RESULTS FOR THE THREE MONTH PERIOD ENDING 31 MARCH 2015 AND AUDITED RESULTS FOR THE TWELVE MONTH PERIOD ENDING 31 DECEMBER 2014

4finance Holding S.A. (the ‘Group’), rated B3 by Moody and B+ by Standard & Poor’s, which provides consumer finance solutions to retail customers in eleven countries, today announced its unaudited results for the three month period ending 31 March 2015 (the ‘Quarter’) as well as audited results for the twelve month period ending 31 December 2014 (the ‘Period’).

KEY FINANCIAL AND OTHER INFORMATION FOR THE QUARTER

Financial Highlights

- In the Quarter, the Group originated 1.4 million loan transactions (compared to 1.0 million in the three months ending 31 March 2014); the value of loans made increased to EUR 255.3 million (compared to EUR 169.4 million in the three months ending 31 March 2014).
- Interest income grew by 42% to EUR 69.2 million in the Quarter when compared with EUR 48.6 million in the three months ending 31 March 2014.
- General administrative expenses in the Quarter were 38% of interest income (34% for the three month period ending 31 March 2014).
- The Group’s capital-to-assets ratio was 35% as of 31 March 2015 and 34% as of 31 March 2014.
- Consolidated adjusted EBITDA was EUR 23.9 million for the Quarter ending 31 March 2015 (compared to EUR 20.2 million for the same period in 2014), leading to an interest coverage ratio of 3.4.
- The Group’s profit for the Quarter ending 31 March 2015 was EUR 20.7 million, an increase of 51% when compared to EUR 13.7 million for the same period in 2014.

Key Financial Ratios

	As of 31 March		As of 31 December		
	2015	2014	2014	2013	2012
Capital/assets ratio(1)	35%	34%	35%	29%	35%
Profit margin(2)	28%	32%	27%	35%	43%
Interest coverage(3)	3.4	4.6	3.5	4.5	7.3
EBITDA margin(4)	35%	42%	38%	45%	50%
Return on average assets(5)	17%	21%	17%	26%	32%
Return on average equity(6)	51%	66%	54%	82%	88%
Operating expenses/interest income ratio(7)	38%	34%	37%	38%	33%
Net loans portfolio (in Euro millions)(8)	271.2	133.8	241.4	177.9	110.2
Non-performing loan/total gross portfolio ratio(9)	34%	33%	34%	31%	17%
Non-performing loans as a share of value of loans issued (10)	9.0%	9.6%	8.8%	9.2%	6.3%

Notes:
(1) Total equity/total assets
(2) Profit before tax/interest income.
(3) Consolidated EBITDA/interest expense.
(4) Consolidated EBITDA/interest income.
(5) Profit from continuing operations/average assets (total assets as of the end of each period divided by two)/assets excluding the effect from 2015 Notes’ defeasance.
(6) Profit from continuing operations/average equity (total equity as of the end of each period divided by two)/equity.
(7) General administrative expenses/interest income.
(8) Gross loan portfolio less provisions for bad debts.
(9) Non-performing loans with a delay of over 90 days/total gross portfolio.
(10) Non-performing loans with a delay of over 90 days/value of loans issued. The value of loans issued date represent loans issued for the two-year period before commencement of the 90 day past-due period. Therefore, the applicable period for each reporting date is as follows: for 31 March 2015: 1

January 2013 to 31 December 2014; for 31 March 2014: 1 January 2012 to 31 December 2013; for 31 December 2014: 1 October 2012 to 30 September 2014; for 31 December 2013: 1 October 2011 to 30 September 2013; for 31 December 2012: 1 October 2010 to 30 September 2012.

Other Financial Data

	As of 31 March		As of 31 December		
	2015	**2014**	**2014**	**2013**	**2012**
			(in millions of EUR)		
Profit for the period per IFRS	**20.7**	**13.7**	**46.3**	**35.8**	**25.5**
Loss/(income from discontinued operations)	(5.1)	(1.7)	2.1	8.8	0.7
Goodwill write-off	0	0	0	0.6	0
Non-cash gains/losses due to market valuation of hedging obligations under IFRS	(3.1)	0	(1.5)	(0.1)	0
Provision for corporate income tax	4.0	3.6	11.6	8.3	6.2
Interest expense	7.1	4.4	23.8	15.3	5.2
Depreciation and amortization	0.3	0.2	0.9	0.7	0.3
Consolidated EBITDA[(1)]	**23.9**	**20.2**	**83.2**	**69.4**	**37.9**

Note:

(1) Consolidated EBITDA is a non-IFRS measure that represents profits from continuing operations plus tax, plus interest, plus depreciation and amortization, as adjusted to income/loss from discontinued operations, non-cash gains and losses attributable to movement in the mark-to-market valuation of hedging obligations under IFRS and goodwill write-offs. Such a measure is not a financial measure that is calculated in accordance with IFRS, but in compliance with the definitions set in the Offering Memorandum of 4finance S.A. USD 200 million 11.75% Senior Notes due 2019. Consolidated 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.

THE MANAGEMENT'S DISCUSSION AND ANALYSIS OF OPERATIONS RESULTS AND FINANCIAL CONDITION FOR THE QUARTER

Condensed Consolidated Statement of Profit and Loss and Other Comprehensive Income for the Quarter

The table below sets out the condensed consolidated interim statement of profit and loss and other comprehensive income for the three months ending 31 March 2015 and 31 March 2014.

	Three months ending 31 March	
	2015	**2014**
	(in millions of EUR)	
Interest income	69.2	48.6
Interest expense	(7.1)	(4.4)
Net interest income	62.1	44.2
Net impairment losses on loans and receivables	(17.2)	(12.3)
General administrative expenses	(26.6)	(16.8)
Other income/(expense)	1.3	0.5
Profit before tax	**19.6**	**15.6**
Corporate income tax for the reporting period	(4.0)	(3.6)
Profit from continuing operations	**15.6**	**12.0**
Discontinued operations		
Profit/(loss) from discontinued operations, net of tax	5.1	1.7
Profit for the period	**20.7**	**13.7**

Interest income

Interest income for the Quarter was EUR 69.2 million, a 42% increase compared to EUR 48.6 million for the three months ending 31 March 2014, reflecting an increase in the average balance of outstanding net loans. The average balance of outstanding net loans in the Quarter was EUR 256.3 million, a 36% increase compared to EUR 188.0 million in the three months ending 31 March 2014. The increase in the average balance was mainly attributable to the growth in loan amounts issued to EUR 255.3 million in the Quarter from EUR 169.4 million in the three months ending 31 March 2014 which, in turn, was mainly due to the expansion of operations. The average interest rate on the Group's loans to customers increased to 107.9% in the Quarter compared to 103.4% in the three months ending 31 March 2014, which was mainly driven by the Group's expansion in Poland, Denmark, Georgia and Spain, where average interest rates were relatively higher than in more mature jurisdictions, such as Latvia, Sweden and Lithuania.

