4 FINANCE

Unaudited consolidated financial report for the nine months ending 30 September 2024

12 November 2024

4FINANCE HOLDING S.A. REPORTS RESULTS FOR THE NINE MONTHS ENDING 30 SEPTEMBER 2024

Solid 9M 2024 results with net profit of €37.6 million and Adjusted EBITDA of €116.2 million
Robust balance sheet with high cash levels

12 November 2024. 4finance Holding S.A. (the 'Group' or '4finance'), one of Europe's largest digital consumer lending groups, today announces unaudited consolidated results for the nine months ending 30 September 2024 (the 'Period').

Operational highlights

- Online loan issuance volume was stable year-on-year in the Period at €423.5 million compared with €423.8 million in the prior year period. Demand for credit remains strong in most markets, particularly in the Czech Republic and Spain.
- New growth opportunities: taking a deliberate, step-by-step approach. The UK joint venture (ondal.co.uk) and the Mexican business (kimbi.mx) progressing steadily, showing gradual growth.
- TBI Bank loan issuance increased by 28% to €832.8 million in the Period, compared to €652.3 million in 9M 2023.

Financial Highlights

- Interest income up 13% year-on-year to €326.7 million in the Period compared with €288.8 million in 9M 2023.
- Cost to income ratio for the Period was 41.8%, an improvement from 44.2% in the prior year period. Cost discipline and operational efficiency remain a focus for the business.
- Adjusted EBITDA was €116.2 million for the Period, up 26% year-on-year, delivering 36% Adjusted EBITDA margin. The interest coverage ratio as of the date of this report is 2.1x.
- Net profit for the Period was €37.6 million, a 42% increase from €26.4 million in the prior year period.
- Fundamental asset quality indicators at product level remain broadly stable. Group's net impairment charges of €126.8 million reflect the larger portfolio. Further slight improvement in cost of risk at 12.9% for 9M 2024.
- Net receivables up 15% to €1,248.2 million as of 30 September 2024 compared with €1,084.4 million as at year end 2023.
- Overall gross NPL ratio at 10.1% as of 30 September 2024 (13.2% for online), compared with 9.4% as of 31 December 2023 (14.2% for online). TBI NPL ratio at 9.7% as of 30 September 2024, compared with 8.6% as of 31 December 2023.

Liquidity and funding

- Strong liquidity position, with €77.0 million of cash in the online business at the end of the Period.
- Balance sheet enhanced in Q3, with related party loan to 4finance Group S.A. reduced to just under €10 million, and a full repayment of a €33.8 million loan by the Group's former Polish business.

Kieran Donnelly, CEO of 4finance, commented:

"We are pleased to report continued profitability with a 42% year-on-year increase in net profit to €38 million in the Period, compared with €26 million in the same period last year. In addition, we have strong cash levels, a robust balance sheet and a 6% quarter-on-quarter growth in our online net loan portfolio.

These results reflect our disciplined approach and commitment to sustainable growth."

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Conference call

A conference call with management to discuss these results is scheduled for **Wednesday, 13 November at 14:00 UK time**. To register, please visit www.4finance.com.

The conference call will be recorded for transcription and reference purposes. For those participating in the Q&A session, please note that name and institution details provided in the call registration process may appear in the transcript of the conference call that will be made available at www.4finance.com.

About 4finance

Established in 2008, 4finance is one of Europe's largest digital consumer lending groups with operations in 11 countries.

Leveraging a high degree of automation and data-driven insights across all aspects of the business, 4finance has grown rapidly, issuing over €10 billion since inception in single payment loans, instalment loans and lines of credit.

4finance operates a portfolio of market leading brands, through which, as a responsible lender, the firm offers simple, convenient and transparent products to millions of customers who are typically underserved by conventional providers.

4finance has group offices in Riga (Latvia) and Luxembourg, and currently operates in 11 countries globally. The Group also offers deposits, in addition to consumer and SME loans through its TBI Bank subsidiary, an EU licensed institution with operations primarily in Bulgaria, Romania and Greece.

Forward looking statements

Certain statements in this document are "forward-looking statements". These statements are based on management's current expectations and are subject to uncertainty and changes in circumstances. Actual results may differ materially from those included in these statements.

Rounding

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

Inside information

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

Key financial ratios

	9 months to 30 September 2024	9 months to 30 September 2023	Year Ended 31 December 2023	Year Ended 31 December 2022
Capitalisation				
Net receivables (€m)	1,248.2	1,022.2	1,084.4	846.4
Total assets (€m)	1,992.0	1,647.3	1,764.9	1,372.1
Total equity (€m)	280.6	226.6	241.7	198.6
Equity / assets	14.1%	13.8%	13.7%	14.5%
Tangible common equity/tangible assets (1)	10.6%	10.3%	10.1%	10.8%
Equity / net receivables	22.5%	22.2%	22.3%	23.5%
Interest coverage ratio (2)	2.1x	2.1x	2.0x	2.7x
TBI Bank consolidated capital adequacy (3)	23.7%	21.1%	22.5%	22.2%
Profitability				
Net interest margin: (4)				
- Online	100.9%	98.4%	101.1%	92.0%
- TBI Bank	17.8%	19.1%	18.1%	20.1%
- Overall	28.1%	31.5%	30.5%	33.6%
Cost / income ratio (5)	41.8%	44.2%	43.4%	47.9%
Post-provision operating profit margin (6)	19.3%	16.2%	18.0%	22.5%
Normalised Profit before tax margin (7)	16.8%	13.6%	15.8%	20.0%
Normalised Return on average equity (8)	23.5%	18.4%	21.3%	25.5%
Normalised Return on average assets (9)	3.3%	2.6%	3.0%	3.9%
Asset quality				
Cost of risk: (10)				
- TBI	6.6%	6.9%	6.2%	5.1%
- Overall group	12.9%	14.1%	13.8%	11.1%
Net impairment / interest income (11)	37.0%	37.1%	37.1%	28.8%
Gross NPL ratio: (12)				
- Online	13.2%	12.8%	14.2%	9.0%
- TBI	9.7%	9.4%	8.6%	8.7%
- Overall group	10.1%	9.9%	9.4%	8.8%
Overall group NPL coverage ratio (13)	108.3%	110.0%	111.5%	117.8%
Loan loss reserve / gross receivables	11.0%	10.9%	10.5%	10.3%

Definitions and Notes below. For further definitions please see the appendix.

