4finance S.A.

Luxembourg

Listing Prospectus

EUR 50,000,000.00

11.25 % Senior Notes 2016/2021 (the "Notes")

to be consolidated and form a single series with the existing

EUR 100,000,000.00

11.25 % Senior Notes 2016/2021 (the "Existing Notes")

with a Term from 23 May 2016 until 22 May 2021

of 29 November 2016

International Securities Identification Number (ISIN): XS1417876163

German Securities Identification Number (Wertpapierkennnummer WKN): A181ZP

Common Code: 141787616

Issue price: 100 per cent

4finance S.A. (the "**Issuer**"), a public limited liability company (*Société Anonyme*) incorporated and existing under the laws of the Grand Duchy of Luxembourg has issued EUR 50,000,000.00 aggregate principal amount of its 11.25% Notes due 2021, to be consolidated and form a single series with the EUR 100,000,000.00 aggregate principal amount of its 11.25% Notes due 2021 (the "**Existing Notes**") as from 23 November 2016 (the "**Issue Date**").

The Notes constitute direct, general, unconditional, unsubordinated and unsecured obligations of the Issuer. The Notes will at all times rank pari passu in right of payment with all other present and future unsecured obligations of the Issuer and senior to all its existing and future subordinated debt. The Notes are unconditionally and irrevocably guaranteed on a joint and several basis by 4finance Holding S.A. ("**Holdco**"), the Issuers indirect parent company, and by certain other direct and indirect subsidiaries of Holdco, including the Issuer's direct parent company (the "**Subsidiary Guarantors**" and together with Holdco the "**Guarantors**" and each a "**Guarantor**" under the terms and conditions set forth herein (collectively the "**Guarantees**" and each a "**Guarantee**").

This document (the "**Prospectus**") constitutes a prospectus pursuant to Article 5 para. 3 of the Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading as amended by the Directive 2010/73/EC of the European Parliament and of the Council for the purpose of a public offering of the Notes in the Grand Duchy of Luxembourg and the Federal Republic of Germany. This Prospectus has been approved by the Luxembourg Commission for the Supervision of the Financial Sector (Commission de Surveillance du Secteur Financier – "**CSSF**") and has been applied to be notified to the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht – "**BaFin**") in accordance with Article 19 of the Luxembourg Law of 10 July 2005 on prospectuses for securities, as amended. Pursuant to Article 7 para. 7 of the Luxembourg Law of 10 July 2005. By approving the Prospectus, the CSSF does not take any responsibility for the economic or financial soundness of the transaction and the Issuer's quality and financial solvency. The approved prospectus may be downloaded from the Issuer's website (www.4finance.com) and the website of the Luxembourg stock exchange (www.bourse.lu). Application has been made to the Frankfurt Stock Exchange for the Notes to be admitted to trading on Frankfurt Stock Exchange's regulated market segment (*Prime Standard für Anleihen*), segment for bonds of Deutsche Börse AG. The Existing Notes are already admitted to trading on the Frankfurt Stock Exchange in the segment Prime Standard for Corporate Bonds (*Prime Standard für Anleihen*).

Prospectus investors should be aware, that an investment in the Notes involves a risk and that, if certain risks, in particular those described under "*Risk Factors*", occur, the investors may lose all or a very substantial part of their investment.

Notes may only be issued/offered if these meet the relevant legal requirements. The distribution of this Prospectus and the offer which is outlined in this Prospectus may be limited by certain legislation. Any person who enters into possession of this Prospectus must take these limitations into consideration. The Notes are not and will not be registered, particularly in accordance with the United States Securities Act of 1933, as amended (the "**Securities Act**") or in accordance with securities law of individual states of the United States of America. Furthermore, they are not permitted to be offered or sold within the United States of America, or for the account or benefit of a person from the United States of America (as defined under Regulation S under the Securities Act), unless this ensues through an exemption of the registration requirements of the Securities Act or the laws of individual states of the United States of America or through a transaction, which is not subject to the aforementioned provisions.

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I. SUMMARY OF THE PROSPECTUS

Summaries are made up of disclosure requirements known as elements ("Elements"). These Elements are numbered in Sections A - E (A.1 to E.7). This summary contains all the Elements required to be included in a summary for this type of securities and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements. Even though an Element may be required to be inserted in the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of "not applicable".

A Introduction and Warnings

A.1	Warnings	This summary should be read as an introduction to this prospectus (the "**Prospectus**"). Any decision to invest in the Notes should be based on consideration of this Prospectus as a whole by the investor. Where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff investor might, under the national legislation of its member state, have to bear the costs of translating this Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled this summary including any translation thereof, but only if this summary is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus or it does not provide, when read together with the other parts of this Prospectus, key information in order to aid investors when considering whether to invest in the Notes.
A.2	Consent regarding the subsequent use of the Prospectus	Not applicable. Consent regarding the use of the Prospectus for a subsequent resale or placement of the Notes (as defined under C.1) has not been granted.

B Issuer

B.1	Legal and commercial name of the Issuer.	4finance S.A. (also referred to as the "**Issuer**", together with its consolidated group companies under the holding company 4finance Holding S.A. ("**Holdco**"), the "**Group**"). Unless the context otherwise requires, for any period subsequent to April 30, 2014, references to "we", "our", "us" or the "Group" refer to 4finance Holding S.A. and its direct and indirect subsidiaries, and prior to April 30, 2014, refer to AS 4finance and its subsidiaries.
B.2	Domicile and legal form of the Issuer, legislation, country of incorporation.	The Issuer's domicile is in Luxembourg, Grand Duchy of Luxembourg ("**Luxembourg**"). The Issuer is a Luxembourg public limited liability company incorporated and operating under the laws of Luxembourg.
B.4b	Known trends affecting the Issuer and the industries in which it operates.	Not applicable. There are no known trends affecting the Issuer and the industries in which it operates.
B.5	Description of the group and the Issuer's position within the group.	The Issuer is part of the Group under the holding company 4finance Holding S.A. 100% of the Issuer's share capital is owned by AS 4finance (Latvia) and the share capital of AS 4finance (Latvia) is wholly owned by Holdco, with a cross participation of 0.003% of AS 4finance (Latvia) in Holdco. The parent holding company of the Group and direct shareholder of Holdco is 4finance Group S.A. which holds 99.997% of Holdco.
B.9	Profit forecast or estimate is made	Not applicable (as no profit forecasts or estimates are made).

B.10	Qualifications in the audit report on the historical financial information.	Not applicable (as the audit reports incorporated by reference to this Prospectus do not contain any qualifications).
B.12	Selected historical key financial information	The tables below present key selected consolidated financial information as at and for the financial years ended 31 December 2014 and 31 December 2015 and for the nine-month periods ended 30 September 2015 and 30 September 2016. This information has been derived from the Group's audited consolidated financial statements as at and for the financial year ended 31 December 2014 as at and for the year ended 31 December 2015 as well as from the unaudited financial reports as at and for the nine-month period ended 30 September 2015 and for the nine-month period ended 30 September 2016. The consolidated financial statements and the quarterly financial reports of the Group have been prepared in accordance with the International Financial Reporting Standards as adopted by the European Union ("**IFRS**").

1. Selected consolidated statement of income data

	Year ended December 31,		Nine-month period ended September 30,	
	2015	**2014**	**2016** (unaudited)	**2015** (unaudited)
			(in millions of EUR)	
Interest income	318.3	220.3	287.3	229.3
Interest expense	(28.7)	(23.7)	(26.2)	(21.1)
Net interest income	**289.6**	**196.6**	**261.1**	**208.2**
Net impairment losses on loans and receivables	(79.8)	(54.0)	(69.7)	(57.0)
General administrative expenses	(133.9)	(80.0)	(134.6)	(89.0)
Other income	6.6	2.2	11.9	11.0
Other expense	(8.7)	(4.0)	(6.0)	(13.9)
Profit before taxes	**73.8**	**60.6**	**62.6**	**59.3**
Corporate income tax for the reporting period	(15.7)	(11.6)	(13.4)	(13.3)
Profit from continuing operations	**58.2**	**49.0**	**49.2**	**46.0**
Discontinued operations				
Profit/(loss) from discontinued operations, net of tax	5.9	(2.7)	—	5.3
Profit for the period	**64.1**	**46.3**	**49.2**	**51.3**

2. Selected consolidated statement of financial position data

	Year ended December 31,		Nine-month period ended September 30,	
	2015	2014	2016	2015
			(unaudited)	
	(in millions of EUR)			
Assets				
Cash and cash equivalents	56.9	33.7	86.2	47.5
Placements with other banks	—	—	32.0	—
Loans and advances due from customers	308.3	241.4	510.4	299.1
Assets held for sale	—	4.4	—	—
Property and equipment	4.3	2.1	22.5	4.0
Intangible assets	17.4	2.8	31.0	2.7
Goodwill	0.6	—	33.6	0.6
Deferred tax asset	12.9	10.7	25.7	14.7
Current tax assets	5.5	4.7	10.7	2.8
Financial instruments at fair value through profit or loss	10.6	18.6	3.8	9.1
Prepaid expenses	2.7	3.3	6.1	—
Loans to related parties	13.7	0.1	40.5	—
Other assets	5.2	48.1	43.9	43.2
Total assets	**438.2**	**370.0**	**846.5**	**423.7**
Liabilities				
Loans and borrowings	229.5	231.6	348.3	226.9
Customer deposits	9.1	5.8	197.2	8.3
Liabilities held for sale	—	0.7	—	—
Current tax liabilities	7.4	6.4	18.7	8.4
Employee benefits	2.4	1.0	2.2	3.0
Other liabilities	16.6	11.5	57.6	16.6
Total liabilities	**264.9**	**257.0**	**624.1**	**263.2**
Share capital	35.8	35.8	35.8	35.8
Retained earnings	171.0	107.6	219.9	158.5
Reorganization reserve	(31.1)	(32.6)	(31.1)	(32.6)
Currency translation reserve	(5.1)	0.9	(5.1)	(2.2)
Share based payment reserve	1.4	0.1	3.0	0.1
Obligatory reserve	0.2	0.1	0.2	0.2
Other reserves	—	—	(1.5)	—
Total equity attributable to equity holders of the Group	**172.2**	**111.9**	**221.1**	**159.7**
Non-controlling interests	1.1	1.1	1.2	0.9
Total equity	**173.3**	**113.0**	**222.4**	**160.5**
Total shareholders' equity and liabilities	**438.2**	**370.0**	**846.5**	**423.7**

3. Selected consolidated statement of cash flow data

	Year ended December 31,		Nine-month period ended September 30,	
	2015	2014	2016	2015
			(unaudited)	
	(in millions of EUR)			
Cash flows from operating activities				
Profit before taxes	79.7	57.9	62.6	64.6

	Year ended December 31,		Nine-month period ended September 30,	
	2015	2014	2016	2015
			(unaudited)	
		(in millions of EUR)		
Adjustments for:				
Depreciation and amortization	1.7	1.2	3.2	0.9
Net losses on foreign exchange from borrowings and other monetary items	12.7	18.7	(3.4)	—
Increase in impairment allowance	85.1	60.0	75.9	60.2
Write offs and disposal of intangible and property and equipment assets	1.1	0.1	0.8	0.1
Provisions	1.4	0.2	(0.2)	2.0
Interest income	(2.1)	(0.8)	(4.9)	(1.9)
Interest expenses	28.7	23.8	26.2	21.1
Equity-settled share-based payment transactions	1.4	—	1.5	—
Profit or loss before adjustments for the effect of changes to current assets and short term liabilities	209.8	161.0	161.7	147.0
Adjustments for:				
Increase in loans due from customers	(150.8)	(126.4)	(80.2)	(116.3)
Change in financial instruments measured at fair value through profit or loss	8.0	(21.0)	4.2	9.5
Decrease/(increase) in other assets	11.4	(3.6)	(24.1)	(17.3)
Gains from sale of portfolio	4.0	1.8	3.4	2.0
Increase in accounts payable to suppliers, contractors and other creditors	9.2	8.7	28.4	6.3
Acquisition of non-controling interest	—	—	(2.0)	—
Gross cash flows from operating activities	91.6	20.5	91.4	31.2
Income tax paid	(17.6)	(20.9)	(24.0)	(13.4)
Net cash flows from/(used in) operating activities	**74.0**	**(0.4)**	**67.4**	**17.8**
Cash flows from investing activities				
Purchase of property and equipment and intangible assets	(20.3)	(4.2)	(17.7)	(2.7)
Loans issued to related parties	(59.1)	(14.8)	(42.6)	(20.5)
Loans repaid from related parties	26.1	14.7	11.0	16.5
Interest received	1.7	0.8	1.1	1.3
Disposal of subsidiaries, net of cash disposed	0.2	—	—	—
Allocation for potential acquisition	—	—	(6.6)	—
Acquisition of subsidiaries, net of cash acquired and disposed	(1.4)	—	(61.4)	(1.4)
Net cash flows used in investing activities	**(52.7)**	**(3.5)**	**(116.2)**	**(6.8)**
Cash flows from financing activities				
Loans received and notes issued	79.0	86.6	135.7	66.8
Repayment of loans and notes	(49.4)	(52.5)	(27.3)	(36.5)
Interest payments	(27.3)	(18.7)	(29.8)	(26.5)

	Year ended December 31,		Nine-month period ended September 30,	
	2015	**2014**	**2016**	**2015**
			(unaudited)	
		(in millions of EUR)		
Dividend payments	(0.6)	(0.3)	(0.7)	(0.6)
Net cash flows from financing activities	**1.8**	**15.1**	**77.9**	**3.2**
Net increase in cash and cash equivalents	**23.0**	**11.2**	**29.1**	**14.2**
Cash and cash equivalents at the beginning of the period	**34.4**	**21.1**	**56.9**	**34.4**
Effect of exchange rate fluctuations on cash	(0.6)	2.1	0.2	(1.1)
Cash and cash equivalents at the end of the period	**56.9**	**34.4**	**86.2**	**47.5**

	No material adverse change in the prospects of the Issuer	There has been no material adverse change in the prospects of the Issuer since 31 December 2015.
	Significant changes in the financial or trading position	Not applicable. There has been no significant change in the financial or trading position of the Issuer since 30 September 2016.
B.13	Recent events	Not applicable. There are no recent events particular to the Issuer which are to a material extent relevant to the evaluation of the Issuer's solvency.
B.14	Dependence upon other entities within the group	The Issuer is the finance company of the Group and has no relevant business or operational activities other than the financing of the Group companies. Therefore, the Issuer is dependent on payments of the operating entities of the Group. For a description of the Group and the Issuer's position within the Group please see B.5.
B.15	Description of the Issuer's principal activities	The Issuer provides financing to the Group companies. The Issuer is financed through its share capital, external debt and cash from the activities of the Group's operating companies.
B.16	Controlling persons	Holdco is the indirect parent company of the Issuer, holding 100 % of the issued share capital of AS 4finance. AS 4finance holds all of the Issuer's shares.
B.17	Credit ratings assigned to an Issuer or its debt securities	As of the date of the Prospectus, Moody's Investors Service ("**Moody's**") has assigned a B3 Guaranteed Senior Unsecured Debt Rating to the Issuer and a backed B3 Rating to the Existing Notes issued by the Issuer. The ratings by Moody's assigned to the Issuer and the Existing Notes have a positive outlook. Standard & Poor's Global Ratings ("**S&P**") has assigned B+ Issue Rating to the Existing Notes issued by the Issuer. Each of Moody's and S&P (the "**Rating Agencies**") is established in the European Union and is registered under the Regulation (EC) No. 1060/2009, as amended, (the "**CRA Regulation**"). As such each of the Rating Agencies is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website (at https://www.esma.europa.eu/supervision/credit-rating-agencies/risk) in accordance with the CRA Regulation.
B.18	Nature and scope	The Notes are unconditionally and irrevocably guaranteed on a joint and several basis by Holdco and by certain other direct and indirect

	of the guarantee	subsidiaries of Holdco, including the Issuer's direct parent company (the "**Subsidiary Guarantors**" and together with Holdco the "**Guarantors**" and each a "**Guarantor**" under the terms and conditions set forth herein (collectively the "**Guarantees**" and each a "**Guarantee**"). The Guarantees shall be separate and independent from the obligations of the Issuer and shall exist irrespective of the validity and enforceability of the obligations of the Issuer. Each Guarantee constitutes an independent payment obligation (German: *Selbständiges Zahlungsversprechen*) in the form of a contract for the benefit of the Noteholders (as defined below) from time to time as third party beneficiaries (German: *Vertrag zu Gunsten Dritter*) in accordance with § 328 (1) of the German Civil Code (*Bürgerliches Gesetzbuch – BGB*), giving rise to the right of each Noteholder to require performance of each Guarantee directly from the relevant Guarantor and to enforce each Guarantee directly against the relevant Guarantor, notwithstanding the possibility to enforce each Guarantee through the Agent under the Terms and Conditions (as defined below). "**Agent**" means hww hermann wienberg wilhelm Legal & Service Rechtsanwälte Partnerschaft. The intent and purpose of each Guarantee is to ensure that the Noteholders under all circumstances, whether factual or legal, and regardless of the validity and enforceability of the obligations of the Issuer or of any other grounds on the basis of which the Issuer may fail to effect payment, shall receive the amounts payable as principal, interest and other amounts to the Noteholders pursuant to the Terms and Conditions on due dates as provided in the Terms and Conditions. Each Guarantee will rank pari passu with all of the relevant Guarantors' existing and future senior unsecured debt and senior to all of their existing and future subordinated debt, notwithstanding certain limitation under the laws of the relevant Guarantor's jurisdiction. In addition, the validity and enforceability of the Guarantees will be subject to certain limitations.
B.19	Information about the guarantors	A Guarantee is granted by (i) Holdco and by each of the following subsidiaries of Holdco: (ii) AS 4finance (Latvia), (iii) 4finance ApS (Denmark), (iv) UAB 4finance (Lithuania), (v) 4finance Oy (Finland), (vi) 4finance AB (Sweden), (vii) Vivus Finance Sp. z o.o. (Poland), (viii) Vivus Finance S.A. (Spain), (ix) UAB Credit Service (Lithuania) and (x) 4finance LLC (Georgia).

B(i) Guarantor – Holdco

B.1	Legal and commercial name	4finance Holding S.A. ("**Holdco**"), the holding company of the Group.
B.2	Domicile and legal form of the Guarantor, legislation, country of incorporation.	The Guarantor's domicile is in Luxembourg. The Guarantor is a Luxembourg public limited liability company incorporated and operating under the laws of Luxembourg.
B.4b	Known trends affecting the Guarantor and the industries in which it operates.	Not applicable. There are no known trends affecting the Guarantor and the industries in which it operates.

