



# Unaudited quarterly results

Q3 2021

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# Q3 Highlights

During the period, the Group maintained growth in loan issuances, while recording more than €50 million in revenues in a single quarter for the first time

The Group has now issued more than €334m in loans during 2021, surpassing the €311m seen in the whole of 2020 and has seen increasing issuances each quarter on quarter since Q2 of 2020

In October the Group finalised the listing process of its €15m bond on the Nasdaq First North market – a significant milestone and next step in Sun Finance’s growth and strategy, offering investors access to increased liquidity

As the next step of the expansion strategy, the Group is expecting to launch pilot Buy Now Pay Later (BNPL) product in selected markets, following the introduction of Instalment Loan product earlier this year. Both of these products are expected to form a material part of Sun Finance’s future growth strategy

## Loan volumes

**€118m**

↑ 39% PoP

Loan volumes issued have seen steady growth, in three quarters surpassing the total issuance levels seen in 2020. In the period, the Group issued **€118m**, an increase from **€85m** in Q3’20 (+39%)

## Net portfolio

**€94m**

↑ 42% PoP

Our net portfolio has reached **€94.2m**, an increase of **€27.6m** (+42%) vs Q3’20, supported by growing volumes and improving portfolio dynamics during the period

## Cost/income ratio

**18.1%**

↓ 621bps PoP

Cost/income ratio of **18.1%** records our lowest level yet, remaining below the 20% mark for the second quarter in a row. While the ratio has decreased each quarter since Q2’20, we see that the current level is optimal for the long-term operations of the Group

## EBITDA

**€20.1m**

37% margin

EBITDA of **€20.1m** delivered for the period (margin of 37%), remaining above the **€20m** mark in all periods of 2021. A near double increase vs Q3’20 (**€10.4m**), signifying the material growth recorded post first wave of the pandemic

# Key Developments & Business Performance

## Revenues (QoQ growth %)



## Net portfolio (capitalisation ratio %)



## EBITDA (EBITDA margin %)



## Operating profit (cost/income %)



- Revenues continue to increase quarter on quarter since Q2'20, **surpassing the €50m mark** for the first time – **recording €54.6m**, an increase of 10% vs prior quarter and 74% increase vs Q3'20
- Similarly, our net portfolio maintains its upward trajectory, **reaching €94.2m** for the period – an increase of 42% vs Q3'20. Key growth drivers for the period were the European HUB, Central Asia HUB and Scandinavia HUB. Capitalisation ratio remains at healthy levels **more than 2x the covenant threshold**
- The Group recorded **EBITDA above €20m** for the third quarter running, albeit seeing a slight decrease vs prior quarters of 2021. The decrease, driven by increased provisions in the quarter (mainly due to increased COVID restrictions across several markets), a trend which is expected to reverse in the long term
- Cost/income ratio continues improving period on period, **reaching 18.1% for Q3'21**, highlighting the lean operational structure and continued positive effect of business scaling. We view that this level of cost/income ratio is **optimal for the long-term operation of the Group** and do not expect it to decrease materially in future

# Performance overview by Geography

**Sun Finance Group Q3'21 sales: €118m** ↑ 39% PoP

## EUROPE HUB

Our European hub maintains its steady growth path, combined with an upwards trajectory across key financial metrics, including sales, net portfolio and profitability in Q2'21

Loan issuances in Poland have reached new heights, following stable activity during periods of lockdown. We are seeing continuously increasing demand from customers in the country and positive regulatory dynamics, returning to the status quo before the pandemic

Our business in Latvia continues to perform as a mature market, albeit increasing our market share period on period, given the competitive product offering

## SCANDINAVIA HUB

Issuance levels in the HUB have regained their momentum, driven by the significant growth in the Swedish market

We continue to see positive tailwinds in our business in Sweden, which continuously delivers its best quarters in terms of sales and revenues, while maintaining solid profitability