Normalised ratios are adjusted to remove the effect of non-recurring items, discontinued operations, net FX and one-off adjustments to intangible assets. Respective 2022 ratios have been adjusted to reflect the continuing operations.

1. Tangible equity is Total Equity less Intangible Assets. Tangible Assets are Total Assets less Intangible Assets
2. Calculated as described later in the report
3. TBI Bank (Tier One Capital + Tier Two Capital) / Risk weighted assets (calculated according to the prevailing regulations of the BNB)
4. Annualised net interest income / average gross loan principal
5. Operating costs / operating income (revenue)
6. Post-provision operating profit (which does not include non-recurring items, net FX and D&A) / operating income (revenue)
7. Profit before tax / interest income
8. Annualised profit from continuing operations / average equity (total equity as of the start and end of each period divided by two)
9. Annualised profit from continuing operations / average assets (total assets as of the start and end of each period divided by two)
10. Annualised net impairment charges / average gross receivables (total gross receivables as of the start and end of each period divided by two)
11. 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)
12. Non-performing receivables (including accrued interest) with a delay of over 90 days / gross receivables (including accrued interest)
13. Overall receivables allowance account / non-performing receivables

FINANCIAL REVIEW

Income Statement

The table below sets out the condensed consolidated statement of profit or loss for the nine months ending 30 September 2024 and 30 September 2023. Additional reference information on the historic quarterly development of our income statement is shown in the appendix.

	9 months to 30 September		
	2024 (unaudited)	2023 (unaudited)	% change
	(in millions of €)		
Interest Income	326.7	288.8	+13%
Interest Expense	(57.7)	(47.8)	+21%
Net Interest Income	**269.0**	**241.1**	**+12%**
Net F&C Income	39.9	26.7	+50%
Other operating income	17.5	11.4	+54%
Non-Interest Income	**57.4**	**38.0**	**+51%**
Operating Income (Revenue)	**326.4**	**279.1**	**+17%**
Total operating costs	**(136.6)**	**(123.4)**	**+11%**
Pre-provision operating profit	**189.8**	**155.7**	**+22%**
Net impairment charges	(126.8)	(110.4)	+15%
Post-provision operating profit	**63.0**	**45.2**	**+39%**
Depreciation and amortisation	(8.0)	(5.9)	+34%
Non-recurring income/(expense)	(6.7)	0.0	nm
Net FX gain/(loss)	(1.8)	(2.9)	(38)%
Profit before tax	**46.6**	**36.4**	**+28%**
Income tax expense	(9.0)	(10.0)	(9)%
Profit for the period	**37.6**	**26.4**	**+42%**

Interest income

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

	9 months to 30 September		
	2024	2023	% change
Online lending (continuing operations)	**(in millions of €, except percentages)**		
Total value of loans issued	423.5	423.8	(0)%
Average net receivables, of which:	136.7	139.6	(2)%
- Principal	127.2	132.5	
- Accrued interest	9.5	7.1	
Annualised interest income yield on net portfolio (1)	142%	134%	
Interest income from online lending (2)	135.8	133.3	+2%
Banking operations			
Total value of loans issued	832.8	652.3	+28%
Average net receivables, of which:	1,029.7	794.9	+30%
- Principal	1,013.8	781.0	
- Accrued interest	15.9	13.9	
Annualised interest income yield on net portfolio (1)	24%	25%	
Interest income from banking operations (3)	184.2	149.3	+23%

Notes: (1) Yields are based on annualised interest income divided by average net loan principal only

(2) Does not include interest income from corporate loans

(3) See appendix for full TBI Bank income statement

Interest income for the Period was €326.7 million, a 13% increase compared with €288.8 million for the nine months ending 30 September 2023. Interest income from online lending increased 2% year-on-year in the Period, despite a decrease in average balance of net receivables, reflecting a higher average interest yield. Interest income also includes income from loans provided to non-Group companies and income from related party loans.

TBI Bank's loan book continued to grow, particularly in Romania, with an increase of 30% in average net receivables year-on-year. Its consumer lending (cash lending, point-of-sale lending and credit cards) has average product APRs between 20% and 50% and SME loans with average interest rates of approximately 8-16% p.a.. TBI Bank also generates separate income, which is reported mainly in the 'net fee and commission' line.

Interest expense

Interest expense for the Period was €57.7 million, an increase of 21% compared with €47.8 million for the nine months ending 30 September 2023. The higher interest expense year-on-year reflects the growth in deposits and term funding and increase in funding costs all at TBI Bank, partly offset by the bond buybacks since the start of 2023. Any one-off gains from bond buybacks at a discount are reflected in the 'non-recurring income/expense' line to show a more consistent 'interest expense' result.

Non-interest income

Non-interest income for the period was €57.4 million, a 51% increase compared with €38.0 million reported for the nine months ending 30 September 2023. The net fee and commission income, primarily generated by TBI Bank from insurance sales to its customers, was up 50% year-on-year. Other operating income includes income from services and relevant fee income from the online business (mainly in Philippines and Lithuania) such as income from contracts with customers under IFRS 15.

Total operating costs

Total operating costs reported for the Period were €136.6 million, an 11% increase compared with €123.4 million for the nine months ending 30 September 2023. The costs for the online business increased year-on-year mainly due to development of Mexico (acquired in Q4 2023), which contributed c.€2.4 million of overall costs in the Period despite lower personnel costs. At TBI Bank, higher personnel costs and professional services costs supported growing revenue.

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

	9 months to 30 September	
	2024	**2023**
	(in millions of €)	
Personnel costs	71.2	65.1
Marketing and sponsorship	18.1	17.2
Software & Systems expense	11.1	10.9
Legal and consulting	11.1	7.6
Application processing costs	4.5	4.3
Communication expenses	4.7	4.1
Taxes	5.1	3.1
Bank services	1.7	1.7
Debt collection costs	0.9	1.1
Rent and utilities	0.7	1.4
Travel	1.1	1.1
Other	6.4	5.9
Total	**136.6**	**123.4**
TBI Bank	80.0	67.3
4finance online	56.6	56.1
Total Employees		
- Online	592	609
- TBI Bank	1,897	1,793
- Overall group	**2,489**	**2,402**

For the nine months of 2024 and 2023, marketing and sponsorship costs accounted for 13.2% and 13.9% respectively, and personnel costs accounted for 52.2% and 52.7%, respectively, of total operating costs. The cost to income ratio for the Period was 41.8%, an improvement from 44.2% in the prior year period.