B.5	Description of the group and the Guarantor's position within the group.	The Guarantor is the holding company of the Group. For a description of the Group please see B.5 in relation to the Issuer.
B.9	Profit forecast or estimate is made	Not applicable (as no profit forecasts or estimates are made).
B.10	Qualifications in the audit report on the historical financial information.	Not applicable (as the audit reports incorporated by reference to this Prospectus do not contain any qualifications).
B.12	Selected historical key financial information	Not applicable. No financial information is being presented by the Guarantor. Consolidated financial statement of the Group are included in this Prospectus. For a description of the selected historical key financial information of the Group please see B.12 in relation to the Issuer.
	No material adverse change in the prospects of the Guarantor	For a description of the prospects of the Group please see B.12 in relation to the Issuer.
	Significant changes in the financial or trading position	For a description of the significant changes in the financial or trading position of the Group please see B.12 in relation to the Issuer.
B.13	Recent events	Not applicable. There are no recent events particular to the Guarantor, which are to a material extent relevant to the evaluation of the Guarantor's solvency.
B.14	Dependence upon other entities within the group	The Guarantor is the holding company of the Group and has no relevant business or operational activities other than the administration and financing of its direct and indirect subsidiaries. Therefore, the Guarantor is dependent on payments of the operating entities of the Group. For a description of the Group and the Guarantor's position within the Group please see B.5.
B.15	Description of the Guarantor's principal activities	The Guarantor is the holding company of the Group.
B.16	Controlling persons	As of the date of the Prospectus, 99,997% of the Guarantor's share capital is owned by 4finance Group S.A., whose shares are wholly owned by Tirona Limited, and 0.003% of the Guarantor's share capital is owned by of AS 4finance (Latvia), which is a subsidiary of the Guarantor.
B.17	Credit ratings assigned to the Guarantor or its debt securities	As of the date of the Prospectus, Moody's has assigned a B3 Corporate Family Rating and a B3 Issuer Rating to Holdco. The ratings by Moody's assigned to Holdco have a positive outlook. S&P has assigned a B+ Long Term Corporate Credit Rating to Holdco, with a negative outlook. Each of the Rating Agencies is established in the European Union and is registered under the CRA Regulation. As such each of the Rating Agencies is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website (at https://www.esma.europa.eu/supervision/credit-rating-agencies/risk) in accordance with the CRA Regulation.

B(ii) Guarantor – AS 4finance (Latvia)

B.1	Legal and commercial name	AS 4finance (Latvia). The Guarantor is a subsidiary of Holdco and operates under the commercial name “AS 4finance”.
B.2	Domicile and legal form of the Guarantor, legislation, country of incorporation.	The Guarantor’s domicile is in Riga, Latvia. The Guarantor is a Latvian joint stock company incorporated and operating under the laws of Latvia.
B.4b	Known trends affecting the Guarantor and the industries in which it operates.	Not applicable. There are no known trends affecting the Guarantor and the industries in which it operates.
B.5	Description of the group and the Guarantor’s position within the group.	The Guarantor is a subsidiary of Holdco and of the Group. For a description of the Group please see B.5 in relation to the Issuer.
B.9	Profit forecast or estimate is made	Not applicable (as no profit forecasts or estimates are made).
B.10	Qualifications in the audit report on the historical financial information.	Not applicable. No audit report or financial information is being presented by the Guarantor.
B.12	Selected historical key financial information	Not applicable. No financial information is being presented by the Guarantor. Consolidated financial statements of the Group are included in this Prospectus. For a description of the selected historical key financial information of the Group please see B.12 in relation to the Issuer.
	No material adverse change in the prospects of the Guarantor	For a description of the prospects of the Group please see B.12 in relation to the Issuer.
	Significant changes in the financial or trading position	For a description of the significant changes in the financial or trading position of the Group please see B.12 in relation to the Issuer.
B.13	Recent events	Not applicable. There are no recent events particular to the Guarantor, which are to a material extent relevant to the evaluation of the Guarantor's solvency.
B.14	Dependence upon other entities within the Group	The Guarantor is a direct subsidiary of Holdco and the Group. 100% of the Guarantor’s share capital is owned by Holdco. For a description of the Group and the Guarantor’s position within the Group please see B.5.
B.15	Description of the Guarantor’s principal activities	Principal activities of the Guarantor are the provision of consumer loans to individuals. Prior to April 30, 2014, the Guarantor was the parent company of the Group.
B.16	Controlling persons	As of the date of the Prospectus, 100% of the Guarantor’s share capital is owned by Holdco.
B.17	Credit ratings assigned to the Guarantor or its debt se-	Not applicable. The Guarantor is not rated.

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B(iii) Guarantor – 4finance ApS (Denmark)

B.1	Legal and commercial name	4finance ApS (Denmark). The Guarantor is an indirect subsidiary of Holdco and operates under the commercial name "4finance ApS".
B.2	Domicile and legal form of the Guarantor, legislation, country of incorporation.	The Guarantor's domicile is in Copenhagen, Denmark. The Guarantor is a Danish private limited company incorporated and operating under the laws of Denmark.
B.4b	Known trends affecting the Guarantor and the industries in which it operates.	Not applicable. There are no known trends affecting the Guarantor and the industries in which it operates.
B.5	Description of the group and the Guarantor's position within the group.	The Guarantor is an indirect subsidiary of Holdco and of the Group. For a description of the Group please see B.5 in relation to the Issuer.
B.9	Profit forecast or estimate is made	Not applicable (as no profit forecasts or estimates are made).
B.10	Qualifications in the audit report on the historical financial information.	Not applicable. No audit report or financial information is being presented by the Guarantor.
B.12	Selected historical key financial information	Not applicable. No financial information is being presented by the Guarantor. Consolidated financial statements of the Group are included in this Prospectus. For a description of the selected historical key financial information of the Group please see B.12 in relation to the Issuer.
	No material adverse change in the prospects of the Guarantor	For a description of the prospects of the Group please see B.12 in relation to the Issuer.
	Significant changes in the financial or trading position	For a description of the significant changes in the financial or trading position of the Group please see B.12 in relation to the Issuer.
B.13	Recent events	Not applicable. There are no recent events particular to the Guarantor, which are to a material extent relevant to the evaluation of the Guarantor's solvency.
B.14	Dependence upon other entities within the group	The Guarantor is an indirect subsidiary of Holdco and the Group. 100% of the Guarantor's share capital is owned by AS 4finance (Latvia). For a description of the Group and the Guarantor's position within the Group please see B.5.
B.15	Description of the Guarantor's principal activities	Principal activities of the Guarantor are the provision of consumer loans to individuals.
B.16	Controlling persons	As of the date of the Prospectus, 100% of the Guarantor's share capital is owned by AS 4finance (Latvia).

B.17	Credit ratings assigned to the Guarantor or its debt securities	Not applicable. The Guarantor is not rated.

B(iv) Guarantor – UAB 4finance (Lithuania)

B.1	Legal and commercial name	UAB 4finance (Lithuania). The Guarantor is an indirect subsidiary of Holdco and operates under the commercial name "UAB 4finance".
B.2	Domicile and legal form of the Guarantor, legislation, country of incorporation.	The Guarantor's domicile is in Kaunas, Lithuania. The Guarantor is a Lithuanian private limited liability company incorporated and operating under the laws of Lithuania.
B.4b	Known trends affecting the Guarantor and the industries in which it operates.	Not applicable. There are no known trends affecting the Guarantor and the industries in which it operates.
B.5	Description of the group and the Guarantor's position within the group.	The Guarantor is an indirect subsidiary of Holdco and of the Group. For a description of the Group please see B.5 in relation to the Issuer.
B.9	Profit forecast or estimate is made	Not applicable (as no profit forecasts or estimates are made).
B.10	Qualifications in the audit report on the historical financial information.	Not applicable. No audit report or financial information is being presented by the Guarantor.
B.12	Selected historical key financial information	Not applicable. No financial information is being presented by the Guarantor. Consolidated financial statements of the Group are included in this Prospectus. For a description of the selected historical key financial information of the Group please see B.12 in relation to the Issuer.
	No material adverse change in the prospects of the Guarantor	For a description of the prospects of the Group please see B.12 in relation to the Issuer.
	Significant changes in the financial or trading position	UAB 4finance (Lithuania) does not offer new loans anymore but only services the customer base which existed prior to December 2015 until those existing loans expire or are terminated. Beyond those existing loans, no further business will be conducted in the future, due to UAB 4finance's exclusion from the list of public consumer credit providers of the Bank of Lithuania as of December 18, 2015 which does not allow the issuance of new loans to consumers in Lithuania.
B.13	Recent events	On December 18, 2015, the Bank of Lithuania removed UAB 4finance (Lithuania) from the list of consumer credit lenders in Lithuania and suspended its operating license, alleging that it had violated certain consumer lending regulations with respect to its performance of customer solvency assessments. Pursuant to the Bank of Lithuania's decision, UAB 4finance (Lithuania), which accounted for 11% of our revenue in 2015, is no longer permitted to service new customers (effective December 18, 2015), although it may continue to service existing cus-

		tomers until such time that the products with such existing customers mature or terminate. We decided not to appeal the Bank of Lithuania's decision and have not challenged it in Lithuanian courts.
B.14	Dependence upon other entities within the group	The Guarantor is an indirect subsidiary of Holdco and the Group. 100 % of the Guarantor's share capital is owned by AS 4finance (Latvia). For a description of the Group and the Guarantor's position within the Group please see B.5.
B.15	Description of the Guarantor's principal activities	Principal activities of the Guarantor are the provision of consumer loans to individuals.
B.16	Controlling persons	As of the date of the Prospectus, 100 % of the Guarantor's share capital is owned by AS 4finance (Latvia).
B.17	Credit ratings assigned to the Guarantor or its debt securities	Not applicable. The Guarantor is not rated.

B(v) Guarantor – 4finance Oy (Finland)

B.1	Legal and commercial name	4finance Oy (Finland). The Guarantor is an indirect subsidiary of Holdco and operates under the commercial name "4finance Oy".
B.2	Domicile and legal form of the Guarantor, legislation, country of incorporation.	The Guarantor's domicile is in Helsinki, Finland. The Guarantor is a Finnish limited company incorporated and operating under the laws of Finland.
B.4b	Known trends affecting the Guarantor and the industries in which it operates.	Not applicable. There are no known trends affecting the Guarantor and the industries in which it operates.
B.5	Description of the group and the Guarantor's position within the group.	The Guarantor is an indirect subsidiary of Holdco and of the Group. For a description of the Group please see B.5 in relation to the Issuer.
B.9	Profit forecast or estimate is made	Not applicable (as no profit forecasts or estimates are made).
B.10	Qualifications in the audit report on the historical financial information.	Not applicable. No audit report or financial information is being presented by the Guarantor.
B.12	Selected historical key financial information	Not applicable. No financial information is being presented by the Guarantor. Consolidated financial statements of the Group are included in this Prospectus. For a description of the selected historical key financial information of the Group please see B.12 in relation to the Issuer.
	No material adverse change in the prospects of the Guarantor	For a description of the prospects of the Group please see B.12 in relation to the Issuer.
	Significant changes	For a description of the significant changes in the financial or trading

	in the financial or trading position	position of the Group please see B.12 in relation to the Issuer.
B.13	Recent events	Not applicable. There are no recent events particular to the Guarantor, which are to a material extent relevant to the evaluation of the Guarantor's solvency.
B.14	Dependence upon other entities within the group	The Guarantor is an indirect subsidiary of Holdco and the Group. 100% of the Guarantor's share capital is owned by AS 4finance (Latvia). For a description of the Group and the Guarantor's position within the Group please see B.5.
B.15	Description of the Guarantor's principal activities	Principal activities of the Guarantor are the provision of consumer loans to individuals.
B.16	Controlling persons	As of the date of the Prospectus, 100% of the Guarantor's share capital is owned by AS 4finance (Latvia).
B.17	Credit ratings assigned to the Guarantor or its debt securities	Not applicable. The Guarantor is not rated.

B(vi) Guarantor – 4finance AB (Sweden)

B.1	Legal and commercial name	4finance AB (Sweden). The Guarantor is an indirect subsidiary of Holdco and operates under the commercial name "4finance AB".
B.2	Domicile and legal form of the Guarantor, legislation, country of incorporation.	The Guarantor's domicile is in Stockholm, Sweden. The Guarantor is a Swedish private limited company incorporated and operating under the laws of Sweden.
B.4b	Known trends affecting the Guarantor and the industries in which it operates.	Not applicable. There are no known trends affecting the Guarantor and the industries in which it operates.
B.5	Description of the group and the Guarantor's position within the group.	The Guarantor is an indirect subsidiary of Holdco and of the Group. For a description of the Group please see B.5 in relation to the Issuer.
B.9	Profit forecast or estimate is made	Not applicable (as no profit forecasts or estimates are made).
B.10	Qualifications in the audit report on the historical financial information.	Not applicable. No audit report or financial information is being presented by the Guarantor.
B.12	Selected historical key financial information	Not applicable. No financial information is being presented by the Guarantor. Consolidated financial statements of the Group are included in this Prospectus. For a description of the selected historical key financial information of the Group please see B.12 in relation to the Issuer.
	No material adverse change in the prospects of the	For a description of the prospects of the Group please see B.12 in relation to the Issuer.

	Guarantor	
	Significant changes in the financial or trading position	For a description of the significant changes in the financial or trading position of the Group please see B.12 in relation to the Issuer.
B.13	Recent events	Not applicable. There are no recent events particular to the Guarantor, which are to a material extent relevant to the evaluation of the Guarantor's solvency.
B.14	Dependence upon other entities within the group	The Guarantor is an indirect subsidiary of Holdco and the Group. 97% of the Guarantor's share capital is owned by AS 4finance (Latvia). For a description of the Group and the Guarantor's position within the Group please see B.5.
B.15	Description of the Guarantor's principal activities	Principal activities of the Guarantor are the provision of consumer loans to individuals.
B.16	Controlling persons	As of the date of the Prospectus, 97% of the Guarantor's share capital is owned by AS 4finance (Latvia).
B.17	Credit ratings assigned to the Guarantor or its debt securities	Not applicable. The Guarantor is not rated.

B(vii) Guarantor – Vivus Finance Sp. z o.o. (Poland)

B.1	Legal and commercial name	Vivus Finance Sp. z o.o. (Poland) The Guarantor is an indirect subsidiary of Holdco and operates under the commercial name "Vivus Finance Sp. z o.o.".
B.2	Domicile and legal form of the Guarantor, legislation, country of incorporation.	The Guarantor's domicile is in Warsaw, Poland. The Guarantor is a Polish limited liability company incorporated and operating under the laws of Poland.
B.4b	Known trends affecting the Guarantor and the industries in which it operates.	Not applicable. There are no known trends affecting the Guarantor and the industries in which it operates.
B.5	Description of the group and the Guarantor's position within the group.	The Guarantor is an indirect subsidiary of Holdco and of the Group. For a description of the Group please see B.5 in relation to the Issuer.
B.9	Profit forecast or estimate is made	Not applicable (as no profit forecasts or estimates are made).
B.10	Qualifications in the audit report on the historical financial information.	Not applicable. No audit report or financial information is being presented by the Guarantor.
B.12	Selected historical key financial information	Not applicable. No financial information is being presented by the Guarantor. Consolidated financial statements of the Group are included in this Prospectus. For a description of the selected historical key financial information of the Group please see B.12 in relation to the Issuer.

	No material adverse change in the prospects of the Guarantor	For a description of the prospects of the Group please see B.12 in relation to the Issuer.
	Significant changes in the financial or trading position	For a description of the significant changes in the financial or trading position of the Group please see B.12 in relation to the Issuer.
B.13	Recent events	Not applicable. There are no recent events particular to the Guarantor, which are to a material extent relevant to the evaluation of the Guarantor's solvency.
B.14	Dependence upon other entities within the group	The Guarantor is an indirect subsidiary of Holdco and the Group. 100% of the Guarantor's share capital is owned by AS 4finance (Latvia). For a description of the Group and the Guarantor's position within the Group please see B.5.
B.15	Description of the Guarantor's principal activities	Principal activities of the Guarantor are the provision of consumer loans to individuals.
B.16	Controlling persons	As of the date of the Prospectus, 100% of the Guarantor's share capital is owned by AS 4finance (Latvia).
B.17	Credit ratings assigned to the Guarantor or its debt securities	Not applicable. The Guarantor is not rated.

B(viii) Guarantor – Vivus Finance S.A. (Spain)

B.1	Legal and commercial name	Vivus Finance S.A. (Spain). The Guarantor is an indirect subsidiary of Holdco and operates under the commercial name "Vivus Finance S.A.".
B.2	Domicile and legal form of the Guarantor, legislation, country of incorporation.	The Guarantor's domicile is in Madrid, Spain. The Guarantor is a Spanish limited liability company incorporated and operating under the laws of Spain.
B.4b	Known trends affecting the Guarantor and the industries in which it operates.	Not applicable. There are no known trends affecting the Guarantor and the industries in which it operates.
B.5	Description of the group and the Guarantor's position within the group.	The Guarantor is an indirect subsidiary of Holdco and of the Group. For a description of the Group please see B.5 in relation to the Issuer.
B.9	Profit forecast or estimate is made	Not applicable (as no profit forecasts or estimates are made).
B.10	Qualifications in the audit report on the historical financial information.	Not applicable. No audit report or financial information is being presented by the Guarantor.
B.12	Selected historical key financial infor-	Not applicable. No financial information is being presented by the Guarantor. Consolidated financial statements of the Group are includ-

	mation	ed in this Prospectus. For a description of the selected historical key financial information of the Group please see B.12 in relation to the Issuer.
	No material adverse change in the prospects of the Guarantor	For a description of the prospects of the Group please see B.12 in relation to the Issuer.
	Significant changes in the financial or trading position	For a description of the significant changes in the financial or trading position of the Group please see B.12 in relation to the Issuer.
B.13	Recent events	Not applicable. There are no recent events particular to the Guarantor, which are to a material extent relevant to the evaluation of the Guarantor's solvency.
B.14	Dependence upon other entities within the group	The Guarantor is an indirect subsidiary of Holdco and the Group. 100% of the Guarantor's share capital is owned by AS 4finance (Latvia). For a description of the Group and the Guarantor's position within the Group please see B.5.
B.15	Description of the Guarantor's principal activities	Principal activities of the Guarantor are the provision of consumer loans to individuals.
B.16	Controlling persons	As of the date of the Prospectus, 100% of the Guarantor's share capital is owned by AS 4finance (Latvia).
B.17	Credit ratings assigned to the Guarantor or its debt securities	Not applicable. The Guarantor is not rated.

B(ix) Guarantor – UAB Credit Service (Lithuania)

B.1	Legal and commercial name	UAB Credit Service (Lithuania). The Guarantor is a subsidiary of Holdco and operates under the commercial name "UAB Credit Service".
B.2	Domicile and legal form of the Guarantor, legislation, country of incorporation.	The Guarantor's domicile is in Vilnius, Lithuania. The Guarantor is a Lithuanian private limited liability company incorporated and operating under the laws of Lithuania.
B.4b	Known trends affecting the Guarantor and the industries in which it operates.	Not applicable. There are no known trends affecting the Guarantor and the industries in which it operates.
B.5	Description of the group and the Guarantor's position within the group.	The Guarantor is a direct subsidiary of Holdco and of the Group. For a description of the Group please see B.5 in relation to the Issuer.
B.9	Profit forecast or estimate is made	Not applicable (as no profit forecasts or estimates are made).
B.10	Qualifications in the audit report on the historical financial information.	Not applicable. No audit report or financial information is being presented by the Guarantor.

B.12	Selected historical key financial information	Not applicable. No financial information is being presented by the Guarantor. Consolidated financial statements of the Group are included in this Prospectus. For a description of the selected historical key financial information of the Group please see B.12 in relation to the Issuer.
	No material adverse change in the prospects of the Guarantor	For a description of the prospects of the Group please see B.12 in relation to the Issuer.
	Significant changes in the financial or trading position	For a description of the significant changes in the financial or trading position of the Group please see B.12 in relation to the Issuer.
B.13	Recent events	Not applicable. There are no recent events particular to the Guarantor, which are to a material extent relevant to the evaluation of the Guarantor's solvency.
B.14	Dependence upon other entities within the group	The Guarantor is a direct subsidiary of Holdco and the Group. 100% of the Guarantor's share capital is owned by Holdco. For a description of the Group and the Guarantor's position within the Group please see B.5.
B.15	Description of the Guarantor's principal activities	Principal activities of the Guarantor are the provision of consumer loans to individuals.
B.16	Controlling persons	As of the date of the Prospectus, 100% of the Guarantor's share capital is owned by Holdco.
B.17	Credit ratings assigned to the Guarantor or its debt securities	Not applicable. The Guarantor is not rated.

