



4finance Holding S.A.

Company Description

August 2024

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Important legal information

This document (the “Document”) has been drawn up and made public solely for the purposes of listing the securities of 4finance S.A., registration number B173403, legal address at 8-10, Avenue de la Gare, L-1610 Luxembourg, Grand Duchy of Luxembourg (the “Issuer”) and admitting them to trading in multilateral trading facility First North operated by Nasdaq Riga AS. This Document is not and should not be construed as an offer to sell or solicitation of an offer to buy any securities. The Issuer has made all reasonable efforts to ensure that this Document provides an accurate overview of the Issuer’s business activities, financial standing, and the Notes issue. The information contained in this Document is published for the assistance of recipients but is not to be relied upon as authoritative or taken in substitution for the exercise of judgement by any recipient.

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This Document is not a prospectus for the purposes of the Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC, and no competent authority of any Member State has examined or approved the contents thereof.

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Investors are advised to carefully read the information contained in this Document, including the risk factors, before making a decision to purchase the Notes. Each potential investor should make his or her own analysis, and should consult his or her own financial, legal, business or tax advisers to fully understand the benefits and risks associated with the purchase of the Notes. The responsibility of the investment decision lies on each individual investor, and the Issuer and its shareholders accept no liability for any direct or consequential loss arising from the use of this Document or its contents.

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Responsible persons

The Issuer and its board of directors are responsible for the information contained in this Company Description, Prospectus and Terms and Conditions of the Notes in the attachment.

Hereby we, board of directors of 4finance S.A., James Etherington, Kieran Donnelly, Fabrice Hablot and Katalin Agune Kato certify that, by paying sufficient attention to this purpose, the information included in the Company Description, Prospectus and Terms and Conditions of the Notes is true, in accordance with the facts, and no information which may affect its meaning is concealed therein, in all material respects.

Signed by:

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James Etherington
Chairman, Category B member

Signed by:

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Kieran Donnelly
Category B member

DocuSigned by:

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Fabrice Hablot
Category A member

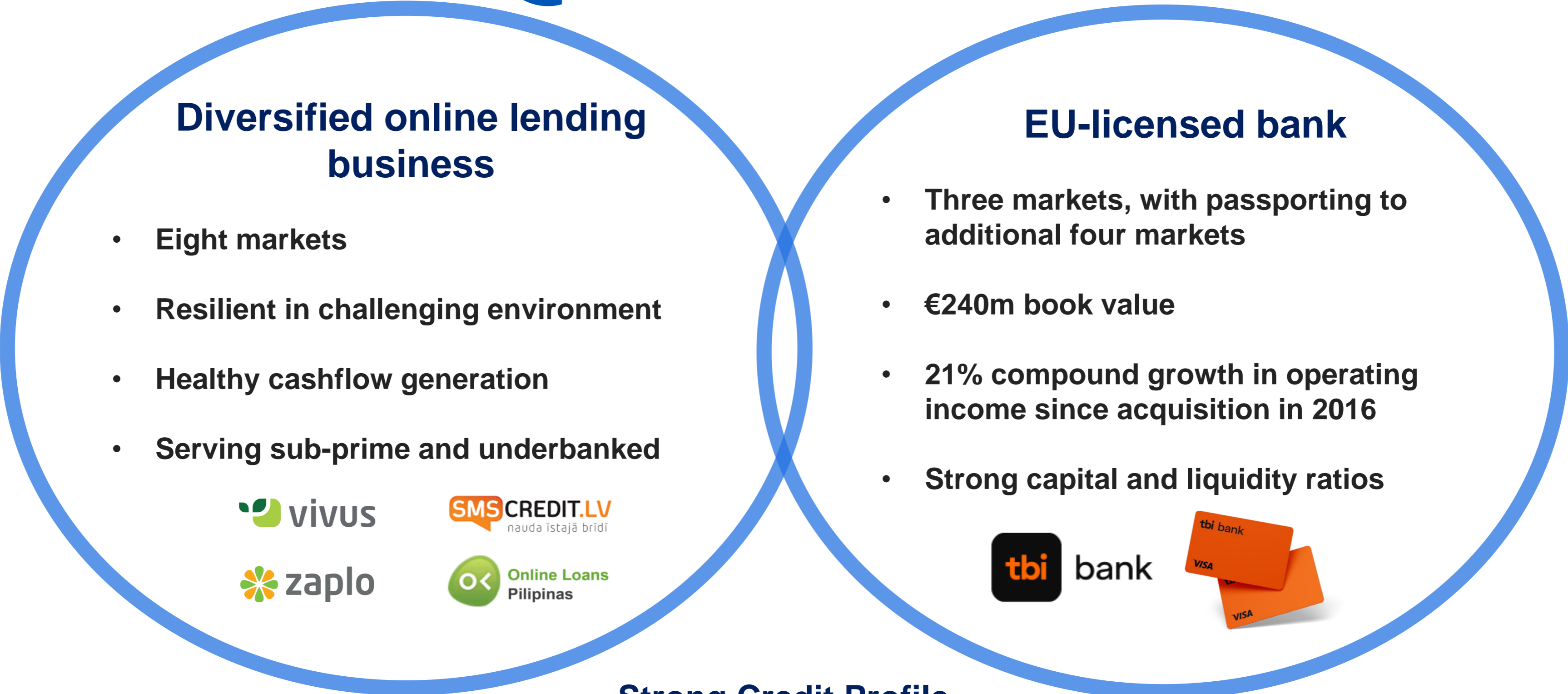
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Katalin Agune Kato
Category A member

4finance at a glance

Founded in 2008, 4finance is one of the largest digital consumer lending groups in its markets in Europe and South-East Asia



Strong Credit Profile

~€135m Adj. EBITDA run-rate	€1.9bn Total assets as at 31-Mar-24	<2x Net debt/ Adj EBITDA as at 31-Mar-24	Over €10bn in online loans issued since 2008	Frequent bond issuer since 2013	B2 / B ratings from Moody's and Fitch	TBI Bank funded with low-cost deposits
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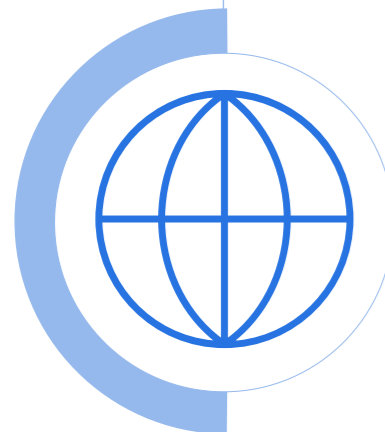
Current business snapshot

4finance serves customers across 11 countries with relatively limited exposure to any single market

Operations by Geography⁽¹⁾



Operating in Europe, Philippines and Mexico, mainly with established regulatory frameworks



Diversified macroeconomic risk



Strong brand recognition and reduced competition in most markets



Mexico

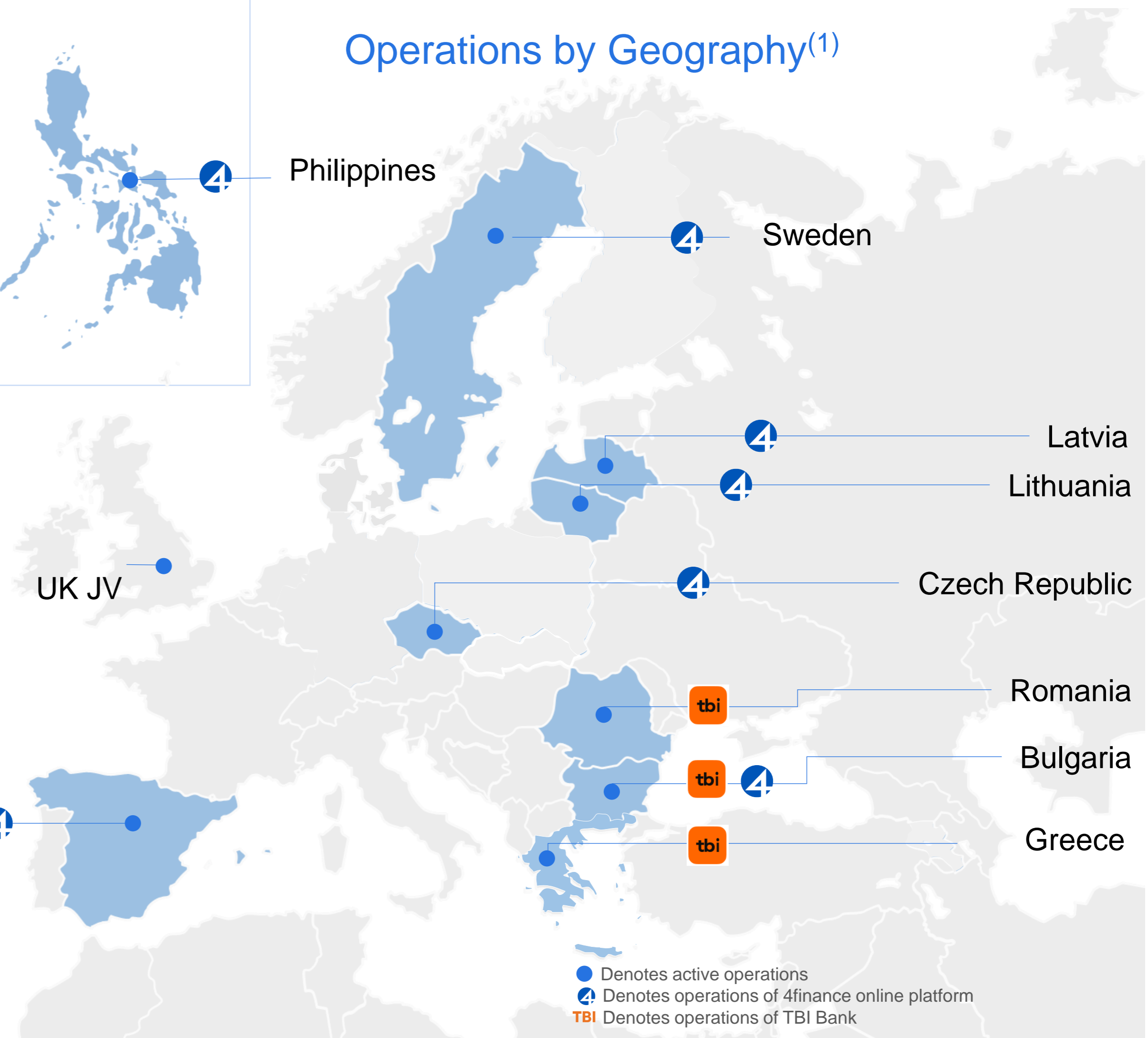


Philippines

Spain

UK JV

- Denotes active operations
- 4 Denotes operations of 4finance online platform
- TBI Denotes operations of TBI Bank








Notes: (1) TBI Bank has active operations in Bulgaria, Romania and Greece, as well as passported lending ability in Sweden, Denmark, Poland & Lithuania and deposit-taking ability in Germany via the Raisin deposit platform.

Consumer lending expert in subprime and near-prime

Online Business









Bank



Segment	Subprime	Near-Prime
Products	Single Payment Minimum-to-pay Instalment Loan	Instalment Loans - Cash - Point of Sale - SME loans
Distribution	All online, >90% mobile	Offline, with growing online distribution
Typical terms	- Mainly short-term with <6 month typical usage and <€500 typical ticket size - Instalment loans for 1-2 years in selected markets	Typical terms: - Cash: €1,000-3,000 ticket; 24 – 55 months - PoS: €100-2,500 ticket; 4, 12-50 months - SME: €10k-75k asset backed loans; 12-60 months
Markets	Latvia, Lithuania, Sweden, Philippines, Spain, Czechia, UK ⁽¹⁾ , Mexico	Bulgaria, Romania, Greece
Portfolio yield ⁽²⁾	134%	24% (total), 26% (consumer only)
Brands	   	

Notes:
 (1) A joint-venture
 (2) Annualised 3M 2024 interest income / average net receivables

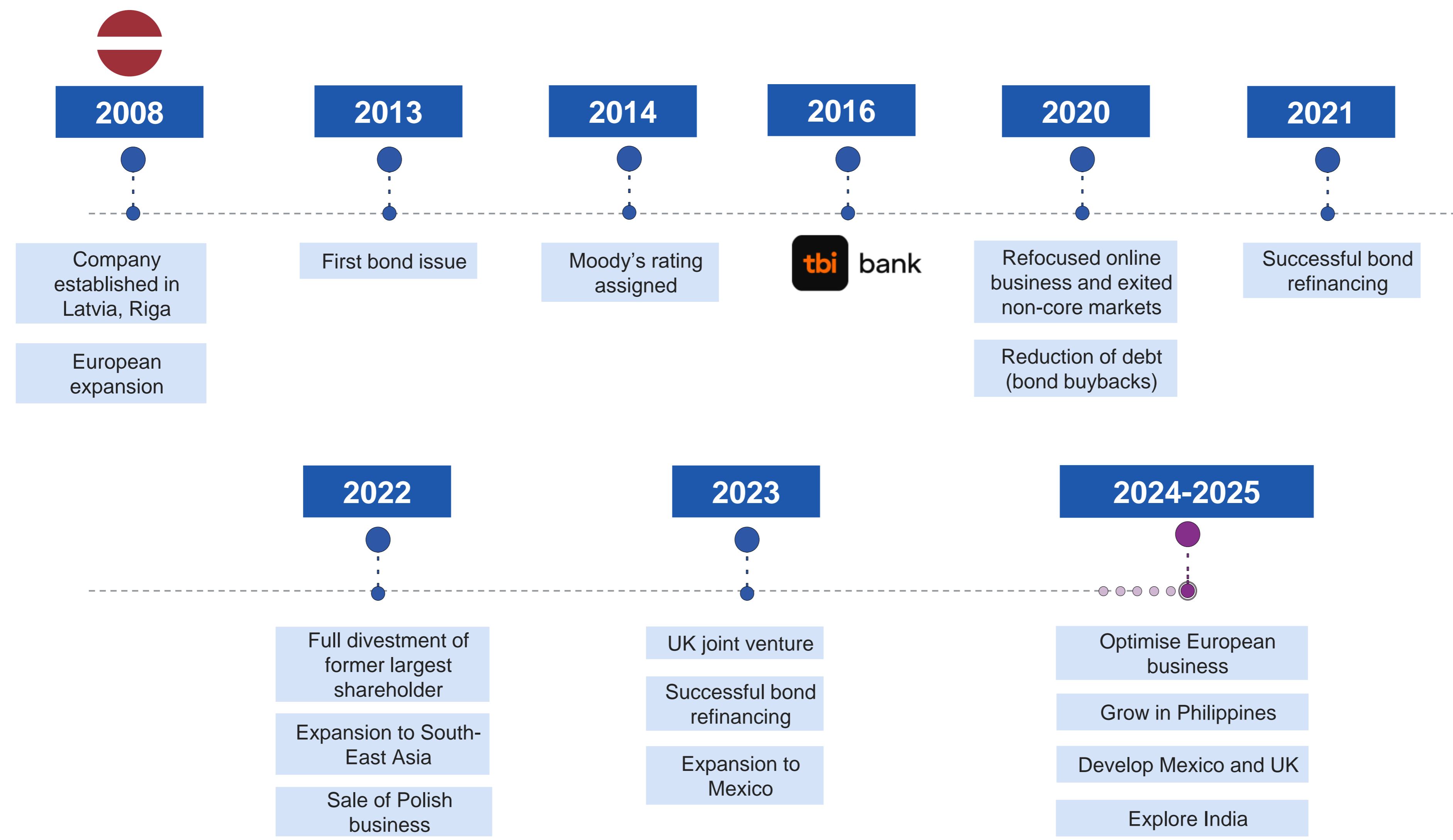
Regulatory overview

Country	% of gross income (Q1 2024)*	Products (1)	Regulator	CB (2)	License required (3)	Interest rate cap (1)	Status
Czechia 	5%	SPL, IL, MTP	Czech National Bank	Yes	Yes	-	Stable framework***
Latvia 	8%	MTP, IL	Consumer Rights Protection Centre	-	Yes	Nominal, fees & TCOC	Stable framework
Lithuania 	2%	IL	Central Bank of Lithuania	Yes	Yes	Nominal, fees & TCOC	Stable framework
Mexico 	0.1%	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
Spain 	17%	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 and a proposal to introduce a new type of consumer lending license
TBI Bank Markets							
Bulgaria 	23%	SPL (online), IL, LOC, POS, SME	Bulgarian National Bank	Yes	Yes	APR (inc. fees)	Stable framework
Greece 	3%	POS, SME	Bulgarian National Bank and Bank of Greece**	Yes	Yes**	Penalties	Stable framework***
Romania 	29%	IL, LOC, POS, SME	National Bank of Romania	Yes	Yes	-	Stable framework***

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

* Remaining interest income comes from other corporate loans and Denmark
 ** 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

