4FINANCE REPORTS RESULTS FOR THE NINE MONTH PERIOD ENDING 30 SEPTEMBER 2015

REVENUE UP 39%, NET PROFIT UP 29% REFLECTING GROWTH IN ALL MARKETS AND INCREASING PRODUCT DIVERSITY

Riga, Latvia, 5 November 2015. 4finance Holding S.A. (the 'Group'), one of Europe's largest online and mobile consumer lending groups, today announces unaudited consolidated results for the nine month period ending 30 September 2015 (the 'Period').

Financial Highlights

- Revenue up 39% to EUR 229.3 million in the Period compared with EUR 164.5 million in the nine months ending 30 September 2014.
- The Group's profit for the nine months to 30 September 2015 was EUR 51.3 million, an increase of 29% from EUR 39.7 million for the same period in 2014.
- Net loan portfolio as of 30 September 2015 was EUR 299.1 million, up 29% from a year ago.
- Cost to interest income ratio for the Period was 39%, vs. 35% for the nine month period ending 30 September 2014.
- Financial strength enhanced with a capital-to-assets ratio of 38% as of 30 September 2015 (33% as of 30 September 2014).
- Credit discipline maintained with non-performing loans to loan issuance ratio of 9.1% as of 30 September 2015 (9.6% as of 30 September 2014).
- Consolidated adjusted EBITDA was EUR 78.8 million for the Period, leading to an interest coverage ratio of 3.7x.

Operational Highlights

- Total number of registered customers reached 4.3 million as of 30 September 2015, up 45% from a year ago.
- A total of EUR 791.1 million in loans were issued during the Period, up 33% compared with EUR 592.8 million in the nine months ending 30 September 2014.
- Appointment of highly experienced Chief Risk Officer, Manu Panda, to strengthen portfolio risk management.
- Initial launch in September of new Line of Credit product – an open-ended online credit limit with flexible monthly repayments – in Finland.
- Started lending under Vivus brand in Argentina in October and on track to launch in Mexico by year-end.

Kieran Donnelly, CEO of 4finance, commented:

"Our business continues to grow strongly, with revenue up 39% year on year, reflecting growth in every one of our markets. Net profit increased 29%, reflecting that growth and our continued investment in the future as we capture and utilize an ever broader range of data.

"Single payment loans remain an important driver of profitability and also an entry point into new markets. At the same time, we continue to diversify our offering to customers, with instalment loans now comprising nearly a third of the portfolio, alongside the successful line of credit launch. More products are being piloted in the coming months.

"What we have achieved in the last few months – growing profits, investing in people, data analytics and technology, launching our third product and expanding into Latin America – demonstrates our commitment to becoming a global leader in digital consumer finance."

Key Financial Ratios

	As of / 9 months to 30 September		As of / 12 months to 31 December	
	2015	**2014**	**2014**	**2013**
Net loan portfolio (in millions of EUR)(1)	299.1	232.7	241.4	177.9
Capital/assets ratio(2)	38%	33%	35%	29%
Capital/net loan portfolio(3)	54%	45%	47%	37%
Interest coverage(4)	3.7x	3.9x	3.5x	4.5x
Profit margin(5)	26%	29%	27%	35%
Return on average equity(6)	45%	59%	54%	82%
Cost/revenue ratio(7)	39%	35%	37%	38%
Net impairment to revenue ratio(8)	25%	25%	25%	18%
Non-performing loans to loan issuance ratio(9)	9.1%	9.6%	8.8%	9.2%

Notes:
(1) Gross loan portfolio less provisions for bad debts.
(2) Total equity/total assets (excluding the effect from the 2015 Notes' defeasance)
(3) Total equity/net loan portfolio.
(4) Consolidated EBITDA/interest expense.
(5) Profit before tax/interest income.
(6) Profit from continuing operations/average equity (total equity as of the start and end of each period divided by two).
(7) General administrative expenses/interest income. Structural difference in administrative expenses in 2015 increases 9M 2015 ratio
(8) Net impairment losses on loans and receivables/interest income.
(9) Non-performing loans with a delay of over 90 days/value of loans issued. The value of loans issued represents loans issued for the two-year period before commencement of the 90 day past-due period, eg for 30 September 2015: 1 July 2013 to 30 June 2015.