Interest expense

Interest expense for the Quarter was EUR 7.1 million, a 61% increase compared to EUR 4.4 million for the three months ending 31 March 2014. This reflects an increase in the average balance of the Group's overall level of indebtedness to EUR 229.7 million in the Quarter compared to EUR 131.5 million in the three months ending 31 March 2014. Partially offsetting this increase in the average balance of indebtedness was a decrease in the average interest rate charged on the Group's loans and borrowings to 12.3% in the Quarter compared to 13.5% in the three months ending 31 March 2014.

Net interest income

The Group's net interest income for the Quarter was EUR 62.1 million, a 41% increase compared to EUR 44.2 million for the three months ending 31 March 2014, reflecting the corresponding increases in interest income and interest expense discussed above.

The ratio of interest expense to interest income increased from 9% in three months ending 31 March 2014 to 10% for the Quarter.

Net impairment losses on loans and receivables

Net impairment losses for the Quarter were EUR 17.2 million, a 40% increase compared to EUR 12.3 million for the three months ending 31 March 2014. The increase in net impairment losses primarily reflects the expansion of the Group's operations in both existing and new jurisdictions, as well as its application of prudent, conservative impairment policies and is in line with the overall increase in revenues. The Group's non-performing loan coverage ratio, which is the ratio of allowances for doubtful debts on non-performing loans to total non-performing loans, was 57% as of 31 March 2015 and 49% as of 31 March 2014. As of 31 March 2015, the average loss given default rate, which is the share of loans and receivables lost in the event of a default, across the Group's portfolios increased to 43%, compared to 40% as of 31 March 2014.

General administrative expenses

General administrative expenses for the Quarter were EUR 26.6 million, a 58% increase compared to EUR 16.8 million for the three months ending 31 March 2014, primarily reflecting an increase in personnel costs and in investments in marketing and brand awareness, as well as growth in debt collection costs and IT expenses. The increase in personnel costs and investments in marketing were mainly attributable to the Group's expansion, as it hired new employees and commenced marketing campaigns in new jurisdictions in order to generate business.

The table below sets out a breakdown of the Group's general administrative expenses for the Quarter and 2014.

	Three months ending 31 March	
	2015	**2014**
	(in millions of EUR)	
Marketing and sponsorship	11.6	6.8
Personnel costs	6.3	5.0
IT expenses	2.4	0.9
Application inspection costs	0.9	0.9
Debt collection costs	1.4	0.7
Legal and consulting	0.9	0.4
Communication expenses	0.7	0.5
Bank services	0.4	0.5
Rent and utilities	0.5	0.4
Depreciation and amortization	0.3	0.2
Travel	0.3	0.1
Other	0.9	0.4
Total	**26.6**	**16.8**

For the Quarter and 2014, marketing and sponsorship expenses accounted for 44% and 40%, respectively, and personnel costs accounted for 24% and 30%, respectively, of general administrative expenses.

For the Quarter and 2014, variable costs (*i.e.*, all marketing and sponsorship costs, personnel costs, application inspection costs, IT expenses, debt collection costs, communication expenses and bank services) accounted for 89% and 91%, respectively; such costs directly correlate to movements in loan sales.

Other income/(expense)

Other income for the Quarter amounted to EUR 1.3 million and other income for the three month period ending 31 March 2014 was EUR 0.5 million.

Increase in other income mainly reflects increase in interest income from loans of EUR 0.6 million for the Quarter comparing to EUR 0.03 million for the three months ending 31 March 2014.

Profit before tax

For the reasons stated above, the Group's profit before tax for the Quarter was EUR 19.6 million, a 26% increase compared to EUR 15.6 million for the three months ending 31 March 2014. The profit before tax margin, *i.e.*, profit before tax as a percentage of interest income, was 28% for the Quarter and 32% for the three months ending 31 March 2014.

Corporate income tax

The Group's corporate income tax expense increased by 11% to EUR 4.0 million for the Quarter, compared to EUR 3.6 million for the three months ending 31 March 2014, reflecting an increase in the Group's profit before tax which, in turn, was driven by growth in interest income.

The table below sets out a breakdown of the Group's corporate income tax for the Quarter and 2014.

	Three months ending 31 March	
	2015	**2014**
	(in millions of EUR)	
Current tax	5.2	3.8
Deferred tax	(1.2)	(0.2)
Total	**4.0**	**3.6**

For the Quarter and 2014, the Group's effective tax rate was 20% and 23% respectively.

Profit from continuing operations

For the reasons stated above, the Group's profit from continuing operations for the Quarter was EUR 15.6 million, a 29% increase compared to EUR 12.0 million for the three months ending 31 March 2014.

Profit/(loss) from discontinued operations, net of tax

In connection with the discontinuation of operations in Estonia and decisions to sell the Russia, United Kingdom and North America business segments, the results of operations in these segments were reflected separately as discontinued operations in the consolidated statement of profit and loss and other comprehensive income for the Quarter. In the same period in 2014, the United Kingdom and North America business segments were reflected separately as discontinued operations.

For the Quarter, the Group recorded a profit from discontinued operations, net of tax, of EUR 5.1 million, compared to a profit of EUR 1.7 million for the three months ending 31 March 2014. This change reflects a substantial increase in gain on the sale of discontinued operations to EUR 5.4 million in the first quarter of 2015 from EUR 2.3 million in the first quarter of 2014.

Profit for the period

For the reasons stated above, profit for the Quarter was EUR 20.7 million, a 51% increase compared to EUR 13.7 million for the three months ending 31 March 2014.

Condensed Consolidated Statement of Cash Flows for the Quarter

The table below sets out the Group's condensed consolidated interim statement of cash flows.

	Three months ending 31 March	
	2015	2014
	(in millions of EUR)	
Cash flows from/(used in) operating activities		
Profit before taxes	**24.8**	**17.4**
Adjustments for:		
Depreciation and amortization	0.3	0.2
Increase in impairment allowance on loans and advances due from customers	11.5	12.0
Investment's disposals	3.2	-
Provisions (excluding doubtful debt allowance)	0.5	0.2
Interest and similar income	(0.6)	-
Interest and similar expenses	7.0	4.4
Profit before adjustments for the effect of changes to assets and liabilities	46.7	34.2
Adjustments for:		
Increase in loans and advances to customers	(59.8)	(32.2)
Increase in other assets	48.0	(2.9)
Increase in accounts payable to suppliers, contractors and other creditors	(16.8)	-
Net cash flows from operating activities	18.1	(0.9)
Corporate income tax paid	(6.5)	(3.0)
Net cash flows generated/ (used) in operating activities	**11.6**	**(3.9)**
Cash flows from/(used in) investing activities		
Purchase of property, equipment and intangible assets	(2.6)	(0.2)
Loans issued	(1.7)	(1.1)
Net cash used in investing activities	**(4.3)**	**(1.3)**
Cash flows from/(used in) financing activities		
Loans and notes received	28.3	11.2
Repayment of loans and notes	(5.2)	(6.3)
Interest payments	(12.4)	(4.9)
Net cash flows from financing activities	**10.7**	**-**
Net increase in cash and cash equivalents	**18.0**	**(5.2)**
Cash and cash equivalents at the beginning of the period	33.7	**17.1**
Effect of exchange rate fluctuations on cash	(5.4)	1.0
Cash and cash equivalents at the end of the period	**46.3**	**12.9**

Cash flows used in operating activities

Net cash flows used in operating activities are calculated as profit before taxes, adjusted for non-cash and other items and the effect of changes to current assets and short-term liabilities, less corporate income tax paid.