Evolution of 4finance





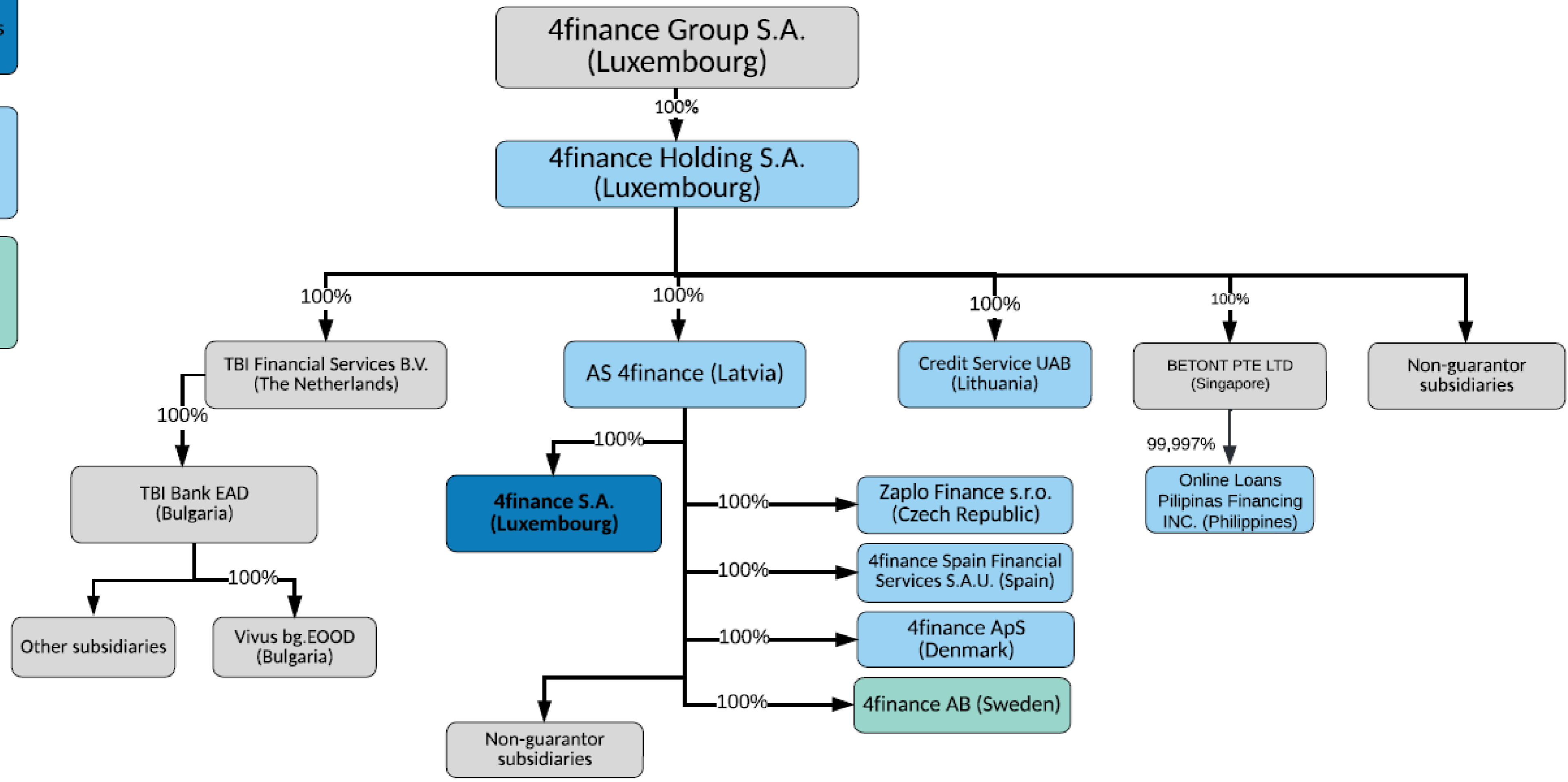
Corporate governance

Summary corporate structure

Issuer of EUR 2026 and EUR 2028 bonds

Guarantors of 4finance S.A. EUR 2026 issued bonds

Guarantors of 4finance S.A. EUR 2028 issued bonds



Note:
EUR 2026 bond guarantors are also guarantors of EUR 2028 bonds. Swedish entity 4finance AB is only a guarantor of EUR 2028 bonds

Corporate Governance Framework





Experienced management team

Kieran Donnelly Chief Executive Officer

Kieran has over 30 years of management experience in the finance sector, having held senior roles at Standard Bank Group, MDM Bank and Renaissance Group prior to working with consumer lending businesses including 4finance. Kieran was previously CEO of 4finance from January 2014 to May 2016 and Chairman of 4finance Holding S.A. until December 2016. Since then he has been a member of the supervisory board of TBI Bank EAD, which is fully owned by the Group.

James Etherington Chief Financial Officer

James has over 20 years of experience in financial services. Prior to joining 4finance James held a series of capital markets & IR roles at Ecobank, Morgan Stanley, RBS and Renaissance Capital. James Etherington was most recently head of investor relations at 4finance, with a particular focus on the Group's funding. James studied physics at the University of Cambridge

Olivier Frühwirth Chief Legal Officer

Prior to joining 4finance, Olivier served as the Head of Group Legal of a bank operating in several countries in the Balkans. His professional experience also includes several leading functions heading legal departments, a restructuring division of a bank, a restructuring company, as well as working as an attorney. Olivier holds a magister iuris and a doctor iuris degree from the University of Vienna, an LLM from Boston University, and an MBA from the Frankfurt School for Finance and Management.

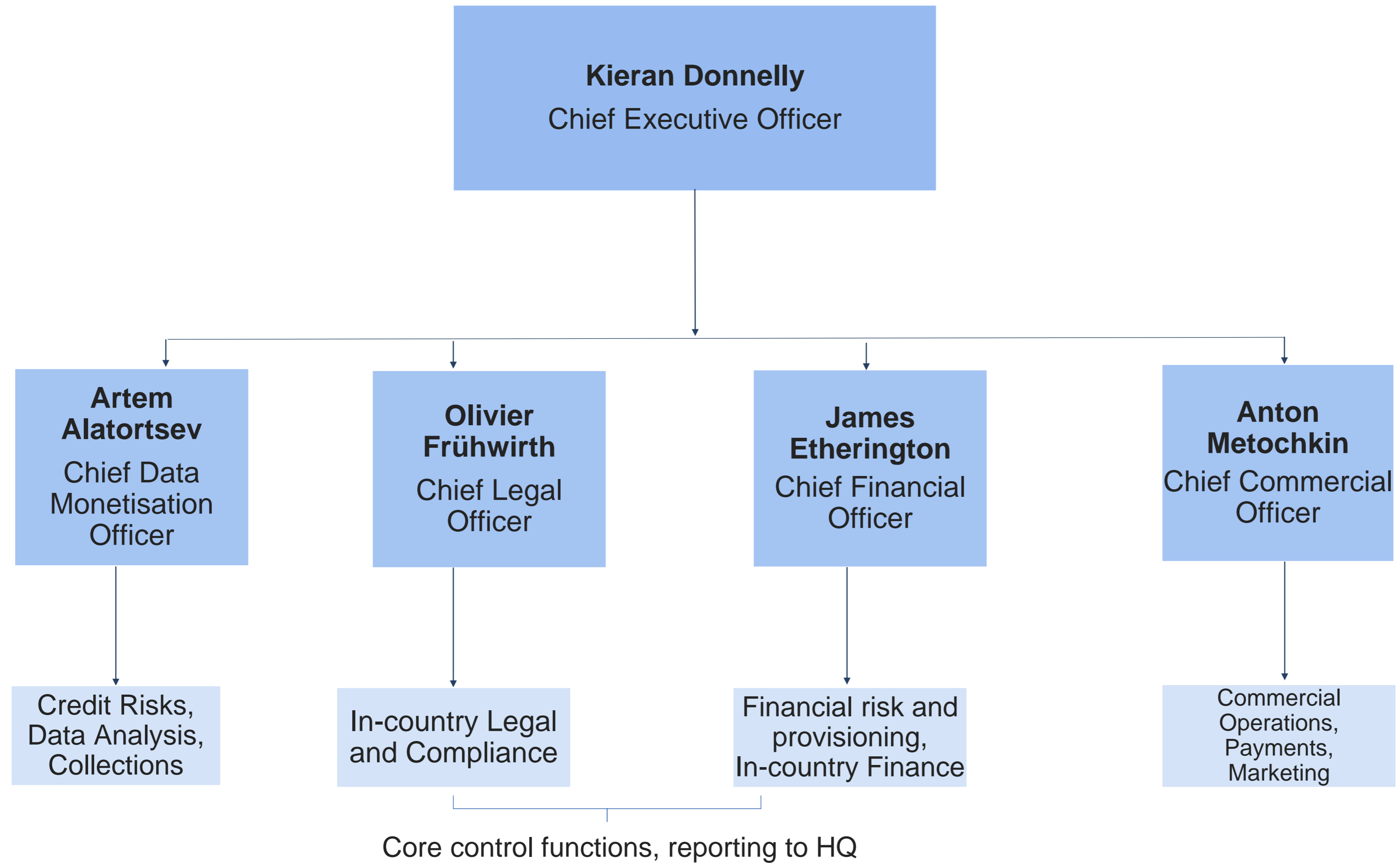
Anton Metochkin Chief Commercial Officer

Anton has extensive operations experience from over 15 years with consumer lending businesses including GE Capital, Raiffeisen Bank, Hypo Group and Digital Finance International in both the Eastern Europe and Asia-Pacific regions. He holds degrees from the South Russian State Technical University and the IEDC – Bled School of Management.

Artem Alatortsev Chief Data Monetisation Officer

Artem has over a decade of experience in the financial sector. Prior to joining 4finance, he was a risk manager within BNP Paribas Group and senior consultant in Black Pine's projects targeted at the Central and Eastern European region. Artem effectively led the Risks and Analytics department at consumer lender DFI between 2017 and 2021. Artem has a Lomonosov Moscow State University degree in mathematics with a specialisation in probability theory.

Executive Committee



Board of directors of 4finance S.A. (the Issuer)

James Etherington
Chairman, Category B member

James has over 20 years of experience in financial services. Prior to joining 4finance James held a series of capital markets & IR roles at Ecobank, Morgan Stanley, RBS and Renaissance Capital. James Etherington was most recently head of investor relations at 4finance, with a particular focus on the Group's funding. James studied physics at the University of Cambridge

Kieran Donnelly
Category B member

Kieran has over 30 years of management experience in the finance sector, having held senior roles at Standard Bank Group, MDM Bank and Renaissance Group prior to working with consumer lending businesses including 4finance. Kieran was previously CEO of 4finance from January 2014 to May 2016 and Chairman of 4finance Holding S.A. until December 2016. Since then he has been a member of the supervisory board of TBI Bank EAD, which is fully owned by the Group.

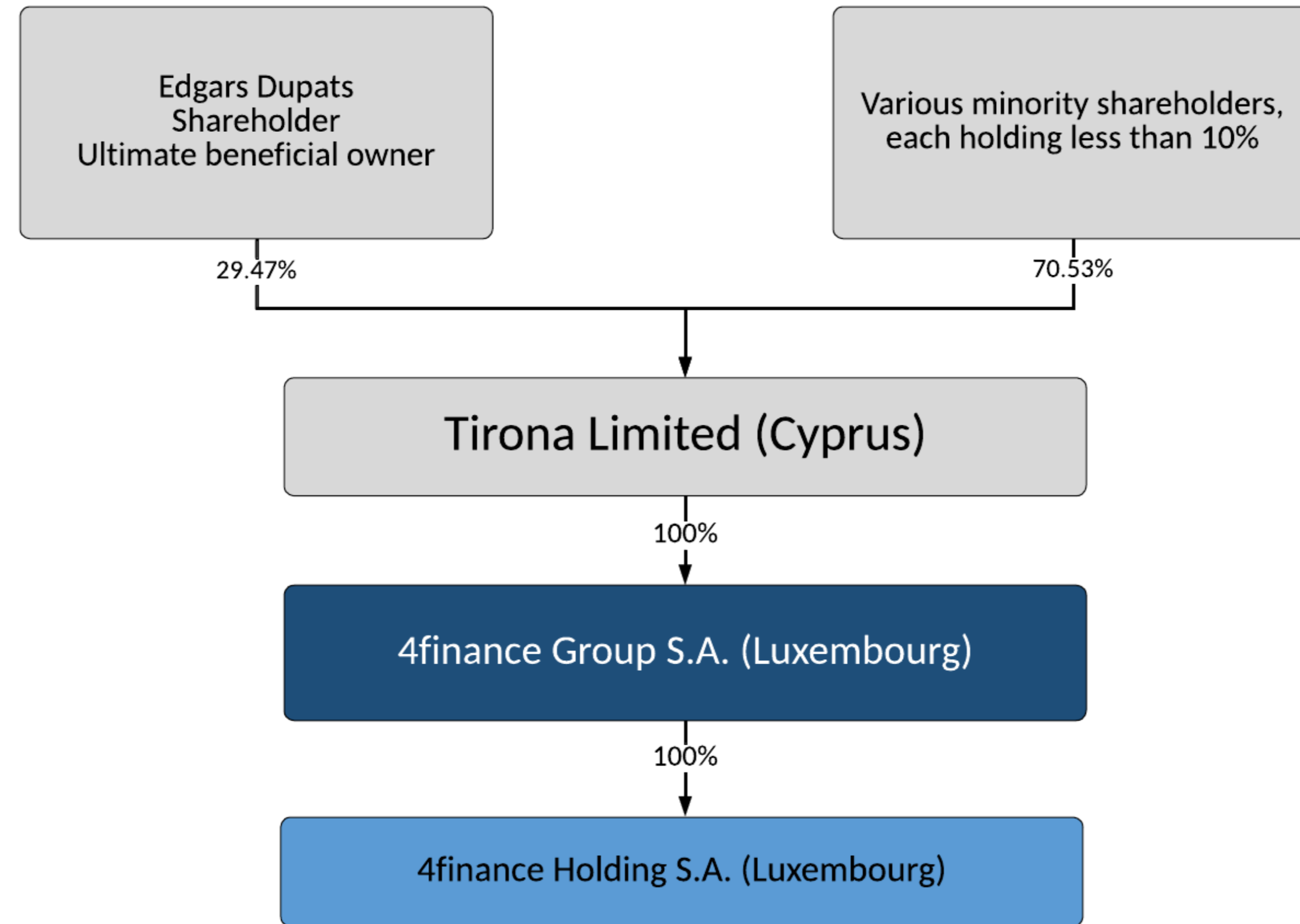
Fabrice Hablot
Category A member

Fabrice has over 17 years' experience working in financial services in Luxembourg with several years' experience in accounting, tax & corporate & business development. In his current role as Client Services Director of Centralis S.A., Fabrice acts as non-executive Manager for a diverse portfolio of international clients. Fabrice holds a bachelor's in accounting and management.

Katalin Agune Kato
Category A member

Katalin's been involved in real estate, private equity, distressed debt fund administration and accounting since 2006, and has a thorough understanding of the Alternative Investment Fund industry. In her role as Head of Fund Services with Centralis Group, Kate ensures that a client-focused approach drives her team, strong governance and practical decision-making. Kate has a Bachelor in Architecture & Civil Engineering and an MBA in Finance & Strategic Management.

Ownership structure








Notes:

- (1) Minority shareholders are various private individuals with country residences of Switzerland, Monaco, Cyprus, Italy, Latvia, Hungary and Gibraltar
- (2) A former management LTIP program was in place from 2018 to 2020. A couple of the Executive Committee members hold a de-minimis amount of share options (each less than 0.02% of 4finance Group)



Key peers

Key peers

					
Key region	Europe	Europe	Europe	Europe	Europe & Asia
Establishment year	2008	2005	1997	2012	2019
Markets	Europe, Philippines, Mexico	Europe, North America, Mexico and Asia-Pacific area	Europe, Mexico and Australia	Europe, Asia and Africa	Europe, Mexico, Asia
Distribution channels	<ul style="list-style-type: none"> • Online • Mobile • Bank branches (BG/RO/GR) 	<ul style="list-style-type: none"> • Online • Mobile 	<ul style="list-style-type: none"> • Online • Branches • Home Visits 	<ul style="list-style-type: none"> • Online • Mobile • Branches 	<ul style="list-style-type: none"> • Online • Mobile • Offline
Bonds	Yes	Yes	Yes	Yes	Yes
Deposits	Yes	Yes	No	No	No

Note:

Detailed information on the competitive landscape can be found in the bond prospectus on our [website](#). IX Business - Section 13. Competition

