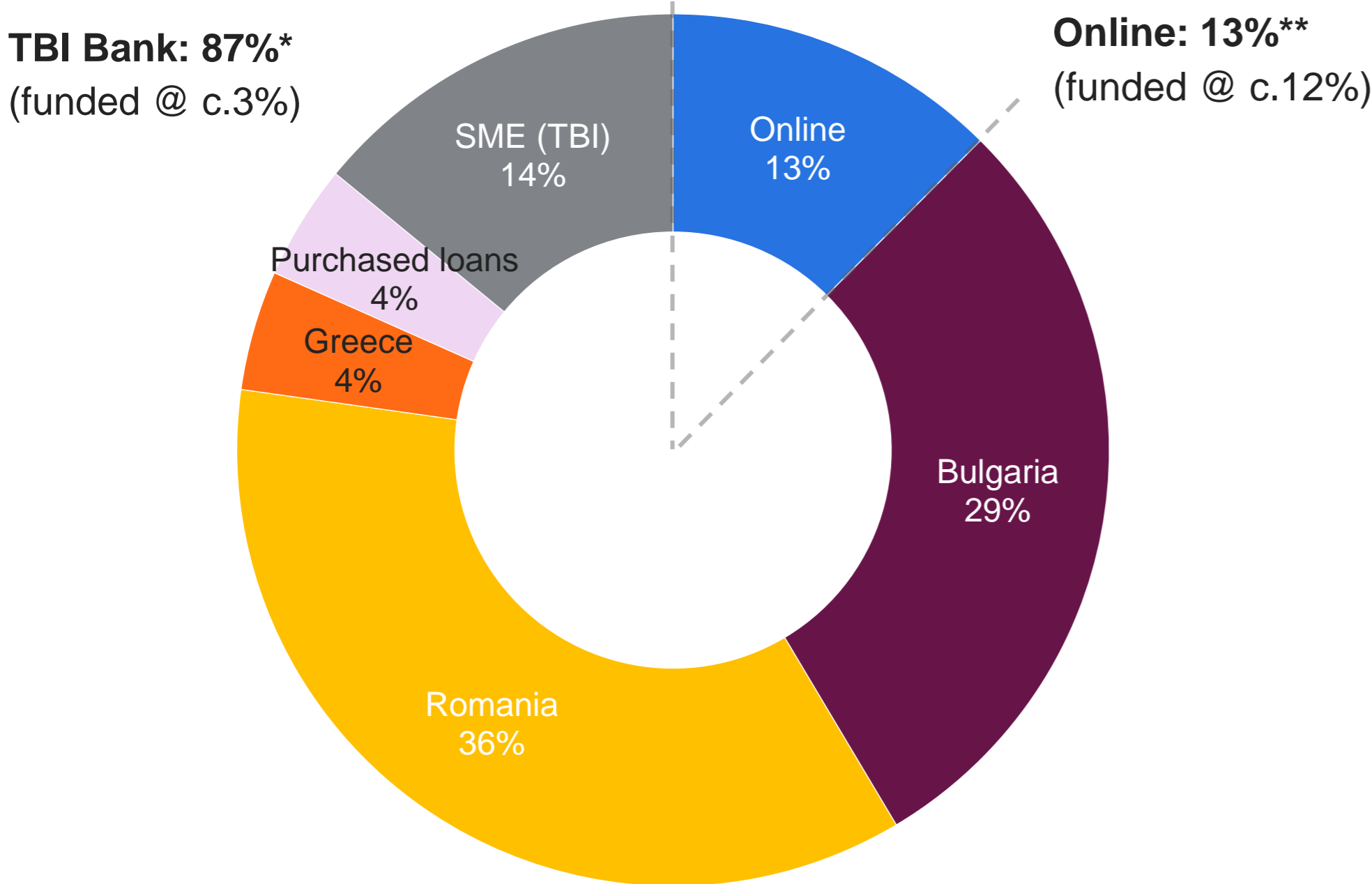
- Strong performance in loan issuance in 2023 supported net receivables growth
- Overall net receivables including Poland loan of €1,114m
 - 6% increase during Q4
 - 86% consumer loans

Net receivables**

€m



Net receivables, 31 December 2023



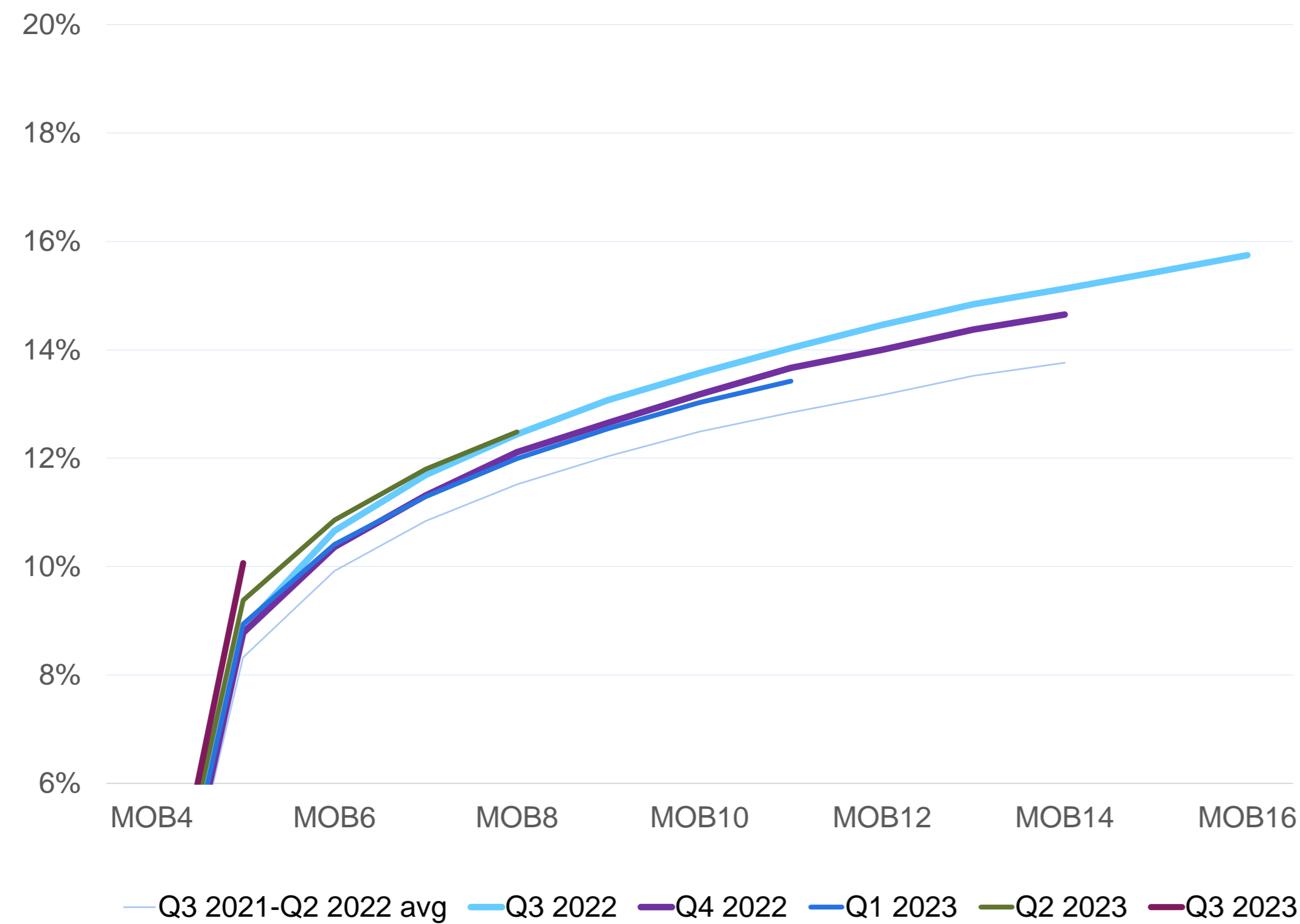
See appendix for definitions of key metrics and ratios