B(x) Guarantor – 4finance LLC (Georgia)

B.1	Legal and commercial name	4finance LLC (Georgia). The Guarantor is an indirect subsidiary of Holdco and operates under the commercial name "4finance LLC". If the Guarantor qualifies as microfinance organization (please see B.13 in relation to 4finance LLC (Georgia)), the Guarantor will be entitled to add term "microfinance organization" or its abbreviation "MFO" to its commercial name.
B.2	Domicile and legal form of the Guarantor, legislation, country of incorporation.	The Guarantor's domicile is in Tbilisi, Georgia. The Guarantor is a Georgian limited liability company incorporated and operating under the laws of Georgia.
B.4b	Known trends affecting the Guarantor and the industries in which it operates.	Not applicable. There are no known trends affecting the Guarantor and the industries in which it operates.
B.5	Description of the group and the Guarantor's position within the group.	The Guarantor is an indirect subsidiary of Holdco and of the Group. For a description of the Group please see B.5 in relation to the Issuer.

B.9	Profit forecast or estimate is made	Not applicable (as no profit forecasts or estimates are made).
B.10	Qualifications in the audit report on the historical financial information.	Not applicable. No audit report or financial information is being presented by the Guarantor.
B.12	Selected historical key financial information	Not applicable. No financial information is being presented by the Guarantor. Consolidated financial statements of the Group are included in this Prospectus. For a description of the selected historical key financial information of the Group please see B.12 in relation to the Issuer.
	No material adverse change in the prospects of the Guarantor	For a description of the prospects of the Group please see B.12 in relation to the Issuer.
	Significant changes in the financial or trading position	For a description of the significant changes in the financial or trading position of the Group please see B.12 in relation to the Issuer.
B.13	Recent events	On November 18, 2016, the Guarantor applied to the National Bank of Georgia to undergo registration as a microfinance organization. If the application is successful and the Guarantor qualifies as microfinance organization, the Guarantor will be required to comply with regulations applicable to microfinance organizations in Georgia and its activities will be subject to supervision by the regulator. The National Bank of Georgia shall consider such application within 45 business days (subject to possible extension of this term, if applicable).There are no other recent events particular to the Guarantor, which are to a material extent relevant to the evaluation of the Guarantor's solvency
B.14	Dependence upon other entities within the group	The Guarantor is an indirect subsidiary of Holdco and the Group. 100% of the Guarantor's share capital is owned by AS 4finance (Latvia). For a description of the Group and the Guarantor's position within the Group please see B.5.
B.15	Description of the Guarantor's principal activities	Principal activities of the Guarantor are the provision of consumer loans to individuals.
B.16	Controlling persons	As of the date of the Prospectus, 100% of the Guarantor's share capital is owned by AS 4finance (Latvia).
B.17	Credit ratings assigned to the Guarantor or its debt securities	Not applicable. The Guarantor is not rated.

C Securities

C.1	Type and the class of the securities, including any security identification number.	The securities offered by 4finance (the "**Notes**") are fixed rate Notes. The Notes will be consolidated and form a single series with the existing EUR 100,000,000 11.25 % notes due 22 May 2021 issued on 23 May 2016 (the "**Existing Notes Issue Date**") (the "**Existing Notes**") as from the Issue Date. Both the Notes and the Existing Notes will have the international security identification number (ISIN) XS1417876163, the German securities code (WKN) A181ZP and the Common Code 141787616.

C.2	Currency of the securities issue.	The Notes are issued in Euro.
C.5	Restrictions on the free transferability of the securities.	Not applicable (as the Notes are freely transferable).
C.8	A description of the rights attached to the securities.	The issue price of the Notes is 100% of the aggregate principal amount of the Notes. The rights attached to the Notes are governed by the terms and conditions of the Notes (the "**Terms and Conditions of the Notes**"). The Notes are in bearer form in the aggregate principal amount of EUR 50,000,000.00 in the denomination of EUR 1,000.00 each. Each Note will entitle each holder of the Notes (a "**Noteholder**" and collectively the "**Noteholders**") to the payment of interest on the principal amount at a rate of 11.25 percent per annum as from 23 November 2016 (the "**Issue Date**") and payment of the Principal Amount on 23 May 2021 (the "**Maturity Date**").
	- including ranking	The Notes constitute unconditional, direct and unsubordinated obligations of the Issuer ranking pari passu among each other and with all other unsecured and unsubordinated indebtedness of the Issuer, save for such obligations as may be preferred by mandatory provisions of law.
	- including limitations to those rights	**Early voluntary redemption (call option):** The Issuer may redeem all of the outstanding notes in the full prior to the Maturity Date, at 106.00 percent of the Principal Amount if such redemption right is exercised within the first 30 months after the Existing Notes Issue Date, and at 104.00 percent of the Principal Amount if exercised at a date 30 months after the Existing Notes Issue Date or later. **Change of Control:** In case of a Change of Control Event affecting Holdco or any other defined Group company, each Noteholder has the right to request that all, or only some, of its Notes are repurchased at a price of 101.00 percent of the Principal Amount. **Optional Redemption for Taxation Reasons:** Early redemption of the Notes for reasons of taxation will be permitted, if as a result of any change in taxation law, the Issuer or any Guarantor is or would be required to pay any Additional Amount on the Note as further set out in the Terms and Conditions of the Notes.
C.9	Description of Rights - interest rate - interest commencement date	See Element C.8 above. The Notes will bear interest from (and including) 23 November 2016 to (but excluding) 23 May 2021 at a rate of 11.25 percent per annum. The interest is payable semi-annually in arrears on 23 May and 23 November in each year, commencing on 23 May 2017.
	- maturity date	Unless previously redeemed in whole or in part or repurchased and cancelled, the Notes shall be redeemed at their principal amount on 23 May 2021.

	- yield	The yield of the Notes is 11.25 percent per annum.
	- representative of debt security holders	hww hermann wienberg wilhelm legal & services Rechtsanwälte Partnerschaft, Bleichstraße 2, 60313 Frankfurt am Main, Germany
C.10	Derivative component in the interest payment	See Element C.9 above. Not applicable (as the Notes do not have any derivative components).
C.11	Admission to trading in a regulated market	Application has been made to admit the Notes at the regulated market of the Frankfurt Stock Exchange in the segment Prime Standard for Corporate Bonds (*Prime Standard für Anleihen*), which is a regulated market within the meaning of Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004. The Existing Notes are already admitted to trading on the Frankfurt Stock Exchange in the segment Prime Standard for Corporate Bonds (*Prime Standard für Anleihen*).

D Risks

D.2	Key information on the key risks that are specific to the Issuer.	
		We have a limited operating history in an evolving industry, which makes it difficult to evaluate our future prospects and may increase the risk that we will not be successful
		We may face difficulties in assessing the credit risk of potential borrowers
		Our business is highly regulated, and if we fail to comply with existing or newly introduced applicable laws, regulations, rules and guidance, as has recently occurred in Lithuania, we may be subject to fines or penalties, have to exit certain markets or be restricted from carrying out certain operations
		Our business is subject to complex and evolving laws and regulations regarding privacy, data protection, and other matters
		Failure to comply with anti-money laundering laws could have an adverse effect on our reputation and business
		We are dependent upon our information technology systems to conduct our business operations
		Rapid growth and expansion may place significant strain on our managerial and operational resources and could be costly
		The international scope of our operations may contribute to increased costs
		The continued expansion of our loan portfolio depends, to an increasing extent, upon our ability to obtain adequate funding
		We may make acquisitions or pursue business combinations that prove unsuccessful or strain or divert our resources

		Damage to our reputation and brand or a deterioration in the quality of our service may impede our ability to attract new customers and retain existing customers
		The introduction of our new products and services may not be successful
		Negative public perception of our business could cause demand for our products to significantly decrease
		If internet search engine providers change their methodologies for organic rankings or paid search results, or our organic rankings or paid search results decline for other reasons, our ability to attract new customers or to expand the volume of business from returning customers could be adversely affected
		Our business depends on marketing affiliates to assist us in obtaining new customers
		Our business depends on services provided by third parties such as banks, local consumer credit agencies, IT services providers, debt-collection agencies and offline partners
		New top level domain names may allow for the entrance of new competitors or dilution of our brands, which may reduce the value of our domain name assets
		Changes in our working capital requirements may adversely affect our liquidity and financial condition
		We may face liquidity risks
		The terms of existing and future financings may impose financial and operating restrictions on us
		Our current interest rate spread may decline in the future, which could reduce our profitability
		Increasing competition from banks, credit card companies, other consumer lenders and other entities offering similar financial products and services in the consumer lending market may affect our business and expansions plans
		A decrease in demand for our financial products and failure by us to adapt to such decrease could result in a loss of revenues
		Potential union activities could have an adverse effect on our relationship with our workforce
		Our ability to recover outstanding debt may deteriorate if there is an increase in the number of our consumers facing personal insolvency procedures
		We may be unable to protect our proprietary technology or keep up with that of our competitors and we may become subject to intellectual property disputes, which are costly to defend and could harm our business and operating results
		We are subject to cyber security risks and security breaches and may incur increasing costs in an effort to minimize those risks and respond to cyber incidents
		Our success is dependent upon our executive officers and employees and our ability to attract and retain qualified employees
		The preparation of our financial statements under IFRS and certain tax positions taken by us require the judgment of management, and we could be subject to risks associated with these judgments or could be adversely affected by the implementation of new, or changes in the interpretation of existing, accounting principles, financial reporting requirements or tax rules

		We are subject to impairment risk
		Our operations in various countries subject us to foreign exchange risk
		If we fail to geographically diversify and expand our operations and customer base, our business may be adversely affected
		We may be adversely affected by contractual claims, complaints, litigation and negative publicity
		Our operations could be subject to natural disasters and other business disruptions, which could adversely impact our future revenue and financial condition and increase our costs and expenses
		Failure to keep up with the rapid changes in e-commerce and the uses and regulation of the Internet could harm our business
		Failure to comply with anti-corruption laws, including anti-bribery laws, could have an adverse effect on our reputation and business
		Difficult conditions in the global financial markets and in the economy could have an adverse effect on our business
		Significant, rapid or unforeseen economic or political changes in the economies in which we operate could reduce demand for our products and services and result in reduced earnings
		The legal and judicial systems in some of our markets of operation are less developed than western European countries
		Our substantial level of indebtedness could adversely affect our financial condition, our ability to obtain financing in the future and our ability to fulfill our obligations under the Notes
		Despite our current indebtedness level, we may be able to incur substantially more debt, including secured debt, which could further exacerbate the risks associated with our substantial level of indebtedness
		We may not be able to generate sufficient cash to service all of our indebtedness, including the Notes, and may be forced to take other actions to satisfy our obligations under our debt agreements, which may not be successful
		The Issuer and Holdco are companies that have no revenue generating operations of their own and depend on cash from our operating companies to be able to make payments on the Notes or the Guarantees, as applicable
		If we default on our obligations to pay our other indebtedness, we may not be able to make payments on the Notes
D.3	Key information on the key risks that are specific to the securities.	An investment in the Notes involves certain risks associated with the characteristics, specification and type of the Notes which could lead to substantial losses that Noteholders would have to bear in the case of selling their Notes or with regard to receiving interest payments and repayment of principal. Risks regarding the Notes comprise, *inter alia*, the following risks:
		The Notes will be effectively subordinated to our and our Guarantors' secured indebtedness to the extent of the value of the collateral securing such indebtedness
		The Notes will be structurally subordinated to all indebtedness of those of our existing or future subsidiaries that are not, or do not become, Guarantors of the Notes
		We may be unable to repay or repurchase the Notes at maturity
		Each Guarantee will be subject to certain limitations on enforcement and may be limited by applicable law or subject to certain defenses that may limit its

		validity and enforceability
		Enforcement of the Guarantees across multiple jurisdictions may be difficult
		Relevant insolvency and administrative laws may not be as favorable to creditors, including Noteholders, as insolvency laws of the jurisdictions in which you are familiar and may limit your ability to enforce your rights under the Notes and the Guarantees and the Issuer and the Guarantors are subject to risks relating to the location of their center of main interest ("COMI")
		The transfer of the Notes is restricted, which may adversely affect their liquidity and the price at which they may be sold
		There is no established trading market for the Notes. If an actual trading market does not develop for the Notes, you may not be able to resell them quickly, for the price that you paid or at all
		Our credit ratings may not reflect all risks of your investment in the Notes
		An increase in interest rates could result in a decrease in the relative value of the Notes
		Investors may face foreign exchange risks by investing in the Notes
		We may choose to repurchase or redeem a portion of the Notes when prevailing interest rates are relatively low, including in open market purchases
		The interests of our beneficial owners may conflict with those of the Noteholders
		The interests of our immediate parent company may conflict with those of the Noteholders

E Offer

E.2b	Reasons for the offer and use of proceeds	The proceeds from the issuance of the Notes were used and are intended to be used for general business purposes, including financing of growth in current and future markets. The Issuer has lent and will lend the proceeds to the Group companies as required.
E.3	Terms and conditions of the offer.	Not applicable. There will not be a public offer of the Notes by the Issuer as this Prospectus is only for listing purposes.
E.4	Interest that is material to the issue/offer including conflicting interests.	Not applicable. There will not be a public offer of the Notes by the Issuer as this Prospectus is only for listing purposes.
E.7	Estimated expenses charged to the investor by the Issuer or the offeror.	Not applicable. There will not be a public offer of the Notes by the Issuer as this Prospectus is only for listing purposes.

II. GERMAN TRANSLATION OF THE SUMMARY (DEUTSCHE ÜBERSETZUNG DER ZUSAMMENFASSUNG)

Zusammenfassungen bestehen aus Offenlegungspflichten, die als „Angaben" bezeichnet werden. Diese Angaben sind in den Abschnitten A – E (A.1 – E.7) mit Zahlen gekennzeichnet. Diese Zusammenfassung enthält alle Angaben, die in einer Zusammenfassung für diese Art von Wertpapieren und Emittenten aufgenommen werden müssen. Da einige Angaben nicht angeführt werden müssen, können Lücken in der Zahlenfolge der Angaben bestehen. Auch wenn eine Angabe aufgrund der Art von Wertpapieren und des Emittenten in der Zusammenfassung enthalten sein muss, ist es möglich, dass Informationen bezüglich der Angaben nicht angegeben werden können. In diesem Fall wird in der Zusammenfassung eine kurze Beschreibung der Angabe gegeben und mit der Bezeichnung „entfällt" vermerkt.

A Einleitung und Warnhinweise

A.1	Warnhinweise	Die folgende Zusammenfassung sollte als Einleitung zu diesem Prospekt („**Prospekt**") verstanden werden. Der Anleger sollte sich bei jeder Entscheidung, in die Wertpapiere zu investieren, auf diesen Prospekt als Ganzen stützen. Ein Anleger, der aufgrund der in diesem Prospekt enthaltenen Angaben Klage einreicht, muss nach den nationalen Rechtsvorschriften seines Mitgliedsstaats möglicherweise für die Übersetzung des Prospekts aufkommen, bevor das Verfahren eingeleitet werden kann. Nur diejenige(n) Person(en), die die Zusammenfassung, einschließlich ihrer Übersetzung vorgelegt und übermittelt haben, haften zivilrechtlich, und dies auch nur für den Fall, dass die Zusammenfassung, verglichen mit den anderen Teilen des Prospekts irreführend, unrichtig oder inkohärent ist oder verglichen mit den anderen Teilen des Prospekts wesentliche Angaben, die in Bezug auf Anlagen in die betreffenden Wertpapiere für die Anleger eine Entscheidungshilfe darstellen, vermissen lässt.
A.2	Einwilligung zur nachträglichen Verwendung des Prospekts	Entfällt. Eine Einwilligung zur nachträglichen Verwendung dieses Prospekts zum Weiterverkauf oder zur nachträglichen Platzierung der Anleihen (wie unter C.1 definiert) wurde nicht gegeben.

B Emittent

B.1	Gesetzliche und kommerzielle Bezeichnung der Emittentin	4finance S.A. (auch bezeichnet als die "**Emittentin"** und zusammen mit den konsolidierten Gesellschaften unter der Holding-Gesellschaft 4finance Holding S.A. ("**Holdco**"), die "**Gruppe**"). Soweit sich aus dem Kontext nichts anderes ergibt, bezieht sich "wir", „unser", „uns" oder „Gruppe", für den Zeitraum nach dem 30. April 2014 auf die 4finance Holding S.A. und deren direkte und indirekte Tochtergesellschaften sowie für den Zeitraum vor dem 30. April 2014 auf AS 4finance und deren Tochtergesellschaften.
B.2	Sitz, Rechtsform, geltendes Recht, Land der Gründung	Die Emittentin hat ihren Sitz im Großherzogtum Luxemburg ("**Luxemburg**"). Die Emittentin ist eine luxemburgische Gesellschaft mit beschränkter Haftung, die nach luxemburgischem Recht gegründet wurde und luxemburgischem Recht unterliegt.
B.4b	Trends, welche die Emittentin und die Hauptmärkte, auf denen die Emittentin vertreten ist,	Entfällt. Es sind keine Trends bekannt, welche die Emittentin oder die Hauptmärkte, auf denen die Emittentin vertreten ist, betreffen.

	betreffen	
B.5	Beschreibung der Gruppe und Stellung der Emittentin innerhalb der Gruppe	Die Emittentin ist Teil der Gruppe unter der Holding-Gesellschaft 4finance Holding S.A.. Das Aktienkapital der Emittentin wird zu 100 % von der AS 4finance (Lettland) gehalten und sämtliche Anteile an der AS 4finance (Lettland) werden von Holdco gehalten. 0,003% der Aktien der Holdco werden wiederum von AS 4finance (Lettland) gehalten. Die Muttergesellschaft der Gruppe und direkter Anteilseigner an Holdco ist die 4finance Group S.A., die 99,997% des Aktienkapitals von Holdco hält.
B.9	Gewinnprognosen oder -schätzungen	Entfällt, da keine Gewinnprognose aufgenommen wird.
B.10	Beschränkungen in Bestätigungsvermerken	Entfällt, da keine Einschränkung erteilt wurde.
B.12	Ausgewählte Historische Finanzinformationen	Die untenstehenden Tabellen zeigen ausgewählte konsolidierte Finanzinformationen für die Geschäftsjahre, die jeweils zum 31. Dezember 2014 und 31. Dezember 2015 endeten und für die Neun-Monats-Zeiträume die jeweils am 30. September 2015 und am 30. September 2016 endeten. Diese Finanzinformationen wurden den geprüften Konzernabschlüssen zum 31. Dezember 2014 und zum 31. Dezember 2015 und den ungeprüften Zwischenabschlüssen der Neun-Monats-Zeiträume, die jeweils am 30. September 2015 und am 30. September 2016 endeten, entnommen. Die Konzern-Jahresabschlüsse sowie die Zwischenabschlüsse wurden nach Maßgabe der International Financial Reporting Standards in der Europäischen Union gültigen Form („**IFRS**“) erstellt.