Net impairment charges on loans and receivables

Net impairment charges for the Period were €126.8 million, compared with €110.4 million for the nine months ending 30 September 2023. Gross impairment charges increased proportionately to the higher loan portfolio (gross portfolio increased by 16% year-on-year). Asset quality indicators remain broadly stable overall, with various product/market specifics being addressed. This includes the Philippines where we have seen a market-wide effect on risk indicators. Within the online business, the debt sales market has recovered in activity in some areas since H2 2023. For example, forward flow sales of NPLs resumed in Latvia in Q3 2023 and in Sweden in Q1 2024, and we continue negotiations in other markets while also reviewing in-house collection strategies for non-performing loans.

	9 months to 30 September	
	2024	**2023**
	(in millions of €)	
Impairment charges on loans	141.7	118.5
Over provision on debt portfolio (portfolio sale net proceeds)	(8.0)	(2.6)
Recovery from written-off loans	(6.9)	(5.4)
Net impairment charges	**126.8**	**110.4**

Overall net impairment charges represented 37% of interest income plus relevant fee income for the Period, unchanged from the prior year period.

Non-recurring income/(expense)

For the quarter, the Group had net non-recurring expense of €2.4 million. This includes expenses in Spain and TBI Bank, partially offset by one-off income in Latvia and Luxembourg.

Net FX gain/(loss)

Foreign exchange movements resulted in a net loss of €1.8 million for the Period, mainly from hedging and swap costs in PLN, CZK and RON against EUR. In the prior year period, there was a net FX loss of €2.9 million.

Profit before tax

For the reasons stated above, the Group made a profit before tax of €46.6 million for the Period, compared with €36.4 million for the nine months ending 30 September 2023.

Income tax expense

The Group's corporate income tax expense was €9.0 million for the Period, compared with €10.0 million for the nine months ending 30 September 2023. The following table sets out a breakdown of the Group's corporate income tax.

	9 months to 30 September	
	2024	**2023**
	(in millions of €)	
Current tax	9.4	10.5
Deferred tax	(0.4)	(0.5)
Total	**9.0**	**10.0**

Profit for the period

For the reasons stated above, the profit for the Period was €37.6 million, compared with €26.4 million in the prior year period.

Other financial data – EBITDA and Adjusted EBITDA

	9 months to 30 September		Year Ended 31 December	Year Ended 31 December
	2024	**2023**	**2023**	**2022**
		(in millions of €)		
Profit for the period	37.6	26.4	44.1	41.6
Income tax expense	9.0	10.0	14.2	16.3
Interest expense	57.7	47.8	65.8	44.7
Depreciation and amortisation	8.0	5.9	7.9	7.1
EBITDA	**112.3**	**90.1**	**132.0**	**109.7**
Adjustments	3.9	1.8	(0.7)	12.0
Adjusted EBITDA (1)	**116.2**	**91.9**	**131.3**	**121.7**

	9 months to 30 September		Year Ended 31 December	Year Ended 31 December
	2024	**2023**	**2023**	**2022**
		(in millions of €)		
Summary breakdown of Adjustments to EBITDA				
Net FX impact	1.8	2.9	5.0	11.7
One-off costs and other prescribed adjustments	2.1	(1.1)	(5.9)	0.1
One-off write-down of intangible assets	-	-	0.1	0.2
Total	**3.9**	**1.8**	**(0.7)**	**12.0**

Other financial data – Interest Coverage Ratio

The calculation of the interest coverage ratio for the Group's bonds is shown below. For further details on methodology, please refer to the Q2 2020 results report. The covenants are on an 'incurrence' rather than 'maintenance' basis, so if the ratio is below the 2.0x incurrence threshold it only restricts certain specified actions (such as dividend payments or allowed parameters of incurrence of indebtedness).

	As of date of this report
	(in millions of €)
Pro-forma last 4 quarters Adjusted EBITDA	155.7
Pro-forma last 4 quarters Fixed Charges	75.3
Bond covenant interest coverage ratio	**2.1x**

Notes: (1) Adjusted EBITDA is a non-IFRS measure that represents EBITDA (profit for the period plus tax, plus interest expense, plus depreciation and amortisation) as adjusted by income/loss from discontinued operations, non-cash gains and losses attributable to movement in the mark-to-market valuation of hedging obligations under IFRS, goodwill write-offs and certain other one-off or non-cash items. Adjusted EBITDA, as presented in this report, may not be comparable to similarly-titled measures that are reported by other companies due to differences in the way these measures are calculated. Additional limitations prescribed in the EUR 2026 bonds limiting TBI Bank contribution to Adjusted EBITDA not reflected here.

Balance sheet

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

	30 September 2024 (unaudited)	31 December 2023
	(in millions of €)	
Cash and cash equivalents, of which:	**284.9**	**261.6**
- Online	77.0	42.2
- TBI bank	207.8	219.4
Placements with other banks	45.8	48.3
Gross receivables due from customers	1,402.1	1,211.7
Allowance for impairment	(153.9)	(127.3)
Net receivables due from customers, of which:	**1,248.2**	**1,084.4**
- Principal	1,220.7	1,061.2
- Accrued Interest	27.5	23.2
Net investments in finance leases	1.0	1.3
Net loans to related parties	14.5	31.4
Net loans to other parties	0.3	31.9
Property and equipment	16.8	18.2
Financial investments	236.4	147.8
Prepaid expenses	4.6	4.1
Tax assets	20.7	18.8
Intangible IT assets	37.5	29.1
Goodwill	27.0	27.2
Other assets	54.3	60.8
Total assets	**1,992.0**	**1,764.9**
Liabilities		
Loans and borrowings	333.3	301.6
Deposits from customers	1,262.0	1,111.5
Income tax liabilities	8.8	12.3
Other liabilities	107.3	97.9
Total liabilities	**1,711.4**	**1,523.3**
Share capital	35.8	35.8
Retained earnings	274.8	237.2
Reserves	(30.0)	(31.3)
Total equity	**280.6**	**241.7**
Total shareholders' equity and liabilities	**1,992.0**	**1,764.9**

Assets

The Group had total assets of €1,992.0 million as of 30 September 2024, compared with €1,764.9 million as of 31 December 2023. The main changes during the Period were increases in cash and cash equivalents, net receivables due from customers (see below) and financial investments (mainly government bonds for liquidity management, see TBI appendix).