* Includes TBI bank, BG online and €46m of purchased Poland and Lithuania portfolios

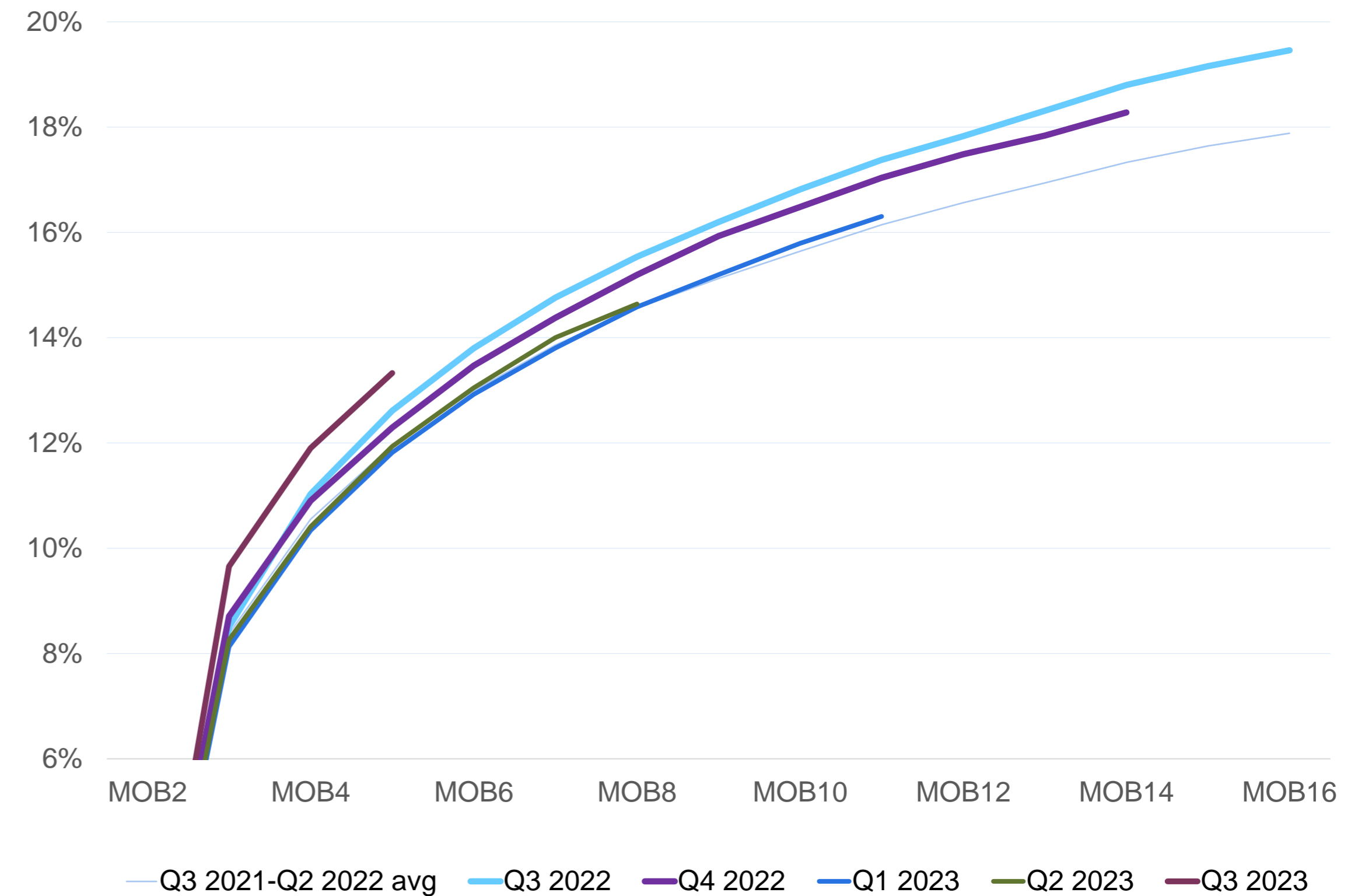
** Includes loan to Polish business and online portfolio related to income classified under other operating income based on IFRS 15

Online portfolio asset quality

Vintage 'ever' 90+ DPD (1)



Vintage 'ever' 30+ DPD (1)