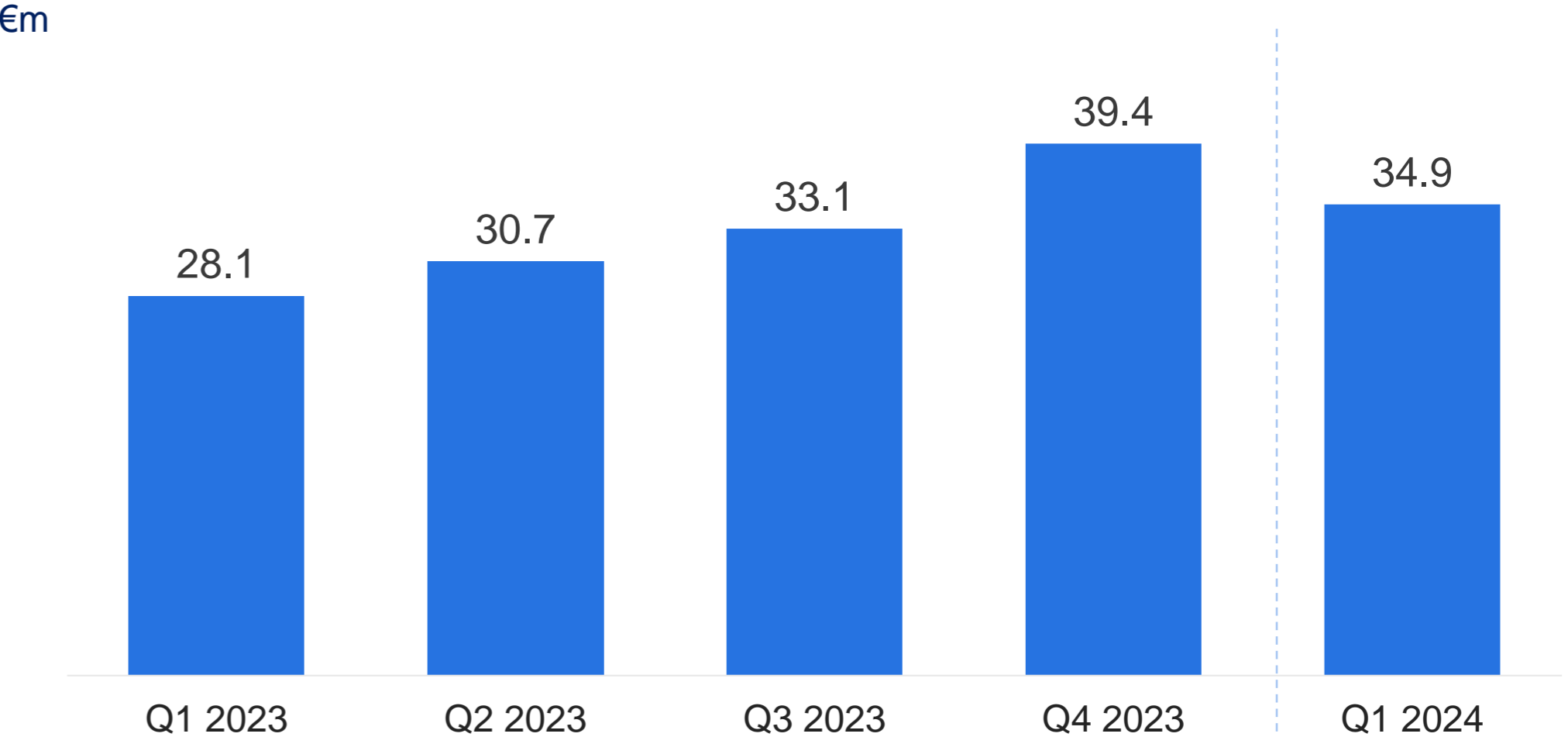


Financial performance

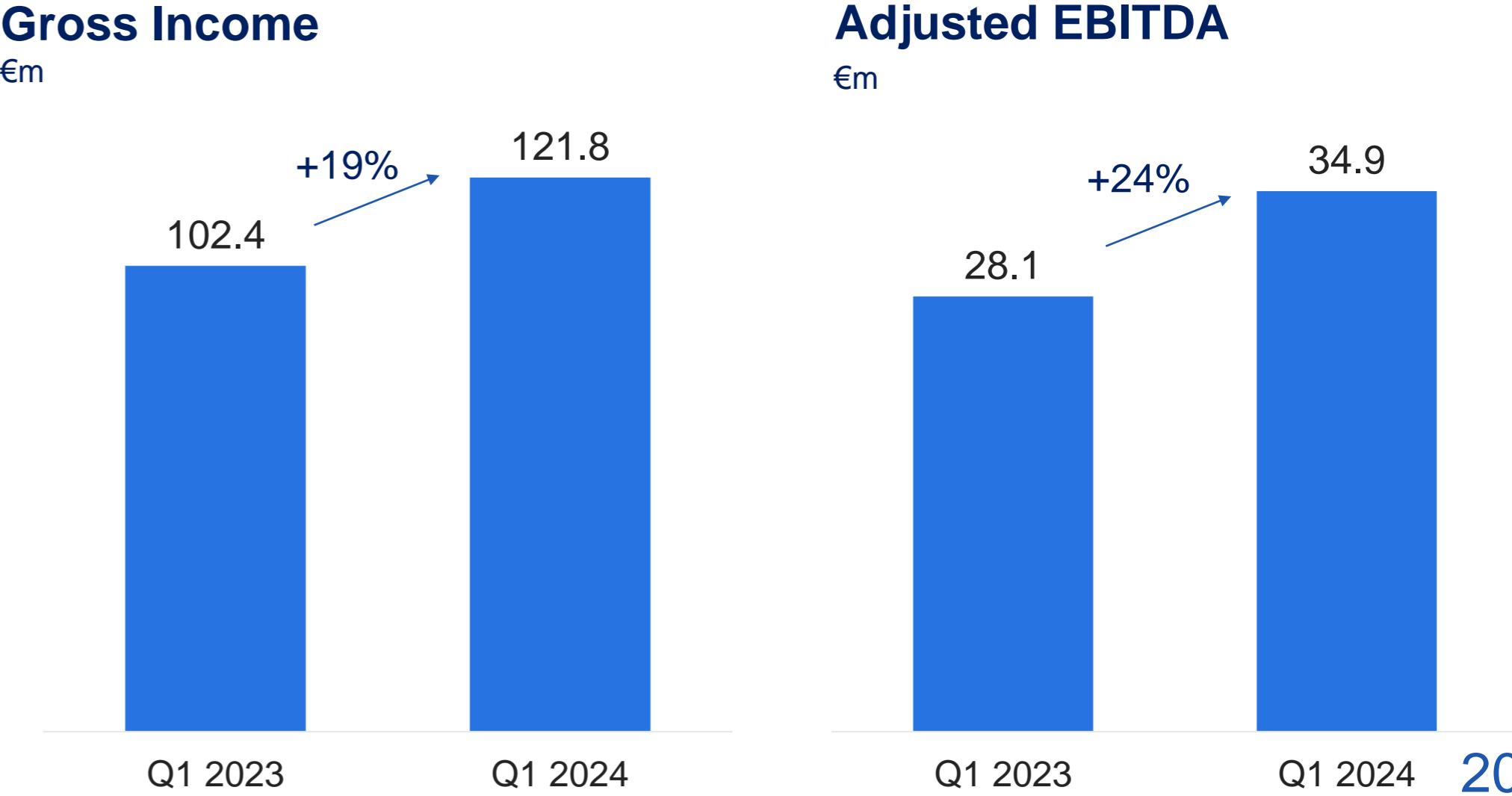
Q1 2024 results summary

- Quarterly income up 19% YoY to €122m, maintaining seasonally strong Q4 levels
- Adjusted EBITDA €35m in Q1 2024, up 24% from Q1 2023; EBITDA margin of 34%
- Strong underlying demand and stable online loan issuance YoY
 - Core markets including Czechia and Spain delivering growth
 - Launch of Mexico in Q4 2023 showing encouraging signs
- Continued strong growth and profitability from TBI Bank
- Cost/income ratio of 43.3% in Q1 2024, an improvement from 46.0% in the prior year period
- Cost of risk stable overall. Growth in TBI portfolio leads to proportionate growth in provisions, with reduction in online impairment charge from prior quarters
- New credit rating of 'B' assigned by Fitch with stable outlook

Adjusted EBITDA by quarter



Year-on-year comparison



See appendix for definitions of key metrics and ratios

TBI Bank profitable growth with well diversified funding

- Continued issuance growth, up 22% YoY, driving operating income increase
- Further growth in deposits (c.€1.2bn) 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 c.4,600 merchant partner check-out points, initial launch of banking app and insurance product, and monthly lending volume amounting to €7.8m
- Increasing proportion of customers onboarded to market-leading banking App: 63% in Mar'24 in Bulgaria from 42% a year ago, with more self-service features
- Demand for direct-to-consumer neon card with shopping limit continues to grow with number of issued cards currently standing at c.140k; neon card launched in Google Pay and Apple Pay
- Further digitisation initiatives across the business, including onboarding and risk management
- Inaugural Moody's rating of Ba2 (deposit rating) and Ba3 (senior unsecured debt) with stable outlook assigned in October 2023

tbi bank

Book value 31 Mar 2024
€240m

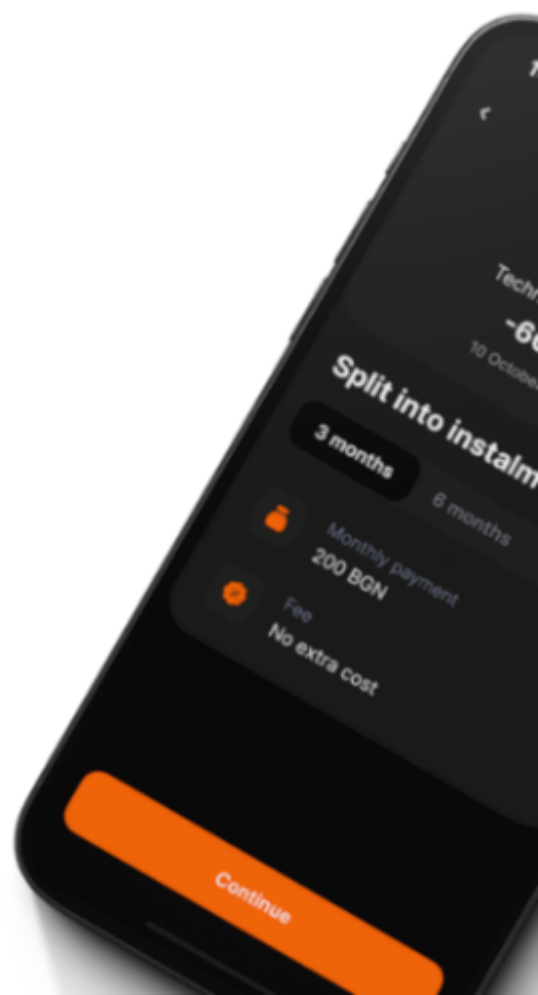
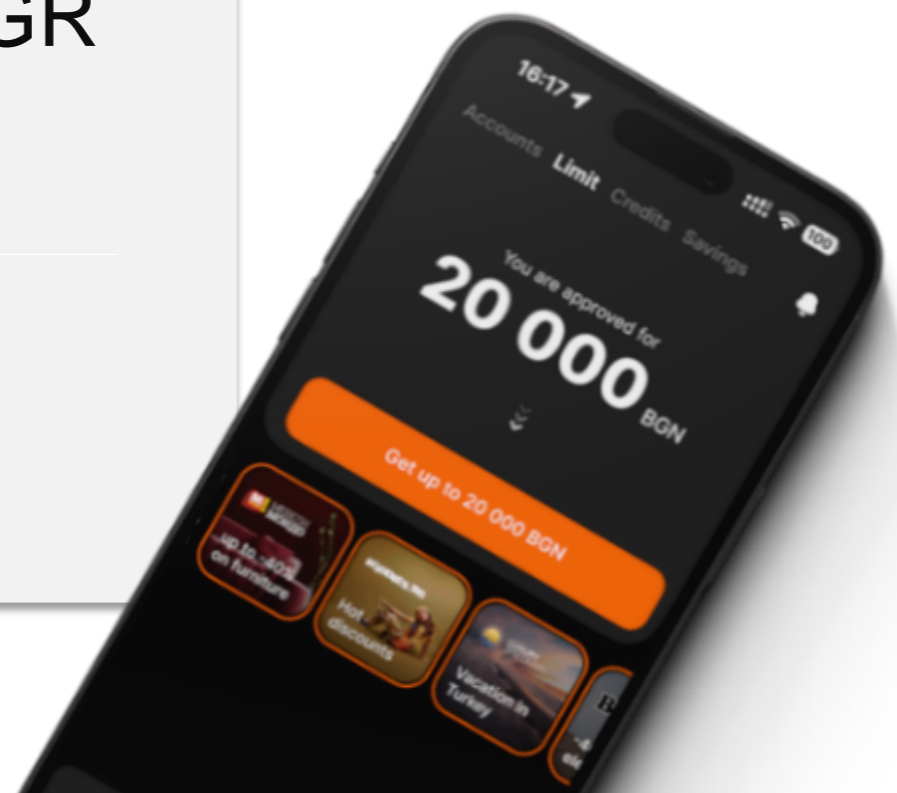
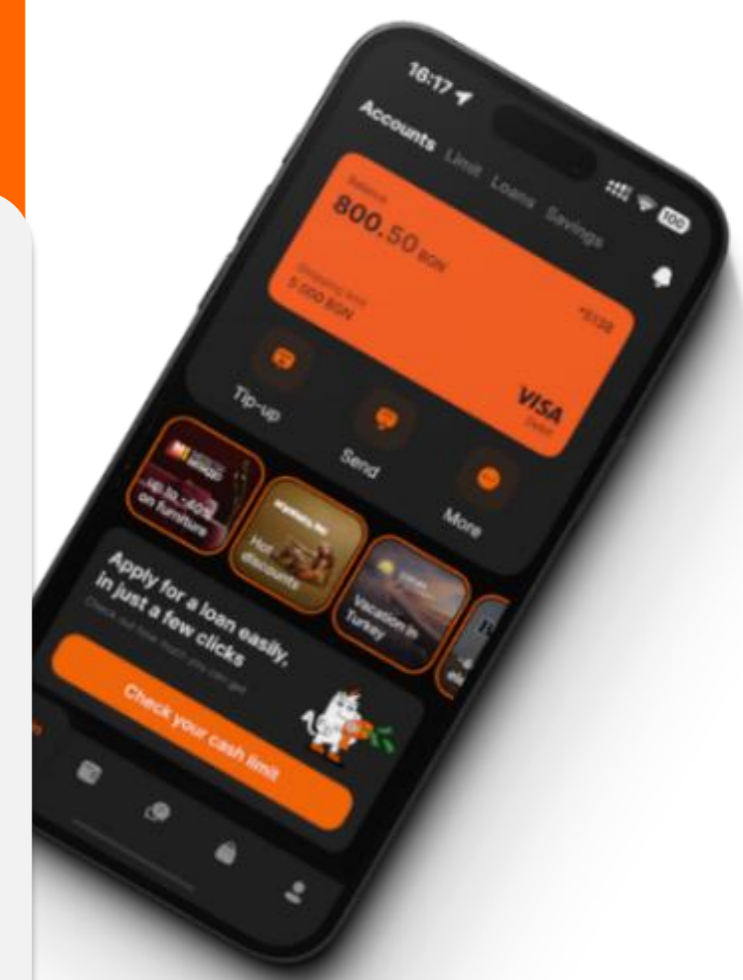
Operating Income Q1 2024
€59m (+28% YoY)

Net profit Q1 2024
€11.6m (€8.2m in Q1 2023)

ROAE 31 Mar 2024
19.4%

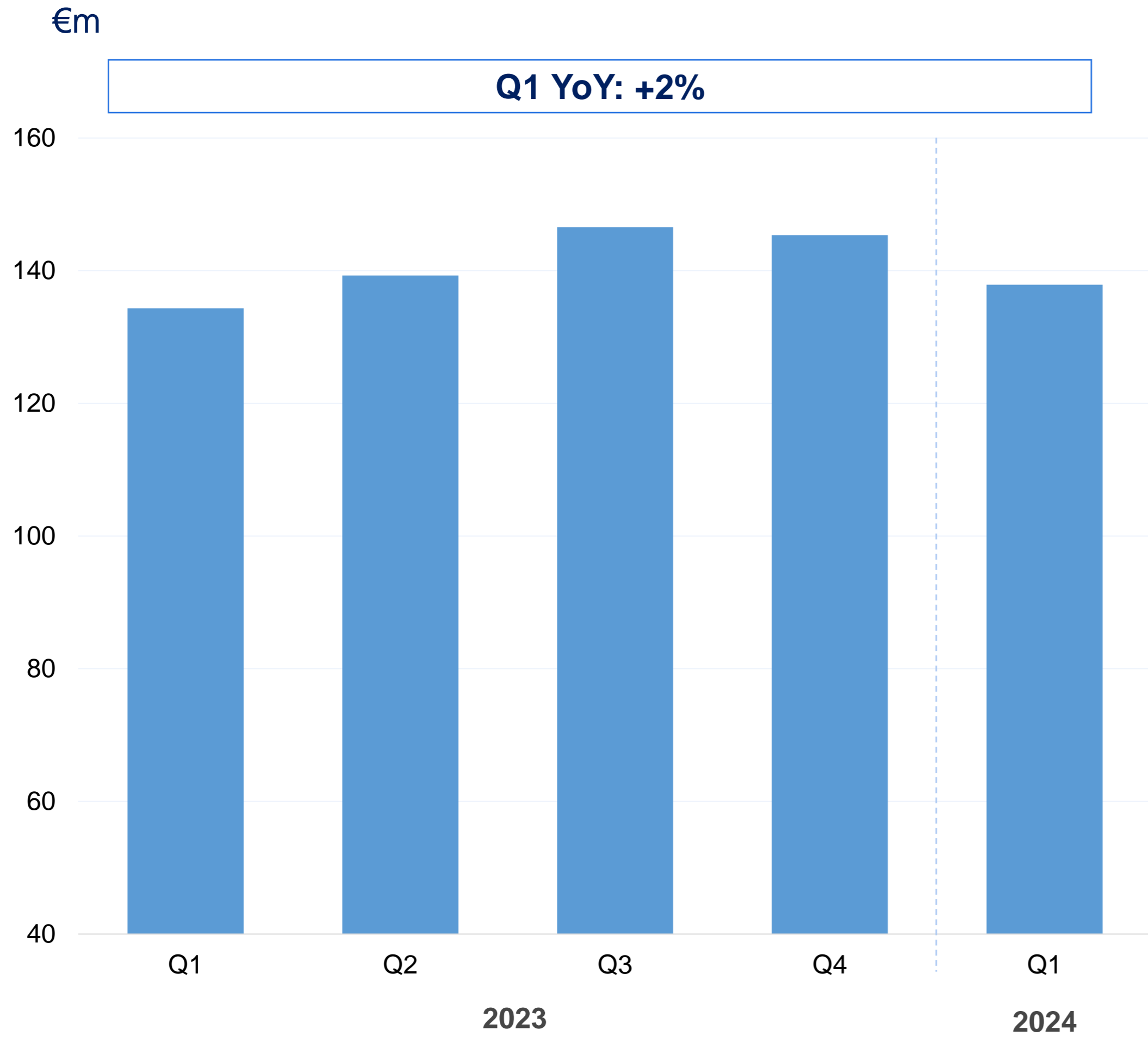
8-year operating income CAGR
21%

Active customers
~800k



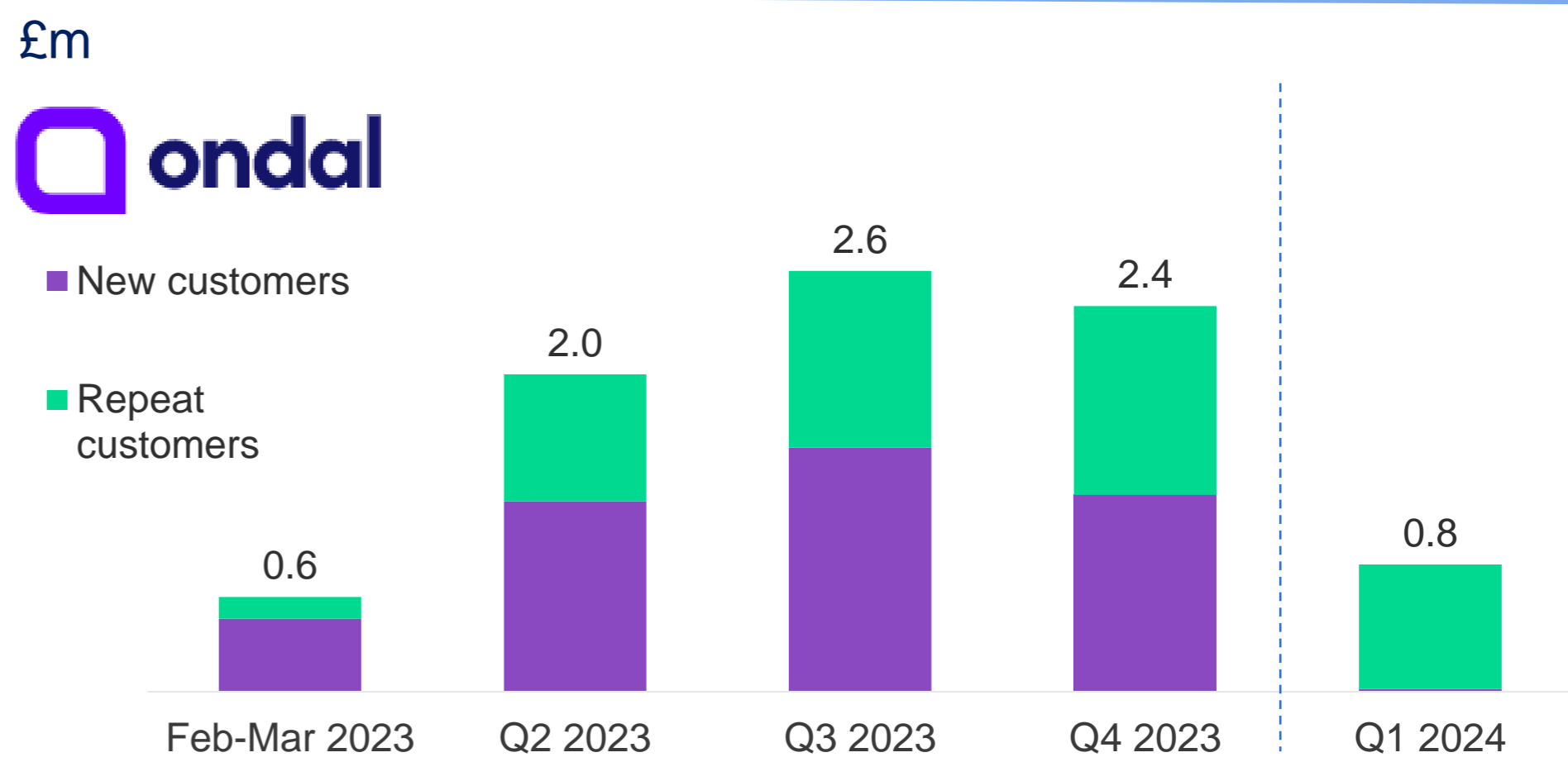
Online loan issuance: growth in existing and new markets

