4FINANCE REPORTS RESULTS FOR THE THREE MONTHS ENDING 31 MARCH 2016

REVENUE UP 30%, NET PROFIT OF EUR 16.7 MILLION, REFLECTING CONTINUED GROWTH AND INVESTMENT ACROSS THE PLATFORM

Riga, Latvia, 31 May 2016. 4finance Holding S.A. (the 'Group'), one of Europe's largest online and mobile consumer lending groups, today announces unaudited consolidated results for the three months ending 31 March 2016 (the 'Period').

Financial Highlights

- Revenue up 30% to EUR 90.3 million in the Period compared with EUR 69.2 million in the prior year period.
- The Group's profit from continuing operations for the three months to 31 March 2016 was EUR 16.7 million, an increase of 7% from EUR 15.6 million in 2015.
- Average net loan portfolio for the Period of EUR 308.7 million, up 20% from a year ago.
- Cost to revenue ratio for the Period was 47%, vs. 38% for the three months to 31 March 2015, reflecting a two thirds increase in staff and investment across the platform for future growth and geographic / product diversification.
- Financial strength continues to build, with a capital-to-assets ratio of 42% as of 31 March 2016 (35% as of 31 March 2015).
- Credit discipline maintained, with non-performing loans to loan issuance ratio of 9.4% as of 31 March 2016 within expected range given growth of higher return markets with higher non-performing loan ratios.
- Adjusted EBITDA was EUR 29.1 million for the Period, leading to an adjusted interest coverage ratio of 4.0x.

Operational Highlights

- Total number of registered customers reached 5.0 million as of 31 March 2016, up 35% from a year ago.
- Applications from mobile devices increased to 32% of total loan applications in the Period from 13% in Q1 2015.
- Successful implementation of regulatory changes in key markets in the first quarter of 2016, including Poland, Latvia, Sweden and re-starting lending in Lithuania.
- Continued progress in Instalment Loans: strong volume growth in Poland after product re-design and recent launch in Spain.
- Subsequent to quarter end: EUR 100 million bond issue with 5 year maturity and further enhancements to management team, separating the roles of Chairman and CEO.

Kieran Donnelly, Chairman of the Management Board, commented:

"These solid results for the first quarter, with revenue up 30% and net profit of EUR 16.7 million, have been delivered whilst implementing regulatory changes in four key markets and increasing staff and IT resources. The rise in our non-performing loans to loan issuance ratio is in line with our plans and reflects our geographic diversification.

"We are laying the foundations for the next phase of growth. Our significant investment in people and technology continues, supporting an ambitious roll-out plan for Instalment Loans and new markets. The recent 5 year EUR 100 million bond issue diversifies our funding and underpins this expansion.

"As we gain global scale, our management team and structure also develops. On this front, we have decided to split the Chairman and CEO roles and are pleased to welcome George Georgakopoulos as CEO while I will remain as Chairman. George is the former CEO of Eurobank in Romania and has extensive banking experience. This added experience and expertise will allow us to effectively manage the larger and more complex business we envisage."

Key Financial Ratios

	Three Months Ended 31 March 2016	Three Months Ended 31 March 2015	Year Ended 31 December 2015	Year Ended 31 December 2014
	2016	**2015**	**2015**	**2014**
Net loan portfolio (in millions of EUR)(1)	309.1	271.2	308.3	241.4
Capital/assets ratio(2)	42%	35%	40%	35%
Capital/net loan portfolio(3)	62%	49%	56%	47%
Adjusted interest coverage(4)	4.0x	3.4x	4.2x	3.7x
Profit before tax margin(5)	22%	28%	23%	27%
Return on average equity(6)	37%	51%	41%	54%
Cost/revenue ratio(7)	47%	38%	42%	37%
Net impairment to revenue ratio(8)	25%	25%	25%	25%
Non-performing loans to loan issuance ratio(9)	9.4%	9.0%	9.0%	8.8%

Notes:
(1) Gross loan portfolio less provisions for bad debts.
(2) Total equity/total assets (2014 assets adjusted for effect of bond defeasance).
(3) Total equity/net loan portfolio.
(4) Adjusted 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.
(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 31 March 2016: 1 January 2014 to 31 December 2015.

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Conference call

A conference call with management to discuss these results is scheduled for **Thursday, June 2 at 15:00 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 14 countries. Putting innovative data-driven analysis into all aspects of the business, 4finance has grown rapidly, issuing over EUR 3 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 under-served by conventional lending.