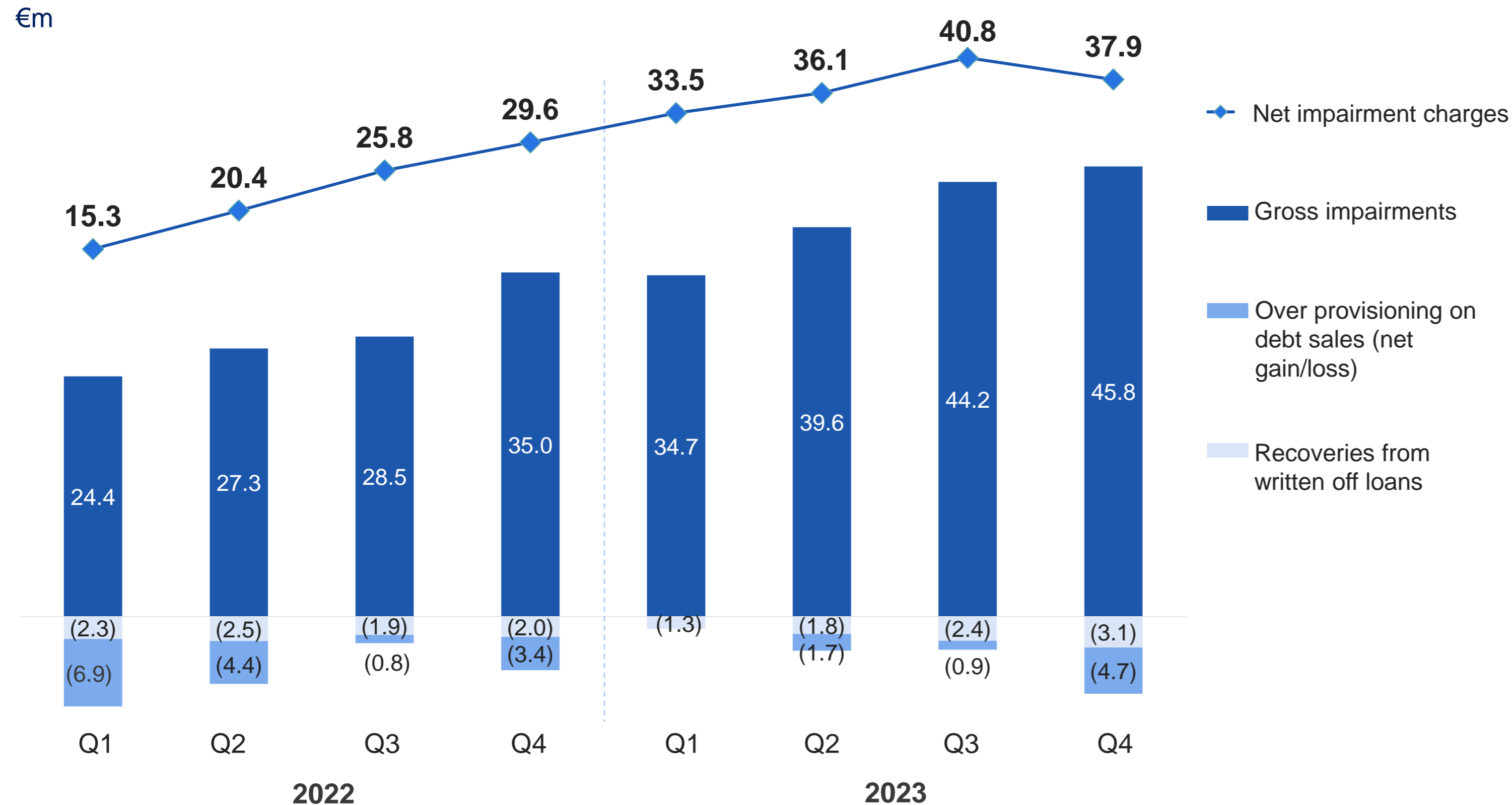


- Portfolio vintages demonstrate broadly stable asset quality, with various product/market specifics being addressed
- Graphs represent actual product portfolio belonging to the Group (Poland excluded, Philippines included)
- Parameters vary between products and markets, so changing mix of portfolio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

Note (1): Represents current business footprint, 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⁾



- Overall net impairment charges decrease to €38m in Q4 vs €41m in Q3
 - Slight increase in gross impairments as receivables are growing and portfolio product mix evolving
 - More activity in debt sales markets in the last quarter of the year
 - Enhancing our in-house collections capabilities for late stage NPLs to effectively complement debt sales
- TBI Bank net impairment charges
 - Cost of risk at TBI in 2023 at 6.3% vs 5.1% in 2022 (significant debt sales gains in prior year)

Annualised cost of risk ⁽²⁾

	FY 2022	Q1 2023	H1 2023	9M 2023	FY 2023
TBI Bank	5.1%	6.4%	6.4%	6.9%	6.3%
Overall	11.1%	13.7%	13.7%	14.1%	13.8%

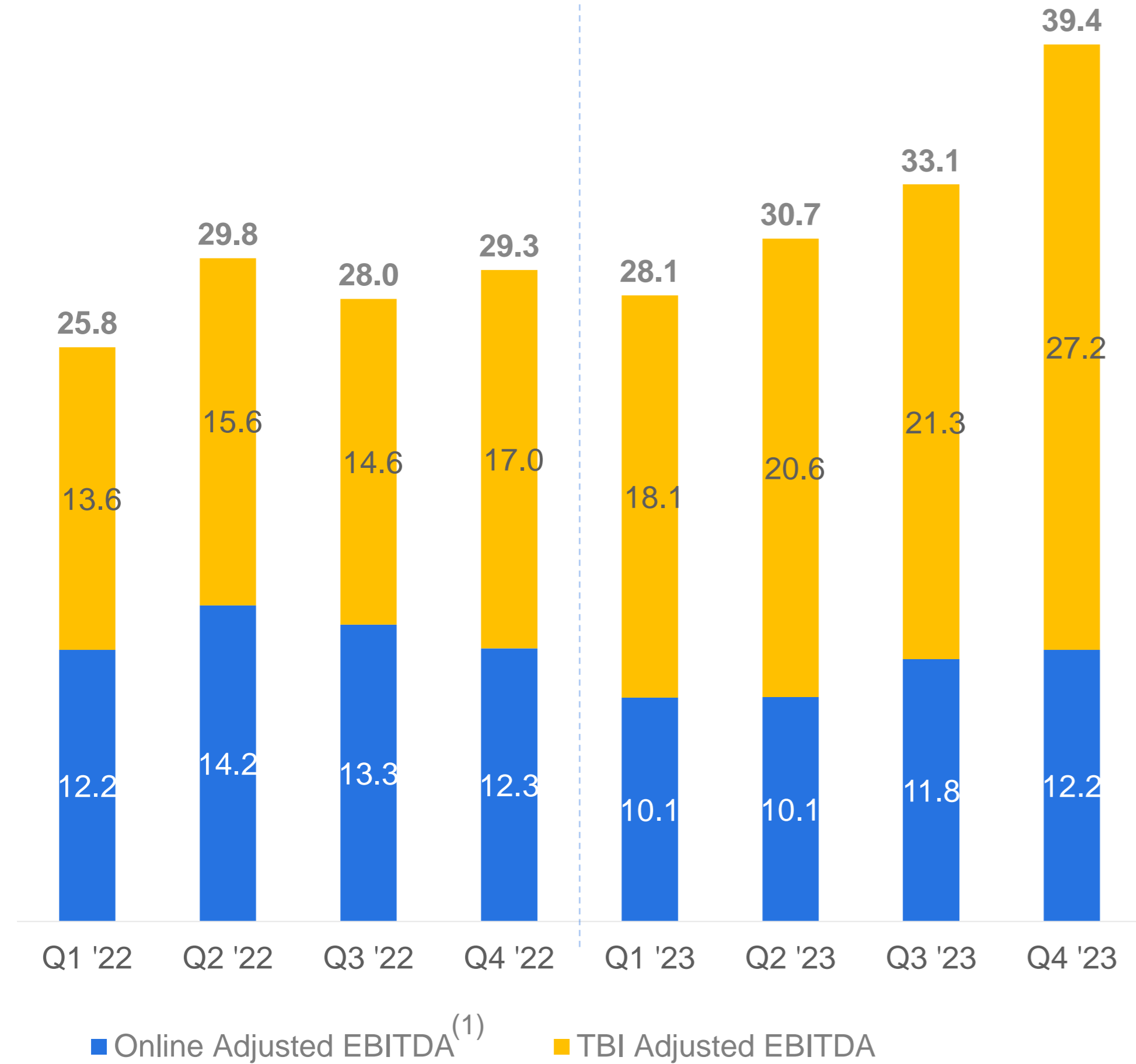
Notes: (1) Q4 costs for 2022 have been adjusted to reflect respective year's audited figures and include Poland until point of sale