As previously, given the changes in the regulatory environment, we continue to review our product setup and strategy going forward in the Danish market, with no material changes during the period

Our portfolio remains to be very solid, inhibiting qualities of portfolios typically seen in Scandinavian countries

## CENTRAL ASIA HUB

Our Central Asian hub has continued its expansion seen since Q2'20, for the first time becoming our largest region in terms of net portfolio

In addition to portfolio expansion, the region continues to deliver strong financial results for the quarter, including increasing revenues and profitability

Along with the growth dynamics, portfolio quality has not been compromised, driven by an improved scoring methodology

As previously stated, we expect the region to continue on its growth path, albeit we do not expect to see the same velocity as we scale, given the lower starting base in previous periods

# Performance overview by Geography (cont.)

**Sun Finance Group Q3'21 sales: €118m** ↑ 39% PoP

## **SOUTH EAST ASIA HUB**

During the period we saw small decrease in net portfolio in the region, while gross portfolio expansion was very limited

This dynamic was driven by the heavy restrictions imposed due to COVID-19 outbreak in Vietnam, resulting in country-wide lockdowns, thus materially reducing our issuance levels, as we maintain a cautious approach in the market

Over the past weeks we have seen recovery in the market as new COVID-19 cases continue to decrease and we expect to return to prior issuance levels by the end of Q4'21

While we have increased our provisions, maintaining a conservative approach in the market, we have not seen decrease in our portfolio quality and expect the increased provisioning levels to reverse in the long term

We are continuously reviewing new geographies in the region and expect to launch new countries once we are fully comfortable with the stabilisation of the situation

## **LATIN AMERICA HUB**

Latin America remains the smallest market in our portfolio, while we see material potential in the region in the long term, given the large unbanked population

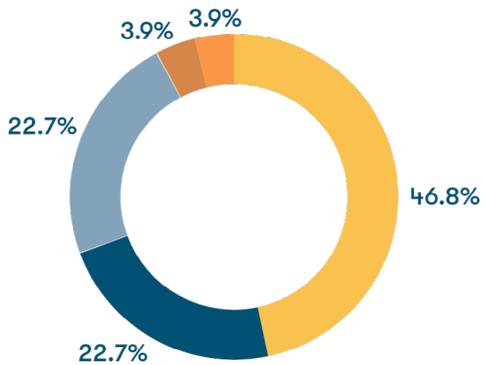
The region maintains healthy profitability metrics, while growth in issuances has been rather limited, as the Mexican market saw its most significant wave of COVID cases since the pandemic outbreak during Q3'21

Once the situation stabilises, we expect the market to return on the growth path and the economy to recover in the new normal environment

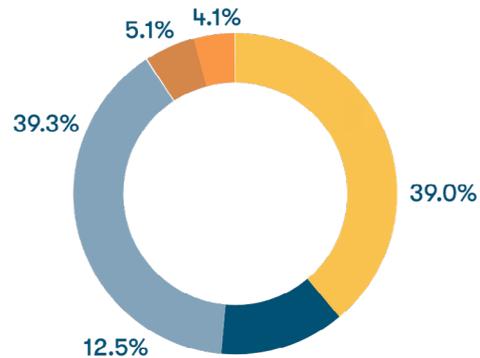
Nevertheless, customer dynamics have remained stable, with healthy portfolio performance

# Portfolio analysis – Group & Regions

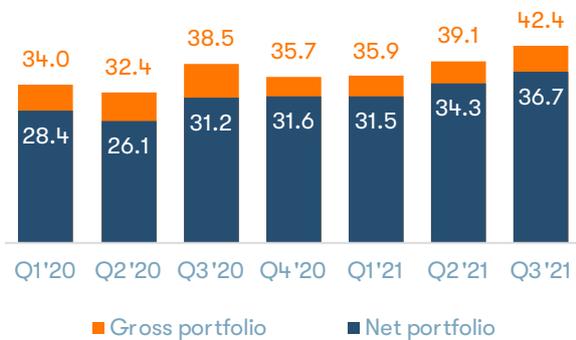
Portfolio dynamics (Q3'20)