Loan portfolio

As of 30 September 2024, the Group's net receivables equalled €1,248.2 million, compared with €1,084.4 million as of 31 December 2023, representing an increase of €163.8 million, or 15%, with the majority of growth coming from the bank. TBI Bank contributed €1,109.4 million of net receivables, including fair value adjustments. Further information on the TBI Bank portfolio is available in the appendix, including its finance leases which are shown as a separate balance sheet line item.

The following section includes a summary of the Group's overall loan portfolio. Loans originated in the online business but sold to the bank are shown within the TBI Bank section. Additional reference information on the historic quarterly development of our online portfolio, split by product, is also shown in the appendix.

Overview of the Group's loan portfolio

The following table sets out the classification of the Group's loan portfolio in terms of performing and non-performing loans.

	30 September 2024				31 December 2023			
	Gross Amount	Impairment allowance	Net Amount	% of Gross Amount	Gross Amount	Impairment allowance	Net Amount	% of Gross Amount
	(in millions of €, except percentages)				*(in millions of €, except percentages)*			
Online receivables								
Performing	152.1	(18.2)	133.9	86.8%	147.6	(19.5)	128.1	85.8%
Non-performing (1)	23.2	(18.2)	5.0	13.2%	24.4	(18.0)	6.4	14.2%
Online total	**175.3**	**(36.4)**	**138.9**	**100.0%**	**172.1**	**(37.6)**	**134.5**	**100.0%**
TBI Bank receivables								
Performing	1,107.9	(46.6)	1,061.3	90.3%	949.7	(39.4)	910.3	91.4%
Non-performing (1)	118.9	(70.8)	48.1	9.7%	89.9	(50.3)	39.6	8.6%
TBI Bank total	**1,226.8**	**(117.4)**	**1,109.4**	**100.0%**	**1,039.6**	**(89.7)**	**949.9**	**100.0%**
Overall receivables								
Performing	1,260.0	(64.8)	1,195.2	89.9%	1,097.3	(58.9)	1,038.4	90.6%
Non-performing (1)	142.1	(89.0)	53.0	10.1%	114.3	(68.4)	46.0	9.4%
Overall total	**1,402.1**	**(153.9)**	**1,248.2**	**100.0%**	**1,211.7**	**(127.3)**	**1,084.4**	**100.0%**

Notes: (1) Non-performing amounts are those over 90 days past due (no NPLs contributed from the Philippines as loans are written-off at 31 days past due) and shown on a customer level basis for TBI Bank

Online loan portfolio by product

This section presents further detail on the online portfolio and classification by product. The following table shows the Group's performing online gross loan portfolio by product. The Near Prime classification includes the Group's lower APR instalment loan products in Latvia, Lithuania and Denmark.

	30 September 2024		31 December 2023	
	Amount	% of Portfolio	Amount	% of Portfolio
Online gross performing portfolio by product:	*(in millions of €, except percentages)*			
Single Payment Loans	52.3	34.4%	52.1	35.3%
Instalment Loans	44.8	29.4%	39.6	26.8%
Minimum to pay	41.8	27.5%	39.3	26.6%
Near Prime	13.3	8.7%	16.7	11.3%
Total online gross performing portfolio	**152.1**	**100.0%**	**147.6**	**100.0%**

Online non-performing loan portfolio

As of 30 September 2024, the Group's non-performing online portfolio was €23.2 million, a decrease of €1.2 million since 31 December 2023. The gross NPL ratio was 13.2% for online receivables as of 30 September 2024, compared to 14.2% as of 31 December 2023. The NPL ratio has decreased due to higher volumes of NPL sales in the Baltics and Sweden. Given the customer segment and local repayment dynamics, the loan portfolio in the Philippines is treated as both non-performing as well as written off at 31 days past due, resulting in a relatively lower gross portfolio on balance sheet with no NPLs.

The Group accrues interest whilst it is probable it will be received (typically up to 90 DPD for instalment loans). Non-performing accrued interest was €3.3 million, or 14.1%, of non-performing receivables. Penalties and delay fees are not accrued as receivables and are only recognised as income when payment is received.

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

	30 September 2024	31 December 2023
	(in millions of €, except percentages)	
Online gross non-performing portfolio by product:		
Single Payment Loans	8.1	6.5
Instalment Loans	8.1	7.1
Minimum to pay	5.9	7.5
Near Prime	1.2	3.4
Total online gross non-performing portfolio	**23.2**	**24.4**
Allowance for NPL / NPL receivables	79%	74%
Overall receivables allowance / NPL receivables	157%	154%
Average Loss Given Default rate	67%	64%

Other loans

In Q3 2024, the loan to 4finance Group S.A. was reduced to c.€10 million, leading to a decrease in the overall balance of the net loans to related parties.

In September 2024, the Group's former Polish business fully repaid its loan to 4finance S.A. which totalled €33.8 million, including principal and accrued interest.

Other assets

A breakdown of the Group's other assets is presented in the table below. The majority of the 'receivables from trade partners' are at TBI Bank and includes merchant and debt sales counterparties. The 'derivatives' line relate mainly to the Group's EUR/PLN, EUR/CZK, EUR/SEK, EUR/PHP and EUR/RON currency hedges.

	30 September 2024	31 December 2023
	(in millions of €)	
Receivables from trade partners	42.4	38.7
Poland net purchase price receivable	5.8	11.6
Non-current assets held for sale	1.8	3.8
Derivatives	1.6	3.1
Investments in associates and joint ventures	1.0	1.0
Security deposits	0.7	0.7
Other non-customer receivables	1.1	2.0
Total	**54.3**	**60.8**

Liabilities

The Group had total liabilities of €1,711.4 million as of 30 September 2024, compared with €1,523.3 million as of 31 December 2023, representing a 12% increase or €188.1 million.

Loans and borrowings

As of 30 September 2024, the Group had loans and borrowings of €333.3 million, compared with €301.6 million as of 31 December 2023. The Group's loans and borrowings accounted for 19% of total liabilities as of 30 September 2024 and 20% of total liabilities as of 31 December 2023.