(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



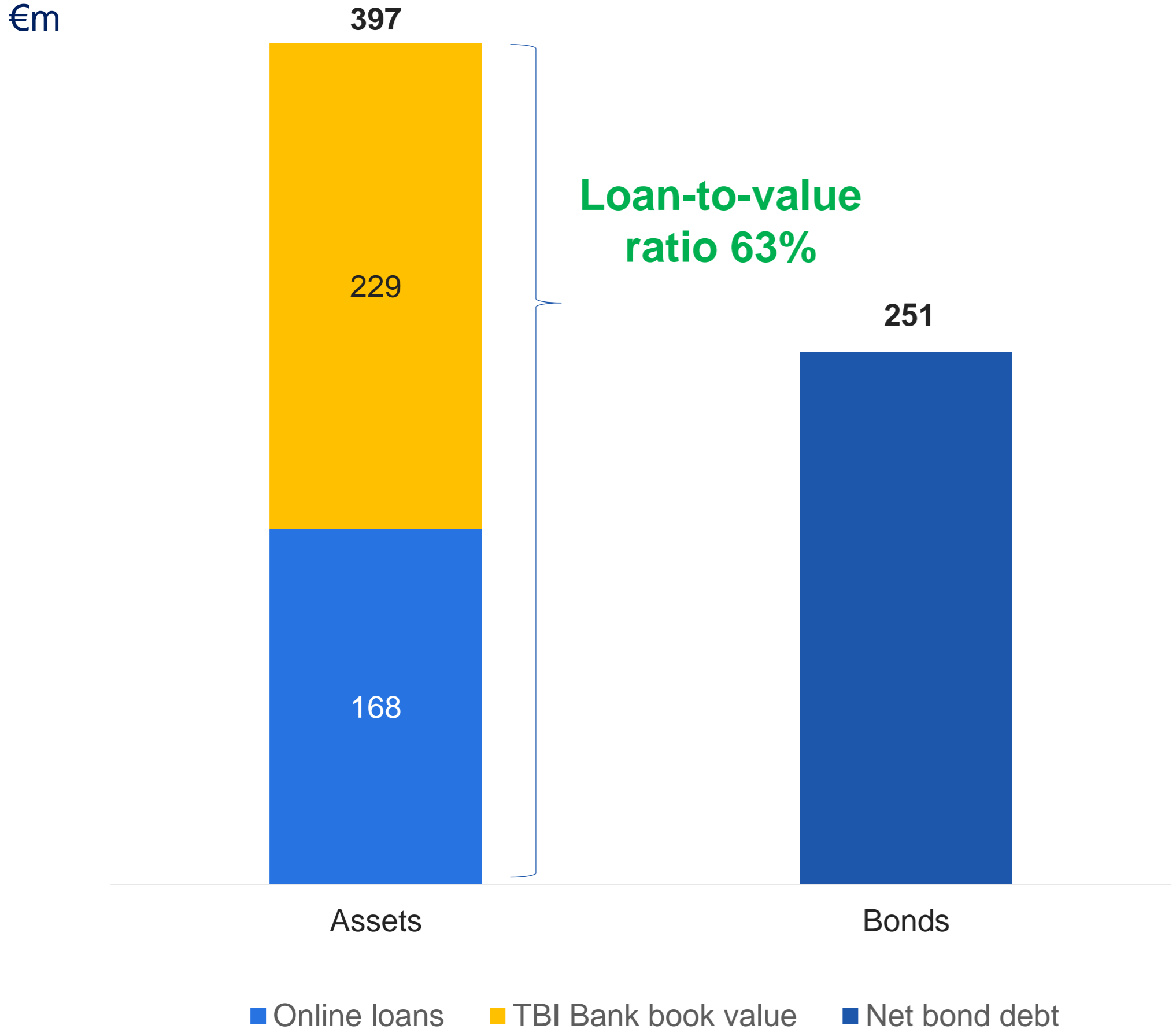
- Strong quarterly EBITDA contribution from both online and bank in Q4 2023
- Significant reduction in leverage and interest expense in recent years
- Online business is delivering EBITDA of c.1.75x bond interest on current run-rate
- Balanced maturity profile, with next maturity in October 2026 and manageable bond sizes
- Overall credit metrics improved significantly from pre-Covid levels. In approximate run-rate terms:

	Early 2020	FY 2023
Net debt (€m)	~360	~250
Adj. EBITDA (€m)	~90	~130
Multiple	~4x	~2x