Portfolio dynamics (Q3'21)

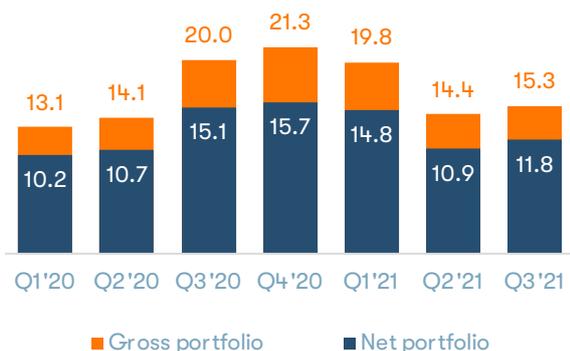


Portfolio – Europe HUB (Q1'20 – Q3'21)



- Positive demand headwinds resulting in expanding gross and net portfolio during the period, reaching new heights
- Our most mature and stable region in terms of operation age and industry development stage

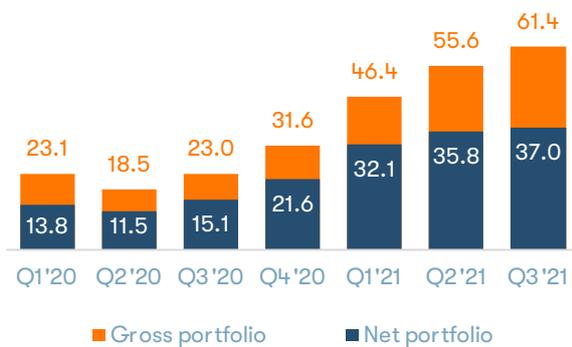
Portfolio - Scandinavia HUB (Q1'20 – Q3'21)



- Return to portfolio growth, driven by significant growth in issuances in Sweden as we continue to expand our market share in the country
- We continue to review the product setup and strategy in the Danish market

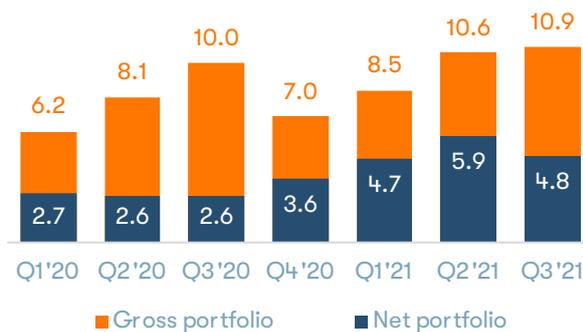
# Portfolio analysis – Group & Regions (cont.)

## Portfolio – Central Asia HUB (Q1'20 – Q3'21)



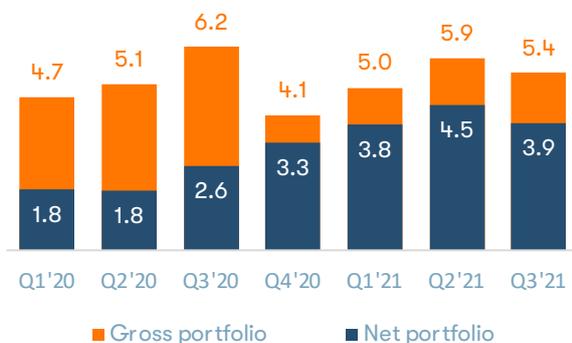
- Growth path in the region maintained since Q3'20 has resulted in it becoming our largest hub
- The velocity of expansion over the past quarter has decreased, as expected, given the previous low starting base
- The client quality and performance remains high, continuing to deliver solid profitability quarter on quarter