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

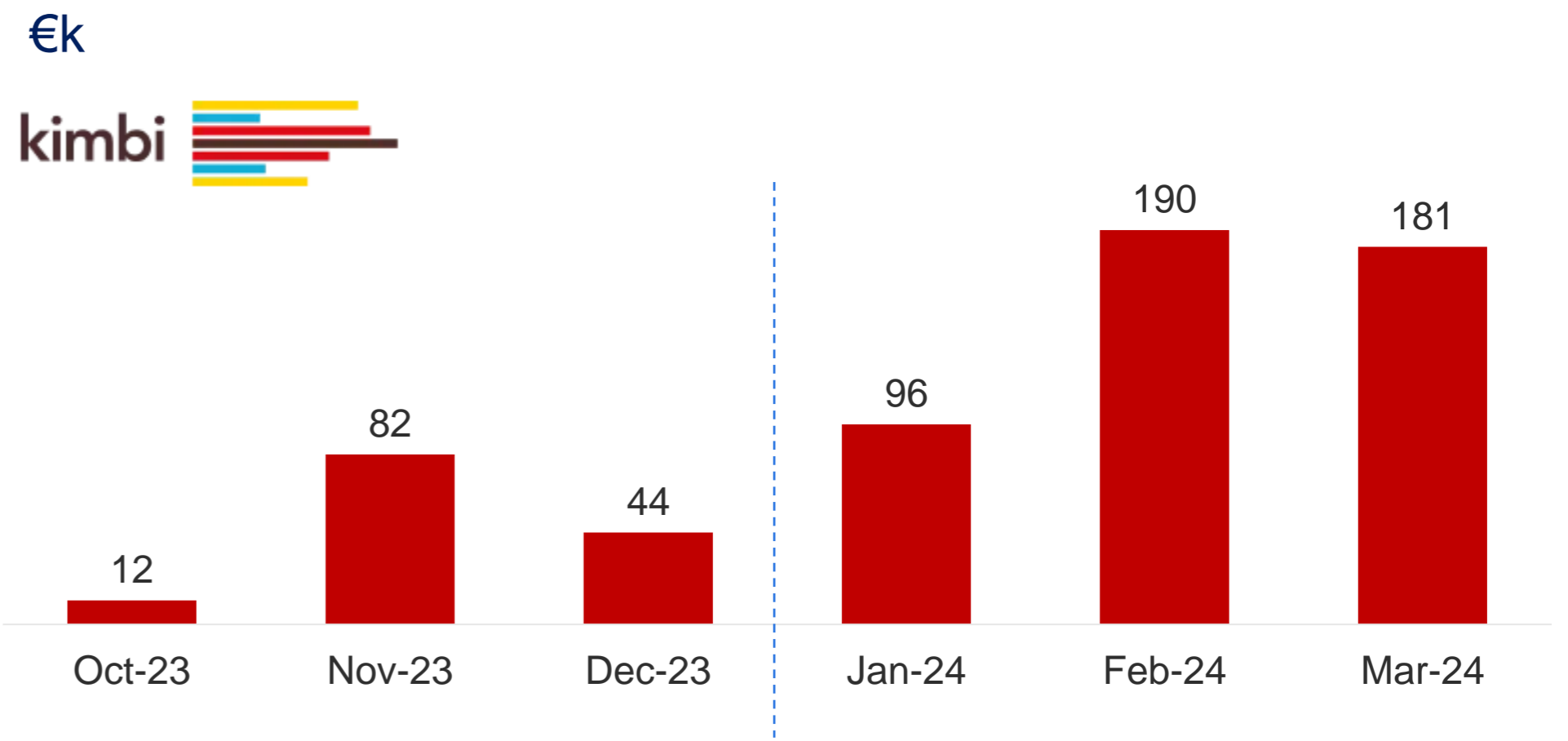


Note (1): Active online products as of 31 March 2024 (excluding TBI Bank, UK and Mexico)

New markets: UK joint venture loan issuance



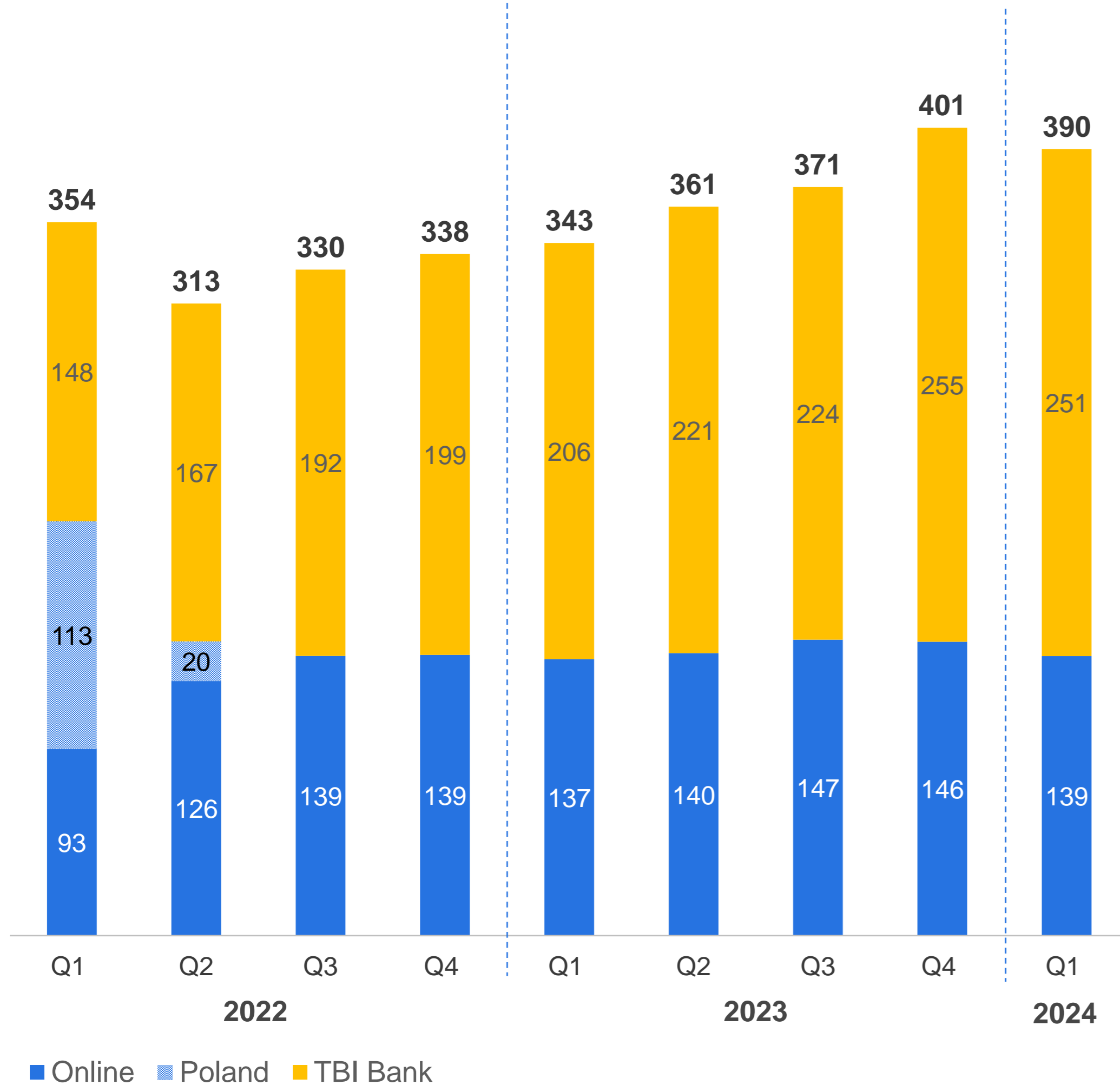
New markets: Mexico monthly loan issuance



Overall loan issuance and gross income

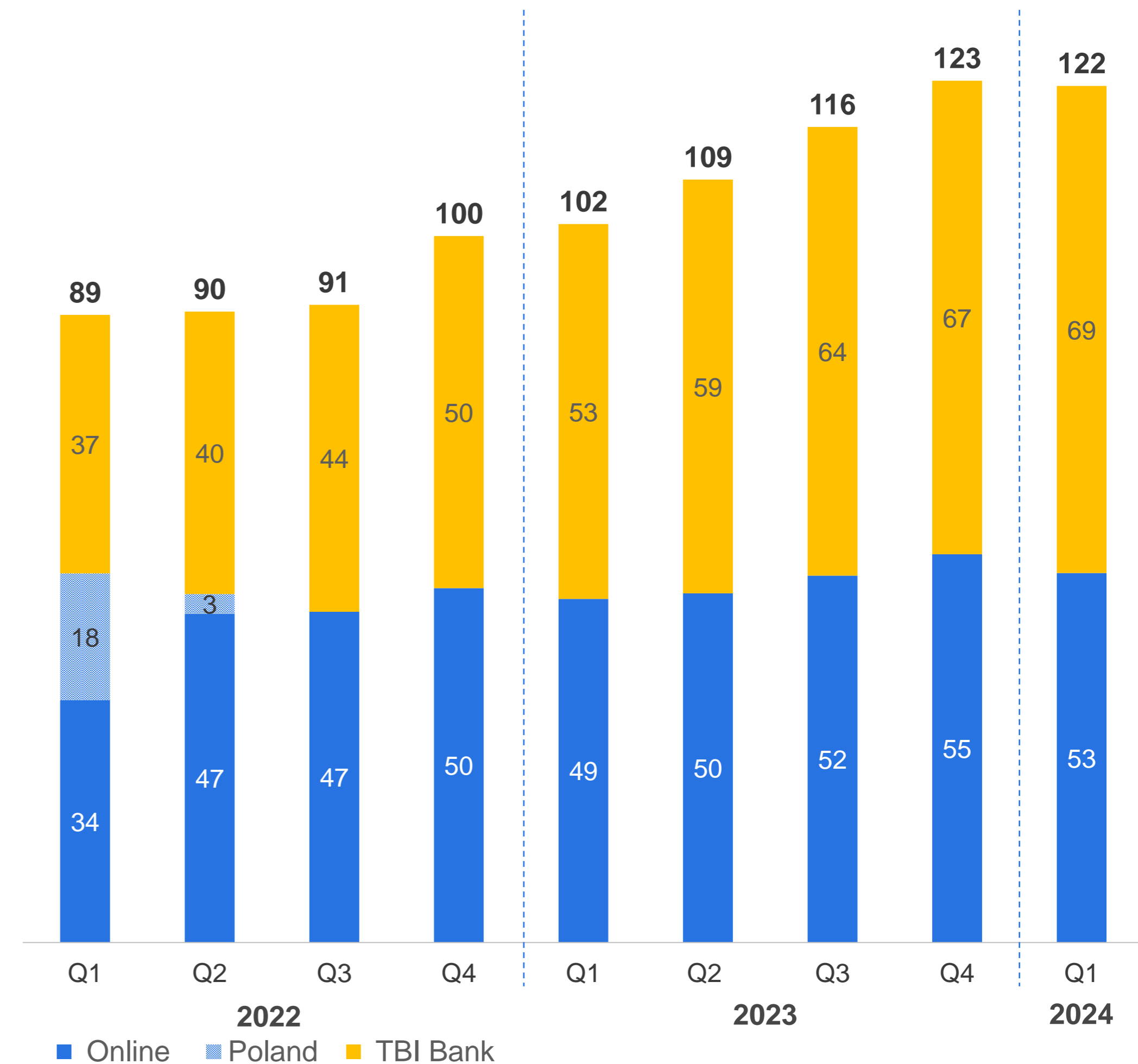
Quarterly loan issuance

€m



Quarterly gross income (1)

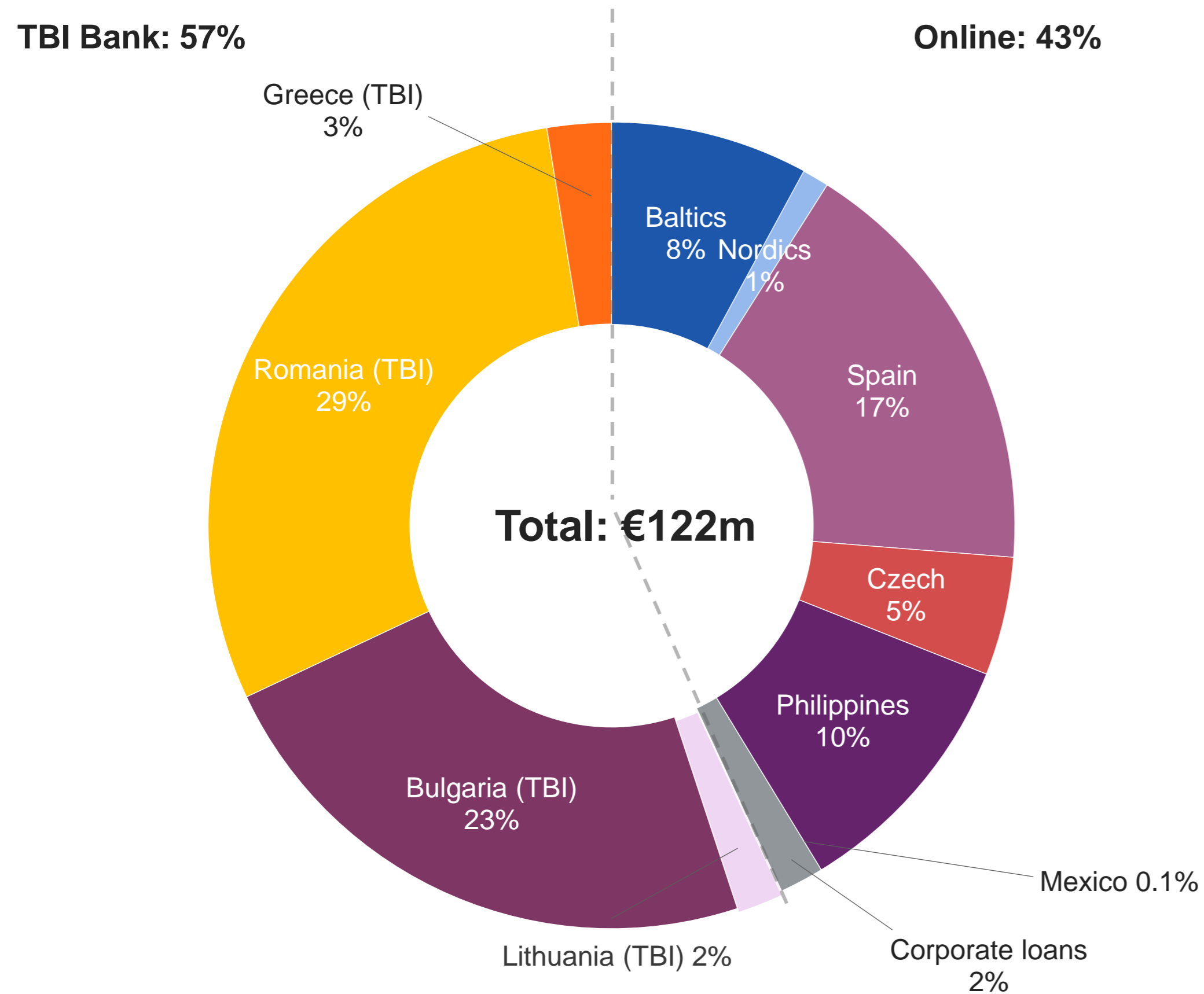
€m



Note (1): Gross income includes interest income, net fees & commissions and other operating income. No restatement has been made for Poland