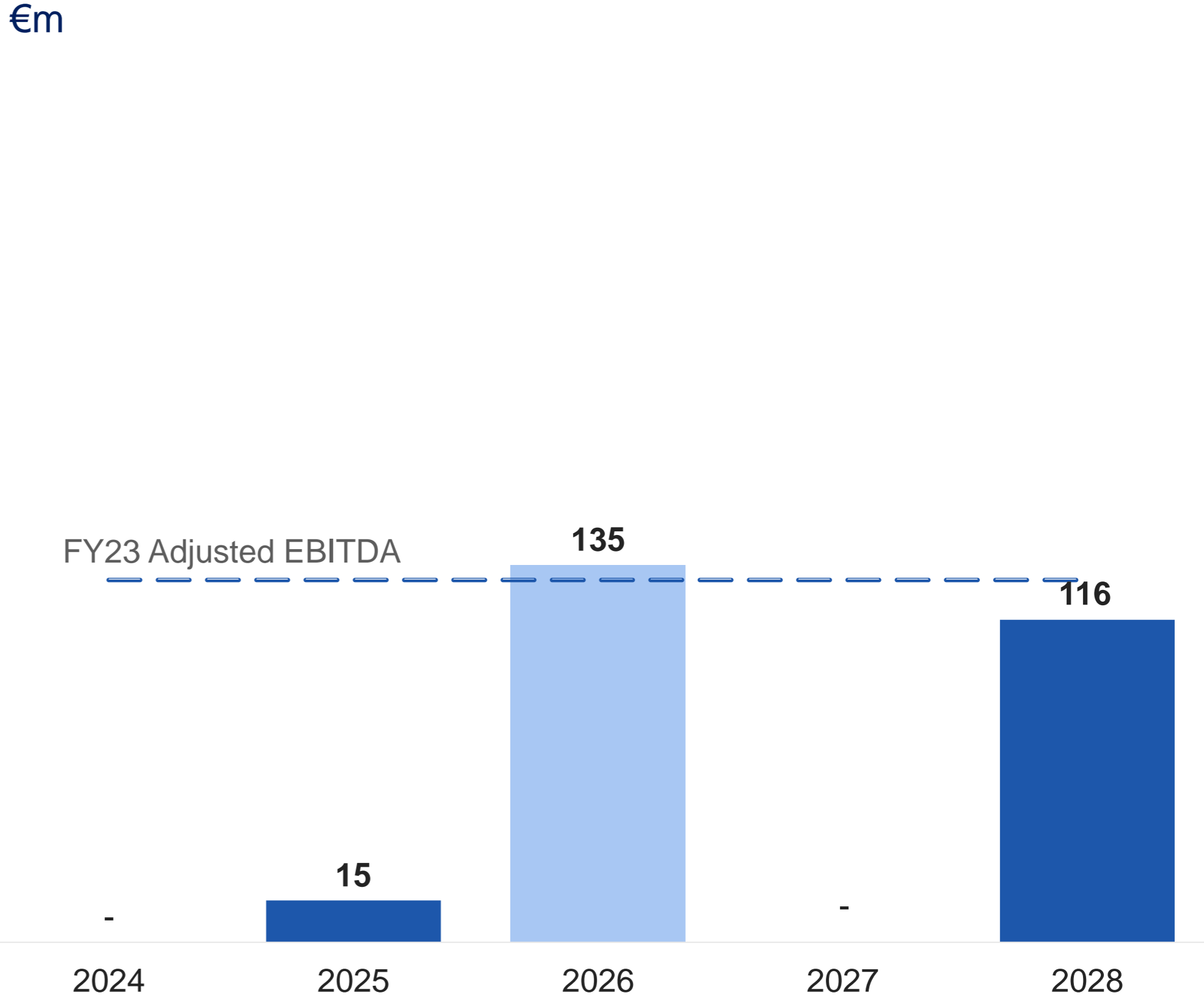
Note: (1) Online EBITDA includes income from loan sales to TBI that is eliminated on consolidation

Strong asset coverage, balanced maturity profile

“Loan to value” illustration, 31-Dec-2023 ⁽¹⁾



Bond maturity schedule ⁽²⁾



Note (1): Online loans includes EUR 30m loan to former Polish business. Analysis shows selected balance sheet asset and liability items only. Net bond debt represents notional of EUR 266m outstanding (excluding bonds held in treasury), net of EUR 15m surplus cash.

Note (2): Represents the principal value of public bonds outstanding that comes due in each respective period, net of buybacks. 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 116m shown

Summary

Strong full year 2023 results, demonstrating continued profitable growth

- Adjusted EBITDA up 19% QoQ to €39m in Q4 and up 16% for 2023 vs proforma last year
- Quarterly gross income up 5% QoQ to €122m
- Further improvement in cost/income ratio

TBI Bank performing well

- Book value of €230m
- Attractive asset with track record of profitable growth
- Strong capital, liquidity and funding position

Conservative medium-term capital structure

- Strong 'asset coverage' for bonds from online portfolio and TBI Bank book value
- Completion of bond refinancing process delivers a balanced maturity profile with next maturity in October 2026 and very manageable bond sizes (c. €130m each)

New business growth opportunities

- UK joint venture and Mexico with encouraging signs in both
- Exploring opportunities in other markets, including India
- Deliberate 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
- Continuous progress on our ESG strategy with growing recognition of our approach
- Following our March 2023 S&P Global Corporate Sustainability Assessment, that placed us in the top third of businesses in our sector (Diversified Financial Services and Capital Markets, FBN), we increased our score by an additional two points in December 2023
- Participant of the UN Global Compact as of 4 July 2023, we will publish an update on our progress in the summer

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 (12M 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, MTP	Czech National Bank	Yes	Yes	-	Stable framework***
Greece 	2%	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
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 	20%	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