4finance has group offices in Riga (Latvia), London (UK) and Miami (USA), and currently operates in Argentina, Armenia, Bulgaria, the Czech Republic, Denmark, Finland, Georgia, Latvia, Lithuania, Mexico, 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 statement of profit and loss for the three months ending 31 March 2016 and 31 March 2015.

	3 months to 31 March		
	2016 (unaudited)	2015 (unaudited)	% change
	(in millions of EUR)		
Interest income	90.3	69.2	+30 %
Interest expense	(7.5)	(7.1)	+6 %
Net interest income	**82.8**	**62.1**	**+33 %**
Net impairment losses on loans and receivables	(22.3)	(17.2)	+30 %
General administrative expenses	(42.4)	(26.6)	+59 %
Other income/(expense)	1.8	1.3	+38 %
Profit before tax	**20.0**	**19.6**	**+2 %**
Corporate income tax for the reporting period	(3.2)	(4.0)	(20)%
Profit from continuing operations	**16.7**	**15.6**	**+7 %**
Profit from discontinued operations, net of tax	—	5.1	(100)%
Profit for the period	**16.7**	**20.7**	**(19)%**

Interest income

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

	3 months to 31 March		
	2016	2015	% change
	(in millions of EUR)		
Total value of loans issued	266.9	255.3	+5%
Average net loan portfolio	308.7	256.3	+20%
Average annualized interest rate on loans to customers	117%	108%	

Interest income, or revenue, for the Period was EUR 90.3 million, a 30% increase compared with EUR 69.2 million for the three months ending 31 March 2015. This reflects the 20% increase in the average balance of the net loan portfolio and the 9 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. Volumes were lower in Lithuania due to the introduction of more restrictive legislation on affordability and the re-starting of lending in late January.

Interest expense

Interest expense for the Period was EUR 7.5 million, a 6% increase compared with EUR 7.1 million for the three months ending 31 March 2015. This increase is mainly due to the 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 decreased to EUR 224.6 million from EUR 230.5 million, with an average interest rate of 13.4%, a similar rate to the prior year.

Net impairment losses on loans and receivables

Net impairment losses for the Period were EUR 22.3 million, a 30% increase compared with EUR 17.2 million for the three months ending 31 March 2015. The increase in net impairment losses was in line with the increase in revenue, and primarily reflects the expansion and seasoning 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 ratio as last year.

General administrative expenses

General administrative expenses reported for the Period were EUR 42.4 million, a 59% increase compared with EUR 26.6 million reported for the three months ending 31 March 2015. The Group continued its significant investment across the business to support future growth. The increase in personnel costs reflects the significant staff growth over the past year, mainly attributable to hiring in product development, IT, risk, legal & compliance and finance. Marketing campaigns were used to maintain leading positions in existing markets. The Group has also continued its investment in IT platforms to ensure the appropriate infrastructure is in place to support the development of the business. Legal and consulting expense and other costs include certain one-off items related to the evaluation of potential acquisitions and funding opportunities.

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

	3 months to 31 March	
	2016	**2015**
	(in millions of EUR)	
Personnel costs	13.9	6.3
Marketing and sponsorship	13.8	11.6
IT expenses	3.2	2.4
Debt collection costs	2.9	1.4
Legal and consulting	2.6	0.9
Application inspection costs	1.0	0.9
Rent and utilities	0.9	0.5
Depreciation and amortization	0.8	0.3
Other	3.2	2.3
Total	**42.4**	**26.6**

For the first quarters of 2016 and 2015, marketing and sponsorship costs accounted for 33% and 44% respectively, and personnel costs accounted for 33% and 24%, respectively, of general administrative expenses.

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% of total administrative costs in both the three months ending 31 March 2016 and 31 March 2015. Such costs generally correlate to movements in loan sales over time.

Other income/(expense)

Other income for the Period amounted to EUR 1.8 million. For the three months ending 31 March 2015, other income was EUR 1.3 million. The increase in other income was mainly due to the net effect of FX hedging and interest income from other loans.

Profit before tax

For the reasons stated above, the Group's profit before tax for the Period was EUR 20.0 million, a 2% increase compared with EUR 19.6 million for the three months ending 31 March 2015. The profit before tax margin, *i.e.,* profit before tax as a percentage of interest income, was 22% for the Period and 28% for the three months ending 31 March 2015.

Corporate income tax

The Group's corporate income tax expense decreased by 20% to EUR 3.2 million for the Period, compared with EUR 4.0 million for the three months ending 31 March 2015.