1. Ausgewählte Angaben aus der konsolidierten Gewinn- und Verlustrechnung

	Jahresende zum 31. Dezember,		Neun-Monats-Zeitraum zum 30. September,	
	2015	**2014**	**2016**	**2015**
			(ungeprüft)	(ungeprüft)
		(in Millionen EUR)		
Zinserträge	318.3	220.3	287.3	229.3
Zinsaufwendungen	(28.7)	(23.7)	(26.2)	(21.1)
Netto Zinserträge	**289.6**	**196.6**	**261.1**	**208.2**
Verlust aus Abschreibungen bei Krediten und Forderungen	(79.8)	(54.0)	(69.7)	(57.0)
Allgemeine Verwaltungsaufwendungen	(133.9)	(80.0)	(134.6)	(89.0)
Sonstige betriebliche Erträge	6.6	2.2	11.9	11.0
Sonstige Aufwendungen	(8.7)	(4.0)	(6.0)	(13.9)
Gewinn vor Steuern	**73.8**	**60.6**	**62.6**	**59.3**
Körperschaftssteuer im Berichtszeitraum	(15.7)	(11.6)	(13.4)	(13.3)
Gewinn aus laufender Geschäftstätigkeit	**58.2**	**49.0**	**49.2**	**46.0**
Nicht fortgeführte Geschäftsbereiche				
Gewinn/(Verlust) Ergebnis aus	5.9	(2.7)	—	5.3

	Jahresende zum 31. Dezember,		Neun-Monats-Zeitraum zum 30. September,	
	2015	2014	2016	2015
			(ungeprüft)	(ungeprüft)
			(in Millionen EUR)	
aufgegebenen Geschäftsbereichen				
Gewinn im Berichtszeitraum	**64.1**	**46.3**	**49.2**	**51.3**

2. Ausgewählte Angaben aus der Konzernbilanz

	Jahresende zum 31. Dezember,		Neun-Monats-Zeitraum zum 31. September,	
	2015	2014	2016	2015
			(ungeprüft)	
Aktiva				
Zahlungsmittel und Zahlungsmitteläquivalente	56.9	33.7	86.2	47.5
Guthaben bei anderen Banken	—	—	32.0	—
Darlehen und Vorschüsse gegen Kunden	308.3	241.4	510.4	299.1
Zur Veräußerung gehaltene Vermögenswerte	—	4.4	—	—
Sachanlagen	4.3	2.1	22.5	4.0
Immaterielle Vermögenswerte	17.4	2.8	31.0	2.7
Goodwill	0.6	—	33.6	0.6
Aktive latente Steuern	12.9	10.7	25.7	14.7
Laufende Steuerforderungen	5.5	4.7	10.7	2.8
zum Zeitwert bewertete Finanzinstrumente	10.6	18.6	3.8	9.1
Aktive Rechnungsabgrenzungsposten	2.7	3.3	6.1	—
Darlehen an verbundene Unternehmen	13.7	0.1	40.5	—
Andere Vermögenswerte	5.2	48.1	43.9	43.2
Aktiva insgesamt	**438.2**	**370.0**	**846.5**	**423.7**
Passiva				
Kreditverbindlichkeiten	229.5	231.6	348.3	226.9
Kundeneinlagen	9.1	5.8	197.2	8.3
Zur Veräußerung gehaltene Verbindlichkeiten	—	0.7	—	—
Laufende Steuerverbindlichkeiten	7.4	6.4	18.7	8.4
Sozialleistungen	2.4	1.0	2.2	3.0
Andere Verbindlichkeiten	16.6	11.5	57.6	16.6
Verbindlichkeiten insgesamt	**264.9**	**257.0**	**624.1**	**263.2**
Grundkapital	35.8	35.8	35.8	35.8
Gewinnrücklagen	171.0	107.6	219.9	158.5
Umstrukturierungsreserve	(31.1)	(32.6)	(31.1)	(32.6)
Währungsumrechnungsrücklage	(5.1)	0.9	(5.1)	(2.2)
Rücklage für aktienbasierte Vergütung	1.4	0.1	3.0	0.1
Zwingende Rücklagen	0.2	0.1	0.2	0.2
Weitere Rücklagen	—	—	(1.5)	—
Eigenkapital, das Anteilseignern der Gruppe zurechenbar ist	**172.2**	**111.9**	**221.1**	**159.7**

	Jahresende zum 31. Dezember,		Neun-Monats-Zeitraum zum 31. September,	
	2015	**2014**	**2016**	**2015**
			(ungeprüft)	
Minderheitenanteile	1.1	1.1	1.2	0.9
Eigenkapital insgesamt	**173.3**	**113.0**	**222.4**	**160.5**
Gesamtes ausgewiesenes Eigenkapital und Verbindlichkeiten	**438.2**	**370.0**	**846.5**	**423.7**

3. Ausgewählte Angaben aus der konsolidierten Kapitalflussrechnung

	Jahresende zum 31. Dezember,		Neun-Monats-Zeitraum zum 30. September,	
	2015	**2014**	**2016**	**2015**
			(ungeprüft)	
		(in Millionen EUR)		
Cash-Flow aus laufender Geschäftstätigkeit				
Gewinn vor Steuern	79.7	57.9	62.6	64.6
Anpassung für:				
Wertberichtigungen und Abschreibungen	1.7	1.2	3.2	0.9
Währungsverluste bei Krediten und anderen monetäre Posten	12.7	18.7	(3.4)	—
Erhöhung der Risikovorsorge	85.1	60.0	75.9	60.2
Abschreibungen und Veräußerungen von immateriellen Gütern, Sachanlagen und Betriebsausstattung	1.1	0.1	0.8	0.1
Vorrat	1.4	0.2	(0.2)	2.0
Zinserträge	(2.1)	(0.8)	(4.9)	(1.9)
Zinsaufwendungen	28.7	23.8	26.2	21.1
Anteilsbasierte Vergütungen mit Ausgleich durch Eigenkapitalinstrumente	1.4	—	1.5	—
Gewinn oder Verlust vor Anpassungen aufgrund einer Veränderung des Umlaufvermögens und kurzfristiger Verbindlichkeiten	209.8	161.0	161.7	147.0
Anpassung für:				
Erhöhung des Volumens der fälligen Darlehensforderungen gegen Kunden	(150.8)	(126.4)	(80.2)	(116.3)
Veränderung des Zeitwerts von Finanzinstrumenten	8.0	(21.0)	4.2	9.5
Verringerung/(Erhöhung) anderer Vermögenswerte	11.4	(3.6)	(24.1)	(17.3)
Gewinnrealisierung durch den Verkauf von Beständen	4.0	1.8	3.4	2.0
Anstieg bei Verbindlichkeiten gegenüber Lieferanten, Vertragsnehmer und anderen Gläubigern	9.2	8.7	28.4	6.3
Erwerb eines Minderheitsanteils	—	—	(2.0)	—
Brutto Cash Flow aus Geschäftstätigkeit	91.6	20.5	91.4	31.2
Gezahlte Einkommenssteuer	(17.6)	(20.9)	(24.0)	(13.4)
Netto Cash-Flow aus laufender Geschäftstätigkeit	**74.0**	**(0.4)**	**67.4**	**17.8**
Cash-Flows aus Investitionstätigkeit				
Kauf von Sachanlagen, Ausrüstung und immateriellen Gütern	(20.3)	(4.2)	(17.7)	(2.7)
Darlehen an verbundene Parteien	(59.1)	(14.8)	(42.6)	(20.5)
Rückzahlungen von Darlehen verbundener Parteien	26.1	14.7	11.0	16.5
Zinserträge	1.7	0.8	1.1	1.3
Veräußerung von Tochtergesellschaften, abzüglich der liquiden Mittel	0.2	—	—	—
Zuteilung für potentielle Acquisitionen	—	—	(6.6)	—

	Jahresende zum 31. Dezember,		Neun-Monats-Zeitraum zum 30. September,	
	2015	2014	2016	2015
			(ungeprüft)	
		(in Millionen EUR)		
Kauf von Tochtergesellschaften, abzüglich der liquiden Mittel	(1.4)	—	(61.4)	(1.4)
Netto Cash-Flow aus Investitionstätigkeit	**(52.7)**	**(3.5)**	**(116.2)**	**(6.8)**
Cash-Flows aus Finanzierungstätigkeit				
Erhaltene Kredite und ausgegebene Schuldverschreibungen	79.0	86.6	135.7	66.8
Rückzahlung von Krediten und Schuldverschreibunben	(49.4)	(52.5)	(27.3)	(36.5)
Zinszahlungen	(27.3)	(18.7)	(29.8)	(26.5)
Dividendenzahlungen	(0.6)	(0.3)	(0.7)	(0.6)
Netto Cash-Flows aus Finanzierungstätigkeit	**1.8**	**15.1**	**77.9**	**3.2**
Netto Erhöhung von Barmitteln und Barmitteläquivalenten	**23.0**	**11.2**	**29.1**	**14.2**
Barmittel und Barmitteläquivalenten zu Beginn des Zeitraums	**34.4**	**21.1**	**56.9**	**34.4**
Effekt aus Wechselkursänderungen auf Barmittel	(0.6)	2.1	0.2	(1.1)
Barmittel und Barmitteläquivalente am Ende des Berichtszeitraums	**56.9**	**34.4**	**86.2**	**47.5**

	Aussichten der Emittentin	Seit dem 31. Dezember 2015 haben sich keine wesentlichen nachteiligen Veränderungen in den Aussichten der Emittentin ergeben.
	Wesentliche Veränderungen bei Finanzlage oder Handelsposition	Entfällt. Seit dem 30. September 2016 haben sich keine wesentlichen Veränderungen in der Finanzlage oder der Handelsposition der Emittentin ergeben.
B.13	Letzte Entwicklungen	Entfällt. Es gibt keine wesentlich jüngsten Entwicklungen, die die Emittentin betreffen und die für die Bewertung der Emittentin relevant sind.
B.14	Abhängigkeit der Emittentin von anderen Unternehmen der Gruppe	Die Emittentin ist die Finanzierungsgesellschaft der Gruppe und betreibt außer der Finanzierung der Gesellschaften der Gruppe keine relevante Geschäftstätigkeit. Die Emittentin hängt deshalb von Zahlungen der operativen Gesellschaften der Gruppe ab. Für eine Beschreibung der Gruppe und der Stellung der Emittentin innerhalb der Gruppe siehe B.5.
B.15	Beschreibung der Haupttätigkeit der Emittentin.	Die Emittentin betreibt die Finanzierung der Gesellschaften der Gruppe. Die Emittentin wird durch Grundkapital, Fremdkapital und Barmittel aus der Geschäftstätigkeit der operativen Gesellschaften der Gruppe finanziert.
B.16	Beteiligungen und Beherrschungs-verhältnisse	Holdco ist die indirekte Muttergesellschaft der Emittentin, sie hält 100 % der Geschäftsanteile der AS 4finance. AS 4finance hält sämtliche Geschäftsanteile der Emittentin.
B.17	Ratings	Zum Datum dieses Prospekts hat Moody's Investors Service ("**Moody's**") für die Emittentin ein "B3 Guaranteed Senior Unsecured Debt Rating" vergeben sowie für die von der Emittentin ausgegebenen

		Bestehenden Schuldverschreibungen (wie in C1 definiert) ebenfalls ein "backed B3 Rating". Die von Moody's vergebenen Ratings betreffend die Emittentin und die Bestehenden Schuldverschreibungen haben beide einen positiven Ausblick. Standard & Poor's Global Ratings ("**S&P**") hat für die von der Emittentin ausgegebenen bestehenden Schuldverschreibungen („Existing Notes“) ein "B+ Issue Rating" erteilt. Moody's und S&P (die „**Rating Agenturen**”) sind gemäß der gültigen Fassung der Verordnung (EG) Nr. 1060/2009 (die „**CRA-Verordnung**“) registriert. Beide Rating Agenturen werden auf der Liste der Kredit-Rating-Agenturen, die von der Europäische Wertpapier- und Marktaufsichtsbehörde auf ihrer Website (https://www.esma.europa.eu/supervision/credit-rating-agencies/risk) gemäß der CRA-Verordnung veröffentlicht wird, geführt.
B.18	Art und Umfang der Garantien	Die Schuldverschreibungen (wie in C. 1 definiert) werden von unbedingten, unwiderruflichen Garantien (zusammen „**Garantien**“ und einzeln jeweils „**Garantie**“) von Holdco sowie bestimmten anderen direkten und indirekten Tochtergesellschaften der Holdco, darunter die direkte Muttergesellschaft der Emittentin („**Tochtergesellschaften-Garantiegeber**“ und, zusammen mit Holdco, die „**Garantiegeber**“ und einzeln jeweils „**Garantiegeber**“) gesamtschuldnerisch gemäß den Anleihebedingungen abgesichert. Die Garantien sind unabhängig von den Verpflichtungen der Emittentin und bleiben von der Gültigkeit und Durchsetzbarkeit der Verpflichtungen der Emittentin unberührt. Jede Garantie stellt ein selbständiges Zahlungsversprechen in der Form eines Vertrags zugunsten Dritter, der Anleihegläubiger (wie unten definiert), gemäß § 328 (1) Bürgerliches Gesetzbuch dar. Daraus resultiert das Recht jedes Anleihegläubigers, Leistung aus der jeweiligen Garantie direkt von dem entsprechenden Garantiegeber zu verlangen und durchzusetzen. Unabhängig davon besteht die Möglichkeit jede Garantie über den Agenten gemäß den Anleihebedingungen (wie nachfolgend definiert) durchzusetzen. „**Agent**“ bezeichnet hww hermann wienberg wilhelm Legal & Service Rechtsanwälte Partnerschaft. Der Sinn und Zweck jeder einzelnen Garantie ist es, die Anleihegläubiger unter allen Umständen abzusichern, ob faktisch oder rechtlich, und unabhängig von der Gültigkeit und Durchsetzbarkeit der Verpflichtungen der Emittentin oder jedes anderen Grundes, auf dessen Basis die Emittentin möglicherweise Zahlungen zukünftig nicht ausführt. Es soll sichergestellt werden, dass die Zinsen und andere nach den Anleihebedingungen an die Anleihegläubiger zu zahlenden Beträge, zu dem Zeitpunkt der sich aus den Anleihebedingungen ergibt, gezahlt werden. Jede Garantie ist gleichrangig mit jeder bestehenden und zukünftigen vorrangigen ungesicherten Schuldverschreibung („senior unsecured debt“) und vorrangig zu jeder bestehenden und zukünftigen nachgeordneten Schuld („subordinated debt“) jedes Garantiegebers, ungeachtet bestimmter Beschränkungen, die in den jeweiligen Rechtssystemen der Garantiegeber bestehen. Ferner unterliegt die Laufzeit und Durchsetzbarkeit der Garantien bestimmten Einschränkungen.
B.19	Informationen über die Garantiegeber	Eine Garantie wird gegeben von (i) Holdco und von jedem der folgenden Ergänzenden Garantiegeber: (ii) AS 4finance (Lettland), (iii) 4finance ApS (Dänemark), (iv) UAB 4finance (Litauen), (v) 4finance Oy (Finnland), (vi) 4finance AB (Schweden, (vii) Vivus Finance Sp. z o.o.

		(Polen), (viii) Vivus Finance S.A (Spanien), (ix) UAB Credit Service (Litauen) und (x) 4finance LLC (Georgien).

B(i) Garantiegeberin – Holdco

B.1	Gesetzliche und kommerzielle Bezeichnung der Garantiegeberin	4finance Holding S.A. ("**Holdco**"), die Holdinggesellschaft der Gruppe.
B.2	Sitz, Rechtsform, geltendes Recht, Land der Gründung	Die Garantiegeberin hat ihren Sitz in Luxemburg. Die Garantiegeberin ist eine luxemburgische Gesellschaft mit beschränkter Haftung, die nach luxemburgischem Recht gegründet wurde und luxemburgischem Recht unterliegt.
B.4b	Trends, welche die Garantiegeberin und die Hauptmärkte, auf denen die Garantiegeberin vertreten ist, betreffen	Entfällt. Es sind keine Trends bekannt, welche die Garantiegeberin oder die Hauptmärkte, auf denen die Garantiegeberin vertreten ist, betreffen.
B.5	Beschreibung der Gruppe und Stellung der Garantiegeberin innerhalb der Gruppe	Die Garantiegeberin ist die Holdinggesellschaft der Gruppe. Für eine Beschreibung der Gruppe siehe B.5 hinsichtlich der Emittentin.
B.9	Gewinnprognosen oder -schätzungen	Entfällt, da keine Gewinnprognose aufgenommen wird.
B.10	Beschränkungen in Bestätigungsvermerken	Entfällt, da keine Einschränkung erteilt wurde.
B.12	Ausgewählte Historische Finanzinformationen	Entfällt, es liegen keine Finanzinformationen der Garantiegeberin vor. Konsolidierte Finanzinformationen der Gruppe finden sich in diesem Prospekt. Für eine Beschreibung der Ausgewählten Historischen Finanzinformationen der Gruppe siehe B. 12 hinsichtlich der Emittentin.
	Aussichten des Garantiegebers	Für eine Beschreibung der Aussichten der Gruppe siehe B.12 hinsichtlich der Emittentin.
	Wesentliche Veränderungen bei Finanzlage oder Handelsposition	Für eine Beschreibung der wesentlichen Veränderungen bei Finanzlage oder Handelsposition der Gruppe siehe B.12 hinsichtlich der Emittentin.
B.13	Jüngste Ereignisse	Entfällt. Es gab seit dem 31. Dezember 2015 keine wesentlichen jüngsten Ereignisse die die Garantiegeberin betreffen und die für die Bewertung der Emittentin relevant sind.
B.14	Abhängigkeit der Garantiegeberin von anderen Unternehmen der Gruppe	Die Garantiegeberin ist die Holdinggesellschaft der Gruppe und betreibt keine relevante operative Geschäftstätigkeit mit Ausnahme der Verwaltung und Finanzierung ihrer direkten und indirekten Tochtergesellschaften. Die Garantiegeberin ist deshalb abhängig von Zahlungen der operativen Gesellschaften der Gruppe. Für eine Beschreibung der Gruppe und der Stellung der Garantiegeberin innerhalb der Gruppe siehe B.5.

B.15	Beschreibung der Haupttätigkeit der Garantiegeberin	Die Garantiegeberin ist die Holdinggesellschaft der Gruppe.
B.16	Beteiligungen und Beherrschungs-verhältnisse	Zum Datum dieses Prospekts werden 99,997 % der Geschäftsanteile der Garantiegeberin von der 4finance Group S.A. gehalten, deren sämtliche Geschäftsanteile von Tirona Limited gehalten werden. 0,003 % der Geschäftsanteile der Garantiegeberin werden von AS 4finance (Lettland) gehalten, die eine Tochtergesellschaft der Garantiegeberin ist.

B.17	Ratings	Zum Datum dieses Prospekts hat Moody's Investors Service ("**Moody's**") für die Emittentin ein "B3 Guaranteed Senior Unsecured Debt Rating" vergeben sowie für die von der Emittentin ausgegebenen Bestehenden Schuldverschreibungen ebenfalls ein "backed B3 Rating". Die von Moody's vergebenen Ratings betreffend die Emittentin und die Bestehenden Schuldverschreibungen haben beide einen positiven Ausblick Standard & Poor's Global Ratings ("**S&P**") hat für die von der Emittentin ausgegebenen Bestehenden Schuldverschreibungen ein "B+ Issue Rating" mit negativen Ausblick erteilt. Die Rating Agenturen sind gemäß der gültigen Fassung der CRA-Verordnung registriert. Beide Rating Agenturen werden auf der Liste der Kredit-Rating-Agenturen, die von der Europäische Wertpapier- und Marktaufsichtsbehörde auf ihrer Website (https://www.esma.europa.eu/supervision/credit-rating-agencies/risk) gemäß der CRA-Verordnung veröffentlicht wird, geführt.