## Portfolio – South East Asia HUB (Q1'20 – Q3'21)



- Due to the significant COVID-19 outbreak and imposed lock-down in Vietnam, we materially reduced our issuance levels in the region, while maintaining conservative provisions coverage strategy, resulting in a decreased net portfolio
- We expect this trend to reverse once the situation stabilises and restrictions are lifted and economy returns to the new normal

## Portfolio – Latin America HUB (Q1'20 – Q3'21)



- Our smallest market has seen fairly flat portfolio performance over the past quarter, driven by a new wave of COVID-19 outbreak in Mexico
- Similar as in South East Asia, we expect this trend to reverse once the situation stabilises, returning to portfolio expansion and growth in issuances

# Financial performance: Income Statement

| Income statement (EURm)                                | 2020         |              |              |              | 2021         |              |              | 2020         | 2021         | 2020 vs 2021 |               |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|
|  | Q1           | Q2           | Q3           | Q4           | Q1           | Q2           | Q3           | Q3           | Q3           | Δ QoQ        | ΔQoQ(%)       |
| <b>Turnover</b> <sup>1</sup>                           | <b>30.4</b>  | <b>20.2</b>  | <b>31.3</b>  | <b>39.3</b>  | <b>45.8</b>  | <b>49.7</b>  | <b>54.6</b>  | <b>31.3</b>  | <b>54.6</b>  | <b>23.3</b>  | <b>74.4%</b>  |
| Interest expense                                       | (2.1)        | (2.3)        | (2.2)        | (2.3)        | (3.2)        | (3.0)        | (2.9)        | (2.2)        | (2.9)        | (0.7)        | 34.2%         |
| Net provisions <sup>2</sup>                            | (10.3)       | (8.9)        | (14.0)       | (14.8)       | (14.7)       | (19.6)       | (24.9)       | (14.0)       | (24.9)       | (10.9)       | 77.7%         |
| <b>GROSS PROFIT</b>                                    | <b>18.0</b>  | <b>9.1</b>   | <b>15.1</b>  | <b>22.2</b>  | <b>27.9</b>  | <b>27.1</b>  | <b>26.8</b>  | <b>15.1</b>  | <b>26.8</b>  | <b>11.7</b>  | <b>77.1%</b>  |
| Salaries and related taxes <sup>3</sup>                | (3.4)        | (2.7)        | (2.9)        | (3.3)        | (3.4)        | (3.4)        | (3.2)        | (2.9)        | (3.2)        | (0.3)        | 11.2%         |
| Direct operating expense                               | (1.7)        | (1.5)        | (1.6)        | (2.0)        | (2.0)        | (2.1)        | (2.0)        | (1.6)        | (2.0)        | (0.3)        | 20.6%         |
| Indirect operating expense                             | (2.8)        | (1.4)        | (1.9)        | (2.4)        | (2.5)        | (2.3)        | (2.5)        | (1.9)        | (2.5)        | (0.7)        | 35.8%         |
| Marketing expense                                      | (1.0)        | (0.6)        | (1.2)        | (1.8)        | (1.6)        | (1.9)        | (2.1)        | (1.2)        | (2.1)        | (0.9)        | 78.6%         |
| <b>OPERATING PROFIT/(LOSS)</b> <sup>4</sup>            | <b>9.1</b>   | <b>2.9</b>   | <b>7.5</b>   | <b>12.8</b>  | <b>18.5</b>  | <b>17.4</b>  | <b>16.9</b>  | <b>7.5</b>   | <b>16.9</b>  | <b>9.4</b>   | <b>124.8%</b> |
| Other non-operating income                             | 1.0          | 1.0          | 0.7          | 2.8          | 1.2          | 0.8          | 1.0          | 0.7          | 1.0          | 0.3          | 40.7%         |