Our income remains diversified

3M 2024 gross income by country



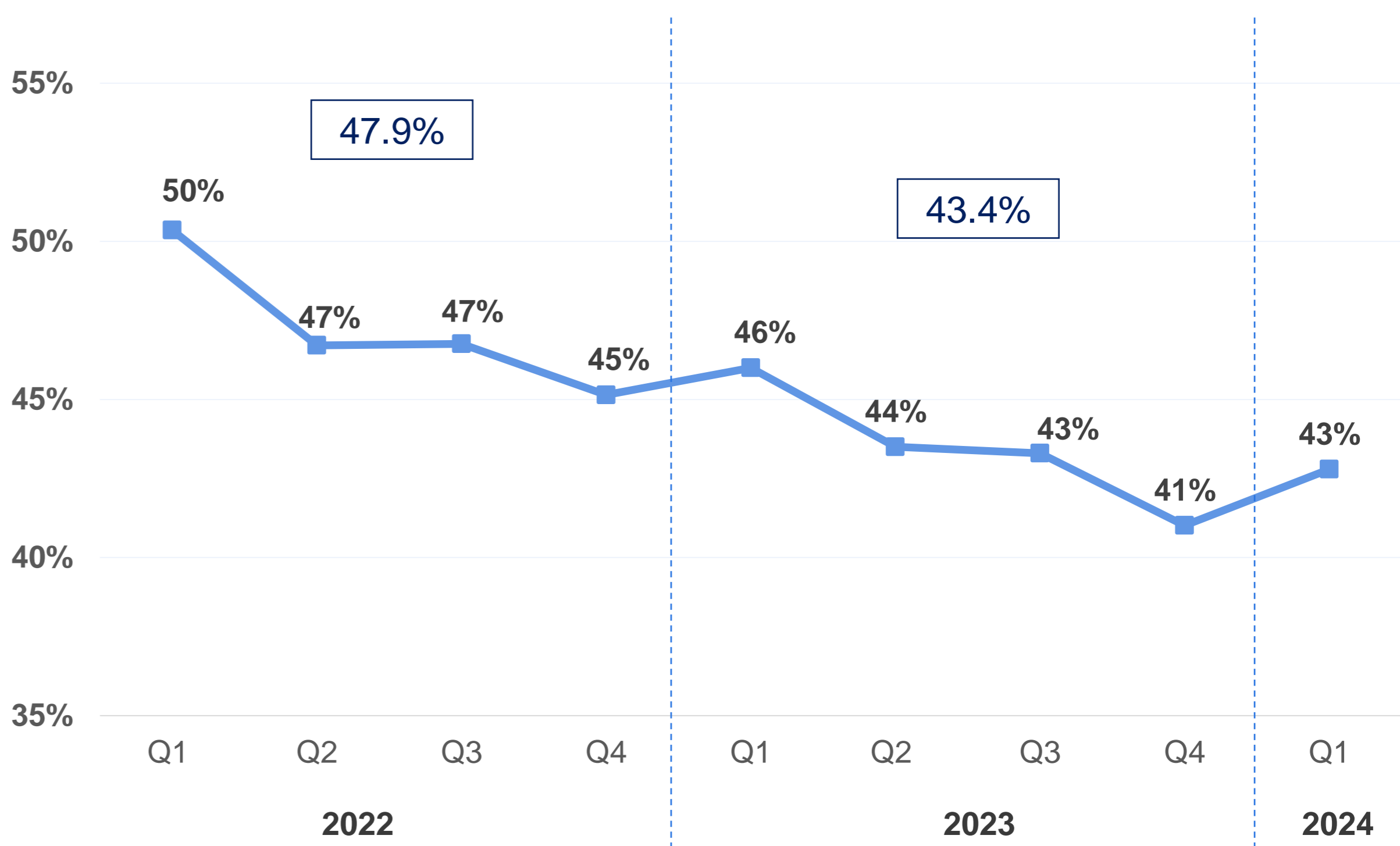
- Footprint in 8 online markets plus TBI Bank
 - Baltics: Latvia & Lithuania
 - Sweden
 - Spain
 - Czech Republic
 - Philippines
 - United Kingdom
 - Mexico
- Clear regulatory framework in place in most markets
 - Contrast to position of 3+ years ago
 - Demonstrated ability to adapt and share best practice
- 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

See appendix for definitions of key metrics and ratios

Operating cost drivers

- Online business: costs held steady with continued focus on leveraging operational efficiency. Quarterly costs flat year-on-year with €4m income growth
- Investment in marketing activities for new products in Q1 2024, but not chasing volume in products where acquisition costs were higher in Q4/Q1
- TBI Bank: continued investment to support growing business and new initiatives
- Robust cost budgeting process at the end of 2023 setting the tone for continued focus on cost optimisation

Quarterly cost to income ratio, %



Quarterly operating costs ⁽¹⁾

€m	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024
Online	19.1	19.0	18.0	18.9	19.1
TBI Bank	21.0	21.4	24.9	24.0	25.7
Total costs	40.1	40.4	43.0	42.9	44.7

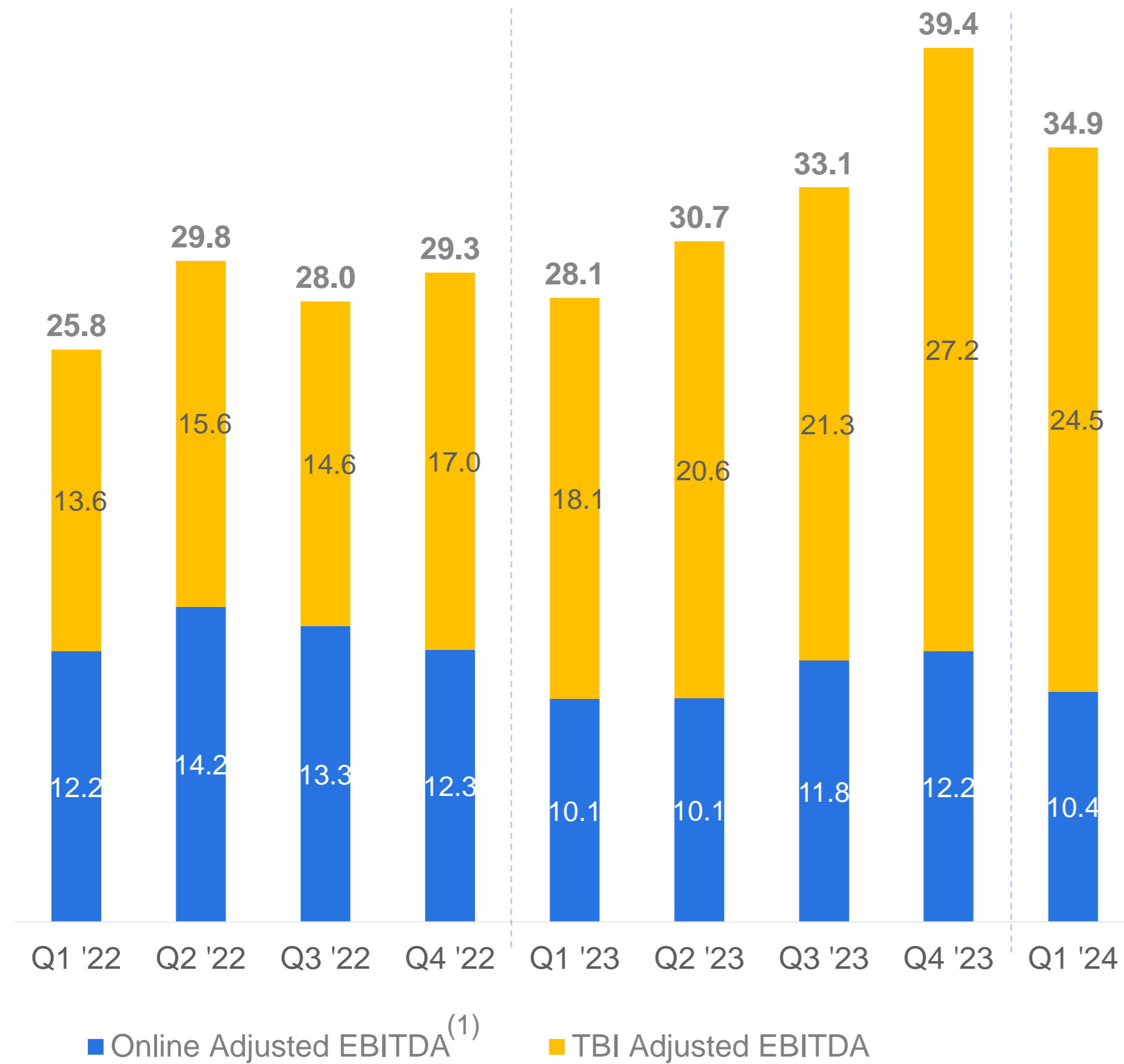
See appendix for definitions of key metrics and ratios

Note (1): Q4 costs for 2022/23 have been adjusted to reflect respective year's audited figures

Improved EBITDA and leverage metrics

Proforma Adjusted EBITDA

€m



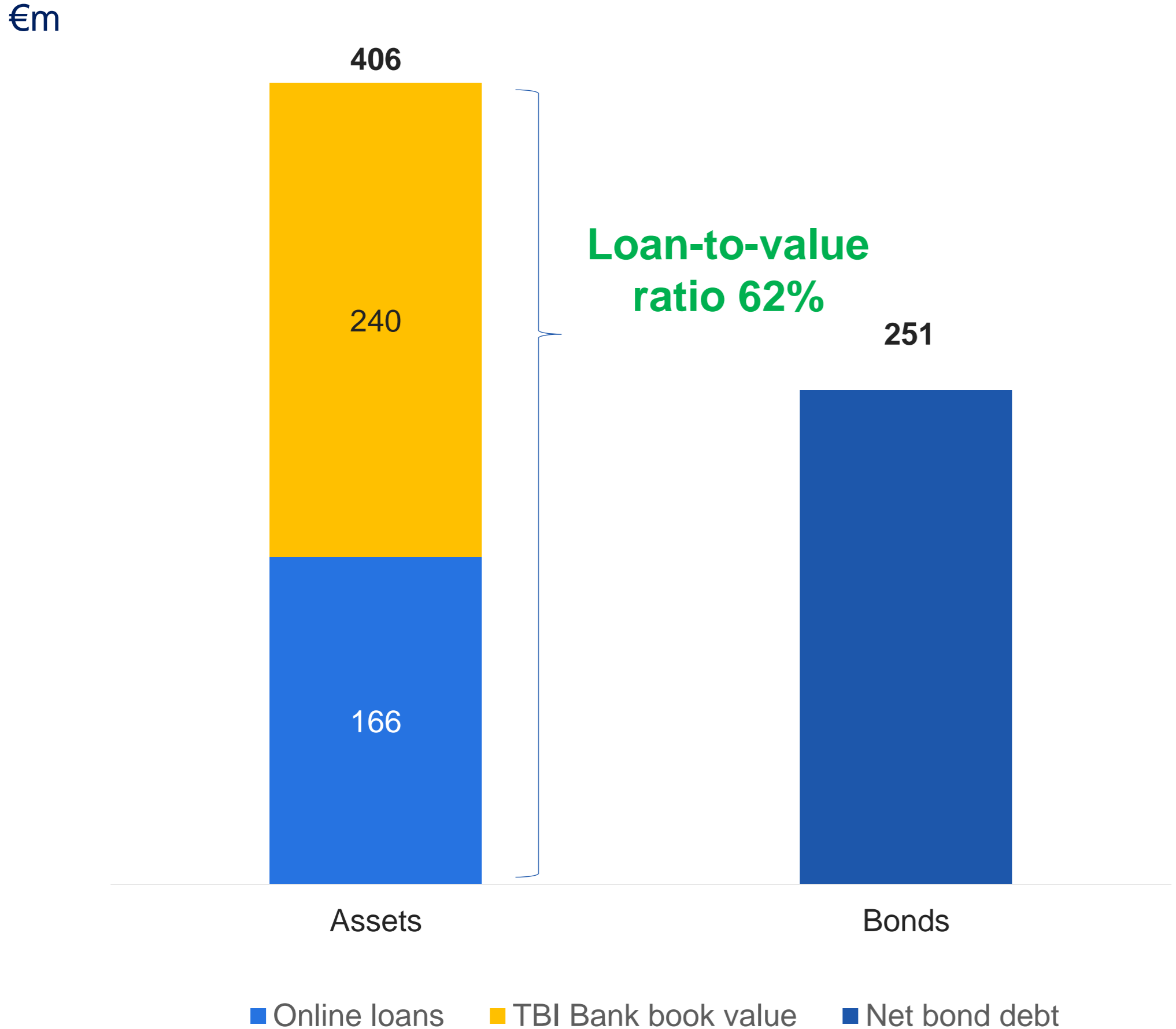
- Solid quarterly EBITDA of €35 million
- Significant reduction in leverage and interest expense in recent years
- Online business alone is delivering EBITDA of c.1.7x bond interest on current run-rate
- Balanced maturity profile, with next maturity in October 2026 and manageable bond sizes
- Overall credit metrics improved significantly from pre-Covid levels. In approximate run-rate terms:

	Early 2020	Q1 2024
Net debt (€m)	~360	~250
Adj. EBITDA (€m)	~90	~135
Multiple	~4x	<2x

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

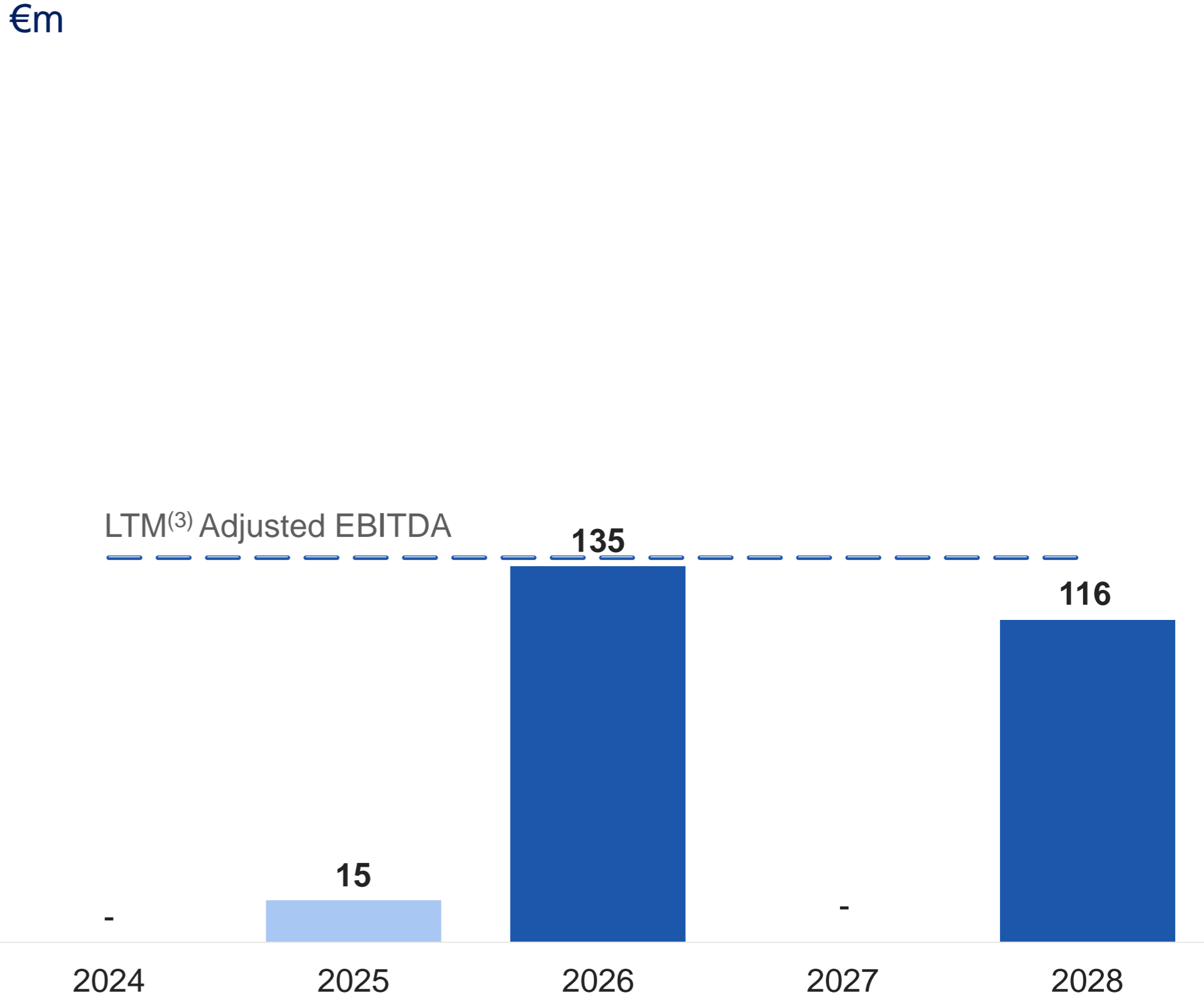
Strong asset coverage, balanced maturity profile

“Loan to value” illustration, 31-Mar-2024 ⁽¹⁾



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.