As of 30 September 2024, the 4finance S.A. held €40.0 million of its EUR 2026 bonds and €4.3 million of its EUR 2028 bonds in treasury.

The following table sets out the loans and borrowings by type.

	30 September 2024	31 December 2023
	(in millions of €)	
EUR 2026 Bonds	129.3	124.5
EUR 2028 Bonds	125.1	123.6
TBI Bank (Tier 2 and MREL eligible instruments)	78.9	53.5
Total loans and borrowings (1)	**333.3**	**301.6**

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

In May 2016, 4finance S.A. issued €100.0 million of 11.25% notes (the *'EUR 2028 bonds'*). The bonds are listed on the Prime Standard regulated market segment of the Frankfurt Stock Exchange and Nasdaq Baltic First North market. In November 2016, a further €50.0 million of EUR bonds were issued at par, and the maturity was extended in 2020, 2021 and 2023. The Group also has cancelled €15.0 million of these bonds, so the outstanding amount is €135.0 million, and they mature in May 2028. They are currently callable at 104%.

In October 2021, 4finance S.A. issued €175.0 million of 10.75% 5 year notes (the *'EUR 2026 bonds'*). The bonds are listed on the Oslo Stock Exchange and will mature in October 2026. The proceeds from the new issue were used to repay the Group's outstanding $200 million USD bonds.

In June 2024, TBI Bank issued a €20.0 million debt security, bringing total net outstanding MREL eligible instruments to €77.7 million as of 30 September 2024, with interest rates ranging from 5% to 9% with tenors from 2 to 10 years. Attraction of these instruments allows the bank to meet the regulatory requirement for the MREL ratio (see TBI Bank appendix). TBI Bank intends to increase its MREL eligible liabilities in line with balance sheet growth.

Customer deposits

As of 30 September 2024, the Group had total customer deposits of €1,262.0 million, all of which are at TBI Bank. Further details of TBI Bank's deposits are presented in the appendix.

Other liabilities

A breakdown of the Group's other liabilities is presented in the table below. The majority of the 'accounts payable to trade partners' and 'other liabilities' are at TBI Bank and are non-interest bearing.

	30 September 2024	**31 December 2023**
	(in millions of €)	
Accounts payable to trade partners	28.7	21.3
Prepayments in TBI received on customer loans	25.9	24.2
Accrued expenses	16.8	12.6
Accrued payables to employees	14.0	13.0
Right-of use liabilities	6.6	8.3
Taxes payable	4.6	3.9
FX hedging liability	1.8	3.8
Other liabilities	8.9	10.8
Total	**107.3**	**97.9**

Equity

As of 30 September 2024, the Group's total equity amounted to €280.6 million, compared to €241.7 million as of 31 December 2023, representing an increase of €39.0 million, or 16%. The Group's equity to assets ratio as of 30 September 2024 was 14%.

The equity to net receivables ratio as of 30 September 2024 was 22%, reflecting the Group's strong capitalisation, with adequate headroom to bond covenants.

Off-balance sheet arrangements

The Group's total off-balance sheet commitments as of 30 September 2024 were €176.2 million. This represents TBI Bank's undrawn lending commitments of €176.1 million and financial guarantees €0.1 million. The Group also enters into currency hedging transactions which may result in additional off-balance sheet assets or liabilities but are designed to limit overall exposure to currency movements.

Condensed Consolidated Statement of Cash Flows for the Period

	9 months to 30 September	
	2024 (unaudited)	2023 (unaudited)
	(in millions of €)	
Cash flows from operating activities		
Profit before tax	**46.6**	**36.5**
Adjustments for:		
Depreciation and amortisation	8.0	6.0
Net loss on foreign exchange from borrowings and other monetary items	0.3	0.0
Impairment losses on loans	141.7	118.5
Reversal of provision on debt portfolio sales	(8.0)	(2.6)
Write-off and disposal of intangible and property and equipment assets	4.2	0.3
Interest income from non-customers loans	(6.9)	(6.3)
Interest expense on loans and borrowings and deposits from customers	57.7	47.8
Non-recurring finance expense / (income)	0.0	(0.2)
Other non-cash items, including loss/(gain) on disposals	(0.0)	(0.1)
Profit before adjustments for the effect of changes to current assets and short-term liabilities	**243.8**	**199.8**
Adjustments for:		
Change in financial instruments measured at fair value through profit or loss	0.6	(5.9)
(Increase) in other assets (including TBI statutory reserve, placements & leases)	(21.1)	(73.2)
Increase in accounts payable to suppliers, contractors and other creditors	13.2	17.3
Operating cash flow before movements in portfolio and deposits	**236.5**	**137.9**
Increase in loans due from customers	(326.4)	(307.4)
Proceeds from sale of portfolio	28.2	15.1
Increase in deposits (customer and bank deposits)	150.6	217.0
Deposit interest payments	(32.0)	(23.3)
Gross cash flows from operating activities	**56.8**	**39.4**
Corporate income tax (paid), net of refunds received	(15.0)	(7.5)
Net cash flows from operating activities	**41.8**	**31.9**
Cash flows from / (used in) investing activities		
Purchase of property and equipment and intangible assets	(17.7)	(11.4)
Net cash from (Purchase) / Sale of financial instruments	(69.2)	(58.2)
Other / related party loans issued	(0.3)	(3.4)
Other / related party loans repaid	32.7	0.8
Interest received on other / related party loans	6.1	6.3
Disposal of subsidiaries, net of cash disposed	5.7	6.0
Acquisition of subsidiaries, net of cash acquired	-	(8.0)
Net cash flows used in investing activities	**(42.7)**	**(67.9)**

	9 months to 30 September	
	2024 (unaudited)	2023 (unaudited)
	(in millions of €)	
Cash flows from / (used in) financing activities		
Loans received and notes issued	26.7	19.8
Repayment and repurchase of loans and notes	-	(4.2)
Interest payments	(20.9)	(18.5)
FX hedging margin	(1.1)	4.7
Payment of lease liabilities	(3.3)	(2.5)
Net cash flows from / (used in) financing activities	**1.3**	**(0.8)**
Net increase / (decrease) in cash and cash equivalents	**0.5**	**(36.7)**
Cash and cash equivalents at the beginning of the period	**133.5**	**155.6**
Effect of exchange rate fluctuations on cash	0.1	0.0
Cash and cash equivalents at the end of the period	**134.1**	**118.9**
Minimum statutory reserve	150.8	98.1
Total cash on hand and cash at central banks	**284.9**	**217.0**

The key drivers of cashflow movements are described elsewhere in this report.