| Other expense  | (0.2)        | (0.2)        | (0.2)        | (0.8)        | (0.3)        | (0.6)        | (1.0)        | (0.2)        | (1.0)        | (0.8)        | 331.2%        |
| <b>NET PROFIT/(LOSS) BEFORE TAXES</b>                  | <b>9.9</b>   | <b>3.7</b>   | <b>8.0</b>   | <b>14.8</b>  | <b>19.3</b>  | <b>17.6</b>  | <b>17.0</b>  | <b>8.0</b>   | <b>17.0</b>  | <b>8.9</b>   | <b>111.3%</b> |
| Profit tax   | (1.7)        | (1.7)        | (3.0)        | (2.1)        | (4.5)        | (5.4)        | (4.3)        | (3.0)        | (4.3)        | (1.3)        | 44.2%         |
| <b>NET PROFIT/(LOSS) before FX effect</b> <sup>5</sup> | <b>8.2</b>   | <b>1.9</b>   | <b>5.1</b>   | <b>12.7</b>  | <b>14.9</b>  | <b>12.2</b>  | <b>12.7</b>  | <b>5.1</b>   | <b>12.7</b>  | <b>7.6</b>   | <b>150.3%</b> |
| FX income/(expense) <sup>6</sup>                       | (5.5)        | 2.5          | (2.6)        | (0.9)        | 0.8          | (0.2)        | 0.6          | (2.6)        | 0.6          | 3.2          | (122.6%)      |
| <b>NET PROFIT/(LOSS) after FX</b>                      | <b>2.7</b>   | <b>4.5</b>   | <b>2.5</b>   | <b>11.8</b>  | <b>15.6</b>  | <b>12.0</b>  | <b>13.3</b>  | <b>2.5</b>   | <b>13.3</b>  | <b>10.8</b>  | <b>437.2%</b> |
| Adj.:  |              |              |              |              |              |              |              |              |              |              |               |
| Tax  | 1.7          | 1.7          | 3.0          | 2.1          | 4.5          | 5.4          | 4.3          | 3.0          | 4.3          | 1.3          | 44.2%         |
| Interest   | 2.1          | 2.3          | 2.2          | 2.3          | 3.2          | 3.0          | 2.9          | 2.2          | 2.9          | 0.7          | 34.2%         |
| <b>EBIT</b>  | <b>6.5</b>   | <b>8.5</b>   | <b>7.6</b>   | <b>16.2</b>  | <b>23.3</b>  | <b>20.4</b>  | <b>20.5</b>  | <b>7.6</b>   | <b>20.5</b>  | <b>12.9</b>  | <b>169.2%</b> |
| Depreciation and amortization                          | 0.1          | 0.2          | 0.2          | 0.2          | 0.2          | 0.2          | 0.2          | 0.2          | 0.2          | 0.0          | 13.5%         |
| FX income/(expense)                                    | 5.5          | (2.5)        | 2.6          | 0.9          | (0.8)        | 0.2          | (0.6)        | 2.6          | (0.6)        | (3.2)        | (122.6%)      |
| <b>EBITDA</b> <sup>7</sup>                             | <b>12.1</b>  | <b>6.1</b>   | <b>10.4</b>  | <b>17.3</b>  | <b>22.7</b>  | <b>20.8</b>  | <b>20.1</b>  | <b>10.4</b>  | <b>20.1</b>  | <b>9.7</b>   | <b>93.4%</b>  |
| <b>EBITDA %</b>  | <b>39.9%</b> | <b>30.2%</b> | <b>33.1%</b> | <b>44.0%</b> | <b>49.6%</b> | <b>41.9%</b> | <b>36.8%</b> | <b>33.1%</b> | <b>36.8%</b> | <b>3.6%</b>  | <b>10.9%</b>  |

**1** Maintained growth since the beginning of H2'20 has resulted in revenues reaching above €50m for the first time in Q3'21 – an increase of 74.4% vs Q3'20

**2** Increase in net provisions mainly driven by new waves of COVID-19 outbreaks across several markets. We expect this trend to stabilise in the long-term

**3** Salaries and related taxes have remained flat since Q4'20, improving profitability as the business continues to scale