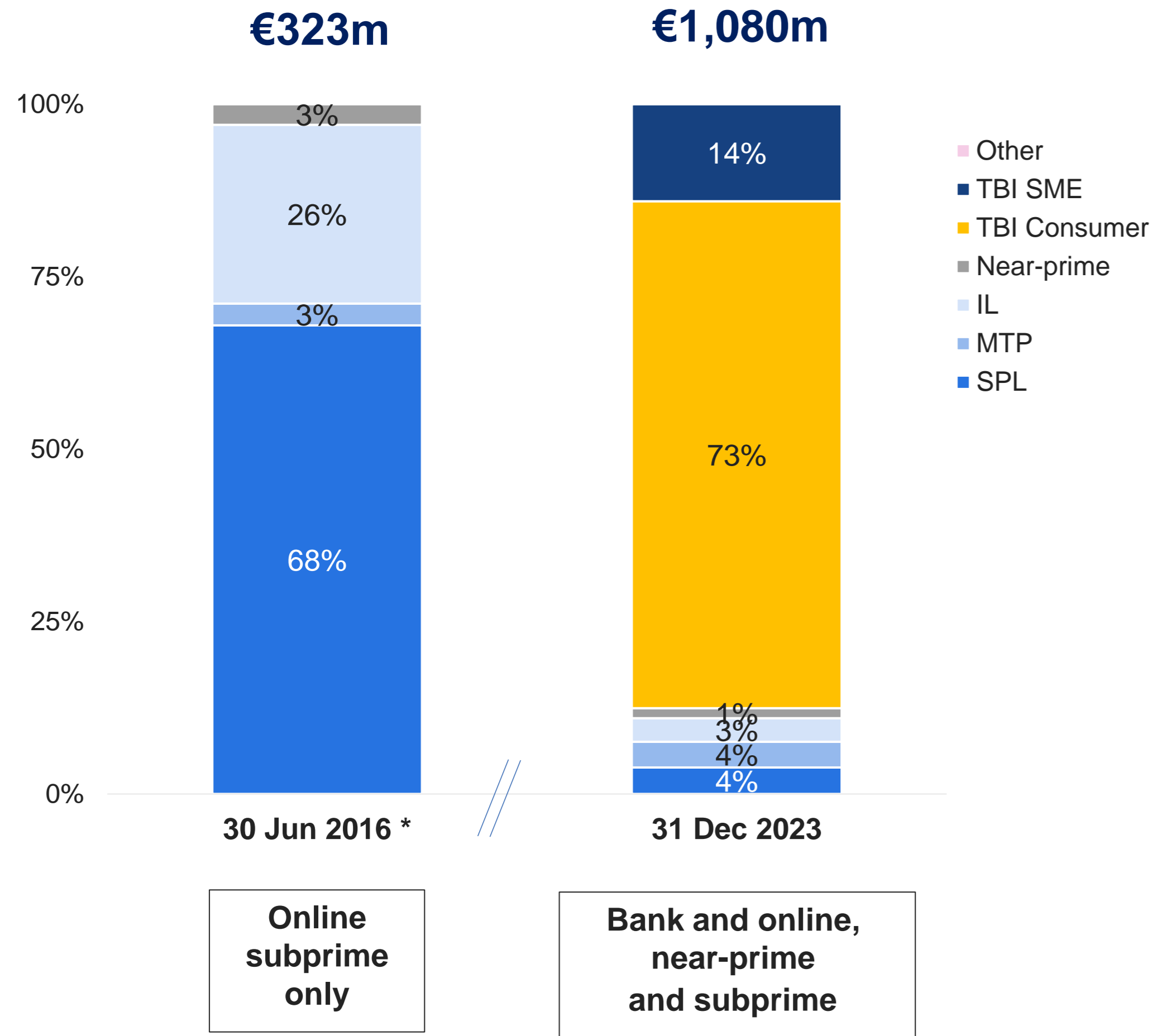
** Passported branch of TBI Bank, Bulgaria

*** 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

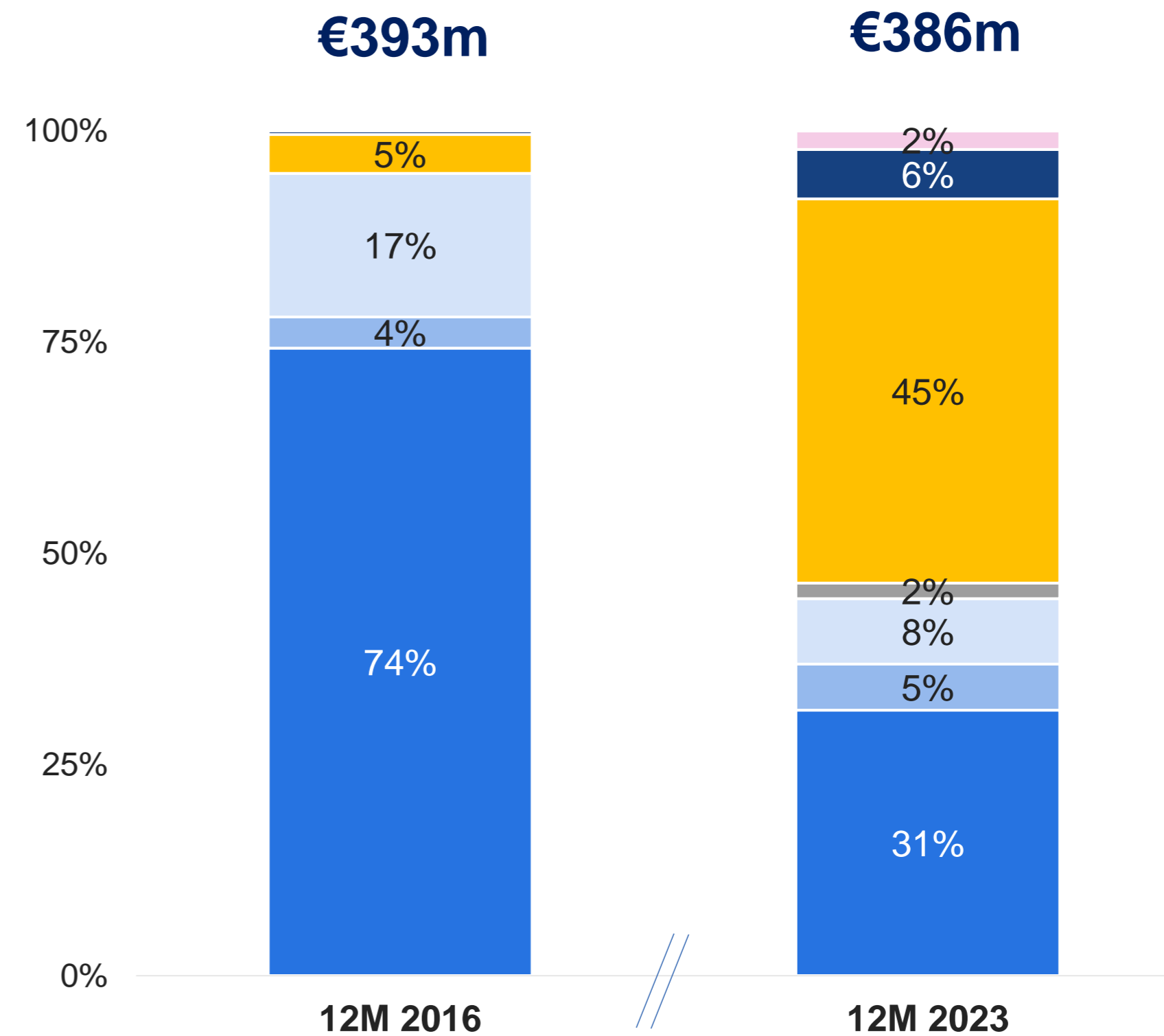
Appendix – strategic evolution of portfolio and funding