Net cash flows used in operating activities increased to EUR 11.6 million generated cash inflow from operating activities in the Quarter from EUR 3.9 million used cash outflow in the three months ending 31 March 2014. The changes resulted from a EUR 7.4 million increase in profit before taxes and a decrease in the impairment allowance on loans and advances due from customers by EUR 0.5 million, or 4.2%. Partially offsetting these changes in net cash flows used in operating activities was a EUR 3.5 million increase in corporate income tax paid, and the positive effect of EUR 28.3 million from changes in other assets and accounts payable.

Cash flows used in investing activities

The Group's cash flows which were used in investing activities mainly include the purchase and disposition of property, equipment and intangible assets, loans issued and loans repaid.

Net cash used in investing activities increased by EUR 3.0 million to EUR 4.3 million in the Quarter from EUR 1.3 million in the three months ending 31 March 2014. This increase was mainly due to the higher purchase of property, equipment and intangible assets totaling EUR 2.6 million compared to EUR 0.2 million in the three months ending 31 March 2014.

Cash flows from financing activities

The Group's cash flows from financing activities mainly reflect proceeds that were received from borrowings, the repayment of principal and interest on indebtedness, and the payment of dividends.

Net cash used in financing activities increased by EUR 10.7 million to EUR 10.7 million in the Quarter compared to the three months ending 31 March 2014. In the Quarter, the Group received net proceeds from borrowings of EUR 28.3 million compared to net proceeds from borrowings of EUR 11.2 million in the three months ending 31 March 2014. The Group's interest payments on loans and borrowings increased to EUR 12.4 million in the Quarter from EUR 4.9 million in the three months ending 31 March 2014. There were no Group dividend payments in the Quarter and in the three months ending 31 March 2014. See more information about changes in indebtedness in the 'Recent Development' section.

Condensed Consolidated Statement of Financial Position at the end of the Quarter

The following discussion compares the Group's consolidated financial position as of 31 March 2015 and as of 31 December 2014. The table below sets out the Group's condensed consolidated interim statement of its financial position.

	31.03.2015	31.12.2014
	(in millions of EUR)	
Cash and cash equivalents	46.3	33.7
Loans and advances due from customers	271.2	241.4
Assets held for sale	-	4.4
Property and equipment	2.6	2.1
Intangible assets	4.6	2.8
Deferred tax asset	12.1	10.7
Current tax assets	-	4.7
Financial instruments at fair value through profit or loss	24.0	18.6
Other assets	18.5	51.6
Total assets	**379.3**	**370.0**
Loans and borrowings	227.8	231.6
Liabilities held for sale	-	0.7
Corporate income tax payable	0.4	6.4
Provisions	1.4	-
Other liabilities	17.8	18.3
Total liabilities	**247.4**	**257.0**
Share capital	35.8	35.8
Retained earnings	128.2	107.6
Reorganization reserve	(32.6)	(32.6)
Currency translation reserve	(0.5)	0.9
Share based payment reserve	0.1	0.1
Obligatory reserve	0.1	0.1
Total equity attributable to the Group's equity holders	**131.1**	**111.9**
Non-controlling interests	0.8	1.1
Total equity	**131.9**	**113.0**
Total shareholders' equity and liabilities	**379.3**	**370.0**

Assets

The Group held total assets of EUR 379.3 million as of 31 March 2015, compared to EUR 370.0 million as of 31 December 2014, representing an increase of EUR 9.3 million, or 3%. This increase was mainly due to an increase of EUR 29.8 million in loans and advances due from customers and an increase of EUR 12.6 million in cash, which was partially offset by a decrease of EUR 4.4 million in assets held for sale and a decrease in other assets of EUR 33.1 million. As of 31 March 2015 and 31 December 2014, 84% of the Group's assets were self-liquidating (*i.e.*, loans and advances from customers and cash as a percentage of total assets).

Loan Portfolio

As of 31 March 2015, the Group's total loan portfolio equaled EUR 271.2 million, compared to EUR 241.4 million as of 31 December 2014, representing an increase of EUR 29.8 million, or 12%. The Group's loan portfolio accounted for 72% of total assets as of 31 March 2015 and 65% of total assets as of 31 December 2014.

Classification of the Group's Loan Portfolio

The following table sets out the classification of the Group's total loan portfolio in terms of performing and non-performing loan portfolios as of the dates indicated.

	31.03.2015				**31.12.2014**			
	Gross Amount	**Allowance for doubtful debts**	**Net Amount**	**% of Portfolio**	**Gross Amount**	**Allowance for doubtful debts**	**Net Amount**	**% of Portfolio**
Performing loan portfolio	237.9	(18.9)	219.0	80.8%	208.3	(17.0)	191.3	79.2%
Non-performing loan portfolio	121.4	(69.2)	52.2	19.2%	108.5	(58.4)	50.1	20.8%
Total loan portfolio [1]	**359.3**	**(88.1)**	**271.2**	**100%**	**316.8**	**(75.4)**	**241.4**	**100.0%**

Note:

(1) Loan amounts include accrued interest.

Performing Loan Portfolio

The following table sets out the Group's performing loan portfolio (including performing interest) by product as of the dates indicated.

	31.03.2015		31.12.2014	
	Amount	**% of Portfolio**	**Amount**	**% of Portfolio**
Performing loan portfolio by product: [1]	*(in millions of EUR, except percentages)*			
Single Payment Loans	165.3	69.5%	150.4	72.2%
Installment Loans	72.6	30.5%	57.9	27.8%
Total performing loan portfolio	**237.9**	**100%**	**208.3**	**100.0%**

Note:

(1) Loan amounts include accrued interest.

Non-performing Loan Portfolio

The Group has written off any loans which have been overdue for more than 730 days.