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

The Group finalised the purchase of TBI Bank EAD ('TBI Bank'), via the acquisition of TBIF Financial Services B.V., in August 2016. Presented here for illustration and reference are TBI Bank's results for the nine months ending 30 September 2024 and nine months ending 30 September 2023.

Income statement

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

	9 months to 30 September	
	2024	**2023**
	(in millions of €)	
Interest Income	184.5	148.9
Interest Expense	(36.0)	(25.4)
Net Interest Income	**148.6**	**123.4**
Net F&C Income	40.0	26.6
Other operating income	1.2	0.8
Non-Interest Income	**41.2**	**27.4**
Operating Income (Revenue)	**189.8**	**150.8**
Total operating costs	**(78.1)**	**(66.0)**
Pre-provision operating profit	**111.6**	**84.8**
Net impairment losses	(56.3)	(44.0)
Post-provision operating profit	**55.3**	**40.8**
Depreciation and amortisation	(6.0)	(4.2)
Non-recurring income/(expense)	(3.1)	(0.4)
Net FX gain/(loss)	(0.4)	(1.2)
Pre-tax profit	**45.9**	**34.9**
Income tax expense	(7.9)	(6.2)
Net profit after tax	**37.9**	**28.6**

Balance sheet

The table below sets out the statement of financial position for TBI Bank. For the purpose of consolidation with the Group's balance sheet, the fair values assessed as part of the Group's updated goodwill calculation under IFRS are used, rather than the book values presented below. Receivables amounts include unamortised premium paid (€7.5 million) for online purchased loans which is also eliminated in consolidation, and unamortised fair value adjustment (€0.3 million) as at 30 September 2024.

	30 September 2024	31 December 2023
	(in millions of €)	
Cash and cash equivalents	209.8	226.4
Placement with other banks	45.8	48.3
Gross receivables due from customers	1,234.6	1,049.2
Allowance for impairment	(117.4)	(89.7)
Net receivables due from customers	**1,117.2**	**959.5**
Net investments in finance leases	1.2	1.3
Property and equipment	14.3	15.2
Financial assets	230.6	161.4
Tax assets	8.0	4.3
Prepaid expenses	2.7	2.0
Intangible assets	30.4	23.6
Other assets	41.0	41.7
Total assets	**1,700.9**	**1,483.8**
Loans and borrowings	88.0	62.7
Deposits from customers	1,264.7	1,119.0
Corporate income tax payable	6.2	4.8
Other liabilities	73.7	68.9
Total liabilities	**1,432.5**	**1,255.4**
Share capital	41.7	41.7
Retained earnings	227.3	189.2
Reserves	(0.6)	(2.6)
Total equity	**268.4**	**228.4**
Total shareholders' equity and liabilities	**1,700.9**	**1,483.8**

Financial assets include mainly government and other bonds held by TBI Bank for liquidity management purposes. Government bond holdings were increased due to strong deposit inflows.

To aid comparison with the loan portfolio presented on page 10 of the report, the table below shows a reconciliation from TBI 'standalone' net receivables due from customers to TBI's portfolio contribution to consolidated figures.

(in millions of €)	30 September 2024	31 December 2023
Standalone net receivables due from customers	**1,117.2**	**959.5**
Balance of premium paid for Online portfolio	(7.5)	(9.3)
Unamortised fair value adjustment	(0.3)	(0.3)
TBI portfolio contribution to consolidation	**1,109.4**	**949.9**

Loan portfolio

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

	30 September 2024	31 December 2023	% Change
Gross receivables by type	***(in millions of €)***		
Consumer	1,066.1	893.6	19%
SME (including financial leases)	170.2	157.5	8%
Total gross receivables	**1,236.3**	**1,051.0**	**18%**
Provisions	(117.9)	(90.2)	31%
Total net receivables	**1,118.4**	**960.8**	**16%**

As of 30 September 2024, consumer loans made up 85% of TBI Bank's gross loans (85% as of 31 December 2023). Of the overall net loan portfolio, 55% comes from Romania, 33% from Bulgaria, 7% from Greece and the remainder is purchased online portfolios (Lithuania).

The non-performing receivables ratios as of 30 September 2024 by loan type are shown below.

	Consumer	SME (incl. leases)	Overall
Non-performing receivables to gross receivables ratio	10.2%	7.6%	9.8%
Provision coverage(1)	105.7%	26.8%	97.3%

Notes: (1) In addition to provisions, the SME receivables are backed by collateral with average loan-to-value of c.50%.

Customer deposits

TBI Bank's customer deposits and current accounts by client and type are shown below.

	30 September 2024	31 December 2023	% Change
	(in millions of €)		
Customer accounts of consumers	1,185.9	1,042.9	14%
- Current accounts	128.6	104.5	23%
- Term deposits	1,057.3	938.4	13%
Customer accounts of SMEs	78.8	76.1	4%
- Current accounts	36.2	34.6	5%
- Term deposits	42.6	41.5	3%

TBI Bank increased deposits and liquidity again in Q3 2024 to support business growth and to increase local currency funding in Romania. The average interest rate paid on term deposits varies by type and currency, ranging from 0.05% to 7.00%. The bank's overall cost of funds for the Period was 3.45%.

Capital and liquidity ratios

TBI Bank continues to have a strong capital, funding and liquidity position. The table below shows TBI Bank's statutory capital, funding and liquidity ratios as of 30 September 2024. The bank's reviewed profit for H1 2024 is now included in those ratios. The minimum capital adequacy ratio requirement from the Bulgarian National Bank applicable to TBI Bank is now approximately 14.56%. The calculation of capital buffers has been updated in alignment with the BNB during 2024, so the minimum CAR requirement now varies slightly depending on portfolio mix as different buffers are applied depending on the country of exposure. For funding, the minimum MREL ratio requirement was increased to 26.8% as of 1 April 2024.