B(ii) Garantiegeberin – AS 4finance (Lettland)

B.1	Gesetzliche und kommerzielle Bezeichnung der Garantiegeberin	AS 4finance (Lettland). Die Garantiegeberin ist eine Tochtergesellschaft von Holdco und trägt die kommerzielle Bezeichnung „AS 4finance".
B.2	Sitz, Rechtsform, geltendes Recht, Land der Gründung	Die Garantiegeberin hat ihren Sitz in Riga, Lettland. Die Garantiegeberin ist eine lettische Aktiengesellschaft, die nach lettischem Recht gegründet wurde und lettischem Recht unterliegt.
B.4b	Trends, welche die Garantiegeberin und die Hauptmärkte, auf denen die Garantiegeberin vertreten ist, betreffen	Entfällt. Es sind keine Trends bekannt, welche die Garantiegeberin oder die Hauptmärkte, auf denen die Garantiegeberin vertreten ist, betreffen.
B.5	Beschreibung der Gruppe und Stellung der Garantiegeberin innerhalb der Gruppe	Die Garantiegeberin ist eine Tochtergesellschaft von Holdco und der Gruppe. Für eine Beschreibung der Gruppe siehe B.5 hinsichtlich der Emittentin.
B.9	Gewinnprognosen oder -schätzungen	Entfällt, da keine Gewinnprognose aufgenommen wird.
B.10	Beschränkungen in Bestätigungsverme	Entfällt, da die Garantiegeberin keinen geprüften Abschluss oder

	rken	Finanzinformationen bereitstellt.
B.12	Ausgewählte Historische Finanzinformationen	Entfällt, es liegen keine Finanzinformationen der Garantiegeberin vor. Konsolidierte Finanzinformationen der Gruppe finden sich in diesem Prospekt. Für eine Beschreibung der Ausgewählten Historischen Finanzinformationen der Gruppe siehe B. 12 hinsichtlich der Emittentin.
	Aussichten des Garantiegebers	Für eine Beschreibung der Aussichten der Gruppe siehe B. 12 hinsichtlich der Emittentin.
	Wesentliche Veränderungen bei Finanzlage oder Handelsposition	Für eine Beschreibung der wesentlichen Veränderungen in Finanzlage oder Handelsposition der Gruppe siehe B. 12 hinsichtlich der Emittentin.
B.13	Jüngste Ereignisse	Entfällt. Es gab seit dem 31. Dezember 2015 keine wesentlichen jüngsten Ereignisse, die die Garantiegeberin betreffen und die für die Bewertung der Emittentin relevant sind.
B.14	Abhängigkeit der Garantiegeberin von anderen Unternehmen der Gruppe	Die Garantiegeberin ist eine direkte Tochtergesellschaft von Holdco. 100 % der Geschäftsanteile der Garantiegeberin werden von Holdco gehalten. Für eine Beschreibung der Gruppe und der Stellung der Garantiegeberin innerhalb der Gruppe siehe B.5.
B.15	Beschreibung der Haupttätigkeit der Garantiegeberin	Die Haupttätigkeit der Garantiegeberin ist das Bereitstellen von Verbraucherdarlehen an natürliche Personen. Vor dem 30. April 2014 war die Garantiegeberin die Muttergesellschaft der Gruppe.
B.16	Beteiligungen und Beherrschungs-verhältnisse	Zum Datum dieses Prospekts hält Holdco 100 % der Geschäftsanteile der Garantiegeberin.
B.17	Ratings	Entfällt. Für die Garantiegeberin wurde kein Rating erstellt.

B(iii) Garantiegeberin – 4finance ApS (Dänemark)

B.1	Gesetzliche und kommerzielle Bezeichnung der Garantiegeberin	4finance ApS (Dänemark). Die Garantiegeberin ist eine indirekte Tochtergesellschaft von Holdco und trägt die kommerzielle Bezeichnung „4finance ApS“.
B.2	Sitz, Rechtsform, geltendes Recht, Land der Gründung	Die Garantiegeberin hat ihren Sitz in Kopenhagen, Dänemark. Die Garantiegeberin ist eine dänische Gesellschaft mit beschränkter Haftung, die nach dänischem Recht gegründet wurde und dänischem Recht unterliegt.
B.4b	Trends, welche die Garantiegeberin und die Hauptmärkte, auf denen die Garantiegeberin vertreten ist, betreffen	Entfällt. Es sind keine Trends bekannt, welche die Garantiegeberin oder die Hauptmärkte, auf denen die Garantiegeberin vertreten ist, betreffen.
B.5	Beschreibung der Gruppe und Stellung der Garantiegeberin innerhalb der Gruppe	Die Garantiegeberin ist eine Tochtergesellschaft von Holdco und der Gruppe. Für eine Beschreibung der Gruppe siehe B.5 hinsichtlich der Emittentin.

B.9	Gewinnprognosen oder -schätzungen	Entfällt, da keine Gewinnprognose aufgenommen wird.
B.10	Beschränkungen in Bestätigungsvermerken	Entfällt, da die Garantiegeberin keinen geprüften Abschluss oder Finanzinformationen bereitstellt.
B.12	Ausgewählte Historische Finanzinformationen	Entfällt. Es liegen keine Finanzinformationen der Garantiegeberin vor. Konsolidierte Finanzinformationen der Gruppe finden sich in diesem Prospekt. Für eine Beschreibung der Ausgewählten Historischen Finanzinformationen der Gruppe siehe B.12 hinsichtlich der Emittentin.
	Aussichten des Garantiegebers	Für eine Beschreibung der Aussichten der Gruppe siehe B.12 hinsichtlich der Emittentin.
	Wesentliche Veränderungen bei Finanzlage oder Handelsposition	Für eine Beschreibung der wesentlichen Veränderungen bei Finanzlage oder Handelsposition der Gruppe siehe B. 12 hinsichtlich der Emittentin.
B.13	Jüngste Ereignisse	Entfällt. Es gab seit dem 31. Dezember 2015 keine wesentlichen jüngsten Ereignisse, die die Garantiegeberin betreffen und die für die Bewertung der Emittentin relevant sind.

B.14	Abhängigkeit der Garantiegeberin von anderen Unternehmen der Gruppe	Die Garantiegeberin ist eine indirekte Tochtergesellschaft von Holdco und der Gruppe. 100 % der Geschäftsanteile der Garantiegeberin werden von AS 4finance (Lettland) gehalten. Für eine Beschreibung der Gruppe und der Stellung der Garantiegeberin innerhalb der Gruppe siehe B.5.
B.15	Beschreibung der Haupttätigkeit der Garantiegeberin	Die Haupttätigkeit der Garantiegeberin ist das Bereitstellen von Verbraucherdarlehen an natürliche Personen.
B.16	Beteiligungen und Beherrschungs-verhältnisse	Zum Datum dieses Prospekts hält AS 4finance (Lettland) 100 % der Geschäftsanteile der Garantiegeberin.
B.17	Ratings	Entfällt. Für die Garantiegeberin wurde kein Rating erstellt.

B(iv) Garantiegeberin – UAB 4finance (Litauen)

B.1	Gesetzliche und kommerzielle Be-zeichnung der Garantiegeberin	UAB 4finance (Litauen). Die Garantiegeberin ist eine indirekte Tochtergesellschaft von Holdco und trägt die kommerzielle Bezeichnung „UAB 4finance“.
B.2	Sitz, Rechtsform, geltendes Recht, Land der Gründung	Die Garantiegeberin hat ihren Sitz in Kaunas, Litauen. Die Garantiegeberin ist eine litauische Gesellschaft mit beschränkter Haftung, die nach litauischem Recht gegründet wurde und litauischem Recht unterliegt.
B.4b	Trends, welche die Garantiegeberin und die Hauptmärkte, auf denen die Garantiegeberin vertreten ist, betreffen	Entfällt. Es sind keine Trends bekannt, welche die Garantiegeberin oder die Hauptmärkte, auf denen die Garantiegeberin vertreten ist, betreffen.
B.5	Beschreibung der Gruppe und Stellung der Garantiegeberin innerhalb der Gruppe	Die Garantiegeberin ist eine Tochtergesellschaft der Holdco und der Gruppe. Für eine Beschreibung der Gruppe siehe B.5 hinsichtlich der Emittentin.
B.9	Gewinnprognosen oder -schätzungen	Entfällt, da keine Gewinnprognose aufgenommen wird.
B.10	Beschränkungen in Bestätigungsverme rken	Entfällt, da die Garantiegeberin keinen geprüften Abschluss oder Finanzinformationen bereitstellt.
B.12	Ausgewählte Historische Finanzinformatione n	Entfällt. Es liegen keine Finanzinformationen der Garantiegeberin vor. Konsolidierte Finanzinformationen der Gruppe finden sich in diesem Prospekt. Für eine Beschreibung der Ausgewählten Historischen Finanzinformationen der Gruppe siehe B. 12 hinsichtlich der Emittentin.
	Aussichten des Garantiegebers	Für eine Beschreibung der Aussichten der Gruppe siehe B.12 hinsichtlich der Emittentin.
	Wesentliche Veränderungen bei Finanzlage oder Handelsposition	UAB 4finance bietet keine neuen Darlehen mehr an, sondern bedient den Kundenstamm hinsichtlich der Darlehen, die bereits vor Dezember 2015 bestanden haben, bis diese bereits existierenden Darlehen auslaufen oder gekündigt werden. Über diese bestehenden Darlehen

		hinaus wird in Zukunft kein weiteres Geschäft generiert werden, da die UAB 4finance am 18. Dezember 2015 durch die Zentralbank Litauens von der Liste der Anbieter von Verbraucherdarlehen gestrichen wurde und der UAB 4finance damit ein weiteres Anbieten von Verbraucherdarlehen in Litauen untersagt wurde.
B.13	Jüngste Ereignisse	Am 18. Dezember 2015 hat die Zentralbank Litauens die UAB 4finance mit der Behauptung, diese hätte gegen bestimmte Vorschriften hinsichtlich des Anbietens von Verbraucherdarlehen insbesondere der Prüfung der Solvenz der Verbraucher verstoßen, von der Liste der Anbieter von Verbraucherdarlehen in Litauen gestrichen und ihre Lizenz suspendiert. Nach der Entscheidung der Zentralbank Litauens ist UAB 4finance, die für 11 % des Umsatzes in 2015 verantwortlich ist, nicht länger berechtigt Verbraucherdarlehen anzubieten (mit Wirkung am 18. Dezember 2015), obwohl UAB 4finance dazu berechtigt bleibt Dienstleistungen hinsichtlich bestehender Darlehen anzubieten, bis diese Produkte auslaufen oder gekündigt werden. Wir haben uns dazu entschlossen, gegen die Entscheidung der Zentralbank Litauens keine Rechtsmittel einzulegen.
B.14	Abhängigkeit der Garantiegeberin von anderen Unternehmen der Gruppe	Die Garantiegeberin ist eine indirekte Tochtergesellschaft von Holdco und der Gruppe. 100 % der Geschäftsanteile der Garantiegeberin werden von AS 4finance (Lettland) gehalten. Für eine Beschreibung der Gruppe und der Stellung der Garantiegeberin innerhalb der Gruppe siehe B.5.
B.15	Beschreibung der Haupttätigkeit der Garantiegeberin	Die Haupttätigkeit der Garantiegeberin ist das Bereitstellen von Verbraucherdarlehen an natürliche Personen.
B.16	Beteiligungen und Beherrschungs-verhältnisse	Zum Datum dieses Prospekts hält AS 4finance (Lettland) 100 % der Geschäftsanteile der Garantiegeberin.
B.17	Ratings	Entfällt. Für die Garantiegeberin wurde kein Rating erstellt.

B(v) Garantiegeberin – 4finance Oy (Finnland)

B.1	Gesetzliche und kommerzielle Bezeichnung der Garantiegeberin	4finance Oy (Finnland). Die Garantiegeberin ist eine indirekte Tochtergesellschaft von Holdco und trägt die kommerzielle Bezeichnung „4finance Oy".
B.2	Sitz, Rechtsform, geltendes Recht, Land der Gründung	Die Garantiegeberin hat ihren Sitz in Helsinki, Finnland. Die Garantiegeberin ist eine finnische Gesellschaft mit beschränkter Haftung, die nach finnischem Recht gegründet wurde und finnischem Recht unterliegt.
B.4b	Trends, welche die Garantiegeberin und die Hauptmärkte, auf denen die Garantiegeberin vertreten ist, betreffen	Entfällt. Es sind keine Trends bekannt, welche die Garantiegeberin oder die Hauptmärkte, auf denen die Garantiegeberin vertreten ist, betreffen.
B.5	Beschreibung der Gruppe und Stellung der Garantiegeberin innerhalb der	Die Garantiegeberin ist eine Tochtergesellschaft von Holdco und der Gruppe. Für eine Beschreibung der Gruppe siehe B.5 hinsichtlich der Emittentin.

	Gruppe	
B.9	Gewinnprognosen oder -schätzungen	Entfällt, da keine Gewinnprognose aufgenommen wird.

B.10	Beschränkungen in Bestätigungsvermerken	Entfällt, da die Garantiegeberin keinen geprüften Abschluss oder Finanzinformationen bereitstellt.
B.12	Ausgewählte Historische Finanzinformationen	Entfällt. Es liegen keine Finanzinformationen der Garantiegeberin vor. Konsolidierte Finanzinformationen der Gruppe finden sich in diesem Prospekt. Für eine Beschreibung der Ausgewählten Historischen Finanzinformationen der Gruppe siehe B. 12 hinsichtlich der Emittentin.
	Aussichten des Garantiegebers	Für eine Beschreibung der Aussichten der Gruppe siehe B.12 hinsichtlich der Emittentin.
	Wesentliche Veränderungen bei Finanzlage oder Handelsposition	Für eine Beschreibung der wesentlichen Veränderungen bei Finanzlage oder Handelsposition der Gruppe siehe B.12 hinsichtlich der Emittentin.
B.13	Jüngste Ereignisse	Entfällt. Es gab seit dem 31. Dezember 2015 keine wesentlichen jüngsten Ereignisse, die die Garantiegeberin betreffen und die für die Bewertung der Emittentin relevant sind.
B.14	Abhängigkeit der Garantiegeberin von anderen Unternehmen der Gruppe	Die Garantiegeberin ist eine indirekte Tochtergesellschaft der Holdco und der Gruppe. 100 % der Geschäftsanteile der Garantiegeberin werden von AS 4finance (Lettland) gehalten. Für eine Beschreibung der Gruppe und der Stellung der Garantiegeberin innerhalb der Gruppe siehe B.5.
B.15	Beschreibung der Haupttätigkeit der Garantiegeberin	Die Haupttätigkeit der Garantiegeberin ist das Bereitstellen von Verbraucherdarlehen an natürliche Personen.
B.16	Beteiligungen und Beherrschungs-verhältnisse	Zum Datum dieses Prospekts hält AS 4finance (Lettland) 100 % der Geschäftsanteile der Garantiegeberin.
B.17	Ratings	Entfällt. Für die Garantiegeberin wurde kein Rating erstellt.

B(vi) Garantiegeberin – 4finance AB (Schweden)

B.1	Gesetzliche und kommerzielle Bezeichnung der Garantiegeberin	4finance AB (Schweden). Die Garantiegeberin ist eine indirekte Tochtergesellschaft von Holdco und trägt die kommerzielle Bezeichnung „4finance AB“.
B.2	Sitz, Rechtsform, geltendes Recht, Land der Gründung	Die Garantiegeberin hat ihren Sitz in Stockholm, Schweden. Die Garantiegeberin ist eine schwedische Gesellschaft mit beschränkter Haftung, die nach schwedischem Recht gegründet wurde und schwedischem Recht unterliegt.
B.4b	Trends, welche die Garantiegeberin und die Hauptmärkte, auf denen die Garantiegeberin vertreten ist, betreffen	Entfällt. Es sind keine Trends bekannt, welche die Garantiegeberin oder die Hauptmärkte, auf denen die Garantiegeberin vertreten ist, betreffen.
B.5	Beschreibung der Gruppe und Stellung der Garantiegeberin innerhalb der	Die Garantiegeberin ist eine Tochtergesellschaft von Holdco und der Gruppe. Für eine Beschreibung der Gruppe siehe B.5 hinsichtlich der Emittentin.

	Gruppe	

B.9	Gewinnprognosen oder -schätzungen	Entfällt, da keine Gewinnprognose aufgenommen wird.
B.10	Beschränkungen in Bestätigungsvermerken	Entfällt, da die Garantiegeberin keinen geprüften Abschluss oder Finanzinformationen bereitstellt.
B.12	Ausgewählte Historische Finanzinformationen	Entfällt. Es liegen keine Finanzinformationen der Garantiegeberin vor. Konsolidierte Finanzinformationen der Gruppe finden sich in diesem Prospekt. Für eine Beschreibung der Ausgewählten Historischen Finanzinformationen der Gruppe siehe B. 12 hinsichtlich der Emittentin.
	Aussichten des Garantiegebers	Für eine Beschreibung der Aussichten der Gruppe siehe B.12 hinsichtlich der Emittentin.
	Wesentliche Veränderungen bei Finanzlage oder Handelsposition	Für eine Beschreibung der wesentlichen Veränderungen bei Finanzlage oder Handelsposition der Gruppe siehe B.12 hinsichtlich der Emittentin.
B.13	Jüngste Ereignisse	Entfällt. Es gab seit dem 31. Dezember 2015 keine wesentlichen jüngsten Ereignisse, die die Garantiegeberin betreffen und die für die Bewertung der Emittentin relevant sind.
B.14	Abhängigkeit der Garantiegeberin von anderen Unternehmen der Gruppe	Die Garantiegeberin ist eine indirekte Tochtergesellschaft von Holdco und der Gruppe. 97 % der Geschäftsanteile der Garantiegeberin werden von AS 4finance (Lettland) gehalten. Für eine Beschreibung der Gruppe und der Stellung der Garantiegeberin innerhalb der Gruppe siehe B.5.
B.15	Beschreibung der Haupttätigkeit der Garantiegeberin	Die Haupttätigkeit der Garantiegeberin ist das Bereitstellen von Verbraucherdarlehen an natürliche Personen.
B.16	Beteiligungen und Beherrschungs-verhältnisse	Zum Datum dieses Prospekts hält AS 4finance (Lettland) 97 % der Geschäftsanteile der Garantiegeberin.
B.17	Ratings	Entfällt. Für die Garantiegeberin wurde kein Rating erstellt.

B(vii) Garantiegeberin – Vivus Finance Sp. z o.o. (Polen)

B.1	Gesetzliche und kommerzielle Bezeichnung der Garantiegeberin	Vivus Finance Sp. z o.o. (Polen). Die Garantiegeberin ist eine indirekte Tochtergesellschaft von Holdco und trägt die kommerzielle Bezeichnung „Vivus Finance Sp. z o.o.“.
B.2	Sitz, Rechtsform, geltendes Recht, Land der Gründung	Die Garantiegeberin hat ihren Sitz in Warschau, Polen. Die Garantiegeberin ist eine polnische Gesellschaft mit beschränkter Haftung, die nach polnischem Recht gegründet wurde und polnischem Recht unterliegt.
B.4b	Trends, welche die Garantiegeberin und die Hauptmärkte, auf denen die Garantiegeberin vertreten ist, betreffen	Entfällt. Es sind keine Trends bekannt, welche die Garantiegeberin oder die Hauptmärkte, auf denen die Garantiegeberin vertreten ist, betreffen.