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

	3 months to 31 March	
	2016	**2015**
	(in millions of EUR)	
Current tax	7.6	5.2
Deferred tax	(4.4)	(1.2)
Total	**3.2**	**4.0**

The lower tax expense during the Period compared to the prior year is related to treatment of deferred tax assets.

Profit from continuing operations

For the reasons stated above, the Group's profit from continuing operations for the Period was EUR 16.7 million, a 7% increase compared with EUR 15.6 million for the three months ending 31 March 2015.

Profit from discontinued operations, net of tax

There were no operations classified as discontinued in the Period. For the prior year period, former operations in Estonia, Russia and United Kingdom were reflected separately as discontinued operations which recorded a profit of EUR 5.1 million for the three months ending 31 March 2015.

Profit for the period

For the reasons stated above, profit for the Period was EUR 16.7 million, a 19% decrease compared with EUR 20.7 million for the three months ending 31 March 2015.

Other financial data – EBITDA and Adjusted EBITDA

	Three Months Ended 31 March 2016	**Year Ended 31 December 2015**	**Year Ended 31 December 2014**
	2016	**2015**	**2014**
		(in millions of EUR)	
Profit for the period	16.7	64.1	46.3
Provision for corporate income tax	3.2	15.7	11.6
Interest expense	7.5	28.7	23.8
Depreciation and amortization	0.8	1.6	0.9
EBITDA	**28.2**	**110.1**	**82.6**
Adjustments	1.5	9.6	5.6
Adjusted EBITDA [(1)]	**29.7**	**119.7**	**88.2**

Note:

(1) Adjusted EBITDA is 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 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 statement of its financial position.

	31 March 2016 (unaudited)	31 December 2015 (audited)	31 March 2015 (unaudited)
		(in millions of EUR)	
Cash and cash equivalents	30.5	56.9	46.3
Loans and advances due from customers	309.1	308.3	271.2
Property and equipment	4.6	4.3	2.6
Intangible assets	21.6	18.0	4.6
Loans to related parties	16.9	13.7	11.0
Deferred tax asset	17.1	12.9	12.1
Current tax assets	5.9	5.5	0.0
Financial instruments at fair value through profit or loss	5.6	10.6	24.0
Prepaid expenses	6.4	2.7	3.2
Other assets	36.1	5.2	4.3
Total assets	**453.6**	**438.2**	**379.3**
Loans and borrowings	219.7	229.5	227.8
Corporate income tax payable	8.9	7.4	0.4
Provisions	2.4	2.4	1.4
Other liabilities	31.3	25.7	17.8
Total liabilities	**262.3**	**265.0**	**247.4**
Share capital	35.8	35.8	35.8
Retained earnings	187.6	171.0	128.2
Reorganization reserve	(31.1)	(31.1)	(32.6)
Currency translation reserve	(4.5)	(5.1)	(0.5)
Share based payment reserve	2.0	1.4	0.1
Obligatory reserve	0.2	0.2	0.1
Total equity attributable to the Group's equity holders	**189.9**	**172.2**	**131.1**
Non-controlling interests	1.3	1.1	0.8
Total equity	**191.2**	**173.3**	**131.9**
Total shareholders' equity and liabilities	**453.6**	**438.2**	**379.3**

Assets

The Group had total assets of EUR 453.6 million as of 31 March 2016, compared with EUR 438.2 million as of 31 December 2015, representing an increase of EUR 15.4 million, or 4%. The Group intends to obtain a banking license, potentially via an acquisition in the EU. The Group has considered a number of banking targets, including companies of material size with respect to the Group with an acquisition cost of approximately EUR 75 million. During the period the Group, in cooperation with its shareholder, started to allocate the necessary resources for a potential acquisition. The growth in other assets mainly relates to the allocation of EUR 25 million for this.

As of 31 March 2016 and 31 December 2015, 75% and 83% 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 31 March 2016, the Group's net loan portfolio equalled EUR 309.1 million, compared with EUR 308.3 million as of 31 December 2015, representing an increase of EUR 0.8 million, or 0.2%. The Group's loan portfolio accounted for 68% of total assets as of 31 March 2016 and 70% of total assets as of 31 December 2015.

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	**31 March 2016**				**31 December 2015**			
	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	264.2	(26.5)	237.7	76.9 %	268.4	(24.3)	244.2	79.2 %
Non-performing	175.9	(104.5)	71.4	23.1 %	157.0	(92.9)	64.1	20.8 %
Total [(1)]	**440.1**	**(131.0)**	**309.1**	**100.0%**	**425.5**	**(117.2)**	**308.3**	**100.0%**

Note: (1) Loan amounts include accrued interest.