As of 31 March 2015, the Group's total non-performing loan portfolio was EUR 121.4 million, which represents 9.0% of the value of loans issued between 1 January 2013 and 31 December 2014. Taking into account the short-term nature of the Group's loan portfolio, the performing loan portfolio as of the end of each reporting period consisted primarily of loans maturing in 30 days, while non-performing loans are accumulated for 730 days. As a result, the Group's non-performing loan portfolio as of 31 March 2015 represented 34% of total loans outstanding as of such date. EUR 8.9 million, or 7.3%, of this was non-performing interest. The Group's total non-performing gross loan portfolio increased by EUR 12.9 million, or 11.9%, in the Quarter mainly as a result of the increase in loan amounts issued.

As of 31 December 2014, the Group's total non-performing loan portfolio was EUR 108.5 million, a total of 8.8% of the value of loans issued between 1 October 2012 and 30 September 2014. The Group's non-performing loan portfolio as of 31 December 2014 represented 34% of the total loans that were outstanding as of such date. Of the total non-performing loan portfolio as of 31 December 2014, EUR 8.0 million, or 7.4%, was non-performing interest. The following table sets out an analysis of the Group's non-performing loan portfolio (including non-performing interest) by product as of the dates indicated.

	31.03.2015	31.12.2014
	(in millions of EUR, except percentages)	
Non-performing loan portfolio by product: (1)		
Single Payment Loans	95.8	84.9
Installment Loans	25.6	23.6
Total non-performing loan portfolio	**121.4**	**108.5**
Value of loans issued(2)	1343.2	1226.0
Non-performing loans as a share of value of loans issued	**9.0%**	**8.8%**

Notes:
(1) Loan amounts include accrued interest.
(2) The value of loans issued as of a particular date represent loans issued for the two-year period before commencement of the 90 day past-due period. Therefore, the applicable period for each reporting date is as follows: for 31 March 2015: 1 January 2013 to 31 December 2014; for 31 December 2014: 1 October 2012 to 30 September 2014.

Liabilities

The Group had total liabilities of EUR 247.4 million as of 31 March 2015, compared to EUR 257.0 million as of 31 December 2014, representing a decrease of EUR 9.6 million, or 3.7%. The decrease was driven by a decrease in the value of loans and borrowings lead by the issuance of '2019 Notes' and defeasance of '2015 Notes'.

Loans and borrowings

As of 31 March 2015, the Group had loans and borrowings of EUR 227.8 million, compared to EUR 231.6 million as of 31 December 2014. The Group's loans and borrowings accounted for 92% of total liabilities as of 31 March 2015 and 90% of total liabilities as of 31 December 2014.

The table below sets out the loans and borrowings by lender as of the dates indicated.

	31.03.2015	31.12.2014
	(in millions of EUR)	
Long term		
AS Trasta Komercbanka	-	6.2
2019 Notes	178.7	157.9
2018 Notes	23.1	-
Other(1)	12.6	12.6
Total long term	**214.4**	**176.7**
Short term		
AS Trasta Komercbanka	6.1	-
2019 Notes	2.8	7.3
2015 Notes	0	43.4
Other(1)	4.5	4.2
	13.4	**54.9**
Total	**227.8**	**231.6**

Note:
(1) 'Other' consists primarily of loans with related parties.

In May 2011, AS 4finance entered into credit line agreement No. KL-11/2011 (the 'TKB CLA') with AS Trasta Komercbanka ('TKB'), which allows borrowings of up to EUR 7.7 million (the 'TKB Credit Line'). As of 31 March 2015, the amount outstanding under the TKB Credit Line was EUR 6.1 million. The TKB Credit Line is subject to a number of covenants. As of the date of this Report, it is believed that AS 4finance is in compliance with all such covenants.

In July 2013, AS 4finance listed USD 170.0 million of 13% notes (the '2015 Notes') on the Irish Stock Exchange, which were due on 31 January 2015 and which were senior to all its future subordinated debt, if any. The notes were fully repaid at maturity.

In August 2014, 4finance S.A. issued USD 200.0 million of 11.75% notes (the '2019 Notes') which are listed on the Irish Stock Exchange and are senior to all of the Group's future subordinated debt. As of 31 March 2015, the amount outstanding and accumulated interest under the 2019 Notes was EUR 181.5 million. The 2019 Notes will mature in August 2019.

In March 2015, 4finance S.A. issued SEK 225.0 million of 11.75% notes (the '2018 Notes') which are senior to all of the Group's future subordinated debt. The 2018 Notes will be listed on the corporate bond list of Nasdaq Stockholm within six months from the issue date. As of 31 March 2015, the amount outstanding and accumulated interest under the 2018 Notes was

EUR 23.1 million. The 2018 Notes will mature in March 2018. See more information about the 2018 Notes in the 'Recent Development' section.

Equity

As of 31 March 2015, the Group's total equity amounted to EUR 131.9 million, compared to EUR 113.0 million as of 31 December 2014, representing an increase of EUR 18.9 million, or 16.7%, which was mainly attributable to the profits generated during the Quarter. The Group has not paid any dividends to its major shareholders within this period and its capital to assets ratio as of 31 March 2015 was 35%.

Off-Balance Sheet Arrangements for the Quarter

The Group currently does not employ any off-balance sheet arrangements.

KEY FINANCIAL AND OTHER INFORMATION FOR THE TWELVE MONTH PERIOD ENDING 31 DECEMBER 2014 (the 'Period')

Financial Highlights

- During the Period, the Group originated 4.6 million in loan transactions (compared to 3.1 million in the twelve months ending 31 December 2013); the value of loans made increased to EUR 804.9 million (compared to EUR 538.3 million in the twelve months ending 31 December 2013).
- Interest income grew by 45% to EUR 220.8 million in the Period compared with EUR 152.8 million in the twelve months ending 31 December 2013.
- General administrative expenses during the Period were 37% of interest income (38% for the twelve month period ending 31 December 2013).
- The Group's capital-to-assets ratio was 35% as of 31 December 2014 and 29% as of 31 December 2013.
- Consolidated adjusted EBITDA was EUR 83.2 million for the Period (compared to EUR 69.4 million for the same period in 2013), leading to an interest coverage ratio of 3.5 (3.8 excluding the effect from the 2015 Notes' defeasance).
- The Group's profit for the Period was EUR 46.3 million, an increase of 29% when compared to EUR 35.8 million for the same period in 2013.

THE MANAGEMENT'S DISCUSSION AND ANALYSIS OF OPERATIONS' RESULTS AND FINANCIAL CONDITION FOR THE PERIOD

Condensed Consolidated Statement of Profit and Loss and Other Comprehensive Income for the Period

The table below sets out the condensed consolidated interim statement of profit and loss and other comprehensive income for the twelve month periods ending 31 December 2014 and 31 December 2013.