B.5	Beschreibung der Gruppe und Stellung der Garantiegeberin innerhalb der Gruppe	Die Garantiegeberin ist eine Tochtergesellschaft von Holdco und der Gruppe. Für eine Beschreibung der Gruppe siehe B.5 hinsichtlich der Emittentin.
B.9	Gewinnprognosen oder -schätzungen	Entfällt, da keine Gewinnprognose aufgenommen wird.
B.10	Beschränkungen in Bestätigungsvermerken	Entfällt, da die Garantiegeberin keinen geprüften Abschluss oder Finanzinformationen bereitstellt.
B.12	Ausgewählte Historische Finanzinformationen	Entfällt. Es liegen keine Finanzinformationen der Garantiegeberin vor. Konsolidierte Finanzinformationen der Gruppe finden sich in diesem Prospekt. Für eine Beschreibung der Ausgewählten Historischen Finanzinformationen der Gruppe siehe B. 12 hinsichtlich der Emittentin.
	Aussichten des Garantiegebers	Für eine Beschreibung der Aussichten der Gruppe siehe B.12 hinsichtlich der Emittentin.
	Wesentliche Veränderungen bei Finanzlage oder Handelsposition	Für eine Beschreibung der wesentlichen Veränderungen bei Finanzlage oder Handelsposition der Gruppe siehe B.12 hinsichtlich der Emittentin.
B.13	Jüngste Ereignisse	Entfällt. Es gab seit dem 31. Dezember 2015 keine wesentlichen jüngsten Ereignisse, die die Garantiegeberin betreffen und die für die Bewertung der Emittentin relevant sind.
B.14	Abhängigkeit der Garantiegeberin von anderen Unternehmen der Gruppe	Die Garantiegeberin ist eine indirekte Tochtergesellschaft von Holdco und der Gruppe. 100 % der Geschäftsanteile der Garantiegeberin werden von AS 4finance (Lettland) gehalten. Für eine Beschreibung der Gruppe und der Stellung der Garantiegeberin innerhalb der Gruppe siehe B.5.
B.15	Beschreibung der Haupttätigkeit der Garantiegeberin	Die Haupttätigkeit der Garantiegeberin ist das Bereitstellen von Verbraucherdarlehen an natürliche Personen.
B.16	Beteiligungen und Beherrschungsverhältnisse	Zum Datum dieses Prospekts hält AS 4finance (Lettland) 100 % der Geschäftsanteile der Garantiegeberin.
B.17	Ratings	Entfällt. Für die Garantiegeberin wurde kein Rating erstellt.

B(viii) Garantiegeberin – Vivus Finance S.A. (Spanien)

B.1	Gesetzliche und kommerzielle Bezeichnung der Garantiegeberin	Vivus Finance S.A.(Spanien). Die Garantiegeberin ist eine indirekte Tochtergesellschaft von Holdco und trägt die kommerzielle Bezeichnung „Vivus Finance S.A.“.
B.2	Sitz, Rechtsform, geltendes Recht, Land der Gründung	Die Garantiegeberin hat ihren Sitz in Madrid, Spanien. Die Garantiegeberin ist eine spanische Gesellschaft mit beschränkter Haftung, die nach spanischem Recht gegründet wurde und spanischem Recht unterliegt.

B.4b	Trends, welche die Garantiegeberin und die Hauptmärkte, auf denen die Garantiegeberin vertreten ist, betreffen	Entfällt. Es sind keine Trends bekannt, welche die Garantiegeberin oder die Hauptmärkte, auf denen die Garantiegeberin vertreten ist, betreffen.
B.5	Beschreibung der Gruppe und Stellung der Garantiegeberin innerhalb der Gruppe	Die Garantiegeberin ist eine Tochtergesellschaft von Holdco und der Gruppe. Für eine Beschreibung der Gruppe siehe B.5 hinsichtlich der Emittentin.
B.9	Gewinnprognosen oder -schätzungen	Entfällt, da keine Gewinnprognose aufgenommen wird.
B.10	Beschränkungen in Bestätigungsvermerken	Entfällt, da die Garantiegeberin keinen geprüften Abschluss oder Finanzinformationen bereitstellt.
B.12	Ausgewählte Historische Finanzinformationen	Entfällt. Es liegen keine Finanzinformationen der Garantiegeberin vor. Konsolidierte Finanzinformationen der Gruppe finden sich in diesem Prospekt. Für eine Beschreibung der Ausgewählten Historischen Finanzinformationen der Gruppe siehe B. 12 hinsichtlich der Emittentin.
	Aussichten des Garantiegebers	Für eine Beschreibung der Aussichten der Gruppe siehe B.12 hinsichtlich der Emittentin.
	Wesentliche Veränderungen bei Finanzlage oder Handelsposition	Für eine Beschreibung der wesentlichen Veränderungen bei Finanzlage oder Handelsposition der Gruppe siehe B.12 hinsichtlich der Emittentin.
B.13	Jüngste Ereignisse	Entfällt. Es gab seit dem 31. Dezember 2015 keine wesentlichen jüngsten Ereignisse, die die Garantiegeberin betreffen und die für die Bewertung der Emittentin relevant sind.
B.14	Abhängigkeit der Garantiegeberin von anderen Unternehmen der Gruppe	Die Garantiegeberin ist eine indirekte Tochtergesellschaft von Holdco und der Gruppe. 100 % der Geschäftsanteile der Garantiegeberin werden von AS 4finance (Lettland) gehalten. Für eine Beschreibung der Gruppe und der Stellung der Garantiegeberin innerhalb der Gruppe siehe B.5.
B.15	Beschreibung der Haupttätigkeit der Garantiegeberin	Die Haupttätigkeit der Garantiegeberin ist das Bereitstellen von Verbraucherdarlehen an natürliche Personen.
B.16	Beteiligungen und Beherrschungs-verhältnisse	Zum Datum dieses Prospekts hält AS 4finance (Lettland) 100 % der Geschäftsanteile der Garantiegeberin.
B.17	Ratings	Entfällt. Für die Garantiegeberin wurde kein Rating erstellt.

B(ix) Garantiegeberin – UAB Credit Service (Litauen)

B.1	Gesetzliche und kommerzielle Bezeichnung der Garantiegeberin	UAB Credit Service (Litauen). Die Garantiegeberin ist eine indirekte Tochtergesellschaft von Holdco und trägt die kommerzielle Bezeichnung „UAB Credit Service“.

B.2	Sitz, Rechtsform, geltendes Recht, Land der Gründung	Die Garantiegeberin hat ihren Sitz in Vilnius, Litauen. Die Garantiegeberin ist eine litauische Gesellschaft mit beschränkter Haftung, die nach litauischem Recht gegründet wurde und litauischem Recht unterliegt.
B.4b	Trends, welche die Garantiegeberin und die Hauptmärkte, auf denen die Garantiegeberin vertreten ist, betreffen	Entfällt. Es sind keine Trends bekannt, welche die Garantiegeberin oder die Hauptmärkte, auf denen die Garantiegeberin vertreten ist, betreffen.
B.5	Beschreibung der Gruppe und Stellung der Garantiegeberin innerhalb der Gruppe	Die Garantiegeberin ist eine Tochtergesellschaft von Holdco und der Gruppe. Für eine Beschreibung der Gruppe siehe B.5 hinsichtlich der Emittentin.
B.9	Gewinnprognosen oder -schätzungen	Entfällt, da keine Gewinnprognose aufgenommen wird.
B.10	Beschränkungen in Bestätigungsvermerken	Entfällt, da die Garantiegeberin keinen geprüften Abschluss oder Finanzinformationen bereitstellt.
B.12	Ausgewählte Historische Finanzinformationen	Entfällt. Es liegen keine Finanzinformationen der Garantiegeberin vor. Konsolidierte Finanzinformationen der Gruppe finden sich in diesem Prospekt. Für eine Beschreibung der Ausgewählten Historischen Finanzinformationen der Gruppe siehe B. 12 hinsichtlich der Emittentin.
	Aussichten des Garantiegebers	Für eine Beschreibung der Aussichten der Gruppe siehe B.12 hinsichtlich der Emittentin.
	Wesentliche Veränderungen bei Finanzlage oder Handelsposition	Für eine Beschreibung der wesentlichen Veränderungen bei Finanzlage oder Handelsposition der Gruppe siehe B.12 hinsichtlich der Emittentin.
B.13	Jüngste Ereignisse	Entfällt. Es gab seit dem 31. Dezember 2015 keine wesentlichen jüngsten Ereignisse, die die Garantiegeberin betreffen und die für die Bewertung der Emittentin relevant sind.
B.14	Abhängigkeit der Garantiegeberin von anderen Unternehmen der Gruppe	Die Garantiegeberin ist eine indirekte Tochtergesellschaft von Holdco und der Gruppe. 100 % der Geschäftsanteile der Garantiegeberin werden von AS 4finance (Lettland) gehalten. Für eine Beschreibung der Gruppe und der Stellung der Garantiegeberin innerhalb der Gruppe siehe B.5.
B.15	Beschreibung der Haupttätigkeit der Garantiegeberin	Die Haupttätigkeit der Garantiegeberin ist das Bereitstellen von Verbraucherdarlehen an natürliche Personen.
B.16	Beteiligungen und Beherrschungs-verhältnisse	Zum Datum dieses Prospekts hält AS 4finance (Lettland) 100 % der Geschäftsanteile der Garantiegeberin.
B.17	Ratings	Entfällt. Für die Garantiegeberin wurde kein Rating erstellt.

B(x) Garantiegeberin – 4finance LLC (Georgien)

B.1	Gesetzliche und kommerzielle Bezeichnung der Garantiegeberin	4finance LLC (Georgien). Die Garantiegeberin ist eine indirekte Tochtergesellschaft von Holdco und trägt die kommerzielle Bezeichnung „UAB Credit Service“. Falls die Grantiebeberin als Mikrofinanz-Organisation (näheres dazu unter B.13 zu 4finace LLC (Georgien)) qulifiziert wird, wird sie berechtigt, den Zusatz Mikrofinanz-Organisation oder die Abkürzung „MFO“ in ihre kommerzille Bezeichnung aufzunehmen.
B.2	Sitz, Rechtsform, geltendes Recht, Land der Gründung	Die Garantiegeberin hat ihren Sitz in Tbilisi, Georgien. Die Garantiegeberin ist eine georgische Gesellschaft mit beschränkter Haftung, die nach georgischem Recht gegründet wurde und georgischem Recht unterliegt.
B.4b	Trends, welche die Garantiegeberin und die Hauptmärkte, auf denen die Garantiegeberin vertreten ist, betreffen	Entfällt. Es sind keine Trends bekannt, welche die Garantiegeberin oder die Hauptmärkte, auf denen die Garantiegeberin vertreten ist, betreffen.
B.5	Beschreibung der Gruppe und Stellung der Garantiegeberin innerhalb der Gruppe	Die Garantiegeberin ist eine Tochtergesellschaft von Holdco und der Gruppe. Für eine Beschreibung der Gruppe siehe B.5 hinsichtlich der Emittentin.
B.9	Gewinnprognosen oder -schätzungen	Entfällt, da keine Gewinnprognose aufgenommen wird.
B.10	Beschränkungen in Bestätigungsvermerken	Entfällt, da die Garantiegeberin keinen geprüften Abschluss oder Finanzinformationen bereitstellt.
B.12	Ausgewählte Historische Finanzinformationen	Entfällt. Es liegen keine Finanzinformationen der Garantiegeberin vor. Konsolidierte Finanzinformationen der Gruppe finden sich in diesem Prospekt. Für eine Beschreibung der Ausgewählten Historischen Finanzinformationen der Gruppe siehe B. 12 hinsichtlich der Emittentin.
	Aussichten des Garantiegebers	Für eine Beschreibung der Aussichten der Gruppe siehe B.12 hinsichtlich der Emittentin.
	Wesentliche Veränderungen bei Finanzlage oder Handelsposition	Für eine Beschreibung der wesentlichen Veränderungen bei Finanzlage oder Handelsposition der Gruppe siehe B.12 hinsichtlich der Emittentin.
B.13	Jüngste Ereignisse	Am 18. November 2016 hat die Garantiegeberin bei der Nationalbank von Georgien beantragt, als Mikrofinanz-Organisation registriert zu werden. Falls der Antrag erfolgreich ist und die Garantiegeberin als Mikrofinanz Organisation qualifiziert wird, muss sie die für Mikrofinanz-Organisationen geltenden Vorschriften einhalten und untersteht diesbezüglich behördlicher Aufsicht. Die Nationalbank von Georgien soll den Antrag innerhalb von 45 Werktagen verbescheiden (diese Frist kann ggf. verlängert werden). Im Übrigen gab es keine weiteren, wesentlichen jüngsten Ereignisse, welche die Garantiegeberin betreffen und die für die Bewertung der Emittentin relevant sind.

B.14	Abhängigkeit der Garantiegeberin von anderen Unternehmen der Gruppe	Die Garantiegeberin ist eine indirekte Tochtergesellschaft von Holdco und der Gruppe. 100 % der Geschäftsanteile der Garantiegeberin werden von AS 4finance (Lettland) gehalten. Für eine Beschreibung der Gruppe und der Stellung der Garantiegeberin innerhalb der Gruppe siehe B.5.
B.15	Beschreibung der Haupttätigkeit der Garantiegeberin	Die Haupttätigkeit der Garantiegeberin ist das Bereitstellen von Verbraucherdarlehen an natürliche Personen.
B.16	Beteiligungen und Beherrschungs-verhältnisse	Zum Datum dieses Prospekts hält AS 4finance (Lettland) 100 % der Geschäftsanteile der Garantiegeberin.
B.17	Ratings	Entfällt. Für die Garantiegeberin wurde kein Rating erstellt.

C Wertpapiere

C.1	Art und Gattung der angebotenen Wertpapiere	Bei den angebotenen Wertpapieren (den „**Schuldverschreibungen**“) handelt es sich um festverzinsliche Wertpapiere. Die Schuldverschreibungen werden mit den bereits bestehenden EUR 100.000.000 11,25 % Schuldverschreibungen (die „**Bestehenden Schuldverschreibungen**“), die am 23 Mai 2016 (das „**Bestehende Schuldverschreibungen Ausgabedatum**“) begeben wurden und am 22 Mai 2016 fällig werden, vereinigt und bilden eine Serie. Die Schuldverschreibungen und die Bestehenden Schuldverschreibungen tragen jeweils die International Security Identification Number (ISIN) XS1417876163 und die deutschen Wertpapierkennnummer (WKN) A181ZP sowie den Common Code 141787616.
C.2	Währung der Wertpapieremission	Die Schuldverschreibungen sind in Euro (EUR) ausgegeben.
C.5	Beschränkungen für die freie Über-tragbarkeit	Entfällt, da die Übertragbarkeit der Schuldverschreibungen nicht beschränkt ist.
C.8	Beschreibung der mit den Wertpapieren verbundenen Rechte einschließlich der Rangordnung sowie Beschränkungen dieser Rechte	Der Ausgabepreis der Schuldverschreibungen beträgt 100% des Gesamtnennbetrags der Schuldverschreibungen. Die mit den Schuldverschreibungen verbundenen Rechte sind in den Anleihebedingungen der Schuldverschreibungen (die „**Anleihebedingungen**“) geregelt. Die Schuldverschreibungen lauten auf den Inhaber und haben einen Gesamtnennbetrag von EUR 50.000.000,00, eingeteilt in Schuldverschreibungen mit einem Nennbetrag von jeweils EUR 1.000,00. Jede Schuldverschreibung berechtigt den Inhaber der Schuldverschreibung ("**Anleihegläubiger**"), Zahlung von Zinsen auf den Rückzahlungsbetrag in Höhe von 11.25 % pro Jahr ab dem 23. November 2016 ("**Ausgabetag**") sowie Rückzahlung des Nennwerts der Schuldverschreibung am 23. Mai 2021 ("**Fälligkeitstag**") zu erhalten.
	Rangordnung	Die Schuldverschreibungen begründen unbedingte, unmittelbare, nicht nachrangige Verbindlichkeiten der Emittentin, die untereinander gleichrangig sind und mindestens im gleichen Rang mit anderen gegenwärtigen und zukünftigen und nicht nachrangigen Verbindlichkeiten der Emittentin stehen, ausgenommen solche Verbindlichkeiten, denen aufgrund zwingender gesetzlicher Vorschriften Vorrang zukommt.

	Beschränkungen dieser Rechte	**Vorzeitiger freiwilliger Rückkauf (call option)**: Die Emittentin hat das Recht, alle ausstehenden Anleihen vollständig vor dem Fälligkeitstag zurückzukaufen, und zwar zu 106 % des Nennbetrages, wenn das Rückkaufsrecht innerhalb der ersten 30 Monate nach dem Bestehende Schuldverschreibungen Ausgabedatum ausgeübt wird und für 104 % des Nennbetrages, wenn das Rückkaufsrecht im Zeitraum nach den ersten 30 Monaten nach dem Bestehende Schuldverschreibungen Ausgabedatum ausgeübt wird. **Kontrollwechsel**: Im Falle eines Kontrollwechsels, der Holdco oder sonst eine Gesellschaft, die der Gruppe angehört, betrifft, kann jeder Anleihegläubiger verlangen, dass alle oder nur ein Teil seiner Schuldverschreibungen zu einem Preis von 101 % des Nennbetrag zurückgekauft wird. **Rückkaufoption aus Steuergründen:** Ein frühzeitiger Rückkauf der Schuldverschreibungen aus Steuergründen ist zulässig, wenn die Emittentin oder ein Garantiegeber als Folge einer Änderung der Steuervorschriften verpflichtet wäre, einen höheren Betrag zu zahlen, als in den für die Schuldverschreibung festgelegten Bedingungen vereinbart wurde.
C.9	Zinsen	Siehe oben C.8. Die Schuldverschreibungen werden bezogen auf ihren Nennbetrag verzinst, und zwar vom (einschließlich) 23. November 2016 bis zum 23. Mai 2021 (ausschließlich) mit jährlich 11,25 %. Die Zinsen sind halbjährlich nachträglich am 23. Mai und 23. November eines jeden Jahres zahlbar, beginnend am 23. Mai 2017, vorbehaltlich der Verschiebung auf den nächsten Zahltag.
	Fälligkeit	Die Schuldverschreibungen sind in Höhe ihres Nennbetrags am 23. Mai 2016 zur Rückzahlung fällig, sofern sie nicht zuvor ganz oder teilweise, zurückgezahlt, zurückgekauft oder gekündigt wurden.
	Rendite Vertreter der Anleihegläubiger	Die jährliche Rendite der Schuldverschreibungen auf Grundlage des Ausgabebetrages von 100 % des Nennbetrages und Rückzahlung bei Ende der Laufzeit beträgt 11,25 %. hww hermann wienberg wilhelm legal & services Rechtsanwälte Partnerschaft, Bleichstraße 2, 60313 Frankfurt am Main, Deutschland.
C.10	Derivative Komponente der Zins-zahlung	Siehe C.9. Entfällt, da die Schuldverschreibungen keine derivative Komponente haben.
C.11	Zulassung zum Handel an einem regulierten Markt	Die Emittentin hat die Zulassung der Anleihen zum Handel am regulierten Markt an der Frankfurter Börse im Prime Standard für Unternehmensanleihen beantragt, der ein regulierter Markt im Sinne der Verordnung 2004/39/EC des Europäischen Parlaments und der Kommission vom 21. April 2014 ist. Die Bestehenden Schuldverschreibungen sind bereits zum Handel an der Frankfurter Börse im Segment Prime Standard für Unternehmensanleihen zugelassen (*Prime Standard für Anleihen*).