Performing Loan Portfolio

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

	31 March 2016		**31 December 2015**	
	Amount	**% of Portfolio**	**Amount**	**% of Portfolio**
Performing loan portfolio by product: [(1)]	*(in millions of EUR, except percentages)*			
Single Payment Loans	175.7	66.5 %	177.3	66.1 %
Instalment Loans	87.7	33.2 %	90.6	33.8 %
Line of Credit	0.8	0.3 %	0.5	0.2 %
Total performing loan portfolio	**264.2**	**100.0%**	**268.4**	**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 2016, the Group's total non-performing loan portfolio was EUR 175.9 million, representing 9.4% of the value of loans issued between 1 January 2014 and 31 December 2015. Given the mostly short-term nature of the Group's lending, the majority of loans issued during a reporting period are repaid prior to the period end, while non-performing loans are accumulated for 730 days. The Group's non-performing loan (NPL) portfolio as of 31 March 2016 represented 40% of total gross loans outstanding as of that date. EUR 15.8 million, or 9.1%, of this was non-performing interest. The Group's total gross non-performing loan portfolio increased by 18.9 million, or 12%, during the Period. The trend in non-performing loans is in line with expectations given the growth of the portfolio in higher return markets such as Spain and Georgia that also have higher NPL/gross portfolio ratios (average 48%). Spain and Georgia represented 19% of the gross portfolio as of 31 March 2016, compared with 15% as of 31 December 2014. The Instalment Loan portfolio is also seasoning in Denmark and had lower new originations in Finland (product discontinued) and Lithuania (as noted earlier).

The following table sets out an analysis of the Group's NPL portfolio (including non-performing interest) by product.

	31 March 2016	**31 December 2015**
	(in millions of EUR, except percentages)	
Non-performing loan portfolio by product: [(1)]		
Single Payment Loans	129.0	118.6
Instalment Loans	46.8	38.4
Total non-performing loan portfolio	**175.9**	**157.0**
Value of loans issued[(2)]	1,867	1,734
Non-performing loans as a share of value of loans issued	**9.4%**	**9.0%**
Allowance for doubtful NPL debts	104.5	92.9
Allowance for doubtful NPL debts / non-performing loans	59 %	59 %
Overall allowance / NPL coverage ratio	74 %	75 %
Average Loss Given Default rate	51 %	53 %

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. For example, the applicable period for the 31 March 2016 reporting date is 1 January 2014 to 31 December 2015.

Liabilities

The Group had total liabilities of EUR 262.3 million as of 31 March 2016, compared with EUR 265.0 million as of 31 December 2015, representing a decrease of EUR 2.7 million. Liabilities mainly consist of loans and borrowings, which reduced slightly during the quarter as outlined below.

Loans and borrowings

As of 31 March 2016, the Group had loans and borrowings of EUR 219.7 million, compared with EUR 229.5 million as of 31 December 2015. The Group's loans and borrowings accounted for 84% of total liabilities as of 31 March 2016 and 87% of total liabilities as of 31 December 2015. The table below sets out the loans and borrowings by lender as of the dates indicated.

	31 March 2016	31 December 2015
Long term	*(in millions of EUR)*	
AS Trasta Komercbanka	4.4	4.7
2019 Notes	164.0	167.2
2018 Notes	39.4	40.8
Other(1)	1.5	0.7
Total long term	**209.3**	**213.5**
Short term(2)		
AS Trasta Komercbanka	1.2	1.2
2019 Notes	2.6	7.7
2018 Notes	0.0	1.2
Other(1)	6.6	5.8
Total short term	**10.4**	**16.1**
Total loans and borrowings	**219.7**	**229.5**

Note:
(1) 'Other' consists primarily of loans with related parties.
(2) Includes accrued but unpaid interest.

In May 2011, AS 4finance entered into a credit line agreement with AS Trasta Komercbanka ('TKB'), which allows borrowings of up to EUR 7.7 million (the 'TKB Credit Line'). As of 31 March 2016, the amount outstanding under the TKB Credit Line was EUR 5.6 million at an interest rate of 7%.

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 2016, the amount outstanding and accumulated interest under the 2019 Notes was EUR 166.6 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 in August 2015. In September 2015, a further SEK 150.0 million of 2018 Notes were issued at par, bringing the total amount outstanding to SEK 375.0 million out of a total programme size of SEK 600.0 million. As of 31 March 2016, the amount outstanding and accumulated interest under the 2018 Notes was EUR 39.4 million. The 2018 Notes will mature in March 2018.