**4** Tight cost discipline and growing business has resulted in cost/income ratio reaching 18.1%, which we see as our optimal long-term goal for this metric

**5** Net profit before FX effect for the period delivers solid results totalling to €12.7m this quarter and €39.8m for the year to date, materially above FY'20 (€27.9m)

**6** Some positive FX movements in Q3'21 have resulted in an FX gain of €0.6m for the period

**7** Driven by a combination of cost discipline and revenue growth, our EBITDA remains above the €20m mark for the second quarter in a row, while delivering a margin of 36.8%

# Financial performance: Balance Sheet

| Balance Sheet (EURm)                       | 2020        |             |              |              | 2021         |              |              | 2020         | 2021         | 2020 vs 2021 |              |
|--|-------------|-------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|  | Q1          | Q2          | Q3           | Q4           | Q1           | Q2           | Q3           | Q3           | Q3           | Δ QoQ        | ΔQoQ(%)      |
| <b>Non-current assets</b> <sup>1</sup>     | <b>21.0</b> | <b>21.0</b> | <b>21.0</b>  | <b>22.9</b>  | <b>23.4</b>  | <b>23.3</b>  | <b>23.3</b>  | <b>21.0</b>  | <b>23.3</b>  | <b>2.3</b>   | <b>11.0%</b> |
| Goodwill & intangible assets               | 19.1        | 19.2        | 19.3         | 19.4         | 19.5         | 19.5         | 19.6         | 19.3         | 19.6         | 0.3          | 1.4%         |
| Fixed assets                               | 1.5         | 1.6         | 1.7          | 3.3          | 3.4          | 3.5          | 3.4          | 1.7          | 3.4          | 1.7          | 104.6%       |
| Accrued D&A                                | (0.3)       | (0.5)       | (0.7)        | (0.9)        | (0.9)        | (1.1)        | (1.1)        | (0.7)        | (1.1)        | (0.4)        | 65.2%        |
| Other non-current assets                   | 0.7         | 0.7         | 0.7          | 1.0          | 1.4          | 1.4          | 1.4          | 0.7          | 1.4          | 0.7          | 105.1%       |
| <b>Current assets</b>                      | <b>72.9</b> | <b>77.0</b> | <b>80.0</b>  | <b>99.0</b>  | <b>111.1</b> | <b>120.2</b> | <b>117.4</b> | <b>80.0</b>  | <b>117.4</b> | <b>37.4</b>  | <b>46.7%</b> |
| Loans receivable <sup>2</sup>              | 81.2        | 78.3        | 97.8         | 100.1        | 115.6        | 125.8        | 135.5        | 97.8         | 135.5        | 37.7         | 38.5%        |
| Provisions for doubtful debts <sup>2</sup> | (24.2)      | (25.4)      | (31.3)       | (24.3)       | (28.7)       | (34.4)       | (41.3)       | (31.3)       | (41.3)       | (10.1)       | 32.2%        |
| Accounts receivable                        | 0.4         | 0.1         | 0.1          | 0.4          | 2.6          | 0.1          | 0.2          | 0.1          | 0.2          | 0.1          | 149.6%       |
| Cash in bank                               | 5.6         | 9.2         | 3.9          | 8.7          | 9.0          | 14.8         | 8.3          | 3.9          | 8.3          | 4.4          | 111.1%       |