D Risiken

D.2	Zentrale Angaben zu den zentralen Risiken, die der	

	Emittentin eigen sind.	
		Wir haben begrenzte Geschäftserfahrung in einem sich entwickelnden Geschäftsbereich, was die Einschätzung unserer Geschäftsaussichten erschwert und möglicherweise das Risiko eines Misserfolgs erhöht.
		Möglicherweise begegnen wir Schwierigkeiten bei der Bewertung der Bonität unserer potentiellen Kreditnehmer.
		Unser Geschäft ist stark reguliert. Falls wir nicht in der Lage sind – wie kürzlich in Litauen geschehen - bestehende oder neu eingeführte Gesetze, Vorschriften oder Regelungen einzuhalten, kann es dazu kommen, dass Bußgelder oder Strafzahlungen gegen uns verhängt werden oder dass wir bestimmte Märkte verlassen müssen oder uns bestimmte Geschäfte untersagt werden.
		Unser Geschäft unterliegt komplexen und sich entwickelnden Gesetzen und Regulierungen bezüglich der Privatsphäre, dem Datenschutz und anderen Bereichen.
		Wir könnten außerstande sein, Vorschriften im Bereich der Geldwäscheprävention einzuhalten. Dies könnte einen nachteiligen Effekt auf unsere Reputation und unser Geschäft haben.
		Unsere Geschäftstätigkeit ist von unserem Datenverarbeitungssystem abhängig.
		Schnelles Wachstum sowie schnelle Expansion können unsere Management- und Geschäftskapazität übersteigen und dadurch hohe Kosten verursachen.
		Die Internationale Ausrichtung unserer Geschäftstätigkeit kann zu erhöhten Kosten beitragen.
		Die Expansion unseres Kreditportfolios hängt in immer größer werdenden Umfang von unserer Fähigkeit, eine adäquate Finanzierung sicherzustellen, ab.
		Möglicherweise tätigen wir Akquisitionen oder verfolgen Geschäftsmodelle, die sich als erfolglos herausstellen oder unsere Ressourcen belasten oder binden.
		Eine Beeinträchtigung unserer Reputation oder unserer Marken oder bei einer Verschlechterung der von uns angebotenen Servicequalität haben, könnte negative Auswirkungen auf unsere Fähigkeit , neue Kunden zu generieren oder bestehende Kunden zu halten.
		Die Einführung von neuen Produkten oder Dienstleistungen könnte nicht erfolgreich sein.
		Eine negative öffentliche Wahrnehmung bezüglich unseres Geschäftsmodells könnte den Absatz unserer Produkte erheblich verringern.
		Falls Internetsuchmaschinen ihre Methodik hinsichtlich der organischen Suchergebnisse oder den bezahlten Suchergebnissen zu unseren Ungunsten ändern sollten oder falls sich unsere organischen oder bezahlten Suchergebnisse aus anderen Gründen verschlechtern sollten, könnte das unsere Fähigkeit, neue Kunden zu generieren oder unser Geschäftsvolumen bei bereits bestehenden Kunden zu erhöhen, beeinträchtigen.
		Unser Geschäft hängt von der Unterstützung von Vermarktungspartnern ab, die uns dabei helfen, neue Kunden zu werben.
		Unser Geschäft hängt von Dienstleistungen dritter Parteien, wie Banken, lokale Verbraucherkreditagenturen, IT Service Providern,

		Inkassogesellschaften und offline Partner, ab.
		Neue Top-Level-Domain-Namen können neuen Wettbewerben den Zugang zum Markt ermöglichen oder unsere Marktwahrnehmung schwächen, was den Wert unserer Domain-Namen verringern könnte.
		Änderungen bei unseren Betriebskapitalanforderungen können sich erheblich auf unsere Liquidität und unsere Finanzlage auswirken.
		Es könnten Liquiditätsengpässe entstehen.
		Die Geschäftsbedingungen des aktuellen und zukünftigen Finanzierungsgeschäfts könnten finanzielle und operative Beschränkungen verursachen.
		Die derzeitig bestehenden Zinsdifferenzen könnten sich in Zukunft verringern, was unsere Profitabilität reduzieren könnte.
		Stärkere Konkurrenz von Banken, Kreditkartenunternehmen, anderen Verbraucherkreditgebern oder Dritten, die vergleichbare Finanzprodukte und Dienstleistungen im Verbraucherkreditmarkt anbieten, könnte sich auf unser Geschäft und unsere Expansionspläne auswirken.
		Eine Verringerung der Nachfrage hinsichtlich unserer Finanzprodukte und eine nicht hinreichende Anpassung unseres Geschäfts an diese Situation könnte zu einer Verringerung unseres Umsatzes führen.
		Mögliche Gewerkschaftsaktivität könnte zu einer erheblichen Verschlechterung der Beziehung zu unseren Arbeitnehmern führen.
		Unsere Fähigkeit ausstehende Kredite einzutreiben könnte sich verringern, falls die Anzahl der Kunden, die Privatinsolvenz anmelden, steigt.

		Möglicherweise können wir unsere Technologien nicht schützen oder nicht mit Technologien unserer Mitbewerber mithalten. Außerdem könnten wir mit Streitigkeiten hinsichtlich unseres geistigen Eigentums überzogen werden, die kostenintensiv sind und unseren operativen Geschäftsergebnissen schaden könnten.
		Wir sind Cyber-Security-Risiken und Sicherheitslücken ausgesetzt und sind möglicherweise hohen Kosten ausgesetzt, um diese Risiken zu minimieren und auf entsprechende Vorfälle zu reagieren.
		Unser Erfolg hängt von unseren leitenden Angestellten und Arbeitnehmern und unserer Fähigkeit qualifizierte Arbeitnehmer anzuziehen ab.
		Die Erstellung unserer Abschlüsse gemäß IFRS und bestimmte von uns eingenommene Steuerpositionen erfordern eine Abwägungsentscheidung auf Managementebene. Wir könnten Risiken im Zusammenhang mit solchen Abwägungsentscheidungen ausgesetzt sein. Wir könnten erheblich von der Einführung neuer oder einer Änderung der bestehenden Rechnungslegungsgrundsätze, Finanzberichterstattungsgrundsätze oder Steuergesetze negativ beeinflusst werden.
		Wir unterliegen Abwertungsrisiken.
		Da wir in verschiedenen Ländern operieren, sind wir Währungsrisiken ausgesetzt.
		Sollte es uns nicht gelingen, unser Geschäft und unsere Kundenstruktur geographisch zu diversifizieren, könnte sich dies negativ auf unser Geschäft auswirken.
		Wir könnten erheblich von vertraglichen Reklamationen, Klagen, Gerichtsverfahren und negativer Berichterstattung beeinträchtigt werden.
		Unsere Operationen könnten von Naturkatastrophen oder anderen Störungen der Geschäftsabläufe betroffen werden, die unseren zukünftigen Umsatz und unsere zukünftige finanzielle Lage erheblich beeinträchtigen sowie unsere Kosten und Ausgaben erhöhen könnten.
		Wir könnten nicht in der Lage sein, mit den schnellen Veränderungen im E-Commerce und den Anforderungen und Regulierungen des Internets Schritt zu halten, was unser Geschäft beeinträchtigen könnte.
		Wir könnten nicht in der Lage sein, Anforderungen von Anti-Korruptions-Vorschriften zu erfüllen. Dies könnte unsere Reputation und unser Geschäft erheblich beeinträchtigen.
		Eine schlechte Lage auf den Finanzmärkten und der globalen Wirtschaft könnte unser Geschäft erheblich beeinträchtigen.
		Erhebliche, schnelle und unvorhergesehene wirtschaftliche oder politische Veränderungen in den Volkswirtschaften, in denen wir operieren, könnten die Nachfrage nach unseren Produkten und Dienstleistungen verringern und zu reduzierten Einnahmen führen.
		Die Rechtssysteme einiger Märkte, auf denen wir operieren, sind weniger entwickelt als die Rechtssysteme westeuropäischer Staaten.
		Unsere erhebliche Verschuldung könnte unsere finanzielle Verfassung, unsere Fähigkeit die Finanzierung sicherzustellen und unsere Fähigkeit unsere Verpflichtungen hinsichtlich dieser Schuldverschreibungen zu erfüllen, wesentlich beeinträchtigen.
		Trotz unserem derzeitigen Schuldenstand, könnten wir möglicherweise wesentlich mehr - auch abgesicherte – Verbindlichkeiten eingehen, was die Risiken die mit unserer bestehenden Verschuldung einhergehen erhöhen könnte.

		Wir sind möglicherweise nicht in der Lage, ausreichend Barmittel zu generieren, um sämtliche Schulden – dazu zählen die Schuldverschreibungen - zu bedienen und sind möglicherweise gezwungen andere Maßnahmen zu ergreifen, um unsere Verpflichtungen zu erfüllen, die möglicherweise nicht erfolgreich sind.
		Die Emittentin und Holdco sind Gesellschaften, die keinen eigenen operativen Umsatz generieren. Sie sind deshalb von Barmitteln unserer operativen Gesellschaften abhängig, um pflichtgemäß Zahlungen auf die Schuldverschreibungen oder Garantien leisten zu können.
		Falls wir die Verpflichtungen gegenüber unseren übrigen Gläubigern nicht erfüllen können, könnten wir möglicherweise außerstande sein, unsere Zahlungsverpflichtungen hinsichtlich der Schuldverschreibungen zu erfüllen.
D.3	Zentrale Angaben zu zentralen Risiken, die den Wertpapieren eigen sind.	Eine Investition in die Schuldverschreibungen ist mit bestimmten Risiken im Zusammenhang mit deren Eigenschaften, Spezifikationen und Art behaftet. Sie kann zu erheblichen Verlusten führen, welche die Anleihegläubiger im Fall eines Verkaufs ihrer Schuldverschreibungen oder mit Blick auf die Zinserträge oder der Rückzahlung des Kapitals tragen müssten. Risiken, die die Schuldverschreibungen betreffen, umfassen unter anderem folgende Risiken:
		Die Schuldverschreibungen werden faktisch zu unserer oder der abgesicherten Verschuldung unserer Garantiegeber nachrangig sein, soweit Sicherheiten für diese Verschuldung bestehen.
		Die Schuldverschreibungen werden strukturell nachrangig zu der Verschuldung derjenigen Tochtergesellschaften sein, die keine Garantiegeber der Schuldverschreibungen sind oder werden.
		Wir sind möglicherweise nicht im Stande, die Schuldverschreibungen zum Zeitpunkt ihrer Fälligkeit zurückzukaufen oder zurückzuzahlen.
		Jede Garantie wird bestimmten Beschränkungen hinsichtlich ihrer Durchsetzbarkeit ausgesetzt sein. Möglicherweise werden die Garantien durch die jeweils anwendbaren Vorschriften beschränkt oder in ihrer Durchsetzbarkeit oder Gültigkeit durch bestimmte jeweils mögliche Einwendungen eingeschränkt.
		Aufgrund der verschiedenen Rechtssysteme, kann es schwierig sein, die Rechte aus den Garantien durchzusetzen.
		Die anwendbaren Insolvenz- und Insolvenzverwaltungsvorschriften sind möglicherweise nicht so gläubigerfreundlich - auch in Bezug auf Anleihegläubiger - wie die Insolvenzvorschriften der Rechtssysteme, die den Anlegern vertraut sind und könnten die Anleger darin beeinträchtigen, ihre Rechte aus den Schuldverschreibungen und Garantien durchzusetzen. Die Emittentin und Holdco sind Risiken hinsichtlich des Ortes ihres Hauptinteresses im insolvenzrechtlichen Sinn („Center Of Main Interest" oder „COMI")) ausgesetzt.
		Die Übertragung der Schuldverschreibungen ist eingeschränkt, was ihre Liquidität und den möglichen Verkaufspreis negativ beeinflussen könnte.
		Es gibt keinen etablierten Markt für die Schuldverschreibungen. Falls sich kein Markt für die Schuldverschreibungen entwickelt, sind die Anleger möglicherweise nicht in der Lage, die Schuldverschreibungen schnell zu verkaufen.
		Unsere Kredit-Ratings spiegeln möglicherweise nicht alle mit einer Investition in die Schuldverschreibungen verbundenen Risiken wieder.
		Ein Anstieg der Zinssätze könnte zu einer Reduzierung des relativen Wertes der Schuldverschreibungen führen.

		Investoren sind möglicherweise Währungsrisiken ausgesetzt, falls sie in die Schuldverschreibungen investieren.
		Wir entscheiden uns möglicherweise zu einer Zeit, zu der die bestehenden Zinssätze relativ gering sind, dafür, einen Teil der Schuldverschreibungen zurückzukaufen oder zurückzuzahlen. Sies gilt auch für einen Rückkauf am offenen Markt.
		Die Interessen unserer wirtschaftlichen Eigentümer könnten in Konflikt mit den Interessen der Anleihegläubiger stehen
		Die Interessen unserer direkten Muttergesellschaft könnten in Konflikt mit den Interessen der Anleihegläubiger stehen.

E Angebot

E.2b	Gründe für das Angebot, Zweckbestimmung der Erlöse, geschätzte Nettoerlöse	Wir verwenden die Einnahmen aus der Ausgabe der Schuldverschreibungen zur generellen Finanzierung unseres Geschäfts und werden die Einnahmen weiter zur generellen Finanzierung unseres Geschäfts verwenden. Dies umfasst auch die Finanzierung von Wachstum auf unseren derzeitigen und künftigen Märkten. Die Emittentin verleiht die Einnahmen an die Gesellschaften der Gruppe und wird die Einnahmen weiter an die Gesellschaften der Gruppe verleihen.
E.3	Beschreibung der Angebots-konditionen	Entfällt. Es wird kein öffentliches Angebot der Emittentin geben, da es sich bei diesem Prospekt ausschließlich um einen Zulassungsprospekt handelt.
E.4	Für die Emission wesentliche Interessen, einschließlich Interessenkonflikte	Entfällt. Es wird kein öffentliches Angebot der Emittentin geben, da es sich bei diesem Prospekt ausschließlich um einen Zulassungsprospekt handelt.
E.7	Schätzung der Ausgaben, die dem Anleger von der Emittentin in Rechnung gestellt werden	Entfällt. Es wird kein öffentliches Angebot der Emittentin geben, da es sich bei diesem Prospekt ausschließlich um einen Zulassungsprospekt handelt.

III. RISK FACTORS

Below is the description of risk factors that are material for the assessment of the market risk associated with the Notes and risk factors that may affect each of the Issuer's ability to fulfil its obligations under the Notes and, as applicable, the Guarantors' ability to fulfil their obligations under the Guarantee. Any of these risks could have a material adverse effect on the financial condition and results of operations of the Group. The market price of the Notes could decline due to any of these risks, and investors could lose all or part of their investments.

Potential investors should carefully consider the specific risk factors outlined below in addition to all other information in this Prospectus and consult with their own professional advisors should they deem it necessary before deciding upon the purchase of the Notes. In addition, investors should bear in mind that several of the described risks can occur simultaneously and those have, possibly together with other circumstances, a stronger impact. The order in which the risks are described neither indicates the probability of their occurrence nor the gravity or significance of the individual risks nor the scope of their financial consequences.

Potential investors should, among other things, consider the following:

RISK FACTORS RELATING TO THE ISSUER, THE GROUP AND OUR BUSINESS

The Issuer and the Guarantors are direct or indirect subsidiaries of Holdco and part of the Group. Accordingly, the Issuer and the Guarantors are affected, substantially, by the same risks as those that affect the business and operations of the entire Group. Therefore, references in this section to the Group shall include references to the Issuer and all Guarantors (if applicable). In relation to the Issuer and each Guarantor, no additional risks occur.

We have a limited operating history in an evolving industry, which makes it difficult to evaluate our future prospects and may increase the risk that we will not be successful

We have a limited operating history in an evolving industry that may not develop as expected. Assessing our business and future prospects is challenging in light of the risks and difficulties we may encounter. These risks and difficulties include our ability to:

- increase the number and total volume of loans we extend to our customers;
- improve the terms on which we lend to our customers as our business becomes more efficient;
- increase the effectiveness of our direct marketing;
- increase repeat borrowing;
- successfully develop and deploy new products;
- favorably compete with other companies that are currently in, or may in the future enter, the business of consumer lending;
- successfully navigate economic conditions and fluctuations in credit markets;
- effectively manage the growth of our business; and
- successfully expand our business into new markets.

We may not be able to successfully address these risks and difficulties, which could have a material adverse effect on our business, financial condition, results of operations, prospects or cash flows.

We may face difficulties in assessing the credit risk of potential borrowers

Despite our credit scoring model, we may be unable to correctly evaluate the current financial condition of each prospective customer and determine his or her creditworthiness. Our lending decisions are based partly on information provided to us by loan applicants. Prospective customers may fraudulently provide us with inaccurate information upon which, if not alerted to the fraud, we may base our credit scoring. Any failure to correctly assess the credit risk of potential customers, due to failure in our evaluation of the customer or incorrect information fraudulently provided by the customer, may have a material adverse effect on our business, financial condition, results of operations, prospects or cash flows and may even invoke regulatory sanctions (including imposition of fines and penalties, suspension of operations, or revocation of our licenses).

We utilize a variety of credit scoring criteria, monitor the performance of our loan portfolio and maintain an allowance for estimated losses on loans and advances (including interest fees) at a level estimated

to be adequate to absorb expected credit losses. As of December 31, 2015, our portfolio of loans overdue for more than 90 days ("**non-performing loans**") was EUR 157.0 million, which represents 9.0% of the value of loans issued (excluding any issued loans that have been extended) between October 1, 2013 and September 30, 2015. Illustrating the short-term nature of our loan portfolio, 71.2% by value of the performing loan portfolio as of December 31, 2015 was due within 90 days. As of December 31, 2015, non-performing loans represented 36.9% of total gross loans outstanding, and our impairment allowance was EUR 117.2 million (covering 74.6% of non-performing loans). As of December 31, 2014, non-performing loans represented 34.2% of total loans outstanding and the impairment allowance was EUR 75.4 million (covering 69.5% of the non-performing loans). Our allowances for doubtful debts are estimates and if circumstances or risks arise that we do not identify or anticipate when developing our credit scoring model, the level of our non-performing loans and write-offs could be greater than expected. Actual loan losses may materially exceed the level of our allowance for impairment losses, which may have a material adverse effect on our business, financial condition, results of operations, prospects or cash flows.

In addition, factors beyond our control, such as the impact of macroeconomic trends, political events or adverse events affecting our key jurisdictions, or natural disasters, may result in an increase in non-performing loans. Our allowances for doubtful debts may not be adequate to cover an increase in the amount of non-performing loans or any future deterioration in the overall credit quality of our total loan portfolio. If the quality of our total loan portfolio deteriorates, we may be required to increase our allowances for doubtful debts, which may have a material adverse effect on our business, financial condition, results of operations, prospects or cash flows.