	Standalone	Consolidated
Common equity Tier 1 ratio	24.3%	22.7%
Capital adequacy ratio	25.3%	23.7%
MREL ratio	31.8%	30.3%
Liquidity ratio	36.9%	
Liquidity coverage ratio	556.0%	600.1%

HISTORIC QUARTERLY RESULTS APPENDIX

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

Income statement ***(in millions of €)***	**Q3 2022**	**Q4 2022**	**Q1 2023**	**Q2 2023**	**Q3 2023**	**Q4 2023**	**Q1 2024**	**Q2 2024**	**Q3 2024**
Interest Income	**80.7**	**86.5**	**91.7**	**96.2**	**100.9**	**97.2**	**103.9**	**108.8**	**114.0**
Interest Expense	(10.9)	(13.0)	(15.1)	(15.7)	(16.9)	(18.0)	(18.5)	(19.5)	(19.6)
Net Interest Income	**69.8**	**73.5**	**76.6**	**80.5**	**84.0**	**79.1**	**85.4**	**89.2**	**94.4**
Net F&C Income	7.8	11.6	8.3	9.6	8.8	18.4	12.1	13.5	14.3
Other operating income	2.2	2.3	2.4	2.8	6.3	7.0	5.8	5.5	6.2
Non-Interest Income	**10.0**	**13.8**	**10.7**	**12.3**	**15.1**	**25.4**	**17.9**	**19.0**	**20.5**
Operating Income	**79.8**	**87.3**	**87.2**	**92.8**	**99.1**	**104.6**	**103.3**	**108.2**	**114.8**
Total operating costs	**(37.3)**	**(39.5)**	**(40.1)**	**(40.4)**	**(43.0)**	**(42.9)**	**(44.7)**	**(44.9)**	**(46.9)**
Pre-provision operating profit	**42.5**	**47.9**	**47.1**	**52.4**	**56.1**	**61.7**	**58.6**	**63.3**	**68.0**
Net impairment losses	(25.8)	(29.6)	(33.5)	(36.1)	(40.8)	(38.0)	(41.3)	(40.7)	(44.9)
Post operating profit	**16.7**	**18.3**	**13.6**	**16.3**	**15.3**	**23.7**	**17.3**	**22.6**	**23.1**
Depreciation and amortisation	(1.5)	(2.2)	(1.9)	(1.9)	(2.1)	(2.0)	(2.3)	(2.9)	(2.8)
Non-recurring income/(expense)	0.2	0.4	(0.7)	(0.1)	0.8	2.4	(1.5)	(2.7)	(2.4)
Net FX	(2.9)	(6.2)	(2.2)	(0.1)	(0.6)	(2.1)	(0.1)	(0.9)	(0.9)
Pre-tax profit	**12.6**	**10.3**	**8.8**	**14.2**	**13.4**	**21.9**	**13.4**	**16.2**	**17.1**
Income tax expense	(3.4)	(3.9)	(3.2)	(3.0)	(3.8)	(4.2)	(3.8)	(2.8)	(2.4)
Net profit after tax	**9.2**	**6.4**	**5.6**	**11.2**	**9.6**	**17.7**	**9.6**	**13.4**	**14.6**
EBITDA	**25.0**	**25.5**	**25.9**	**31.9**	**32.3**	**41.9**	**34.2**	**38.6**	**39.5**
Adjusted EBITDA	**28.0**	**29.3**	**28.1**	**30.7**	**33.1**	**39.4**	**34.9**	**40.2**	**41.1**
Online business key metrics									
Net profit after tax [(1)]	4.1	3.0	1.1	2.5	3.6	7.3	2.6	2.2	2.4
Proforma Adjusted EBITDA	13.3	12.3	10.1	10.1	11.8	12.2	10.4	10.0	10.1
Loan issuance ***(in millions of €)***									
Total value of online loans issued	**138.7**	**139.2**	**137.0**	**140.0**	**146.7**	**145.7**	**138.6**	**139.7**	**145.3**
Single Payment Loans	88.1	92.2	93.6	98.0	107.9	108.0	98.8	101.6	105.6
Instalment Loans	15.2	14.5	15.5	16.2	16.5	16.4	17.9	17.8	20.0
Near-prime Loans	12.1	9.9	8.6	7.4	7.0	6.7	7.0	4.6	2.0
Minimum to pay	23.3	22.5	19.3	18.4	15.4	14.5	14.8	15.7	17.7
Total value of TBI Bank loans issued	**191.6**	**198.8**	**206.4**	**221.4**	**224.5**	**254.9**	**251.4**	**280.2**	**301.3**
SME	29.7	29.6	31.0	25.9	24.3	31.3	35.3	36.0	34.3
Consumer	161.8	169.2	175.4	195.6	200.2	223.6	216.0	244.2	267.0

Notes:

(1) Internal management view of 'online' net profit, attributing cost of capital of 11% on EUR 75m TBI net purchase price and excluding certain other TBI related costs

Loan portfolio (receivables, including accrued interest)

Note these tables have been adjusted to include online loans owned by TBI Bank within the TBI Bank portfolio.