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Conference call

A conference call with management to discuss these results is scheduled for **Tuesday, 10 November at 16:00 UK time**. To register, please visit www.4finance.com/investors.

About 4finance

Established in 2008, 4finance is one of the largest and fastest growing online and mobile consumer lending groups in Europe with operations in 13 countries. Putting innovative data-driven analysis into all aspects of the business, 4finance has grown rapidly, issuing over EUR 2.5 billion in single payment and instalment loans to date.

4finance operates through a portfolio of market leading brands with strong regional presence including Vivus, SMSCredit and Zaplo. A responsible lender, offering simple, convenient and transparent products and service, 4finance is meeting growing customer demand from those increasingly under-served by conventional lending.

4finance is headquartered in Riga, Latvia and currently operates in Argentina, Armenia, Bulgaria, the Czech Republic, Denmark, Finland, Georgia, Latvia, Lithuania, Poland, Romania, Spain and Sweden. To support its international expansion, 4finance continues to pursue a twin-track strategy of strong organic growth bolstered by targeted acquisition.

Forward looking statements

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

FINANCIAL REVIEW

Income Statement

The table below sets out the condensed consolidated interim statement of profit and loss for the nine months ending 30 September 2015 and 30 September 2014.

	Nine months ending 30 September		
	2015	**2014**	**% change**
	(in millions of EUR)		
Interest income	229.3	164.5	39%
Interest expense	(21.1)	(16.4)	29%
Net interest income	**208.2**	**148.1**	**41%**
Net impairment losses on loans and receivables	(57.0)	(41.7)	37%
General administrative expenses	(89.0)	(58.1)	53%
Other income/(expense)	(2.9)	(0.3)	>100%
Profit before tax	**59.3**	**48.0**	**24%**
Corporate income tax for the reporting period	(13.3)	(10.0)	33%
Profit from continuing operations	**46.0**	**38.0**	**21%**
Profit from discontinued operations, net of tax	5.3	1.7	>100%
Profit for the period	**51.3**	**39.7**	**29%**

Interest income

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

	Nine months ending 30 September		
	2015	**2014**	**% change**
	(in millions of EUR)		
Total value of loans issued	791.1	592.8	+33%
Average net loan portfolio	270.2	205.3	+32%
Average interest rate on loans to customers	113%	105%	

Interest income, or revenue, for the Period was EUR 229.3 million, a 39% increase compared with EUR 164.5 million for the nine months ending 30 September 2014. This reflects the 32% increase in the average balance of the net loan portfolio and 8 percentage point increase in average interest rate. The value of loans issued increased across the majority of our markets, and higher growth continues to be seen in Poland, Georgia and Spain, where interest rates are also typically higher.

Interest expense

Interest expense for the Period was EUR 21.1 million, a 29% increase compared with EUR 16.4 million for the nine months ending 30 September 2014. This increase is mainly due to the USD 200 million bond issuance in August 2014, SEK 225 million bond issued in March 2015 and SEK 150 million additional issue in September 2015. The average balance of the Group's indebtedness in the Period increased to EUR 229.3 million from EUR 184.7 million, with an average interest rate of 12%, in line with last year.

Net impairment losses on loans and receivables

Net impairment losses for the Period were EUR 57.0 million, a 37% increase compared with EUR 41.7 million for the nine months ending 30 September 2014. The increase in net impairment losses primarily reflects the expansion of the Group's portfolio in both existing and new jurisdictions, as well as its application of prudent, conservative impairment policies. Net impairment losses represented 25% of interest income, the same as last year.