Evolution of product mix

Net receivables by product



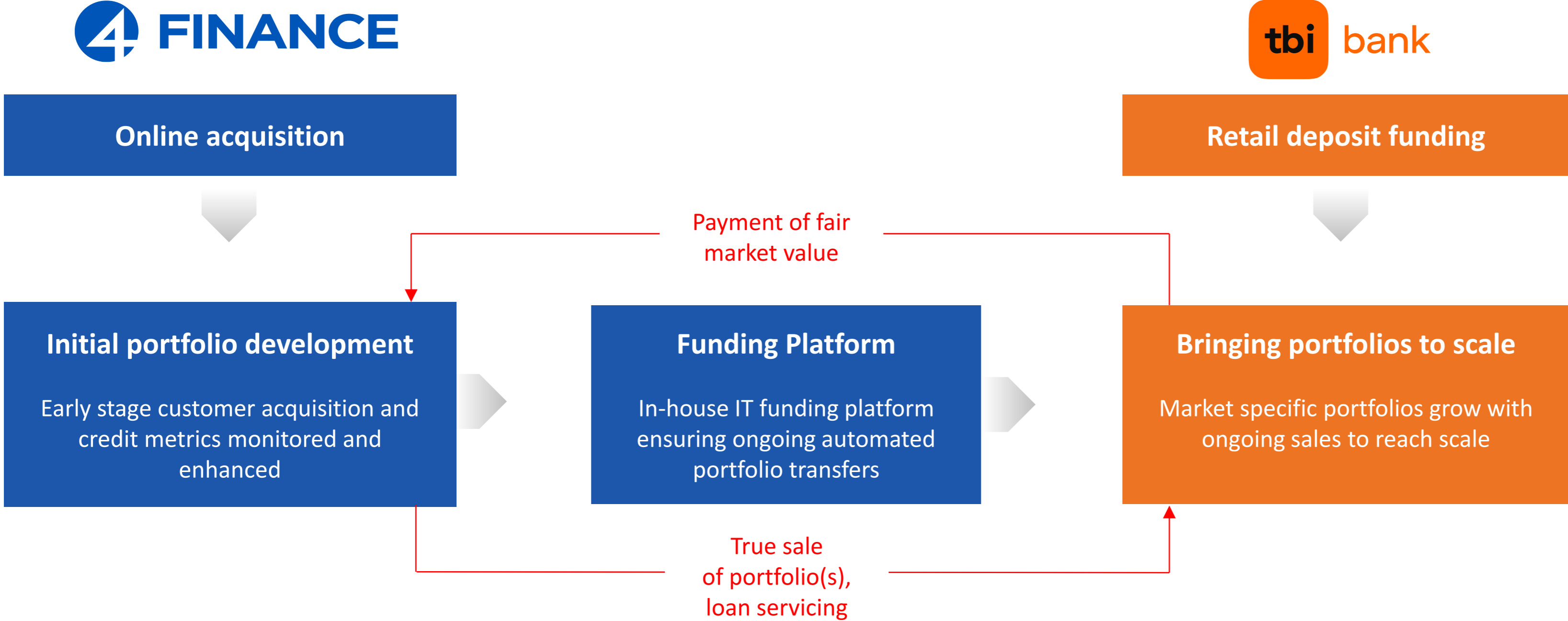
Interest income by product



* 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' ⁽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⁾

- Sales of Lithuanian near-prime loans with nearly €80m 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>	12M 2023 (unaudited)	12M 2022 (unaudited)	% change
Interest Income	385.8	311.1	+24%
Interest Expense	(65.7)	(44.7)	+47%
Net Interest Income	320.1	266.4	+20%
Net F&C Income	45.0	32.7	+38%
Other operating income	18.4	7.5	nm
Non-Interest Income	63.4	40.2	+58%
Operating Income (Revenue)	383.5	306.6	+25%
Total operating costs	(166.5)	(146.9)	+13%
Pre-provision operating profit	217.1	159.6	+36%
Net impairment charges	(148.4)	(90.7)	+64%
Post-provision operating profit	68.7	69.0	(0)%
Depreciation and amortisation	(7.9)	(6.9)	+14%
Non-recurring income/(expense)	2.6	(1.4)	nm
Net FX gain/(loss)	(5.0)	(11.8)	(57)%
Profit before tax	58.4	48.9	+19%
Income tax expense	(14.2)	(14.2)	(0)%
Profit from continuing operations	44.2	34.7	+27%
Profit from discontinued operations, net of tax	-	6.9	nm
Profit for the period	44.2	41.6	+6%

Poland is reflected separately as discontinued operations

Quarterly income statement

<i>In millions of €</i>	Q4 2023 (unaudited)	Q3 2023 (unaudited)	Q2 2023 (unaudited)	Q1 2023 (unaudited)	QoQ % change	Q4 2022 (unaudited)	YoY % change
Interest Income	97.0	100.9	96.2	91.7	(4)%	86.5	+12%
Interest Expense	(18.0)	(16.9)	(15.7)	(15.1)	+6%	(13.0)	+38%
Net Interest Income	79.0	84.0	80.5	76.6	(6)%	73.5	+7%
Net F&C Income	18.3	8.8	9.6	8.3	+108%	11.6	+58%
Other operating income	7.0	6.3	2.8	2.4	+13%	2.3	nm
Non-Interest Income	25.4	15.1	12.3	10.7	+69%	13.8	+83%
Operating Income (Revenue)	104.4	99.1	92.8	87.2	+5%	87.3	+20%
Total operating costs	(43.0)	(43.0)	(40.4)	(40.1)	+0%	(39.5)	+9%
Pre-provision operating profit	61.4	56.1	52.4	47.1	+9%	47.9	+28%
Net impairment charges	(37.9)	(40.8)	(36.1)	(33.5)	(7)%	(29.6)	+28%
Post-provision operating profit	23.4	15.3	16.3	13.6	+53%	18.3	+28%
Depreciation and amortisation	(2.0)	(2.1)	(1.9)	(1.9)	(4)%	(2.2)	(9)%
Non-recurring income/(expense)	2.6	0.8	(0.1)	(0.7)	nm	0.6	nm
Net FX gain/(loss)	(2.1)	(0.6)	(0.1)	(2.2)	nm	(6.2)	(66)%
Profit before tax	22.0	13.4	14.2	8.8	+64%	10.3	+113%
Income tax expense	(4.2)	(3.8)	(3.0)	(3.2)	+11%	(3.9)	+7%
Net profit/(loss) after tax	17.8	9.6	11.2	5.6	+85%	6.4	nm
Adjusted EBITDA	39.4	33.1	30.7	28.1	+19%	29.3	+35%