(in millions of €)	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024
Single payment loans										
- Performing	49.6	50.4	47.7	49.2	49.9	53.5	52.1	50.1	49.0	52.3
- NPL (1)	6.5	3.4	3.5	4.0	5.3	5.7	6.5	7.5	7.5	8.1
- Total gross receivables	**56.1**	**53.8**	**51.2**	**53.2**	**55.3**	**59.2**	**58.5**	**57.5**	**56.6**	**60.3**
- Provisions	(17.6)	(14.0)	(12.4)	(12.4)	(13.7)	(15.6)	(16.9)	(17.4)	(17.5)	(17.3)
- Net receivables	**38.5**	**39.8**	**38.8**	**40.8**	**41.6**	**43.6**	**41.6**	**40.1**	**39.1**	**43.0**
- Gross NPL ratio	11.5%	6.2%	6.9%	7.5%	9.7%	9.7%	11.1%	13.0%	13.3%	13.4%
Instalment loans										
- Performing	26.5	30.4	29.2	31.0	34.4	38.1	39.6	41.9	41.8	44.8
- NPL (1)	4.3	3.6	3.7	3.5	3.9	5.0	7.1	7.0	7.2	8.1
- Total gross receivables	**30.7**	**33.9**	**33.0**	**34.6**	**38.3**	**43.0**	**46.7**	**48.9**	**49.1**	**52.8**
- Provisions	(6.2)	(5.7)	(5.7)	(5.8)	(6.3)	(8.0)	(9.8)	(10.0)	(10.1)	(10.8)
- Net receivables	**24.6**	**28.2**	**27.2**	**28.7**	**32.0**	**35.1**	**36.9**	**38.9**	**39.0**	**42.0**
- Gross NPL ratio	13.9%	10.5%	11.3%	10.2%	10.3%	11.6%	15.1%	14.4%	14.7%	15.3%
Minimum to pay receivables										
- Performing	30.9	39.2	43.1	43.3	43.0	41.1	39.3	38.4	39.3	41.8
- NPL (1)	3.0	2.6	3.8	5.3	6.4	7.3	7.5	6.7	6.0	5.9
- Total gross receivables	**33.9**	**41.7**	**46.9**	**48.6**	**49.4**	**48.4**	**46.8**	**45.1**	**45.3**	**47.7**
- Provisions	(2.7)	(2.9)	(3.8)	(5.0)	(5.8)	(6.0)	(6.6)	(5.8)	(5.5)	(5.8)
- Net receivables	**31.2**	**38.9**	**43.1**	**43.5**	**43.6**	**42.4**	**40.3**	**39.3**	**39.8**	**41.8**
- Gross NPL ratio	8.7%	6.2%	8.2%	10.9%	12.9%	15.1%	16.1%	14.9%	13.1%	12.3%
Near prime receivables										
- Performing	32.2	31.3	31.2	29.2	22.1	19.5	16.7	15.6	14.2	13.3
- NPL (1)	2.8	3.2	3.8	4.2	4.8	4.2	3.4	2.4	1.7	1.2
- Total gross receivables	**35.0**	**34.5**	**35.0**	**33.4**	**26.9**	**23.7**	**20.0**	**18.1**	**15.9**	**14.5**
- Provisions	(4.2)	(4.2)	(4.9)	(5.3)	(5.7)	(5.3)	(4.3)	(3.4)	(2.8)	(2.5)
- Net receivables	**30.8**	**30.3**	**30.1**	**28.0**	**21.2**	**18.4**	**15.7**	**14.7**	**13.0**	**12.0**
- Gross NPL ratio	8.1%	9.2%	11.0%	12.5%	17.8%	17.9%	16.8%	13.4%	10.5%	8.2%
Total Online receivables										
- Performing	139.2	151.3	151.2	152.7	149.4	152.1	147.6	146.0	144.4	152.1
- NPL (1)	16.5	12.7	14.9	17.0	20.4	22.3	24.4	23.6	22.4	23.2
- Total gross receivables	**155.7**	**164.0**	**166.1**	**169.7**	**169.8**	**174.4**	**172.1**	**169.7**	**166.8**	**175.3**
- Provisions	(30.7)	(26.9)	(26.9)	(28.6)	(31.4)	(34.8)	(37.6)	(36.7)	(35.9)	(36.4)
- Net receivables	**125.0**	**137.1**	**139.3**	**141.1**	**138.4**	**139.5**	**134.5**	**133.0**	**130.8**	**138.9**
- Gross NPL ratio	10.6%	7.7%	9.0%	10.0%	12.0%	12.8%	14.2%	13.9%	13.4%	13.2%
TBI Bank										
- Performing	580.9	640.2	709.9	763.6	832.7	881.6	949.9	984.7	1,046.1	1,107.9
- NPL (1)	60.3	71.3	67.7	82.9	83.5	91.7	89.7	101.3	103.7	118.9
- Total gross receivables	**641.1**	**711.5**	**777.6**	**846.5**	**916.2**	**973.3**	**1,039.6**	**1,086.0**	**1,149.8**	**1,226.8**
- Provisions	(59.5)	(68.8)	(70.5)	(81.3)	(82.5)	(90.6)	(89.7)	(98.4)	(107.2)	(117.4)
- Net receivables	**581.6**	**642.7**	**707.1**	**765.1**	**833.7**	**882.7**	**949.9**	**987.6**	**1,042.5**	**1,109.4**
- Gross NPL ratio	9.4%	10.0%	8.7%	9.8%	9.1%	9.4%	8.6%	9.3%	9.0%	9.7%

Note: (1) Non-performing amounts that are over 90 days past due (and, for TBI, shown on a customer level basis)

DEFINITIONS

Adjusted EBITDA – a non-IFRS measure that represents EBITDA (profit for the period plus tax, plus interest expense, plus depreciation and amortisation) as adjusted by income/loss from discontinued operations, non-cash gains and losses attributable to movement in the mark-to-market valuation of hedging obligations under IFRS, goodwill write-offs and certain other one-off or non-cash items. Adjusted EBITDA, as presented here, may not be comparable to similarly-titled measures that are reported by other companies due to differences in the way these measures are calculated. Further details of covenant adjustments can be found in the relevant bond prospectuses, available on our website www.4finance.com

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 income – consists of interest income, net fees & commissions and other operating income

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 from 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

MREL – minimum requirement for own funds and eligible liabilities, set by the regulator for TBI Bank

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)

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

Overall provision coverage – Allowance account for provisions / non-performing receivables

Profit before tax margin – Profit before tax / interest income

Return on average assets – Annualised profit from continuing operations / average assets (total assets as of the start and end of each period divided by two)

Return on average equity – Annualised profit from continuing operations / average equity (total equity as of the start and end of each period divided by two

Tangible equity – Total equity minus intangible assets

TBI Bank capital adequacy ratio – (Tier One Capital + Tier Two Capital) / risk weighted assets (calculated according to the prevailing regulations of the Bulgarian National Bank)

RECENT DEVELOPMENTS

Recent developments include significant and material information about the Group's development and any changes since its last quarterly report that was published on 30 August 2024.

Regulatory changes

On 19 September 2024, the Swedish government submitted to the parliament a proposal for the bill concerning strengthening consumer protection against risky lending and over-indebtedness. The proposal includes reducing the interest rate cap for consumer credit from 40 to 20 percentage points above the reference rate. The legislative amendments are proposed to enter into force on 1 March 2025.

As indicated in the previous report, the government in Sweden has submitted a new proposal, requiring companies with a Consumer Credit Operations Act license to reapply for a license as either a bank or a credit market company.

Financing

In September 2024, the Group's former Polish business fully repaid its loan to 4finance S.A. which totalled €33.8 million, including principal and accrued interest.

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