General administrative expenses

General administrative expenses reported for the Period were EUR 89.0 million, a 53% increase compared with EUR 58.1 million reported for the nine months ending 30 September 2014. As indicated in last quarter's report, the Group continues to invest across the business to support future growth. The increase in personnel costs was mainly attributable to hiring in product development, risk, legal and finance. Marketing campaigns were used to maintain leading positions in existing markets. The Group has also been investing in its IT platforms to ensure the appropriate infrastructure is in place to support the development of the business.

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

	Nine months ending 30 September	
	2015	**2014**
	(in millions of EUR)	
Marketing and sponsorship	35.6	23.8
Personnel costs	26.5	16.0
IT expenses	6.0	4.1
Debt collection costs	4.9	2.5
Legal and consulting	3.4	2.1
Application inspection costs	2.8	3.0
Rent and utilities	1.8	1.1
Depreciation and amortization	0.9	0.7
Other	7.1	4.9
Total	**89.0**	**58.1**

For the first nine months of 2015 and 2014, marketing and sponsorship costs accounted for 40% and 41% respectively, and personnel costs accounted for 30% and 28%, respectively, of general administrative expenses.

For the first nine months of 2015 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 90% of total administrative costs in both periods. Such costs strongly correlate to movements in loan sales.

Other income/(expense)

Other expense for the Period amounted to EUR 2.9 million. For the nine months ending 30 September 2014, other expense was EUR 0.3 million. The increase is mainly due to the net effect of foreign currency hedging transactions.

Profit before tax

For the reasons stated above, the Group's profit before tax for the Period was EUR 59.3 million, a 24% increase compared with EUR 48.0 million for the nine months ending 30 September 2014. The profit before tax margin, *i.e.,* profit before tax as a percentage of interest income, was 26% for the Period and 29% for the nine months ending 30 September 2014.

Corporate income tax

The Group's corporate income tax expense increased by 33% to EUR 13.3 million for the Period, compared with EUR 10.0 million for the nine months ending 30 September 2014.

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

	Nine months ending 30 September	
	2015	**2014**
	(in millions of EUR)	
Current tax	17.3	14.8
Deferred tax	(4.0)	(4.8)
Total	**13.3**	**10.0**

For the first nine months of 2015 and 2014, the Group's effective tax rate was 22% and 21% respectively.

Profit from continuing operations

For the reasons stated above, the Group's profit from continuing operations for the Period was EUR 46.0 million, a 21% increase compared with EUR 38.0 million for the nine months ending 30 September 2014.

Profit 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 Period. In the same period in 2014, the United Kingdom and North America business segments were reflected separately as discontinued operations.

For the Period, the Group recorded a profit from discontinued operations, net of tax, of EUR 5.3 million, compared with a profit of EUR 1.7 million for the nine months ending 30 September 2014.

Profit for the period

For the reasons stated above, profit for the Period was EUR 51.3 million, a 29% increase compared with EUR 39.7 million for the nine months ending 30 September 2014.

Other financial data – Consolidated EBITDA

	As of 30 September		As of 31 December	
	2015	**2014**	**2014**	**2013**
	(in millions of EUR)			
Profit for the period per IFRS	**51.3**	**39.7**	**46.3**	**35.8**
(Income)/loss from discontinued operations	(5.3)	(1.7)	2.1	8.8
Goodwill write-off	0	0	0	0.6
Non-cash (gains)/losses due to market valuation of hedging obligations under IFRS	(2.5)	(1.2)	(1.5)	(0.1)
Provision for corporate income tax	13.3	10.0	11.6	8.3
Interest expense	21.1	16.4	23.8	15.3
Depreciation and amortization	0.9	0.7	0.9	0.7
Consolidated EBITDA[(1)]	**78.8**	**63.9**	**83.2**	**69.4**

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.