	Twelve months ending 31 December	
	2014	**2013**
	(in millions of EUR)	
Interest income	220.8	152.8
Interest expense	(23.8)	(15.3)
Net interest income	**197.0**	**137.5**
Goodwill write-off	-	(0.6)
Net impairment losses on loans and receivables	(54.2)	(27.0)
General administrative expenses	(81.0)	(57.3)
Other income/(expense)	(1.8)	0.2
Profit before tax	**60.0**	**52.8**
Corporate income tax for the reporting period	(11.6)	(8.3)
Profit from continuing operations	**48.4**	**44.5**
Discontinued operations		
Profit/(loss) from discontinued operations, net of tax	(2.1)	(8.7)
Profit for the period	**46.3**	**35.8**
Profit attributable to:		

Equity holders of 4finance Group	45.7	35.2
Non-controlling interests[(1)]	0.6	0.6
Other comprehensive income/(expenses):		
Foreign currency translation differences on foreign operations	1.3	(0.6)
Total comprehensive income for the period	**47.6**	**35.2**
Total comprehensive income attributable to:		
Equity holders of 4finance Group	47.4	34.3
Non-controlling interest[(1)]	0.1	0.9

Note:
(1) Non-controlling refers to minority shareholders who own 3% of the shares in each of the Group's Swedish and Lithuanian operating subsidiaries.

Interest income

Interest income for the Period was EUR 220.8 million, a 45% increase compared to EUR 152.8 million for the twelve months ending 31 December 2013, reflecting an increase in the average balance of outstanding net loans. The average balance of outstanding net loans in the Period was EUR 209.6 million, a 46% increase compared to EUR 144.0 million in the twelve months ending 31 December 2013. The increase in the average balance was mainly attributable to the growth in loan amounts issued amounting to EUR 804.9 million during the Period compared to EUR 538.3 million in the twelve months ending 31 December 2013 which, in turn, was mainly due to the expansion of operations. The average interest rate on the Group's loans to customers decreased to 105.2% in the Period compared to 106.1% in the twelve months ending 31 December 2013, which was mainly driven by an increase in the installment loan proportion in the Group's portfolio which, on average, has a smaller interest rate compared to single payment loans. At the same time, the Group's expansion in Poland, Denmark, Georgia and Spain, where average interest rates were relatively higher than in more mature jurisdictions, such as Latvia, Sweden and Lithuania, led to an average interest rate increase that partially offset the decrease from the installment loans' expansion effect.

Interest expense

Interest expense for the Period was EUR 23.8 million, a 56% increase compared to EUR 15.3 million for the twelve months ending 31 December 2013. This reflects an increase in the average balance of the Group's overall level of indebtedness to EUR 180.4 million in the Period compared to EUR 99.7 million in the twelve months ending 31 December 2013 as a result of issuing USD 170 million 13.0% of Senior Notes due in 2015 ('2015 Notes') in July 2013 and USD 200 million 11.75% of Senior Notes due in 2019 in August 2014. The Group raised additional debt to fund loan portfolio growth as part of its business expansion, and at the same time, the 2015 Notes were effectively defeased with the issuance of the 2019 Notes. Money to settle remaining liabilities from the 2015 Notes was held in an escrow account until full settlement in January 2015. Partially offsetting this increase in the average balance of indebtedness was a decrease in the average interest rate charged on the Group's loans and borrowings to 13.2% during the Period compared to 15.3% in the twelve months ending 31 December 2013.

Net interest income

The Group's net interest income for the Period was EUR 197.0 million, a 43% increase compared to EUR 137.5 million for the twelve months ending 31 December 2013, reflecting the corresponding increases in interest income and interest expense discussed above.

The ratio of interest expense to interest income increased from 10% in the twelve months ending 31 December 2013 to 11% for the Period, partially reflecting the effect of the 2015 Notes defeasance.

Goodwill write-off

The Group initially recognized goodwill in the value of EUR 0.7 million upon the acquisition of two Russian entities, which were purchased in the first quarter of 2013 to spearhead expansion into Russia. However, in March 2013, the Group re-evaluated this goodwill to the value of EUR 0.6 million (the goodwill having been revised downwards from EUR 0.7 million due to adjustments made in the historical figures for the two Russian entities after 31 March 2013), amid uncertainty in the Russian market and also in the future profitability of the two acquired entities.

The management made a decision to sell the Group's operations in the Russian Federation in December 2014.

Net impairment losses on loans and receivables

Net impairment losses for the Period were EUR 54.2 million, a 101% increase compared to EUR 27.0 million for the twelve months ending 31 December 2013. The increase in net impairment losses primarily reflects the expansion of the Group's operations in both existing and new jurisdictions, as well as its application of prudent, conservative impairment policies. As the Group has expanded, it has increased the loan amounts that have been issued to new customers, including those in new jurisdictions who, on average, represent a slightly higher default risk than returning customers or new customers in existing jurisdictions. The new jurisdictions represent a higher default risk because the Group generally lacks the same quality of behavioral evidence about customers in new jurisdictions than it has about customers in existing jurisdictions. Over time, as the Group acquires more information about customers in new jurisdictions, its underwriting and debt collection policies in those jurisdictions will generally improve.

The Group's non-performing loan coverage ratio, which is the ratio of allowances for doubtful debts on non-performing loans to total non-performing loans, was 54% as of 31 December 2014 and 46% as of 31 December 2013. As of 31 December 2014, the average loss given the default rate, which is the share of loans and receivables lost in the event of a default, across the Group's portfolios increased to 45%, compared to 37% as of 31 December 2013.

General administrative expenses

General administrative expenses for the Period were EUR 81.0 million, a 41% increase compared to EUR 57.3 million for the twelve months ending 31 December 2013, primarily reflecting an increase in personnel costs and in investments in marketing and brand awareness, as well as growth in debt collection costs, IT expenses, and application inspection costs. The increase in personnel costs and investments in marketing were mainly attributable to the Group's expansion, as it hired new employees and commenced marketing campaigns in new jurisdictions in order to generate business. During the Period, when compared to the twelve months ending 31 December 2013, general administrative expenses grew at a slower rate than interest income, reflecting, in part, such economies of scale.

The table below sets out a breakdown of the Group's general administrative expenses for the twelve month periods ending 31 December 2014 and 2013.

	Twelve months ending 31 December	
	2014	**2013**
	(in millions of EUR)	
Marketing and sponsorship	34.2	24.8
Personnel costs	23.1	16.0
IT expenses	3.5	2.6
Application inspection costs	3.7	3.1
Debt collection costs	3.8	1.5
Legal and consulting	3.8	1.9
Communication expenses	2.4	2.0
Bank services	1.1	1.5
Rent and utilities	1.5	1.3
Depreciation and amortization	0.9	0.7
Travel	0.8	0.6
Other	2.2	1.3
Total	**81.0**	**57.3**

For the twelve month periods ending 31 December 2014 and 2013, marketing and sponsorship expenses accounted for 42% and 43%, respectively, and personnel costs accounted for 29% and 28%, respectively, of general administrative expenses.