The reclassifications between interest income and other operating income, described in the Income Statement section, have been applied retrospectively here

Balance sheet

<i>In millions of €</i>	31 December 2023 (unaudited)	31 December 2022	<i>In millions of €</i>	31 December 2023 (unaudited)	31 December 2022
Assets			Liabilities		
Cash and cash equivalents, of which:	261.6	221.6	Loans and borrowings	301.6	284.8
- Online	42.2	52.5	Deposits from customers	1,111.4	781.7
- TBI Bank	219.4	169.1	Income tax liabilities	9.2	6.8
Placements with other banks	48.3	35.7	Other liabilities	99.3	100.2
Gross receivables due from customers	1,207.4	943.7	Total liabilities	1,521.6	1,173.4
Allowance for impairment	(127.0)	(97.4)	Share capital	35.8	35.8
Net receivables due from customers, of which:	1,080.4	846.4	Retained earnings	237.2	193.6
- Principal	1,057.2	826.6	Reserves	(31.4)	(30.7)
- Accrued interest	23.2	19.8	Total equity	241.6	198.6
Net investments in finance leases	1.3	1.9	Total shareholders' equity and liabilities	1,763.1	1,372.1
Net loans to related parties	31.4	28.8			
Net loans to other parties	31.9	29.6			
Property and equipment	18.2	18.2			
Financial investments	147.8	67.7			
Prepaid expenses	8.4	3.5			
Tax assets	3.3	3.8			
Deferred tax assets	12.3	11.5			
Intangible IT assets	29.1	17.1			
Goodwill	27.2	27.6			
Other assets	61.9	58.7			
Total assets	1,763.1	1,372.1			

Statement of cash flows

<i>In millions of €</i>	12 Months to 31 December (unaudited)		<i>In millions of € (continued)</i>	12 Months to 31 December (unaudited)	
	2023	2022		2023	2022
<i>Cash flows from operating activities</i>			<i>Cash flows from / (used in) investing activities</i>		
Profit before tax from continuing operations	58.4	48.9	Purchase of property and equipment and intangible assets	(19.2)	(15.8)
Profit before tax from discontinued operations	—	9.1	Net cash from (Purchase) / Sale of financial instruments	(78.3)	(18.6)
Profit before taxes	58.4	58.0	Other / related party loans issued	(3.5)	(1.1)
<i>Adjustments for:</i>			Other / related party loans repaid	0.8	6.7
Depreciation and amortisation	7.8	7.3	Interest received on other / related party loans	8.5	20.9
Impairment of goodwill and intangible assets	(0.0)	(0.1)	(Acquisition) / Sale of equity investments, net	—	(1.1)
Net loss (gain) on foreign exchange from borrowings and other monetary items	(0.8)	0.6	Disposal of subsidiaries, net of cash disposed	(2.5)	(8.7)
Impairment losses on loans	164.3	115.2	Acquisition of subsidiaries, net of cash acquired	(0.0)	(10.0)
Reversal of provision on debt portfolio sales	(7.3)	(15.4)	<i>Net cash flows used in investing activities</i>	(94.1)	(27.6)
Write-off and disposal of intangible and property and equipment assets	1.2	3.9	<i>Cash flows from / (used in) financing activities</i>		
Interest income from non-customers loans	(8.5)	(10.1)	Loans received and notes issued	29.8	21.7
Interest expense on loans and borrowings and deposits from customers	65.7	44.7	Repayment and repurchase of loans and notes	(7.6)	(31.8)
Non-recurring finance (income)	(2.3)	(2.6)	Interest payments	(29.6)	(32.0)
Other non-cash items, including loss/(gain) on disposals	(3.4)	2.3	Costs of notes issuance/amendment	(2.5)	(0.1)
Profit before adjustments for the effect of changes to current assets and short-term liabilities	275.0	203.9	FX hedging margin	3.7	(1.7)
<i>Adjustments for:</i>			Payment of lease liabilities	(3.3)	(3.5)
Change in financial instruments measured at fair value through profit or loss	(3.5)	1.0	Dividend payments	—	(15.0)
(Increase) in other assets (including TBI statutory reserve, placements & leases)	(93.1)	(57.5)	<i>Net cash flows from / (used in) financing activities</i>	(9.5)	(62.5)
Increase in accounts payable to suppliers, contractors and other creditors	14.7	21.4	Net (decrease) /increase in cash and cash equivalents	(22.2)	21.2
<i>Operating cash flow before movements in portfolio and deposits</i>	193.2	168.8	<i>Cash and cash equivalents at the beginning of the period</i>	155.5	134.2
Increase in loans due from customers	(420.4)	(366.1)	Effect of exchange rate fluctuations on cash	0.1	0.2
Proceeds from sale of portfolio	28.8	39.8	<i>Cash and cash equivalents at the end of the period</i>	133.5	155.5
Increase in deposits (customer and bank deposits)	325.0	292.9	<i>TBI Bank minimum statutory reserve</i>	128.1	66.0
Deposit interest payments	(33.0)	(11.0)	<i>Total cash on hand and cash at central banks</i>	261.6	221.6
<i>Gross cash flows from operating activities</i>	93.5	124.3			
Corporate income tax (paid), net of refunds received	(12.0)	(13.0)			
<i>Net cash flows from / (used in) operating activities</i>	81.5	111.3			

Key financial ratios

	12 months to 31 December	
	2023	2022
Capitalisation		
Equity / assets	13.7%	14.5%
Tangible common equity / tangible assets	10.2%	10.8%
Equity / net receivables	22.4%	23.5%
Interest coverage ratio	2.0x	2.7x
TBI Bank consolidated capital adequacy	22.6%	22.2%
Profitability		
Net interest margin:		
- Online	100.6%	92.0%
- TBI Bank	18.2%	20.1%
- Overall group	30.5%	33.6%
Cost / income ratio	43.4%	47.9%
Post-provision operating profit margin	17.9%	22.5%
Normalised Profit before tax margin	15.7%	20.0%
Normalised Return on average equity	21.2%	25.5%
Normalised Return on average assets	3.0%	3.9%

	12 months to 31 December	
	2023	2022
Asset quality		
Cost of risk:		
- TBI Bank	6.3%	5.1%
- Overall group	13.8%	11.1%
Net impairment / interest income	37.1%	28.8%
Gross NPL ratio:		
- Online	14.2%	9.0%
- TBI Bank	8.6%	8.7%
- Overall group	9.4%	8.8%
Overall group NPL coverage ratio	111.5%	117.8%
Loan loss reserve / gross receivables, %	10.5%	10.3%

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)

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