Balance Sheet

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

	30 Sept. 2015 (unaudited)	31 December 2014 (audited)	30 Sept. 2014 (unaudited)
		(in millions of EUR)	
Cash and cash equivalents	47.5	33.7	88.1
Loans and advances due from customers	299.1	241.4	232.7
Assets held for sale	-	4.4	-
Property and equipment	4.0	2.1	2.1
Intangible assets	2.7	2.8	0.7
Goodwill	0.6	-	-
Deferred tax asset	14.7	10.7	9.0
Current tax assets	2.8	4.7	2.8
Financial instruments at fair value through profit or loss	9.1	18.6	11.7
Other assets	43.1	51.6	25.9
Total assets	**423.7**	**370.0**	**373.0**
Loans and borrowings	226.9	231.6	246.2
Liabilities held for sale	-	0.7	-
Corporate income tax payable	8.4	6.4	6.8
Provisions	3.0	-	0.9
Other liabilities	24.7	18.3	13.5
Total liabilities	**263.1**	**257.0**	**267.4**
Share capital	35.8	35.8	35.8
Retained earnings	158.5	107.6	101.1
Reorganization reserve	(32.6)	(32.6)	(32.6)
Currency translation reserve	(2.2)	0.9	0.1
Share based payment reserve	0.1	0.1	0.1
Obligatory reserve	0.2	0.1	0.1
Total equity attributable to the Group's equity holders	**159.7**	**111.9**	**104.6**
Non-controlling interests	0.9	1.1	1.0
Total equity	**160.6**	**113.0**	**105.6**
Total shareholders' equity and liabilities	**423.7**	**370.0**	**373.0**

Assets

The Group had total assets of EUR 423.7 million as of 30 September 2015, compared with EUR 370.0 million as of 31 December 2014, representing an increase of EUR 53.6 million, or 13%. This increase was mainly due to an increase of EUR 57.7 million in loans and advances due from customers and an increase of EUR 13.8 million in cash. Partially offsetting these were decreases in financial instruments at fair value and other assets. The movement of US operations outside of the 4finance Holding SA consolidation group in July affects comparison with the 30 June 2015 balance sheet. Some of the capitalized development costs reported as intangible assets last quarter were within US entities, so intangible assets are lower than as of 30 June 2015. Other assets are greater, partly due to inclusion of loans to those companies, formerly treated as intercompany loans.

As of 30 September 2015 and 31 December 2014, 82% and 74% respectively 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 30 September 2015, the Group's net loan portfolio equaled EUR 299.1 million, compared with EUR 241.4 million as of 31 December 2014, representing an increase of EUR 57.7 million, or 24%. The Group's loan portfolio accounted for 71% of total assets as of 30 September 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.

Loan portfolio	**30 September 2015**				**31 December 2014**			
	Gross Amount	**Allowance for doubtful debts**	**Net Amount**	**% of Net Portfolio**	**Gross Amount**	**Allowance for doubtful debts**	**Net Amount**	**% of Net Portfolio**
	(in millions of EUR, except percentages)							
Performing	260.7	(23.8)	236.9	79.2%	208.3	(17.1)	191.3	79.2%
Non-performing	145.4	(83.2)	62.2	20.8%	108.5	(58.4)	50.1	20.8%
Total (1)	**406.1**	**(107.0)**	**299.1**	**100.0%**	**316.8**	**(75.4)**	**241.4**	**100.0%**

Note: (1) Loan amounts include accrued interest.

Performing Loan Portfolio

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

	30 September 2015		**31 December 2014**	
	Amount	**% of Portfolio**	**Amount**	**% of Portfolio**
	(in millions of EUR, except percentages)			
Performing loan portfolio by product: (1)				
Single Payment Loans	176.0	67.5%	150.4	72.2%
Instalment Loans	84.7	32.5%	57.9	27.8%
Total performing loan portfolio	**260.7**	**100.0%**	**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 30 September 2015, the Group's total non-performing loan portfolio was EUR 145.4 million, which represents 9.1% of the value of loans issued between 1 July 2013 and 30 June 2015. Given the mostly short-term nature of the Group's lending, the performing loan portfolio at each reporting date consists primarily of loans maturing within 30 days, while non-performing loans are accumulated for 730 days. The Group's non-performing loan portfolio as of 30 September 2015 represented 36% of total gross loans outstanding as of that date. EUR 11.7 million, or 8%, of this was non-performing interest. The Group's total gross non-performing loan portfolio increased by EUR 36.9 million, or 34%, during the Period mainly due to increased loan issuance.