For the twelve month periods ending 31 December 2014 and 2013, variable costs (*i.e.*, all marketing and sponsorship costs, personnel costs, application inspection costs, IT expenses, debt collection costs, communication expenses and bank services) accounted for 89% and 90%, respectively; such costs directly correlate to the movements in loan sales.

Other income/(expense)

Other expenses for the Period amounted to EUR 1.8 million and other income for the twelve month period ending 31 December 2013 was EUR 0.2 million.

The increase in other expenses mainly reflects the increase in net losses from FX amounting to EUR 1.8 million in income for the twelve months ending 31 December 2013 compared to EUR 3.9 million in losses for the Period. The respective losses were mainly driven by FX losses from the Group's exposure in Russian Rubles.

Profit before tax

For the reasons stated above, the Group's profit before tax for the Period was EUR 60.0 million, a 14% increase compared to EUR 52.8 million for the twelve months ending 31 December 2013. The profit before tax margin, *i.e.*, profit before tax as a percentage of interest income, was 27% for the Period and 35% for the twelve months ending 31 December 2013.

Corporate income tax

The Group's corporate income tax expense increased by 40% to EUR 11.6 million for the Period, compared to EUR 8.3 million for the twelve months ending 31 December 2013, reflecting an increase in the Group's profit before tax which, in turn, was driven by growth in interest income.

The table below sets out a breakdown of the Group's corporate income tax for the twelve month periods ending 31 December 2014 and 2013.

	Twelve months ending 31 December	
	2014	**2013**
	(in millions of EUR)	
Current tax	18.4	11.3
Deferred tax	(6.8)	(3.0)
Total	**11.6**	**8.3**

For the twelve month periods ending 31 December 2014 and 2013, the Group's effective tax rate was 19% and 16% respectively.

Profit from continuing operations

For the reasons stated above, the Group's profit from continuing operations for the Period was EUR 48.4 million, a 9% increase compared to EUR 44.5 million for the twelve months ending 31 December 2013.

Profit/(loss) from discontinued operations, net of tax

In connection with the decisions to sell the North America, United Kingdom and Russia business segments, the results of operations in these segments were reflected separately as discontinued operations in the consolidated statement of profit and loss and other comprehensive income for the Period and the same period in 2013.

The Group recorded a loss from discontinued operations for the Period of EUR 2.1 million, net of tax, compared to a loss of EUR 8.7 million for the twelve months ending 31 December 2013. This change reflects a substantial net decrease in other expenses to EUR 9.8 million for the Period compared to EUR 14.9 million for the twelve months ending 31 December 2013, as well as a decrease in the impairment allowance for bad debts from EUR 11.5 million for the twelve months ending 31 December 2013 to EUR 4.3 million for the Period and a decrease in interest income from EUR 17.5 million for the twelve months ending 31 December 2013 to EUR 10.1 million for the Period. In addition, the change was positively affected by a EUR 2.3 million gain on the sale of the North America business segment in the first quarter of 2014.

Profit for the period

For the reasons stated above, profit for the Period was EUR 46.3 million, a 29% increase compared to EUR 35.8 million for the twelve months ending 31 December 2013.

Condensed Consolidated Statement of Cash Flows for the Period

The table below sets out the Group's condensed consolidated interim statement of cash flows.

	Twelve months ending 31 December	
	2014	2013
	(in millions of EUR)	
Cash flows from/(used in) operating activities		
Profit before taxes	**57.9**	**42.7**
Adjustments for:		
Depreciation and amortization	1.2	0.8
Goodwill write-off	-	0.6
Net losses on foreign exchange from borrowings	18.7	-
Increase in impairment allowance on loans and advances due from customers	39.3	33.7
Provisions (excluding doubtful debt allowance)	0.2	0.5
Write off and disposal of intangible, property and equipment assets	-	0.4
Interest and similar income	(0.8)	-
Interest and similar expenses	23.8	16.7
Profit before adjustments for the effect of changes to assets and liabilities	140.3	95.4
Adjustments for:		
Increase in loans and advances to customers	(105.6)	(112.5)
Increase in other assets	(3.7)	(3.1)
Gains from sale of portfolio	1.9	-
Increase in accounts payable to suppliers, contractors and other creditors	(12.3)	4.3
Net cash flows from operating activities	20.6	(15.9)
Corporate income tax paid	(20.9)	(12.3)
Net cash flows generated/(used) in operating activities	**(0.3)**	**(28.2)**
Cash flows from/(used in) investing activities		
Purchase of property and equipment and intangible assets	(4.2)	(2.6)
Loans issued	(0.2)	-
Interest received	0.8	-
Acquisition of subsidiaries, net of cash acquired	-	0.5
Net cash used in investing activities	**(3.6)**	**(2.1)**
Cash flows from/(used in) financing activities		
Loans and notes received	86.6	137.0
Repayment of loans and notes	(52.5)	(65.2)
Interest payments	(18.7)	(15.0)
Dividend payments	(0.3)	(12.1)
Net cash flows from financing activities	**15.1**	**44.7**
Net increase in cash and cash equivalents	**11.2**	**14.4**
Cash and cash equivalents at the beginning of the period	**21.1**	**7.3**
Effect of exchange rate fluctuations on cash	2.1	(0.6)
Cash and cash equivalents at the end of the period	**34.4**	**21.1**

Cash flows used in operating activities

Net cash flows used in operating activities are calculated as profit before taxes, adjusted for non-cash and other items and the effect of changes to current assets and short-term liabilities, less corporate income tax paid.

Net cash flows used in operating activities decreased by EUR 27.9 million, or 99%, to EUR 0.3 million in cash outflow from operating activities in the Period compared to EUR 28.2 million in cash outflow in the twelve months ending 31 December 2013. The changes resulted from a EUR 15.2 million increase in profit before taxes and an increase in the impairment allowance on loans and advances due from customers by EUR 5.6 million, or 17%. Partially offsetting these changes in net cash flows used in operating activities was a EUR 8.6 million increase in corporate income tax paid, and the negative effect of EUR 14.8 million from changes in other assets and accounts payable.

Cash flows used in investing activities

The Group's cash flows which were used in investing activities mainly include the purchase and disposition of property, equipment and intangible assets, loans issued and loans repaid.

Net cash used in investing activities increased by EUR 1.5 million to EUR 3.6 million in the Period compared to EUR 2.1 million in the twelve months ending 31 December 2013. This increase was mainly due to greater expenditures in the purchase of property, equipment and intangible assets which totaled EUR 4.2 million compared to EUR 2.6 million in 2013.

Cash flows from financing activities

The Group's cash flows from financing activities mainly reflect proceeds that were received from borrowings, the repayment of principal and interest on indebtedness, and the payment of dividends.