Bond maturity schedule ⁽²⁾

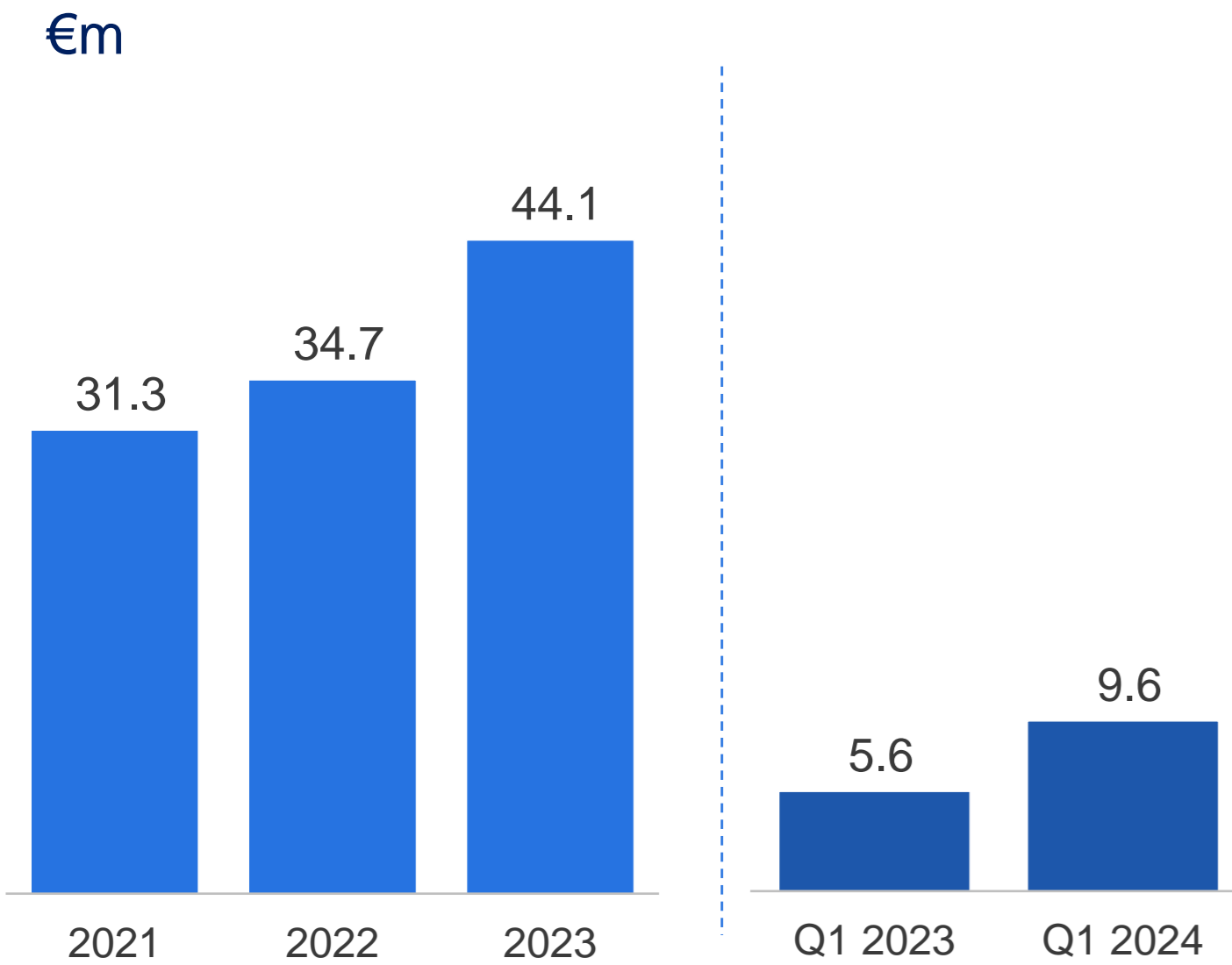


Note (2): Represents the principal value of public bonds outstanding that comes due in each respective period, net of buybacks. The EUR 15 million amount in 2025 represents maximum outlay for put option in Feb 2025. Any bonds not repurchased then would be repayable in 2028 in addition to EUR 116m shown

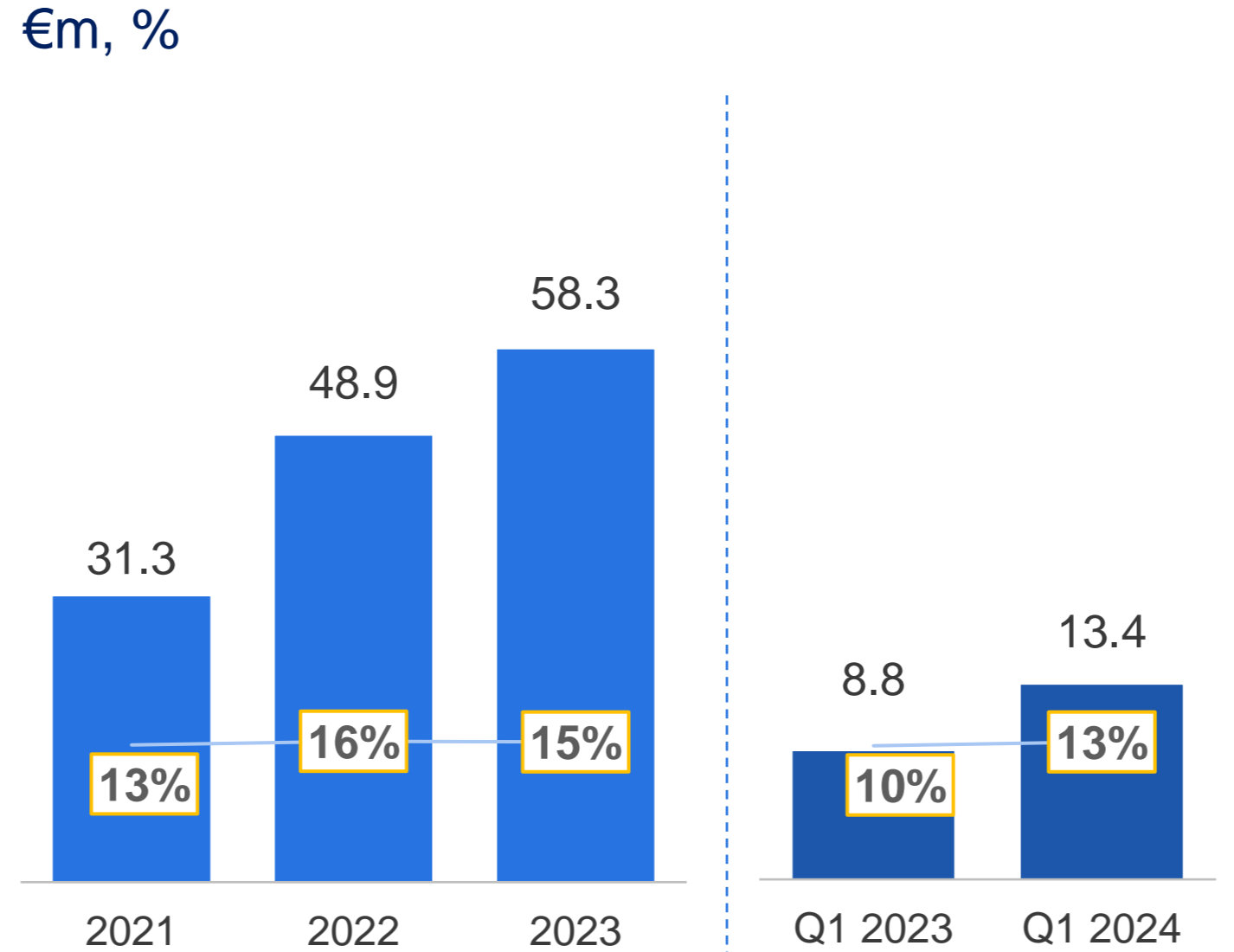
(3) LTM – Last twelve months, ie pro-forma last 4 quarters Adjusted EBITDA

Strong track record of profitability

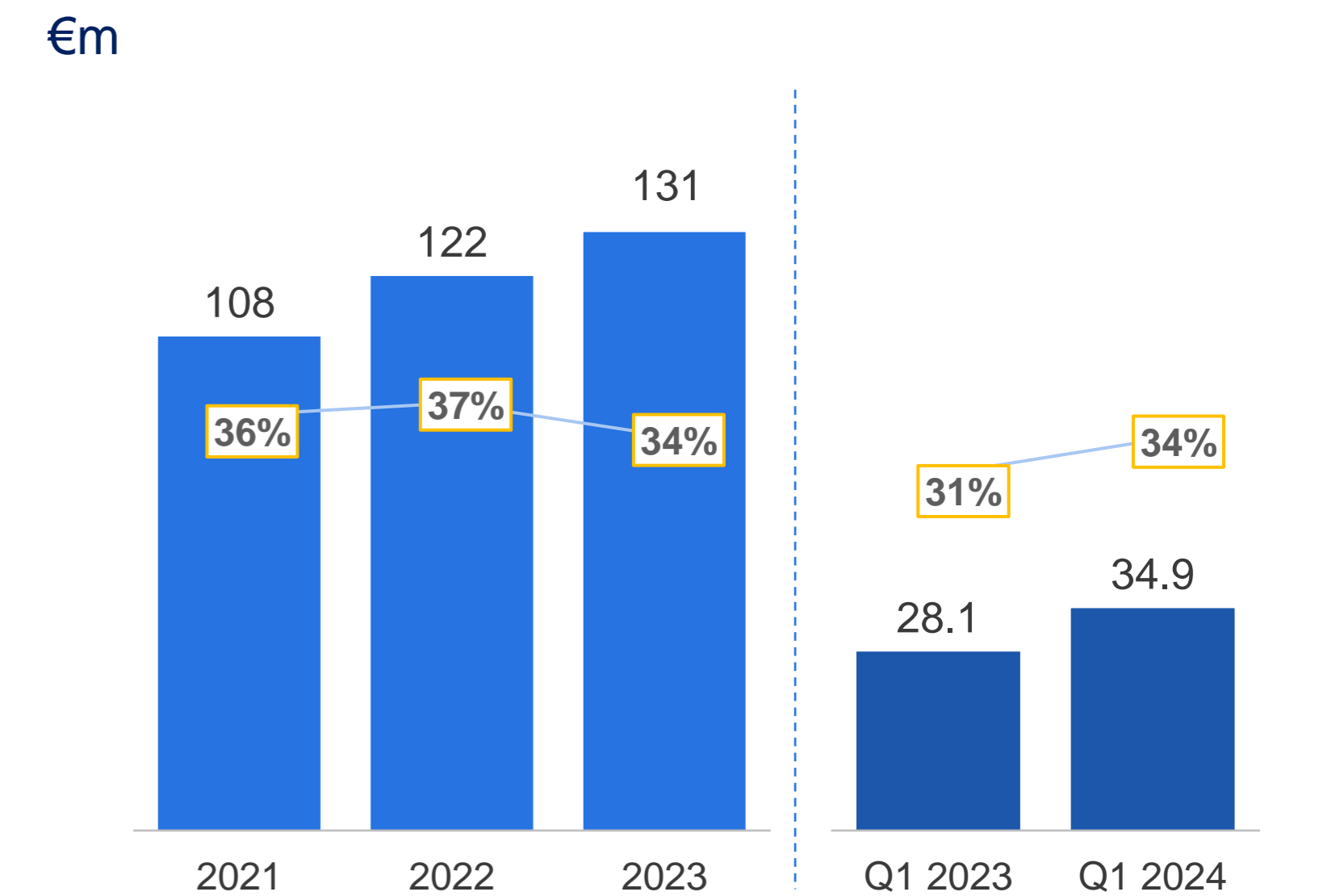
Profit after tax⁽¹⁾



Profit before tax / PBT margin⁽¹⁾ (%)



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



- Strong track record of profitability and EBITDA generation, both in the online business and TBI Bank
 - Online business profit after tax of €2.6m in Q1
- Delivering attractive EBITDA and PBT margins
- Investing for further growth, but with deliberate, step by step approach to maintain appropriate returns

Notes:

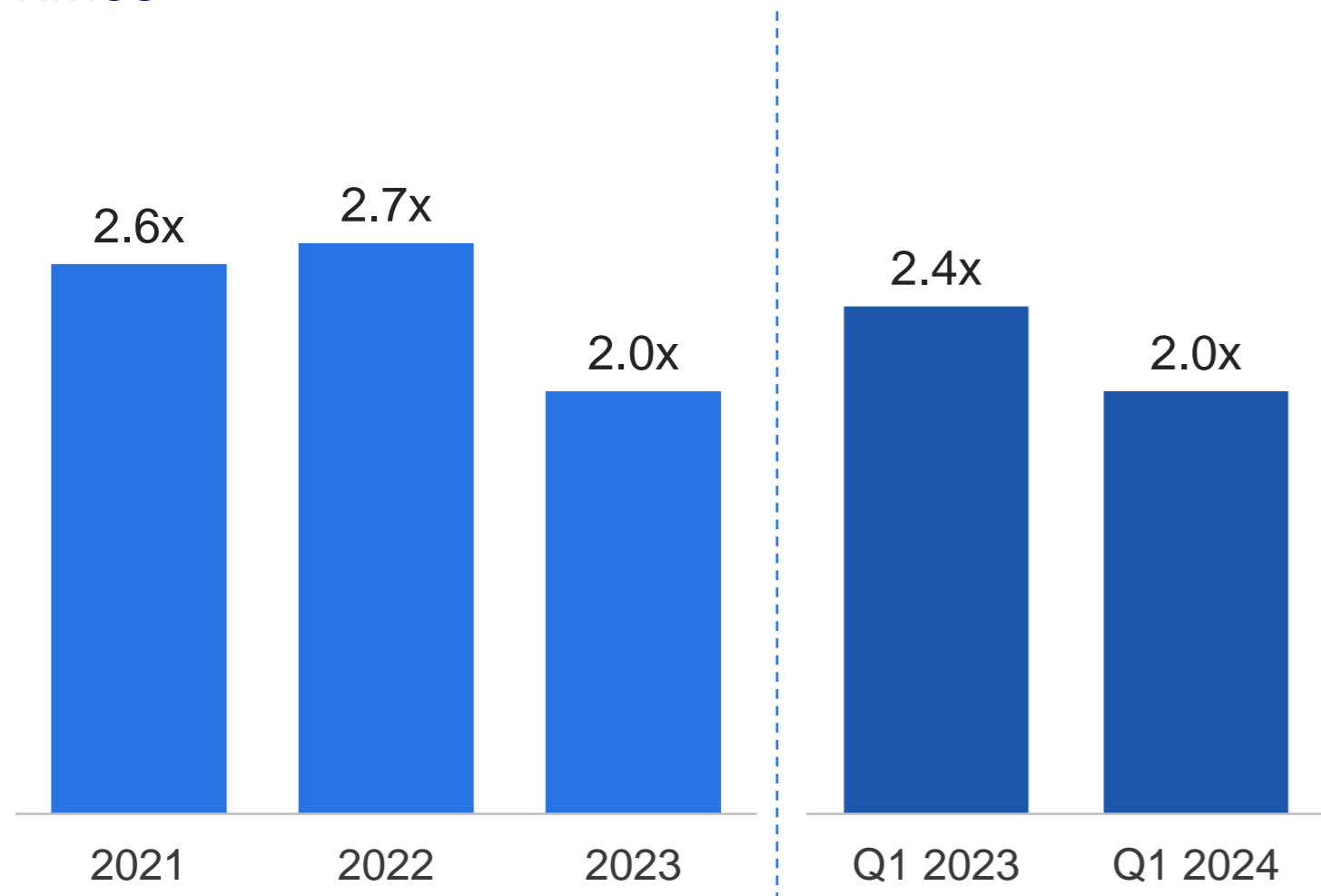
(1) 2022 figure reflects continuing operations