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.

	30 Sept. 2015	**31 December 2014**	**30 Sept. 2014**
	(in millions of EUR, except percentages)		
Non-performing loan portfolio by product: (1)			
Single Payment Loans	111.8	84.9	86.7
Instalment Loans	33.5	23.6	21.7
Total non-performing loan portfolio	**145.4**	**108.5**	**108.4**
Value of loans issued(2)	1,599	1,226	1,124
Non-performing loans as a share of value of loans issued	**9.1%**	**8.8%**	**9.6%**
Allowance for doubtful NPL debts	83.2	58.4	58.1
Allowance for doubtful NPL debts / non-performing loans	57%	54%	54%
Overall allowance / NPL coverage ratio	74%	70%	69%
Average Loss Given Default rate	47%	45%	41%

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 30 September 2015: 1 July 2013 to 30 June 2015; for 31 December 2014: 1 October 2012 to 30 September 2014; for 30 September 2014: 1 July 2012 to 30 June 2014.

Liabilities

The Group had total liabilities of EUR 263.1 million as of 30 September 2015, compared with EUR 257.0 million as of 31 December 2014, representing an increase of EUR 6.0 million. Liabilities mainly consist of loans and borrowings, which decreased slightly overall as the '2015 Notes' and some other loans were repaid, partially offset by the issuance of the '2018 Notes' and the increase in EUR amount of the '2019 Notes' due to the change in EUR/USD exchange rate.

Loans and borrowings

As of 30 September 2015, the Group had loans and borrowings of EUR 226.9 million, compared with EUR 231.6 million as of 31 December 2014. The Group's loans and borrowings accounted for 86% of total liabilities as of 30 September 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.

	30 September 2015	31 December 2014
	(in millions of EUR)	
Long term		
AS Trasta Komercbanka	6.1	6.2
2019 Notes	173.4	157.9
2018 Notes	39.9	-
Other(1)	1.0	12.6
Total long term	**220.3**	**176.7**
Short term		
AS Trasta Komercbanka	-	-
2019 Notes	-	7.3
2015 Notes	-	43.4
Other(1)	6.6	4.2
	6.6	**54.9**
Total	**226.9**	**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 30 September 2015, the amount outstanding under the TKB Credit Line was EUR 6.1 million at an interest rate of 7%.

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. 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 30 September 2015, the amount outstanding and accumulated interest under the 2019 Notes was EUR 173.4 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 were listed on the corporate bond list of Nasdaq Stockholm during August 2015. In September 2015, a further SEK 150.0 million of 2018 Notes were issued at par, bring the total amount outstanding to SEK 375.0 million out of a total programme size of SEK 600.0 million. As of 30 September 2015, the amount outstanding and accumulated interest under the 2018 Notes was EUR 39.9 million. The 2018 Notes will mature in March 2018.

Equity

As of 30 September 2015, the Group's total equity amounted to EUR 160.6 million, compared with EUR 113.0 million as of 31 December 2014, representing an increase of EUR 47.6 million, or 42%, which was mainly attributable to profits generated.

The Group has not paid any dividends to its shareholders within this period and its capital to assets ratio as of 30 September 2015 was 38%. The capital to net loan portfolio ratio as of 30 September 2015 was 54%, reflecting the Group's strong capitalisation.

Off-Balance Sheet Arrangements

In connection with the Group's line of credit product, it has contractual obligations for undrawn credit facilities totalling EUR 23,850 as of 30 September 2015. The Group has no other off-balance sheet commitments or obligations outstanding.