Net cash used in financing activities decreased by EUR 29.6 million to EUR 15.1 million in the Period from EUR 44.7 million in the twelve months ending 31 December 2013. In the twelve months ending 31 December 2014, the Group received net proceeds from borrowings of EUR 86.6 million compared to net proceeds from borrowings of EUR 137.0 million in the twelve months ending 31 December 2013. The Group's interest payments on loans and borrowings increased to EUR 18.7 million in the twelve months ending 31 December 2014 from EUR 15.0 million in the twelve months ending 31 December 2013. The Group's dividend payments decreased to EUR 0.3 million in the twelve months ending 31 December 2014 from EUR 12.1 million in the twelve months ending 31 December 2013.

Condensed Consolidated Statement of Financial Position for the Period

The following discussion compares the Group's consolidated financial position as of 31 December 2014 and as of 31 December 2013. The table below sets out the Group's condensed consolidated interim statement of its financial position.

	31.12.2014	31.12.2013
	(in millions of EUR)	
Cash and cash equivalents	33.7	17.1
Loans and advances due from customers	241.4	177.9
Assets held for sale	4.4	17.4
Property and equipment	2.1	1.8
Intangible assets	2.8	0.5
Deferred tax asset	10.7	4.4
Current tax assets	4.7	-
Financial instruments at fair value through profit or loss	18.6	-
Other assets	51.6	6.3
Total assets	**370.0**	**225.4**
Financial instruments at fair value through profit or loss	-	2.4
Loans and borrowings	231.6	129.2
Liabilities held for sale	0.7	14.0
Corporate income tax payable	6.4	4.2
Provisions	0	0.8
Other liabilities	18.3	9.1
Total liabilities	**257.0**	**159.7**
Share capital	35.8	17.5
Retained earnings	107.6	61.9
Reorganization reserve	(32.6)	(14.4)
Currency translation reserve	0.9	(0.8)
Share based payment reserve	0.1	0.1
Obligatory reserve	0.1	0.1
Total equity attributable to the Group's equity holders	**111.9**	**64.4**
Non-controlling interests	1.1	1.3
Total equity	**113.0**	**65.7**
Total shareholders' equity and liabilities	**370.0**	**225.4**

Assets

The Group held total assets of EUR 370.0 million as of 31 December 2014, compared to EUR 225.4 million as of 31 December 2013, representing an increase of EUR 144.6 million, or 64%. This increase was due to an increase of EUR 63.5 million in loans and advances due from customers and an increase of EUR 16.6 million in the cash balance and EUR 45.2

million in other assets due to bond restructuring and securing transactions, which was partially offset by a decrease of EUR 13.0 million in assets held for sale (reflecting the sale of the Group's North American business segment in the first quarter of 2014; the segment's assets were classified as being held for sale as of 31 December 2013). As at 31 December 2014 and 31 December 2013, 75% of the Group's assets were self-liquidating (*i.e.*, loans and advances from customers and cash as a percentage of total assets).

Loan Portfolio

As of 31 December 2014, the Group's total loan portfolio was EUR 241.4 million, compared to EUR 177.9 million as of 31 December 2013, representing an increase of EUR 63.5 million, or 36%. The Group's loan portfolio accounted for 65% of total assets as of 31 December 2014 and 79% of total assets as of 31 December 2013.

Classification of the Group's Loan Portfolio

The following table sets out the classification of the Group's total loan portfolio in terms of performing and non-performing loan portfolios as of the dates indicated.

	31.12.2014				31.12.2013			
	Gross Amount	Allowance for doubtful debts	Net Amount	% of Portfolio	Gross Amount	Allowance for doubtful debts	Net Amount	% of Portfolio
Performing loan portfolio	208.3	(17.0)	191.3	79.2%	151.2	(10.5)	140.7	79.1%
Non-performing loan portfolio	108.5	(58.4)	50.1	20.8%	68.9	(31.7)	37.2	20.9%
Total loan portfolio (1)	**316.8**	**(75.4)**	**241.4**	**100.0%**	**220.1**	**(42.2)**	**177.9**	**100.0%**

Note:

(1) Loan amounts include accrued interest.

Performing Loan Portfolio

The following table sets out the Group's performing loan portfolio (including performing interest) by product as of the dates indicated.

	31.12.2014		31.12.2013	
	Amount	% of Portfolio	Amount	% of Portfolio
Performing loan portfolio by product: (1)	*(in millions of EUR, except percentages)*			
Single Payment Loans	150.4	72.2%	114.4	75.7%
Installment Loans	57.9	27.8%	36.8	24.3%
Total performing loan portfolio	**208.3**	**100.0%**	**151.2**	**100.0%**

Note:

(1) Loan amounts include accrued interest.

Non-performing Loan Portfolio

The Group has written off any loans which have been overdue for more than 730 days.

As of 31 December 2014, the Group's total non-performing loan portfolio was EUR 108.5 million, which represents 8.8% of the value of loans issued from 1 October 2012 to 30 September 2014. Taking into account the short-term nature of the Group's loan portfolio, the performing loan portfolio as of the end of each reporting period consisted primarily of loans maturing in 30 days, while non-performing loans are accumulated for 730 days. As a result, the Group's non-performing loan portfolio as of 31 December 2014 represented 34% of total loans outstanding as of such date. EUR 8.0 million, or 7.4%, of this was non-performing interest. The Group's total non-performing gross loan portfolio increased by EUR 39.6 million, or 57.5%, in the Period, mainly as a result of the increase in loan amounts issued.

As of 31 December 2013, the Group's total non-performing loan portfolio was EUR 68.9 million, a total of 9.2% of the value of loans issued from 1 October 2011 and 30 September 2013. The Group's non-performing loan portfolio as of 31 December 2013 represented 31% of the total loans that were outstanding as of this date. Of the total non-performing loan portfolio as of 31 December 2013, EUR 4.5 million, or 7%, was non-performing interest. The following table sets out an analysis of the Group's non-performing loan portfolio (including non-performing interest) by product as of the dates indicated.

	31.12.2014	31.12.2013
	(in millions of EUR, except percentages)	
Non-performing loan portfolio by product: (1)		
Single Payment Loans	84.9	52.3
Installment Loans	23.6	16.6
Total non-performing loan portfolio	**108.5**	**68.9**
Value of loans issued(2)	1226.0	748.6
Non-performing loans as a share of value of loans issued	**8.8%**	**9.2%**

Notes:
(1) Loan amounts include accrued interest.
(2) The value of loans issued as of a particular date represent loans issued for the two-year period before commencement of the 90 day past-due period. Therefore, the applicable period for each reporting date is as follows: for 31 December 2014: 1 October 2012 to 30 September 2014; for 31 December 2013: 1 October 2011 to 30 September 2013.

Liabilities

The Group had total liabilities of EUR 257.0 million as of 31 December 2014, compared to EUR 159.7 million as of 31 December 2013, representing an increase of EUR 97.3 million, or 62%. The increase was driven by an increase in the value of loans and borrowings lead by the issuance of '2019 Notes' and defeasance of '2015 Notes'.