Equity

As of 31 March 2016, the Group's total equity amounted to EUR 191.2 million, compared with EUR 173.3 million as of 31 December 2015, representing an increase of EUR 17.9 million, or 10%, which was mainly attributable to profits generated. The Group has not paid any dividends to its shareholders within the Period and its capital to assets ratio as of 31 March 2016 was 42%. The capital to net loan portfolio ratio as of 31 March 2016 was 62%, reflecting the Group's strong capitalisation.

Off-Balance Sheet Arrangements

In connection with the Group's line of credit product, it had contractual obligations for undrawn credit facilities totalling EUR 0.8 million as of 31 March 2016. 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 statement of cash flows.

	3 months to 31 March	
	2016	2015
Cash flows from operating activities	*(in millions of EUR)*	
Profit before taxes	**20.5**	**24.8**
Adjustments for:		
Depreciation and amortization	1.0	0.3
Net losses on foreign exchange from borrowings	(5.9)	(5.4)
Increase in impairment allowance	13.3	11.5
Write-off and disposal of intangible and property and equipment assets	0.1	—
Provisions	0.2	0.5
Interest income	(1.4)	(0.6)
Interest expenses	7.5	7.0
Equity-settled share-based payment transactions	0.6	—
Profit or loss before adjustments for the effect of changes to current assets and short term liabilities	35.8	38.1
Adjustments for:		
Increase in loans due from customers	(14.6)	(42.5)
Change in financial instruments measured at fair value through profit or loss	3.9	(5.6)
Increase in other assets	(8.7)	22.6
Increase in accounts payable to suppliers, contractors and other creditors	5.5	(0.1)
Gross cash flows from operating activities	22.0	12.5
Corporate income tax paid	(6.5)	(6.5)
Net cash flows from operating activities	**15.5**	**5.9**
Cash flows from investing activities		
Purchase of property and equipment and intangible assets	(5.5)	(2.7)
Loans issued to related parties	(4.5)	(1.7)
Interest received	1.1	—
Allocation for potential acquisition	(24.8)	—
Net cash flows used in investing activities	**(33.8)**	**(4.3)**
Cash flows from financing activities		
Loans received and notes issued	16.7	28.3
Repayment and repurchase of loans and notes	(11.6)	(5.2)
Interest payments	(13.2)	(12.4)
Net cash flows from financing activities	**(8.1)**	**10.7**
Net (decrease) / increase in cash and cash equivalents	**(26.4)**	**12.3**
Cash and cash equivalents at the beginning of the period	**56.9**	**33.7**
Effect of exchange rate fluctuations on cash	0.1	0.2
Cash and cash equivalents at the end of the period	**30.5**	**46.3**

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 15.5 million from EUR 5.9 million in the same period last year.

The Group's cash flows 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 (33.8) million in the Period. The largest component was the allocation of EUR 25 million made in respect of a potential acquisition, as described earlier in the report under Assets.

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.

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 29 February 2016.

Significant changes in indebtedness

On 23 May 2016, 4finance S.A. issued EUR 100.0 million of 11.25% senior unsecured bonds due in May 2021. The bonds have been listed on the Frankfurt Stock Exchange 'Open Market' and application will be made to list them on the regulated market within 6 months. Proceeds from the bond issue will be used for general corporate purposes and for potential selected acquisitions.

Litigations and contingent liabilities

No member of the 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 May 2016, the decision was taken to separate the roles of Chairman and CEO. Kieran Donnelly remains as Chairman of the Management Board, and George Georgakopoulos has joined the Group as Chief Executive Officer.

George has over 20 years of banking experience and was most recently CEO of Bancpost, the retail focused Romanian bank, and Group Country CEO for Eurobank, with responsibility for over EUR 3.5 billion of assets. Prior to the CEO role, George, as Executive VP directly managed over EUR 2 billion of personal lending portfolios and the bank’s retail operations. Before joining Eurobank in 2008, he spent 13 years at Barclays Bank and Barclaycard with senior roles including head of strategy for new business opportunities in IT/tech. From 1997 to 2000, he was seconded to EBA Clearing to establish the pan-European clearing system, working extensively with major banks across Europe and the European Central Bank. George studied law at Athens Law School and has an MBA from Glasgow University.

Changes in the regulatory framework

New regulations took effect in Poland as of 11 March 2016, as described in previous reports.

New regulations on consumer credit have been proposed in the Czech Republic, including minimum capital base and registration with Czech National Bank for lenders, internal controls, treatment of sales intermediaries, affordability criteria and delinquency fee caps. These regulations are expected to be finalized in the autumn of 2016.

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