Condensed Consolidated Statement of Cash Flows for the Period

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

	Nine months ending 30 September	
	2015	2014
	(in millions of EUR)	
Cash flows from/(used in) operating activities		
Profit before taxes (including discontinued operations)	**64.6**	**49.7**
Adjustments for:		
Depreciation and amortization	1.0	0.7
Increase in impairment allowance on loans and advances due from customers	33.5	32.8
Write-off and disposal of intangible and property and equipment assets	0.1	-
Provisions (excluding doubtful debt allowance)	2.0	0.1
Interest and similar income	(1.9)	(0.6)
Interest and similar expenses	21.1	16.4
Profit before adjustments for the effect of changes to assets and liabilities	120.3	99.1
Adjustments for:		
Increase in loans and advances to customers	(89.6)	(87.7)
Change in financial instruments measured at fair value through profit or loss	9.5	(11.7)
Increase in other assets	(17.3)	(12.7)
Gains from sale of portfolio	2.0	-
Increase in accounts payable to suppliers, contractors and other creditors	6.3	28.6
Gross cash flows from operating activities	31.2	15.6
Corporate income tax paid	(13.4)	(14.4)
Net cash flows generated/ (used) in operating activities	**17.8**	**1.2**
Cash flows from/(used in) investing activities		
Purchase of property, equipment and intangible assets	(2.7)	(1.1)
Loans issued to related parties	(20.5)	(8.3)
Loans repaid from related parties	16.5	-
Interest received	1.3	-
Acquisition of subsidiaries, net of cash acquired	(1.4)	-
Net cash used in investing activities	**(6.8)**	**(9.4)**
Cash flows from/(used in) financing activities		
Loans received and notes issued	66.8	118.6
Repayment of loans	(36.5)	(24.8)
Interest payments	(26.5)	(15.5)
Dividend payments	(0.6)	(0.3)
Net cash flows from financing activities	**3.2**	**78.0**
Net increase in cash and cash equivalents	**14.2**	**69.8**
Cash and cash equivalents at the beginning of the period	**34.4**	**17.1**
Effect of exchange rate fluctuations on cash	(1.1)	1.2
Cash and cash equivalents at the end of the period	**47.5**	**88.1**

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 generated in operating activities in the Period increased to EUR 17.8 million from EUR 1.2 million in the same period last year. The changes mainly resulted from the increased profit in the Period, with limited net change from asset/liability movements. Compared to the second quarter, other assets have increased and financial instruments, used for currency hedging, have been listed separately.

The Group's cash flows which were used in investing activities mainly include the purchase and disposal of property, equipment and intangible assets, loans issued and loans repaid. Net cash used in investing activities was EUR 6.8 million in the Period. Related party scope now includes loans to US entities that were formerly eliminated on consolidation.

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. The issuance of '2018 Notes' in March and September accounted for most of the loans received and notes issued in the Period.

RECENT DEVELOPMENTS

Recent developments include significant and material information about the Group's development and any changes since its last quarterly report that was published on 28 August 2015.

Significant changes in indebtedness

In September, 4finance S.A. issued SEK 150 million of new senior unsecured bonds due March 2018, priced at par, under its Swedish bond programme. This takes the total issued amount to SEK 375 million.

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

In October, Manbhanjan (Manu) Panda was appointed as Chief Risk Officer and a member of the Group's executive committee. With a broad background and over 23 years' experience in consumer lending & credit card industries, Manu's risk experience spans various leadership positions at blue-chip companies including Barclays, Citibank and GE Capital where he leveraged data and technology for decision making. Prior to his last role leading Information Services at MasterCard Asia Pacific, he was Managing Director, Decision Analytics for Experian covering 12 markets across Asia Pacific.

Changes in the regulatory framework

The changes in regulation in Poland outlined in the half year report have now been passed into law and will take effect from 10 March 2016.

Additional legislation in Lithuania is expected to be voted on this month. The proposals include changing the current 200% APR limit into a separate interest rate limit (75% effective APR) and administration fee limit (0.04% per day), with an overall cost of credit cap at 100% of the amount borrowed, as well as additional affordability criteria. If enacted, the new regulations are expected to come into force in the first quarter of 2016. The Group will ensure its products are compliant.

Changes in the corporate structure

The Group's parent company has been renamed as 4finance Group S.A. (formerly PM Lux S.A.).

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