| Other receivables                          | 9.9         | 14.9        | 9.4          | 14.1         | 12.6         | 13.9         | 14.7         | 9.4          | 14.7         | 5.3          | 56.1%        |
| <b>ASSETS</b> <sup>3</sup>                 | <b>93.9</b> | <b>98.0</b> | <b>101.0</b> | <b>121.9</b> | <b>134.4</b> | <b>143.5</b> | <b>140.7</b> | <b>101.0</b> | <b>140.7</b> | <b>39.7</b>  | <b>39.3%</b> |
| <b>Equity</b> <sup>4</sup>                 | <b>27.6</b> | <b>31.6</b> | <b>34.5</b>  | <b>39.6</b>  | <b>46.9</b>  | <b>42.9</b>  | <b>45.7</b>  | <b>34.5</b>  | <b>45.7</b>  | <b>11.2</b>  | <b>32.6%</b> |
| Share capital and subordinated debt        | 20.7        | 20.5        | 20.6         | 20.6         | 20.8         | 21.2         | 22.1         | 20.6         | 22.1         | 1.6          | 7.5%         |
| Retained earnings                          | 6.2         | 10.6        | 13.1         | 18.2         | 24.0         | 21.0         | 22.3         | 13.1         | 22.3         | 9.2          | 70.5%        |
| FX reserve                                 | (0.1)       | 0.2         | (0.3)        | (0.4)        | 1.2          | 1.2          | 1.2          | (0.3)        | 1.2          | 1.5          | (510.6%)     |
| Other reserves                             | 0.9         | 0.2         | 1.1          | 1.2          | 0.9          | (0.4)        | 0.0          | 1.1          | 0.0          | (1.1)        | (98.2%)      |
| <b>Liabilities</b>                         | <b>66.3</b> | <b>66.4</b> | <b>66.6</b>  | <b>82.3</b>  | <b>87.6</b>  | <b>100.6</b> | <b>95.0</b>  | <b>66.6</b>  | <b>95.0</b>  | <b>28.5</b>  | <b>42.8%</b> |
| Loans payable <sup>5</sup>                 | 49.5        | 54.0        | 49.8         | 67.4         | 70.4         | 78.1         | 71.4         | 49.8         | 71.4         | 21.6         | 43.3%        |
| Deferred income                            | 2.2         | 1.9         | 2.2          | 2.9          | 3.0          | 3.4          | 3.9          | 2.2          | 3.9          | 1.8          | 81.5%        |
| Accounts payable                           | 5.5         | 4.5         | 7.1          | 2.3          | 2.9          | 4.2          | 3.9          | 7.1          | 3.9          | (3.2)        | (45.2%)      |
| Taxes payable                              | 6.1         | 4.6         | 6.0          | 7.5          | 7.9          | 10.7         | 12.0         | 6.0          | 12.0         | 5.9          | 98.0%        |
| Accrued expenses                           | 0.9         | 0.8         | 0.7          | 1.4          | 1.6          | 1.7          | 1.4          | 0.7          | 1.4          | 0.6          | 82.9%        |
| Other payables                             | 2.1         | 0.5         | 0.7          | 0.9          | 1.8          | 2.4          | 2.5          | 0.7          | 2.5          | 1.8          | 265.2%       |
| <b>EQUITY AND LIABILITIES</b> <sup>6</sup> | <b>93.9</b> | <b>98.0</b> | <b>101.0</b> | <b>121.9</b> | <b>134.4</b> | <b>143.5</b> | <b>140.7</b> | <b>101.0</b> | <b>140.7</b> | <b>39.7</b>  | <b>39.3%</b> |