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

Resilient credit ratios, influenced by growth of TBI

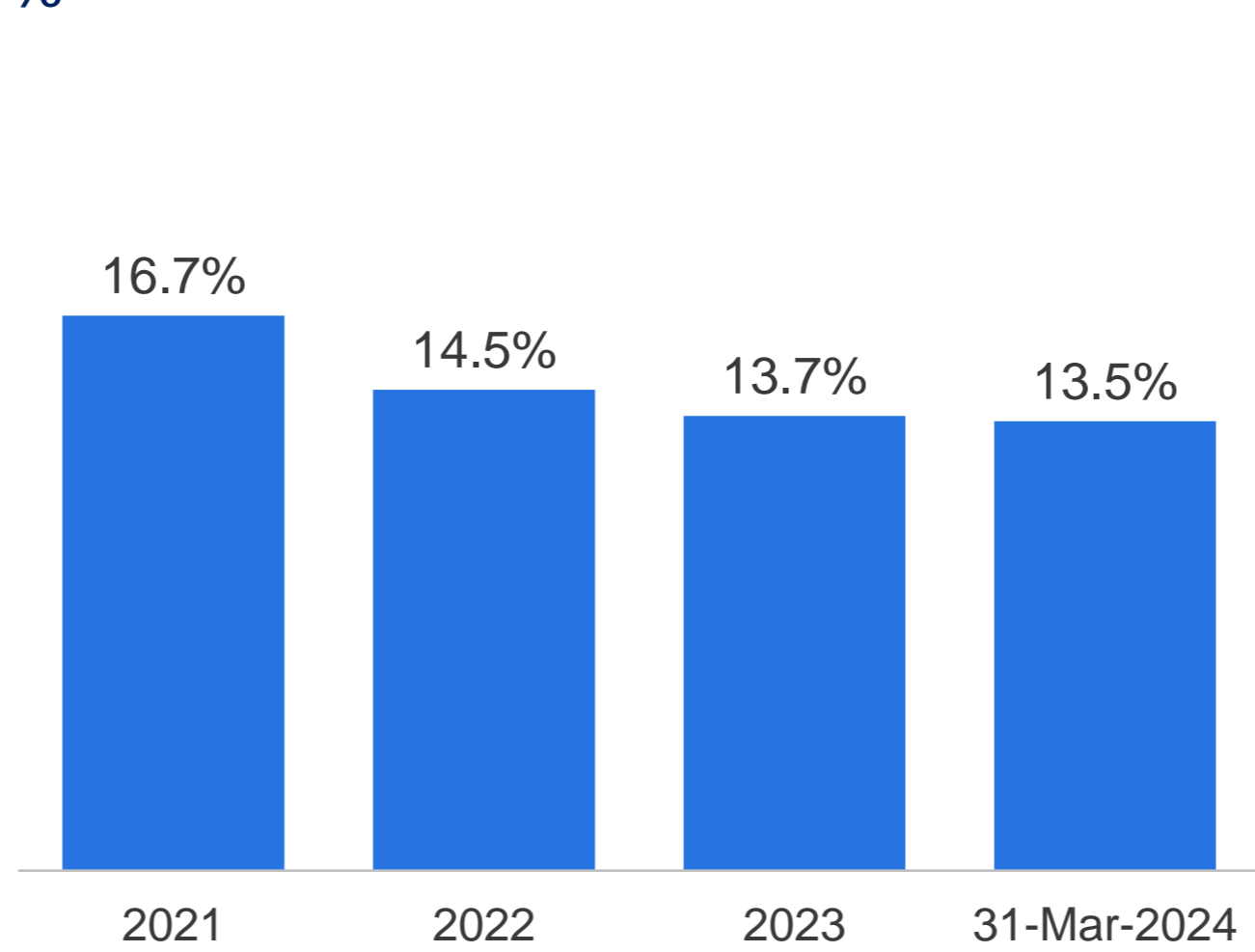
Covenant interest coverage ratio⁽¹⁾

Times



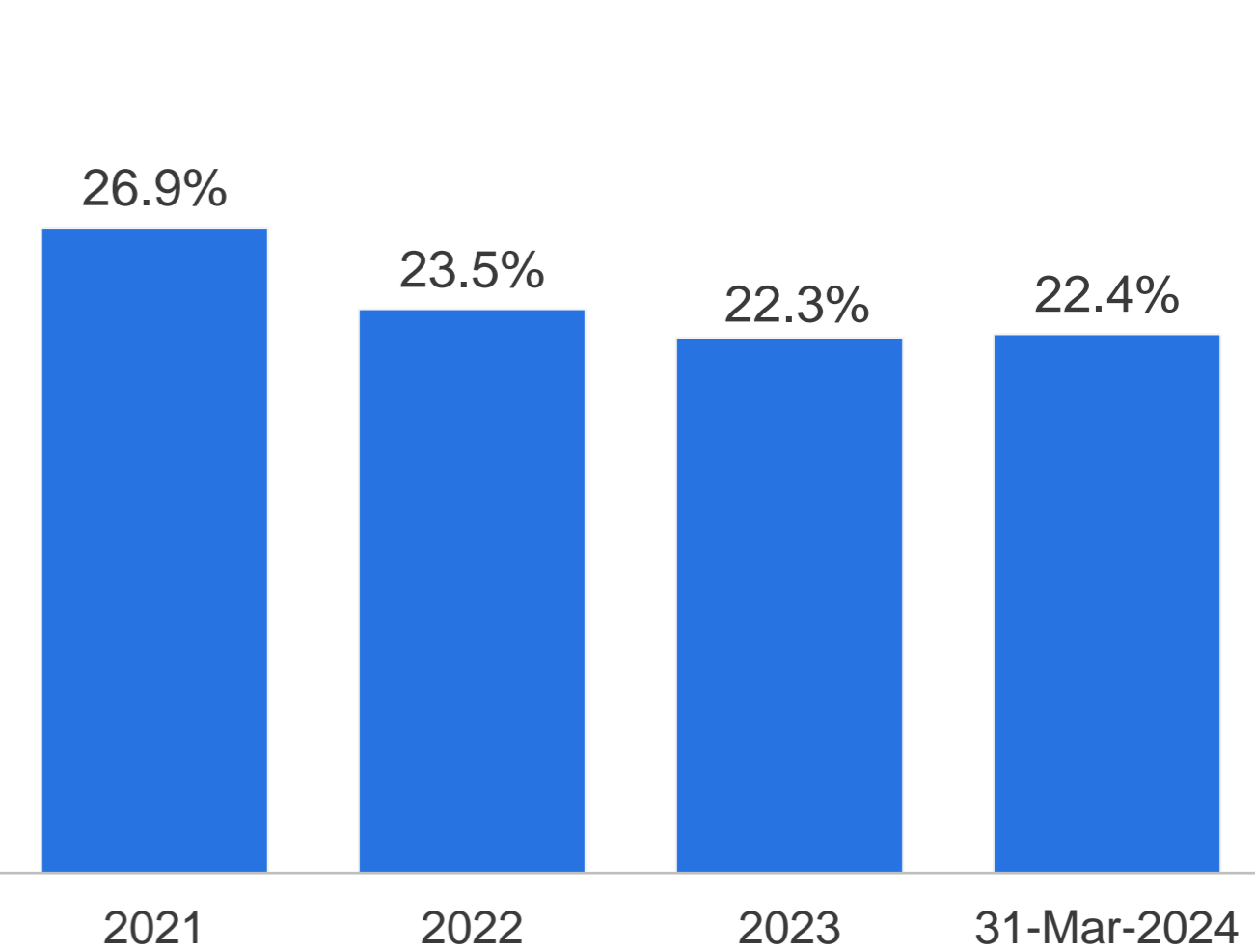
Equity to assets ratio

%



Equity to net receivables ratio⁽²⁾

%



- Strong overall balance sheet capitalisation and funding position
- Comfortable credit ratios for interest coverage and equity to assets / receivables
- Growth of TBI Bank in recent years has heavily influenced both ratios
 - TBI’s interest expense increased from €13m in 2022 to €37m in 2023, impacting on overall coverage ratio despite reduction in bond debt
 - TBI’s equity contribution grew by €76m from Dec 2021 to Dec 2023, but assets increased by €773m and net receivables by €470m

Notes:

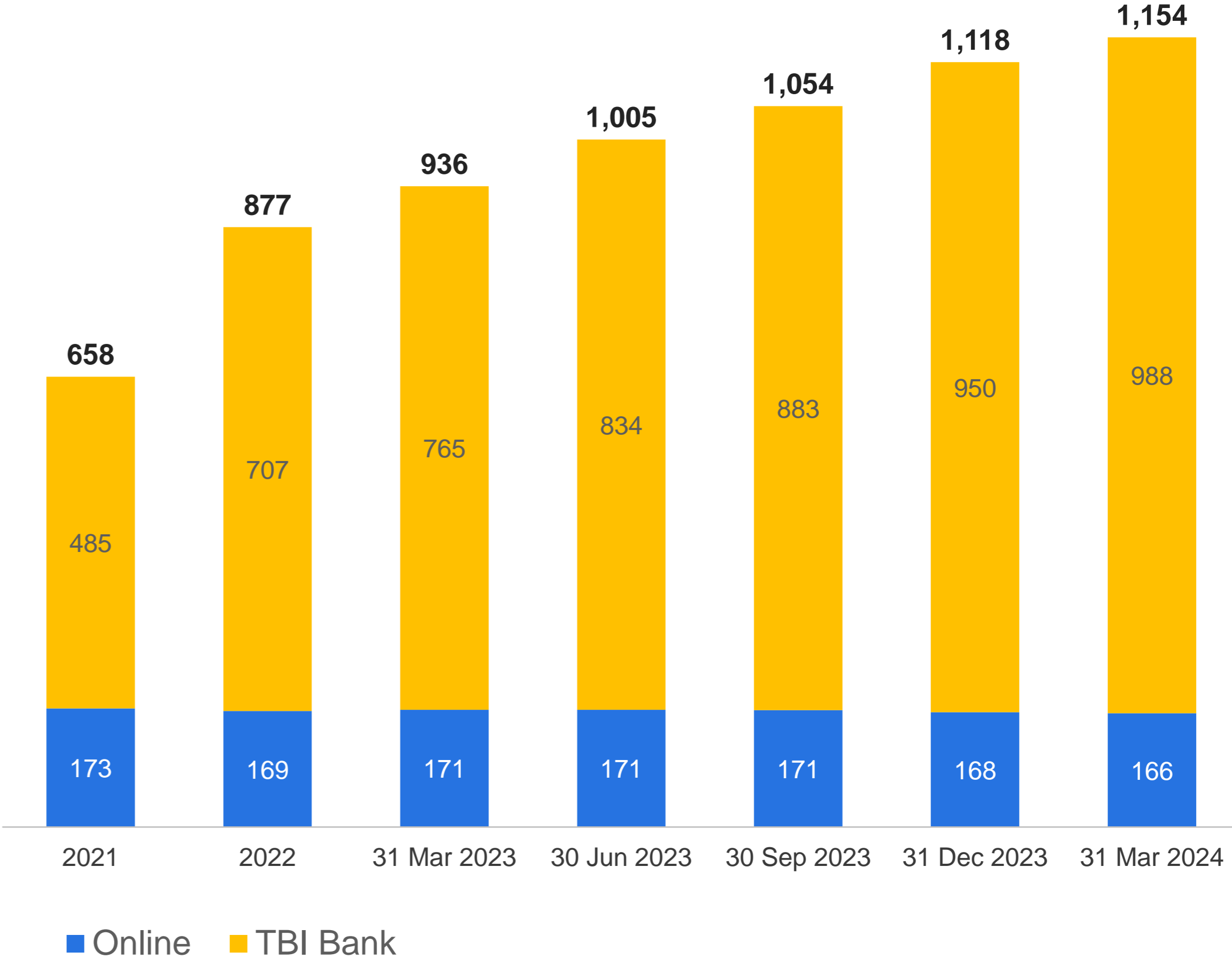
(1) The graph is shown based on the calculation of interest coverage ratio as described in results report, based on proforma last twelve-month figures, as at the date of publication of the respective period results
 (2) The full covenant calculation of equity/net loans includes other loans and finance leases, and is currently 21%

Diversified and growing loan portfolio

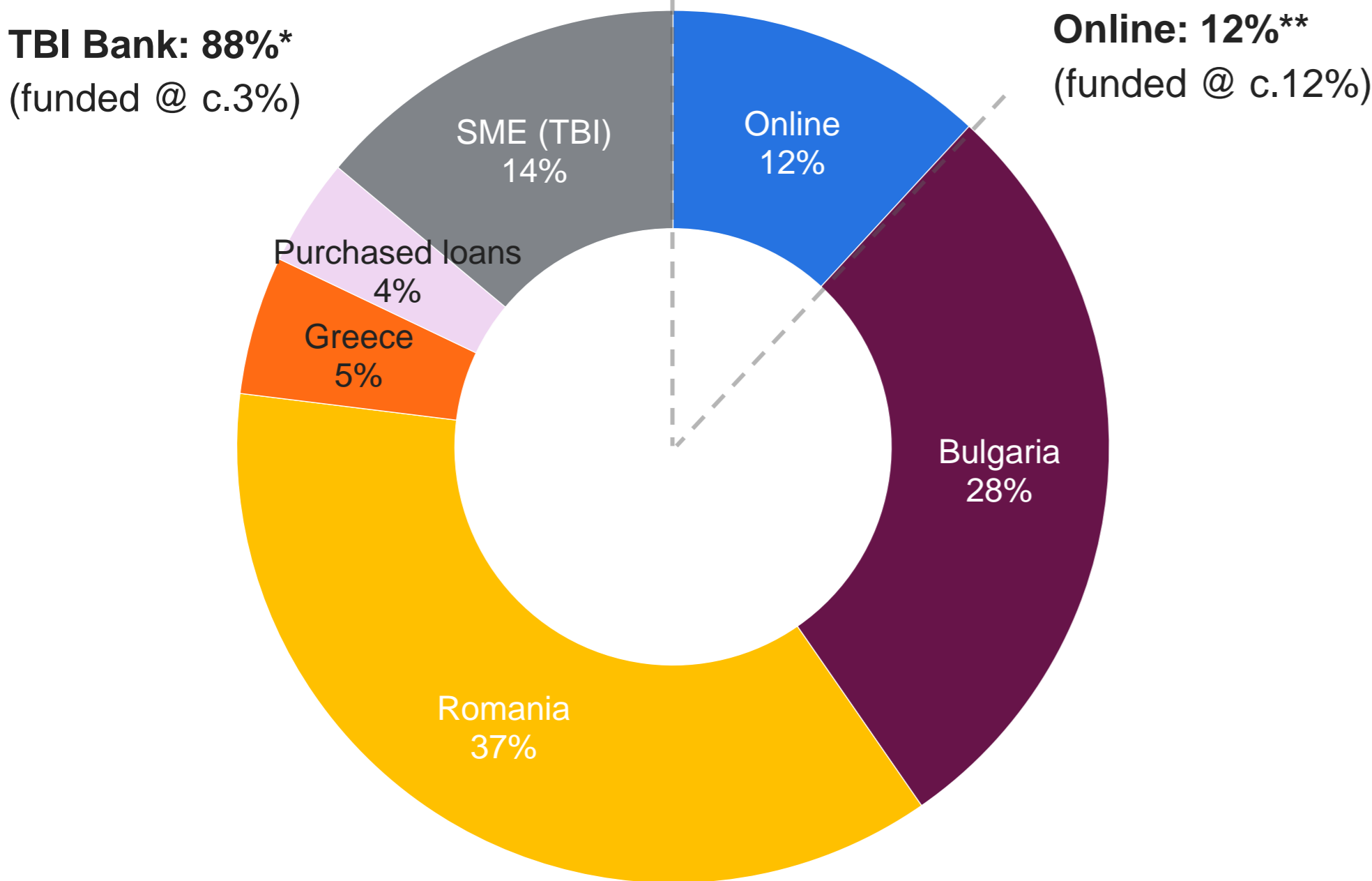
- Strong performance in loan issuance in Q1 supported net receivables growth in TBI Bank portfolios
- Overall net receivables including Poland loan of €1,154m
 - 3% increase during Q1
 - 86% consumer loans

Net receivables**

€m



Net receivables, 31 March 2024



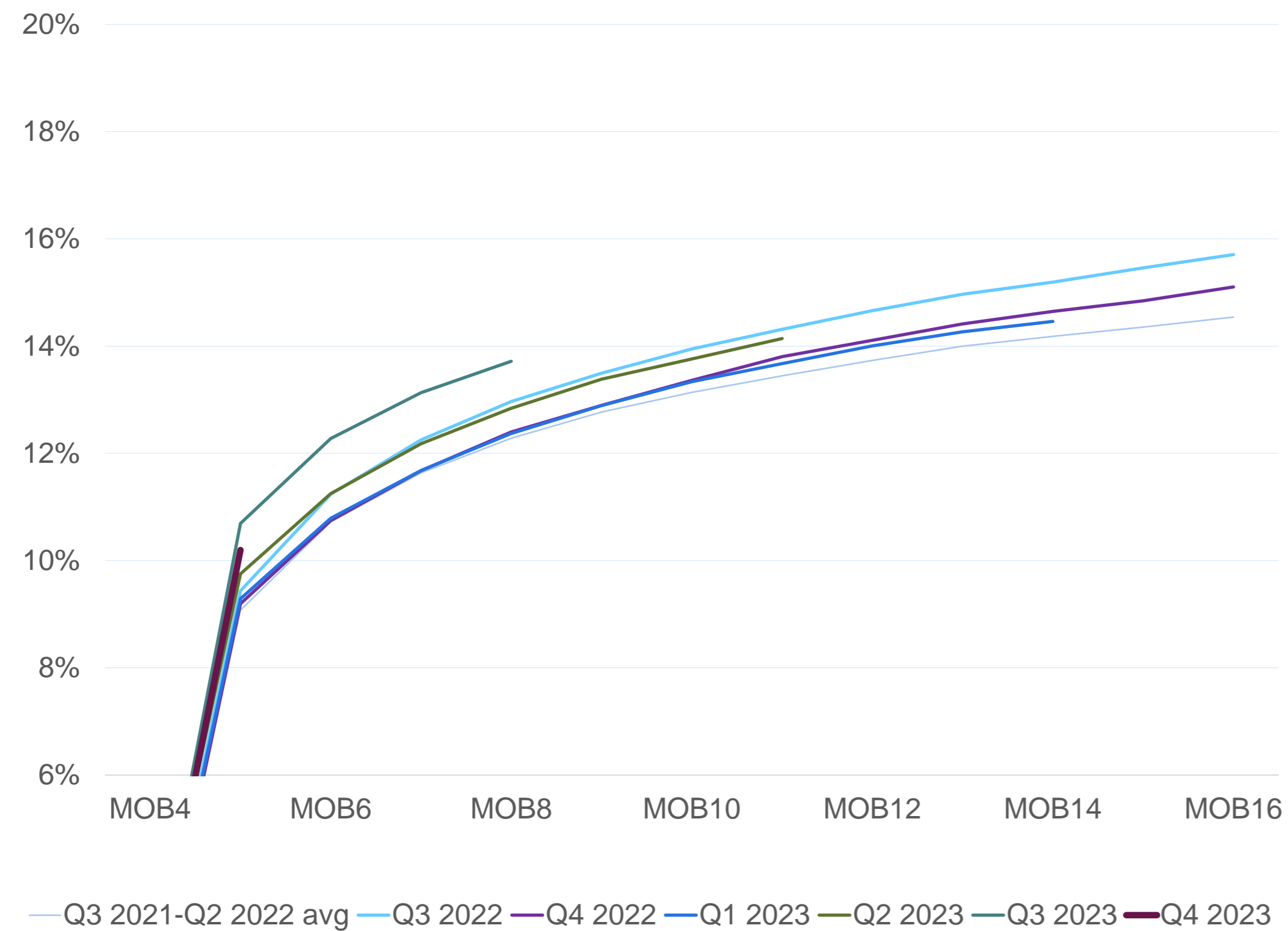
See appendix for definitions of key metrics and ratios