Loans and borrowings

As of 31 December 2014, the Group had loans and borrowings of EUR 231.6 million, compared to EUR 129.2 million as of 31 December 2013. The Group's loans and borrowings accounted for 90% of total liabilities as of 31 December 2014 and 81% of total liabilities as of 31 December 2013.

The table below sets out the loans and borrowings by lender as of the dates indicated.

	31.12.2014	31.12.2013
	(in millions of EUR)	
Long term		
AS Trasta Komercbanka	6.2	3.0
2019 Notes	157.9	0
2015 Notes	0	125.4
Other(1)	12.6	0.7
Total long term	**176.7**	**129.1**
Short term		
2019 Notes	7.3	
2015 Notes	43.4	0
Other(1)	4.2	0.1
	54.9	**0.1**
Total	**231.6**	**129.2**

Note:
(1) 'Other' consists primarily of loans with related parties.

In May 2011, AS 4finance entered into credit line agreement No. KL-11/2011 (the 'TKB CLA') with AS Trasta Komercbanka ('TKB'), which allows borrowings of up to EUR 7.7 million (the 'TKB Credit Line'). As of 31 December 2014, the amount outstanding under the TKB Credit Line was EUR 6.2 million. The TKB Credit Line is subject to a number of covenants. As of the date of this Report, it is believed that AS 4finance is in compliance with all such covenants.

In August 2013, AS 4finance listed USD 170.0 million of 13% notes (the '2015 Notes') on the Irish Stock Exchange, which were due on 31 January 2015 and which were senior to all its future subordinated debt, if any. The notes were fully repaid at maturity.

In August 2014, 4finance S.A. issued USD 200.0 million of 11.75% notes (the '2019 Notes') which are listed on the Irish Stock Exchange and are senior to all of the Group's future subordinated debt. As of 31 March 2015, the amount outstanding and accumulated interest under the 2019 Notes was EUR 181.5 million. The 2019 Notes will mature in August 2019.

Equity

As of 31 December 2014, the Group's total equity amounted to EUR 113.0 million, compared to EUR 65.7 million as of 31 December 2013, representing an increase of EUR 47.3 million, or 72%, which was mainly attributable to an increase in profits in the Period, compared to the twelve months ending 31 December 2013. The Group has not paid any dividends to its major shareholders within this period and its capital to assets ratio as at 31 December 2014 was 36%.

Off-Balance Sheet Arrangements for the Period

The Group did not employ any off-balance sheet arrangements at the end of the Period.

RECENT DEVELOPMENTS

Recent developments include significant and material information about the Group's development and any changes since its last quarterly report which was published on 11 March 2015.

Significant changes in indebtedness

In March 2015, 4finance S.A. issued SEK 225.0 million of 11.75% senior unsecured callable fixed rate bonds which are due in March 2018. Provided that certain financial conditions are met, 4finance S.A. may at one or more occasions issue additional bonds up to a total amount of SEK 600.0 million. The SEK bonds will be listed on the corporate bond list of Nasdaq Stockholm within six months from the issue date. Total net proceeds excluding issue costs from the bonds were SEK 215.1 million. Proceeds from the bond issue will be used for general corporate purposes of the Group and acquisitions.

New licenses and establishments

The Group plans to separate its global marketing and sales activities and thereby obtain further efficiencies in its operations. For this purpose, in February 2015 the Group established 4f Sales Inc., a sales company in the United States of America (Delaware), and in March 2015 the Group established SIA 4finance Media, a media company in Latvia.

In March 2015 the Group finalized the licensing process for SIA Vivus.lv, a Latvian entity for operations in Latvia. The Group intends to use the company for further expansion of its installment loan product in Latvian market.

No other licenses were acquired or companies established.

Changes in risks

There have been no significant changes in risks.

Acquisitions and disposals

In April the Group acquired GoodCredit Universal Credit Organization CJSC in Armenia (the Company), which holds a credit organization license from the Central Bank of Armenia. The main activities of the Company are micro-/SME business and consumer lending. In April 2015 the transaction was approved by the Central Bank of Armenia and as of April 22, 2015, GoodCredit is fully owned by 4finance Holding S.A. The total purchase price of the company was EUR 1.2 million and its total assets at the end of March 2015 were EUR 1.1 million. The Company does not hold any outstanding debt to third parties. The acquisition will enable the Group to expand its activities in the Republic of Armenia.

Following the decision to sell the Group's operations in the Russian Federation and 85% of its defeased operations in the United Kingdom, the Group completed the sales transactions which were effective from January 2015. Total proceeds from sales were EUR 0.6 million. As a result of the transactions, the Group has fully disposed of its ownership in Piressa Holdings Limited (Cyprus) and indirect ownership in Gala Resources Limited (Virgin Islands), 4finance ZAO (Russia), OOO Gefest-MSK (Russia), and 85% of its ownership in 4finance Ltd (United Kingdom).

There were no other acquisitions or disposals made by the Group.

Litigations and contingent liabilities

No member of the 4finance Group is engaged in new legal or arbitration proceedings which may have a material effect on the Group's financial position or profitability.

Changes in management

The Group continued to strengthen its management team and function in an efficient manner.

Darren Cairns joined the Group management team as Chief Marketing Officer. Darren has over 20 years of marketing experience, leading teams delivering growth for some of the biggest brands in the world - BT, 3, Yahoo! and PlayStation. Darren launched the 3 (UK 3G mobile operator) brand in the UK, then ran product marketing teams at Yahoo! across Mail, Messenger, Music and other verticals across Europe. He has also worked in the video games industry for the last 10 years. Darren has joined the Executive Committee of the Group.

Previous CMO Dorota Zimnoh resigned from the company.

Changes in the regulatory framework

There have been no changes in regulations in the countries of operation. The Group remains confident of its ability to fully comply with, as well as successfully operate under, the current regulations in all eleven countries of operation.

Changes in the ownership structure

As of 16 April 2015, 4finance Holding S.A. is fully owned by Tirona Limited. There have been no changes in the ultimate beneficial owners of Tirona Limited from our previous report in 11 March 2015, and as of 16 April 2015, the Group is controlled by three beneficial owners: Uldis Arnicāns with 25.5%, Edgars Dupats with 25.5% and Vera Boiko with 49%.

INFORMATION ABOUT THE GROUP

The 4finance Group is one of the largest online providers of small unsecured consumer loans in Europe based on market share. The Group offers unsecured single payment loans to consumers online with a short term loan period of up to 30 days and installment loans with a medium term loan period of up to 36 months. Currently the Group operates in eleven countries, these being Poland, Spain, the Czech Republic, Sweden, Finland, Denmark, Latvia, Lithuania, Georgia, Bulgaria and Armenia.

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