**1** No material movements for non-current assets during the period

**2** Increase in gross and net portfolio related to issuance growth during the period

**3** Total assets have slightly decreased to €141m, mainly driven by decrease in mintos borrowings by deploying the excess cash balance

**4** Healthy equity base, driven by the solid and profitable financial performance

**5** Loans payable include the issued Bonds, loans placed on the Mintos P2P platform, shareholder loans and other loans payable

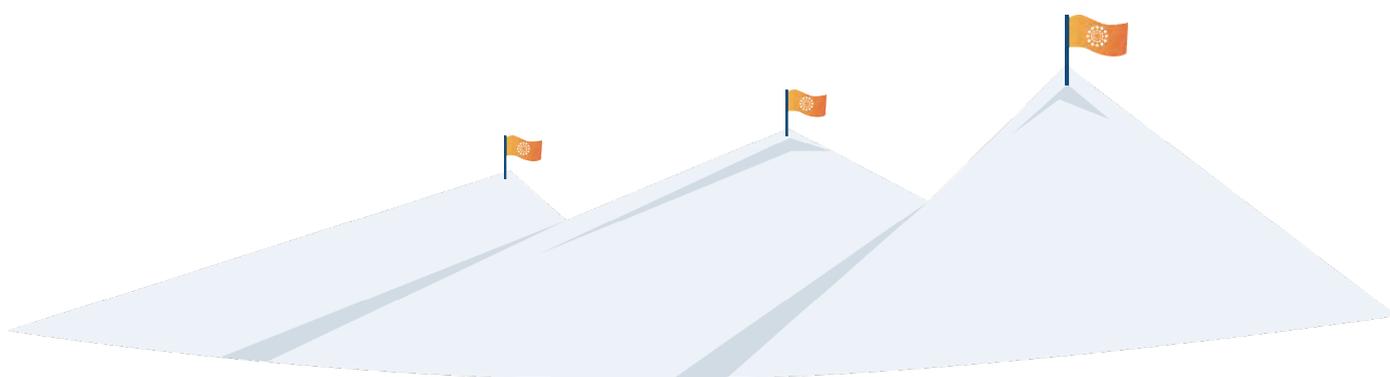
**6** Our total balance sheet has increased by ~39% vs Q3'20, mainly driven by growth and profitability of our business (key increases in equity and loans payable)

# Financial performance: Financial Metrics & Ratios

| Key financial metrics & ratios    | 2020  |       |       |       | 2021        |             |             | 2020        | 2021        |
|-----------------------------------|-------|-------|-------|-------|-------------|-------------|-------------|-------------|-------------|
|                                   | Q1    | Q2    | Q3    | Q4    | Q1          | Q2          | Q3          | Q3          | Q3          |
| Turnover                          | 30.4  | 20.2  | 31.3  | 39.3  | <b>45.8</b> | <b>49.7</b> | <b>54.6</b> | <b>31.3</b> | <b>54.6</b> |
| EBITDA                            | 12.1  | 6.1   | 10.4  | 17.3  | 22.7        | 20.8        | 20.1        | 10.4        | 20.1        |
| EBITDA margin (%)                 | 39.9% | 30.2% | 33.1% | 44.0% | 49.6%       | 41.9%       | 36.8%       | 33.1%       | 36.8%       |
| Net loan portfolio                | 57.0  | 52.8  | 66.6  | 75.8  | 86.9        | 91.4        | 94.2        | 66.6        | 94.2        |
| Capitalization ratio (%)          | 48.4% | 59.8% | 51.7% | 52.3% | 53.9%       | 47.0%       | 48.5%       | 51.7%       | 48.5%       |
| Interest coverage ratio           | 5.7x  | 2.7x  | 4.8x  | 7.6x  | 7.2x        | 6.9x        | 6.9x        | 4.8x        | 6.9x        |
| ROA, % <sup>1</sup>               | 9.9%  | 12.8% | 13.3% | 17.7% | 25.6%       | 29.2%       | 37.5%       | 13.3%       | 37.5%       |
| ROE, % <sup>2</sup>               | 33.5% | 39.6% | 39.1% | 54.3% | 73.4%       | 97.7%       | 115.5%      | 39.1%       | 115.5%      |
| Cost/Income Ratio, % <sup>3</sup> | 29.3% | 30.5% | 24.3% | 24.0% | 20.6%       | 19.6%       | 18.1%       | 24.3%       | 18.1%       |

## Notes

- 1 Return on Average Total Assets (ROAA) equals Net Income of the period on an LTM basis divided by Total Assets at the end of the same period
- 2 Return on Average Total Equity (ROAE) equals Net Income of the period on an LTM basis divided by Total Equity at the end of the same period
- 3 Cost / Income ratio is calculated by dividing Operating costs with operating income (revenue)





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