* Includes TBI bank, BG online and €45m of purchased Lithuania portfolio

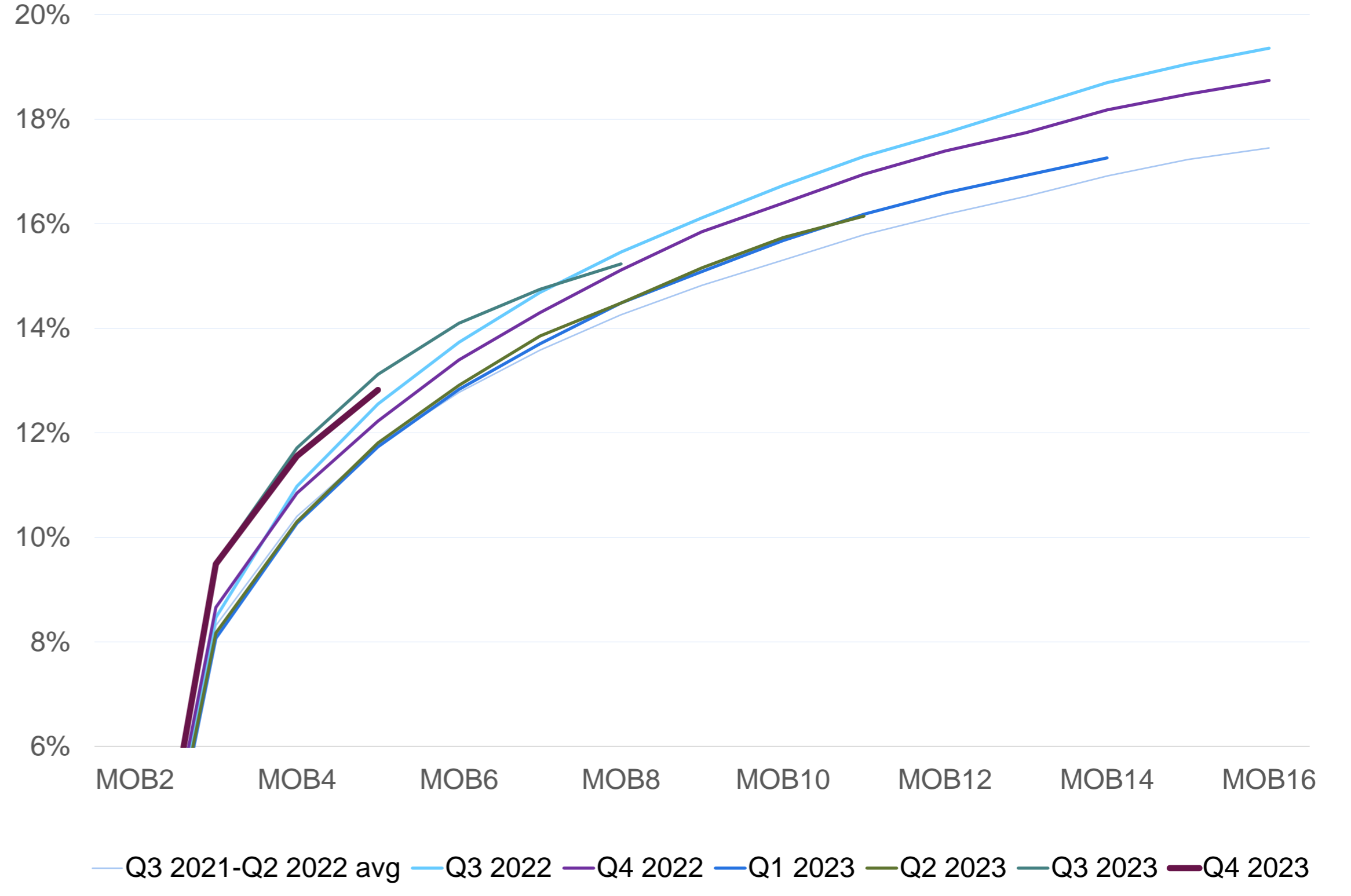
** Includes loan to Polish business and online portfolio related to income classified under other operating income based on IFRS 15

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
- 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

Funding overview

- Strong market reputation and demonstrated ability over ten years to issue and refinance own bonds
- Funding with fixed-rate bonds in EUR means no interest rate or currency risk on liabilities
- Successful EUR 2028 bond refinancing in Q4 2023 with balanced maturity profile in place
- Close monitoring of liquidity through weekly internal cash forecasts

Current Bonds

Amount in issue	Held in Treasury	Coupon	Denomination	Maturity	Listing
EUR 175m	EUR 40m	10.75%	EUR 100k	Oct 2026	Oslo Stock Exchange
EUR 135m	EUR 4m	11.25%	EUR 1k	May 2028	Frankfurt Stock Exchange

Summary

Delivered solid Q1 results showing year-on-year growth across the business

- Adjusted EBITDA up 24% YoY to €35m in Q1, EBITDA margin of 34%
- Gross income of €122m vs €102m in the prior year period, keeping the momentum of the seasonally strong Q4

TBI Bank delivering good profitability with book value of €240m

- 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
- A balanced maturity profile with next maturity in October 2026 and very manageable bond sizes (c. €135m each)
- New credit rating of 'B' assigned by Fitch with stable outlook

New markets: continued deliberate step-by-step approach

- UK joint venture and Mexico with encouraging signs in both
- Exploring opportunities in other markets, including India

Future developments

- Grow and optimise core online markets to retain profitability in the online business
- Pilot and develop new products for core markets
- Continue deliberate step-by-step approach to geographic expansion, bringing Mexico and UK operations to profitability and establishing a presence in India
- Continue to focus on efficiency to optimise our cost structure and processes
- Manage the profitable growth at and maximise value from TBI Bank



Bond issue overview

Term-sheet⁽¹⁾

Issuer	4finance S.A.
Issue size	EUR 135,000,000 (EUR 150,000,000 initial issued volume. EUR 15,000,000 repurchased and cancelled as part of refinancing process in Q4 2023)
Type of notes	Unsecured bonds
Issuer rating	B2 (negative) from Moody's; B (stable) from Fitch Ratings
Seniority of notes	Senior
ISIN	XS1417876163
Issue price	100.00%
Guarantors	Corporate guarantees from: <ul style="list-style-type: none"> • 4finance Holding S.A. («Holdco») • Subsidiary Guarantors
Annual coupon, coupon frequency	11.25% p. a., paid quarterly
Maturity	23 May 2028, bullet
Call option	@104% until 22 November 2024 @103% from 23 November 2024 until 22 May 2025 @102% from 23 May 2025 until 22 May 2026 @100% from 23 May 2026
Put option	In case of Change of Control @101%
Nominal value	EUR 1,000
Financial covenants	Incurrence based for certain additional debt (Interest coverage ratio of at least 2x; Capitalisation ratio of at least 20%)
Existing listing	Frankfurt Stock Exchange
Admission to trading	Nasdaq Riga First North Bond list
Use of proceeds	General business purposes, including financing of growth in current and future markets
Certified Adviser	Signet Bank AS

Notes:

(1) For full overview, please refer to the Prospectus and Terms and Conditions of the Notes

Certified Adviser

Signet Bank AS acts as the First North Certified Adviser for 4finance S.A.

Official name: **Signet Bank AS**

Registration number: 40003043232

Main field of activity: Banking services

Address: Antonijas iela 3, Riga, LV-1010, Latvia

Web page: <https://www.signetbank.com/>

Representative

Edmunds Antufjevs

E-mail: Edmunds.Antufjevs@signetbank.com

Phone: +371 67 081 058



Signet Bank AS is advising 4finance S.A. with the preparation of admission documents. The agreement is valid from the day of submitting the application for admission to trading on First North to Nasdaq Riga until the actual first trading day of the Notes on First North platform.

Certified Adviser and employees of the Certified Adviser do not have any direct or indirect shareholdings in the Issuer and are not represented in Board of the Issuer.



First North disclosures

Transactions with related parties

As per the latest audited report for the year ended 31 December 2023, below is a summary of transactions between the Issuer and related parties

Amounts owed to affiliated undertakings:

All amounts in EUR	Becoming due and payable after less than one year	Becoming due and payable after more than one year	Total, 31.12.2023	Total, 31.12.2022
AS "4finance"	484,017.54	-	484,017.54	63,076.03
Other	69.03	-	69.03	-
Total	484,086.57	-	484,086.57	63,076.03

The amounts owed to AS "4finance" represent services related to IT system administration, telecommunication costs and shared service fee.

Amounts owed by affiliated undertakings:

All amounts in EUR	Becoming due and payable after less than one year	Becoming due and payable after more than one year	Total, 31.12.2023	Total, 31.12.2022
Principal of the loans granted	211,613,378.26	-	211,613,378.26	206,116,473.57
Accrued interest	71,952,691.50	-	71,952,691.50	66,559,973.85
Other receivables	2,404.45	-	2,404.45	-
Total	283,568,474.21	-	283,568,474.21	272,676,447.42

Since its incorporation, 4finance S.A. granted various loans to the operating entities of the Group. 4finance S.A. acts as a lender and all the loans bear interest at various rates. Most of the loans have maturities after more than one year, however, prior to maturity, the lender may request the repayment of the loan at any time, therefore these are presented under payables within one year.

The amounts presented above are net of the value adjustment recognized. In 2023, value adjustments in respect of current assets are EUR 1.7 million (2022: EUR 3.0 million) which consist of loan and interest value adjustments.

Transactions with related parties

As per the latest audited report for the year ended 31 December 2023, below is a summary of transactions between the Issuer and related parties

Other interest receivable and similar income:

All amounts in EUR	2023	2022
Derived from affiliated undertakings	29,970,547.30	31,803,432.64
Other interest and similar income	8,087,970.28	10,835,659.27
Total	38,058,517.58	42,639,091.91

Other interest and similar income for year 2023 mainly consist of interest from not affiliated undertakings of EUR 4.4 million, gains from derivative agreements in amount of EUR 1.0 million and foreign exchange gains of EUR 2.6 million which include a reversal of prior years' unrealized foreign exchange losses of EUR 2.4 million.

Other statements

Legal proceedings and arbitration

At the moment of signing the Company Description, the Issuer is not involved in any government interventions, lawsuits or arbitration processes, which may significantly affect or have significantly affected the financial situation or profitability of the Issuer.

Important agreements

The Issuer has no knowledge of any other important agreements or internal decisions that could have been concluded within the company or between the Issuer and any related company and that could affect the Issuer's ability to fulfil its liabilities to the Noteholders.

Substantial changes in financial situation of the Issuer

The Issuer is unaware of any factors, claims, obligations, or events in sphere of the Issuer which would negatively affect the financial situation or performance of the Issuer in the future.



Appendix



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 published our first Communication on Progress in July 2024⁽¹⁾

Notes:

Full ESG statement available on our website: www.4finance.com

(1) <https://www.4finance.com/ungc>

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

Income statement

<i>In millions of €</i>	3M 2024 (unaudited)	3M 2023 (unaudited)	% change YoY
Interest Income	103.9	91.7	+13%
Interest Expense	(18.5)	(15.1)	+22%
Net Interest Income	85.4	76.6	+12%
Net F&C Income	12.1	8.3	+46%
Other operating income	5.8	2.4	nm
Non-Interest Income	17.9	10.7	+68%
Operating Income (Revenue)	103.3	87.2	+18%
Total operating costs	(44.7)	(40.1)	+12%
Pre-provision operating profit	58.6	47.1	+24%
Net impairment charges	(41.3)	(33.5)	+23%
Post-provision operating profit	17.3	13.6	+27%
Depreciation and amortisation	(2.3)	(1.9)	+20%
Non-recurring income/(expense)	(1.5)	(0.7)	nm
Net FX gain/(loss)	(0.1)	(2.2)	(97)%
Profit before tax	13.4	8.8	+52%
Income tax expense	(3.8)	(3.2)	+20%
Profit for the period	9.6	5.6	+70%

Quarterly income statement

<i>In millions of €</i>	Q1 2024 (unaudited)	Q4 2023 (unaudited)	Q3 2023 (unaudited)	Q2 2023 (unaudited)	Q1 2023 (unaudited)	YoY % change
Interest Income	103.9	97.2	100.9	96.2	91.7	+13%
Interest Expense	(18.5)	(18.0)	(16.9)	(15.7)	(15.1)	+22%
Net Interest Income	85.4	79.1	84.0	80.5	76.6	+12%
Net F&C Income	12.1	18.4	8.8	9.6	8.3	+46%
Other operating income	5.8	7.0	6.3	2.8	2.4	nm
Non-Interest Income	17.9	25.4	15.1	12.3	10.7	+68%
Operating Income (Revenue)	103.3	104.6	99.1	92.8	87.2	+18%
Total operating costs	(44.7)	(42.9)	(43.0)	(40.4)	(40.1)	+12%
Pre-provision operating profit	58.6	61.7	56.1	52.4	47.1	+24%
Net impairment charges	(41.3)	(38.0)	(40.8)	(36.1)	(33.5)	+23%
Post-provision operating profit	17.3	23.7	15.3	16.3	13.6	+27%
Depreciation and amortisation	(2.3)	(2.0)	(2.1)	(1.9)	(1.9)	+20%
Non-recurring income/(expense)	(1.5)	2.4	0.8	(0.1)	(0.7)	nm
Net FX gain/(loss)	(0.1)	(2.1)	(0.6)	(0.1)	(2.2)	(97)%
Profit before tax	13.4	21.9	13.4	14.2	8.8	+52%
Income tax expense	(3.8)	(4.2)	(3.8)	(3.0)	(3.2)	+20%
Net profit/(loss) after tax	9.6	17.7	9.6	11.2	5.6	+70%
Adjusted EBITDA	34.9	39.4	33.1	30.7	28.1	+24%

Balance sheet

<i>In millions of €</i>	31 March 2024	31 December 2023	<i>In millions of €</i>	31 March 2024	31 December 2023
Assets			Liabilities		
Cash and cash equivalents, of which:	283.9	261.6	Loans and borrowings	306.5	301.6
- Online	45.0	42.2	Deposits from customers	1,187.1	1,111.5
- TBI Bank	238.9	219.4	Income tax liabilities	11.9	12.3
Placements with other banks	34.7	48.3	Other liabilities	101.3	97.9
Gross receivables due from customers	1,255.6	1211.7	Total liabilities	1,606.8	1,523.3
Allowance for impairment	(135.0)	(127.3)	Share capital	35.8	35.8
Net receivables due from customers, of which:	1,120.6	1084.4	Retained earnings	246.8	237.2
- Principal	1,096.2	1061.2	Reserves	(31.4)	(31.3)
- Accrued interest	24.4	23.2	Total equity	251.1	241.7
Net investments in finance leases	1.2	1.3	Total shareholders' equity and liabilities	1,857.9	1,764.9
Net loans to related parties	31.5	31.4			
Net loans to other parties	32.3	31.9			
Property and equipment	17.5	18.2			
Financial investments	191.8	147.8			
Prepaid expenses	10.6	4.1			
Tax assets	6.6	5.3			
Deferred tax assets	13.1	13.5			
Intangible IT assets	30.4	29.1			
Goodwill	27.3	27.2			
Other assets	56.3	60.8			
Total assets	1,857.9	1,764.9			

Statement of cash flows

<i>In millions of €</i>	3 months to 31 March		<i>In millions of € (continued)</i>	3 months to 31 March	
	2024	2023		2024	2023
<i>Cash flows from operating activities</i>			<i>Cash flows from / (used in) investing activities</i>		
Profit before taxes	13.4	8.8	Purchase of property and equipment and intangible assets	(3.1)	(2.7)
<i>Adjustments for:</i>			Net cash from (Purchase) / Sale of financial instruments	(43.0)	(60.9)
Depreciation and amortisation	2.3	1.9	Other / related party loans issued	(0.2)	(1.1)
Net (gain) / loss on foreign exchange from borrowings and other monetary items	(0.9)	0.6	Other / related party loans repaid	-	0.7
Impairment losses on loans	44.2	34.7	Interest received on other / related party loans	2.3	1.7
Reversal of provision on debt portfolio sales	(1.2)	0.0	Disposal of subsidiaries, net of cash disposed	(0.3)	-
Write-off and disposal of intangible and property and equipment assets	0.5	0.3	<i>Net cash flows used in investing activities</i>	(44.3)	(62.3)
Interest income from non-customers loans	(2.2)	(2.1)	<i>Cash flows from / (used in) financing activities</i>		
Interest expense on loans and borrowings and deposits from customers	18.5	15.1	Loans received and notes issued	0.7	8.2
Non-recurring finance (income)	(0.1)	(0.0)	Repayment and repurchase of loans and notes	-	(1.0)
Other non-cash items, including loss/(gain) on disposals	0.2	0.0	Interest payments	(4.2)	(3.7)
Profit before adjustments for the effect of changes to current assets and short-term liabilities	74.7	59.5	FX hedging margin	(0.8)	(0.9)
<i>Adjustments for:</i>			Payment of lease liabilities	(0.8)	(0.9)
Change in financial instruments measured at fair value through profit or loss	0.6	0.7	<i>Net cash flows from / (used in) financing activities</i>	(5.1)	1.7
(Increase) in other assets (including TBI statutory reserve, placements & leases)	(2.3)	(5.7)	Net increase / (decrease) in cash and cash equivalents	9.0	(22.4)
Increase in accounts payable to suppliers, contractors and other creditors	4.3	6.3	<i>Cash and cash equivalents at the beginning of the period</i>	133.5	155.6
<i>Operating cash flow before movements in portfolio and deposits</i>	77.4	60.8	Effect of exchange rate fluctuations on cash	0.1	0.0
Increase in loans due from customers	(86.5)	(99.1)	<i>Cash and cash equivalents at the end of the period</i>	142.6	133.1
Proceeds from sale of portfolio	6.8	4.9	<i>TBI Bank minimum statutory reserve</i>	141.3	61.6
Increase in deposits (customer and bank deposits)	75.6	80.4	<i>Total cash on hand and cash at central banks</i>	283.9	194.8
Deposit interest payments	(10.2)	(7.2)			
<i>Gross cash flows from operating activities</i>	63.2	39.7			
Corporate income tax (paid), net of refunds received	(4.8)	(1.5)			
<i>Net cash flows from / (used in) operating activities</i>	58.4	38.3			

Key financial ratios

	3 months to 31 March	
	2024	2023
Capitalisation		
Equity / assets	13.5%	13.9%
Tangible common equity / tangible assets	10.1%	10.4%
Equity / net receivables	22.4%	22.7%
Interest coverage ratio	2.0x	2.4x
TBI Bank consolidated capital adequacy	21.5%	23.3%
Profitability		
Net interest margin:		
- Online	100.1%	99.9%
- TBI Bank	17.6%	18.7%
- Overall group	28.4%	32.0%
Cost / income ratio	43.3%	46.0%
Post-provision operating profit margin	16.7%	15.6%
Normalised Profit before tax margin	14.4%	12.8%
Normalised Return on average equity	18.1%	16.9%
Normalised Return on average assets	2.7%	2.4%

	3 months to 31 March	
	2024	2023
Asset quality		
Cost of risk:		
- TBI Bank	6.8%	6.4%
- Overall group	13.4%	13.7%
Net impairment / interest income	37.9%	35.8%
Gross NPL ratio:		
- Online	13.9%	10.0%
- TBI Bank	9.3%	9.8%
- Overall group	9.9%	9.8%
Overall group NPL coverage ratio	108.1%	110.1%
Loan loss reserve / gross receivables	10.8%	10.8%

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 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 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)

Attached documents

Prospectus dated 29 November 2016 and Terms and Conditions of the Notes as of December 2023



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