Our business is highly regulated, and if we fail to comply with existing or newly introduced applicable laws, regulations, rules and guidance we may be subject to fines, penalties or limitations, have to exit certain markets or be restricted from carrying out certain operations

Our operations are subject to regulation by a variety of consumer protection, financial services and other state authorities in various jurisdictions, including, but not limited to, laws and regulations relating to consumer loans and consumer rights protection, debt collection and personal data processing. National and international regulations, as well as plaintiff bars, the media and consumer advocacy groups, have subjected our industry to intense scrutiny in recent years. Failure to comply with existing laws and regulations applicable to our operations, or to obtain and comply with all authorizations and permits required for our operations, or adverse findings of governmental inspections, may result in the imposition of material fines or penalties or more severe sanctions, including preventing us from continuing substantial parts of our business activities, suspension or revocation of our licenses, or in criminal penalties being imposed on our officers.

In several of the jurisdictions where we operate, we also face risks related to the acquisition of licenses to conduct consumer lending services. We are dependent on the authorities to grant us such required licenses, and in some jurisdictions the licenses are subject to renewal procedures. For example, in Sweden, our consumer lending business requires a license pursuant to legislation that entered into force on July 1, 2014. The Swedish company has applied for such license, however the application is still pending. There can be no assurance that such application will be approved. Until the matter has been finally settled the Swedish business can continue without a license under the transitional provisions of the legislation. If we fail to comply with the laws and regulations applicable to our business, it may result in us not being able to renew our consumer lending license in one or several jurisdictions. Local regulators may also suspend existing licenses temporarily or revoke them permanently. For example, on December 18, 2015, the Bank of Lithuania removed UAB 4finance from the list of consumer credit lenders in Lithuania and suspended its operating license, alleging that it had violated certain consumer lending regulations with respect to its performance of customer solvency assessments. Pursuant to the Bank of Lithuania's decision, UAB 4finance, which accounted for 11% of our revenue in 2015, is no longer permitted to provide new consumer loans (effective December 18, 2015), although it may continue to service existing customers until such time that the products with such existing customers mature or terminate. In response to this development, we restructured our Lithuanian operations so that we may continue to service new customers. In November 2015, 4finance Group S.A., Holdco's immediate parent company, bought a new entity in Lithuania, UAB CREDIT SERVICE, and in January 2016 transferred 97% of the share capital in UAB CREDIT SERVICE to Holdco pursuant to a share purchase agreement entered into between 4finance Group S.A. and Holdco. On January 23, 2016, we restarted lending services in Lithuania through UAB CREDIT SERVICE, which is on the list of consumer credit lenders. Nevertheless, there can be no assurance that the Bank of Lithuania will not require us in the future to carry out potentially burdensome and/or costly initiatives in connection with

our relaunch of activities in Lithuania. In addition, we decided not to appeal the Bank of Lithuania's decision to delete UAB 4finance from the list of consumer credit lenders and have not challenged it in Lithuanian courts. As a result, previous Bank of Lithuania decisions holding us in violation of local consumer lending regulations have come into force, exposing us to fines of approximately EUR 81,000. Furthermore, governments may seek to impose new laws, regulatory restrictions or licensing requirements that affect the products or services we offer, the terms on which we offer them, and the disclosure, compliance and reporting obligations we must fulfill in connection with our business. They may also interpret or enforce existing requirements in new ways that could restrict our ability to continue our current methods of operation, including the development of our scoring models, or to expand operations or impose significant additional compliance costs on us. In some cases these measures could even directly limit or prohibit some or all of our current business activities in certain jurisdictions, or render them unprofitable and/or impractical to continue. In addition, they could require us to refund interest and result in a determination that certain loans are not collectable and could cause damage to our brand and our valued customer relationships.

In recent years, short-term consumer loan products (similar to those we offer) have come under increased media and regulatory scrutiny. Certain consumer advocacy groups and regulators have advocated that laws and regulations should be tightened so as to severely limit, if not eliminate, the type of loan products and services we offer. The national governments in countries where we operate have introduced or considered introducing legislation that could, among other things, place a cap on the interest or fees that we can charge, a cap on the effective annual percentage rate ("**APR**") that limits the amount of interest or fees that may be charged or a cap on the total cost of credit. For example, in Finland and Bulgaria, interest rate caps were introduced in 2013 and 2014 respectively. In the first quarter of 2016, caps on interest rate or total cost of credit were introduced in Latvia, Lithuania and Poland. Such legislation may be introduced in other jurisdictions as well. National legislatures have also considered banning or limiting certain types of loan renewals or extensions (where the customer agrees to pay the current finance charge on a loan for the right to make payment of the outstanding principal balance of such loan at a later date plus an additional finance charge) and the rates to be charged for such loan renewals or extensions, which, if they become law, may require us to offer our customers extended payment plans, limit origination fees for advances, require changes to our underwriting or collections practices, require short-term lenders to be bonded or require lenders to report consumer loan activity to databases designed to monitor or restrict consumer borrowing activity or impose "cooling off" periods between the time a loan is paid off and another loan is obtained. We may also in the future become subject to laws and restrictions related to our performance of automated clearing house functions or direct debit transactions from customers' bank accounts.

In addition, following the acquisition of TBI Bank (see "*Business—Overview*"), the Group became exposed to changes in existing, or new, laws or regulations in the banking sector, including the interpretation and application thereof. For example, on 26 June 2013, the Basel III provisions were transposed on a European level through amendment to a directive (the Capital Requirements Directive IV, as amended – the "**CRD IV**") and a new regulation (the Capital Requirements Regulation, as amended – the "**CRR**"). The CRD IV and CRR encompass the new definitions of categories of capital, the increase in capital requirements, the implementation of liquidity requirements and a leverage ratio, the new calculation of counterparty risks, the introduction of capital buffers and the adoption of special rules relating to systemically important financial institutions. As of 1 January 2014, the CRR is directly applicable to all credit institutions and investment firms as defined under CRR within the European Union. Furthermore, the provisions implementing the CRD IV into Bulgarian law and the national discretions of CRR and CRD IV as implemented in the Bulgarian Law on Credit Institutions are also applicable as of 1 January 2014. As of 1 October 2016, a new European Central Bank (ECB) Regulation through which ECB exercises certain national discretions contained in CRR, CRD IV and delegated acts with regard to significant euro-area institutions will be applicable to the TBI Bank. Such and other regulatory changes may significantly impact the capital resources and requirements of TBI Bank and, therefore, could have a material adverse effect on the Group's business, results of operations and financial condition, thereby potentially affecting the Group by requiring it to enter into business transactions which are not otherwise part of its current group strategy, restricting the type or volume of transactions the Group may enter into, set limits on or require the modification of rates or fees that the Group charges on loans or other financial products, the Group may also be faced with increased compliance costs and material limitations on its ability to pursue business opportunities.

As one of the larger scale companies in this sector, we are typically better positioned than smaller peers to adapt to new regulation, however, any of the above factors may impede our ability to conduct

our operations, force us to relocate existing operations or force us to exit key jurisdictions and therefore may have a material adverse effect on our business, financial condition, results of operations, prospects or cash flows.

Our business is subject to complex and evolving laws and regulations regarding privacy, data protection, and other matters

Our business is subject to a variety of laws and regulations internationally that involve user privacy issues, data protection, advertising, marketing, disclosures, distribution, electronic contracts and other communications, consumer protection and online payment services. The introduction of new products or the expansion of our activities in certain jurisdictions may subject us to additional laws and regulations. In addition, the application and interpretation of these laws and regulations are often uncertain, particularly in the new and rapidly evolving e-commerce industry in which we operate, and may be interpreted and applied inconsistently from country to country and may also be inconsistent with our current or past policies and practices. A number of proposals are pending before legislative and regulatory bodies that could significantly affect our business. For example, in January 2012, the European Commission proposed a new Data Protection Regulation that was adopted in 2016 (Regulation (EU) 2016/679) and will replace the existing Data Protection Directive (Directive 95/46/EC) as from 25 May 2018. The Data Protection Regulation expands the scope of the operational requirements that companies receiving personal data must follow, and imposes significant penalties for non-compliance. In October 2015, the Court of Justice of the European Union adopted a decision that invalidated the U.S./EU Safe Harbor framework that had facilitated the transfer of personal data from the EU to the U.S. This decision will increase the cost and complexity of the transfer of personal data to the U.S. and the use of U.S.-based services that involve personal data, as well as heighten the risk of fines and penalties related to the transfer of such personal data. There is also risk of fines and penalties in case of non-compliance. Although the European Commission expresses a commitment to negotiate with the U.S. Government, a new framework for cross-border transfers of personal data adoption of such framework is uncertain and cannot be guaranteed. There can be no assurance that a new framework for the cross-border transfer of data between the U.S. and the EU will be adopted. In addition, some countries have adopted or are considering legislation requiring local storage and processing of data that, if enacted, would increase the cost and complexity of delivering our services. Existing and proposed laws and regulations can be costly to comply with and can delay or impede the development of new products, the expansion into new markets, result in negative publicity, increase our operating costs, require significant management time and attention, and subject us to inquiries or investigations, claims or other remedies, including demands which may require us to modify or cease existing business practices and/or pay fines, penalties or other damages. This may have a material adverse effect on our business, financial condition, results of operations, prospects or cash flows.

Although we continuously educate our employees on applicable laws and regulations in relation to privacy, data protection and other matters, we cannot guarantee that our employees will comply at all times with such laws and regulations. If our employees fail to comply with such laws and regulations in the future, we may become subject to fines or other penalties which may have a negative impact on our reputation and may have a material adverse effect on our business, financial condition, results of operations, prospects or cash flows.

Failure to comply with anti-money laundering laws could have an adverse effect on our reputation and business

We are subject to anti-money laundering laws and related compliance obligations in most of the jurisdictions in which we do business. We have put in place an anti-money laundering policy and procedures for the Group which we apply in all of our countries of operation. We have also adopted local anti-money laundering policies in those jurisdictions where it is required under local law to do so and in certain other jurisdictions. However, these policies may not prevent all possible breaches of law. Country managers in each jurisdiction are responsible for money laundering prevention and compliance. As a financial institution, we are required to comply with anti-money laundering regulations that are generally less restrictive than those that apply to banks. As a result, we often rely on anti-money laundering checks performed by our customers' banks when such customers open new bank accounts. If we are not in compliance with relevant anti-money laundering laws (including as a result of relying on deficient checks carried out by our customers' banks), we may be subject to criminal and civil penalties and other remedial measures. Any penalties, remedial measures or investigations into any potential violations of anti-money laundering laws could harm our reputation and may have a material adverse effect on our business, financial condition, results of operations, prospects or cash flows.

We are dependent upon our information technology systems to conduct our business operations

Our operations are significantly dependent on highly complex information technology ("IT") systems. The loan underwriting process is mainly performed automatically by IT systems developed internally by us and used at various stages of the underwriting process, including customer registration, application, identification and credit scoring. In addition, bank transfers are completed online and reminder emails and invoicing are automatically processed and sent to customers. If any IT system at any stage of the loan underwriting process were to fail, any or all stages of the underwriting process could be affected and customer access to our websites and products could be disrupted. Any disruption in our IT systems would prevent customers from applying for loans, which would hinder our ability to conduct business and have a material adverse effect on our business, financial condition, results of operations, prospects or cash flows.

In addition, IT systems are vulnerable to a number of problems, including computer viruses, unauthorized access, physical damage to vital IT centers and software or hardware malfunctions. Any interruption in, or security breach of, our IT systems, could have a material adverse effect on our operations, such as the ability to serve our customers in a timely manner, accurately record financial data and protect us and our customers from financial fraud or theft. If our operations are compromised, our reputation and client confidence in our business may deteriorate and we may suffer significant financial losses, any of which may have a material adverse effect on our business, financial condition, results of operations, prospects or cash flows.

Moreover, our IT strategy is based on utilizing in our view the most sophisticated technologies and solutions available on the market. Therefore, we intend to continue making substantial investments in our IT systems and to adapt our operations and software to support current and future growth. We are required to continually upgrade our global IT system, and any failure to carry out such upgrades efficiently may result in the loss or impairment of our ability to do business or in additional remedial expense. In addition, there can be no assurance that we will be able to keep up to date with the most recent technological developments due to financial or technical limitations. Any inability to successfully develop or complete planned upgrades of our IT systems and infrastructure or to adapt our operations and software may have a material adverse effect on our business, financial condition, results of operations, prospects or cash flows.

Rapid growth and expansion may place significant strain on our managerial and operational resources and could be costly

We have experienced substantial growth and development in a relatively short period of time, including the two recent acquisitions of Friendly Finance and TBI Bank, and our business may continue to grow substantially in the future. This growth has placed and may continue to place significant demands on our management and our operational and financial infrastructure. Expanding our products or entering into new jurisdictions with new or existing products can be costly and may require significant management time and attention. The acquisition of TBI Bank, in particular, may be specifically challenging and transformational due to the need to integrate a regulated entity into a nonbank financial group. Additionally, as our operations grow in size, scope and complexity and our product offerings increase, we will need to upgrade our systems and infrastructure to offer an increasing number of customers enhanced solutions, features and functionality. The expansion of our systems and infrastructure will require us to commit substantial financial, operational and technical resources in advance of an increase in the volume of business, with no assurance that the volume of business will ultimately increase. Continued growth could also strain our ability to maintain reliable service levels for our customers, develop and improve our operational, financial and management controls, develop and enhance our legal and compliance controls and processes, enhance our reporting systems and procedures and recruit, train and retain highly skilled personnel. Managing our growth will require, among other things, continued development of financial and management controls and IT systems; increased marketing activities; hiring and training of new personnel; and the ability to adapt to changes in the markets in which we operate, including changes in legislation, incurrence of additional taxes, increased competition and changes in the demand for our services. Rapid growth and expansion may be costly, and may strain our managerial and operational resources; any difficulties encountered in managing our growth may have a material adverse effect on our business, financial condition, results of operations, prospects or cash flows.

The international scope of our operations may contribute to increased costs

We currently operate in 16 jurisdictions and, as part of our business strategy, we aim to continue pursuing attractive business opportunities in new jurisdictions. Although we analyze and carefully plan our international expansion, such expansion increases the complexity of our organization and may result in additional administrative costs (including costs relating to investments in IT), operational risk (including risks relating to management and control of cash flows and management and control of local personnel), other regulatory risk (including risks relating to non-compliance with data protection, anti-money laundering and local laws and regulations) and other challenges in managing our business. Any unforeseen changes or mistakes in planning or controlling our operations in these respects may have a material adverse effect on our business, financial condition, results of operations, prospects or cash flows.

The continued expansion of our loan portfolio depends, to an increasing extent, upon our ability to obtain adequate funding

Our growth depends, to a significant extent, on our ability to obtain adequate funding from a variety of sources such as the international capital markets and bank facilities. It is possible that these sources of financing may not be available in the future in the amounts we require, or they may be prohibitively expensive and/or contain overly onerous terms. European and international credit markets have experienced, and may continue to experience, high volatility and severe liquidity disruptions, such as those that took place following the international financial and economic crisis in 2008-09, and more recently, the European sovereign debt crisis. These and other related events have had a significant impact on the global financial system and capital markets, and may make it increasingly expensive for us to diversify our funding sources and refinance our debt if necessary. Increased funding costs or greater difficulty in diversifying our funding sources may negatively impact our ability to sufficiently finance the expansion of our business operations, which may have a material adverse effect on our business, financial condition, results of operations, prospects or cash flows.

We may make acquisitions or pursue business combinations that prove unsuccessful or strain or divert our resources

Our growth strategy depends, in part, on the acquisition of existing businesses. For example, in 2015, we expanded into Armenia and Argentina through the purchase of existing, local enterprises. We expect to continue growing our business by acquiring or combining with other businesses. Successful growth through future acquisitions is dependent upon our ability to identify suitable acquisition targets, conduct appropriate due diligence, negotiate transactions on favorable terms and ultimately complete such transactions and integrate the acquired business into our existing network. If we make acquisitions, there can be no assurance that we will be able to generate expected margins or cash flows or to realize the anticipated benefits of such acquisitions, including growth or expected synergies. There can be no assurance that our assessments of and assumptions regarding acquisition targets will prove to be correct, and actual developments may differ significantly from our expectations. We may not be able to integrate acquisitions successfully into our business or such integration may require more investment than we expect, particularly if acquisitions are in regions or areas of business where we do not currently have operations, and we could incur or assume unknown or unanticipated liabilities or contingencies with respect to customers, employees, suppliers, government authorities or other parties, which may impact our results of operations. The process of integrating businesses may be disruptive to our operations and may cause an interruption of, or a loss of momentum in, such businesses or a deterioration in our results of operations. Moreover, any acquisition may result in the incurrence of additional debt. All of these factors may have a material adverse effect on our business, financial condition, results of operations, prospects or cash flows.

Damage to our reputation and brand or a deterioration in the quality of our service may impede our ability to attract new customers and retain existing customers

Our ability to attract new customers and retain existing customers depends in part on our brand recognition and our reputation for and delivery of high quality services. Our reputation and brand may be harmed if we encounter difficulties in the provision of new or existing services, whether due to technical difficulties, changes to our traditional product offerings, financial difficulties, regulatory sanctions, or for any other reason. Damage to our reputation and brand, or a deterioration in the quality of our service, may have a material adverse effect on our business, financial condition, results of operations, prospects or cash flows.

The introduction of our new products and services may not be successful

As part of our business strategy, we may develop and introduce products and services that complement our current lending proposition. For example, in September 2015, we launched our new product, Credit Line, in Finland, later launched also in Latvia. However, we cannot guarantee these pilot products will be developed into permanent product offerings or that we will launch any other new products. We can also offer no assurance that any products or services that we introduce will be successful once they are offered to our current or future customers. We may not be able to adequately anticipate our target customers' needs or desires, which could change over time rendering certain of our products and services obsolete. We may face difficulties in making these products and services profitable and may incur significant costs in connection with such products. Moreover, our introduction of additional financial products or services could subject us to additional regulation or regulatory oversight by governmental authorities. Any of these factors may have a material adverse effect on our business, financial condition, results of operations, prospects or cash flows.

Negative public perception of our business could cause demand for our products to significantly decrease

In recent years, there has been an increase in negative media coverage relating to short-term and single-payment loans of the type we offer. Certain consumer advocacy groups, as well as politicians and government officials in various jurisdictions where we operate, have advocated governmental action designed to prohibit consumer loans or place severe restrictions on the activities of short-term consumer lenders such as ourselves. The fees and/or interest charged by us and others in the industry attract media publicity about the industry and can be perceived as controversial. The negative characterization of these types of loans and lending practices could lead to more restrictive or adverse legislative or regulatory changes, which, in turn, may have a material adverse effect on our business, financial condition, results of operations, prospects or cash flows.

In addition, our ability to attract and retain customers is highly dependent upon the success of our marketing campaigns and public reputation, including perceptions of our customer service, integrity, business practices and financial condition. Restrictions on our ability to advertise our products or negative perceptions or publicity regarding short-term lending in general—even if related to seemingly isolated incidents or to practices not specific to short-term loans, such as debt collection—could erode trust and confidence in us and damage our reputation among existing and potential customers, which could make it difficult for us to maintain or expand our customer base or could reduce the demand for our products and services, both of which may have a material adverse effect on our business, financial condition, results of operations, prospects or cash flows.

If internet search engine providers change their methodologies for organic rankings or paid search results, or our organic rankings or paid search results decline for other reasons, our ability to attract new customers or to expand the volume of business from returning customers could be adversely affected

Our acquisition marketing for new customers and our relationship management with respect to returning customers are partly dependent on search engines, such as Google, Bing, Yahoo! and others, directing a significant amount of traffic to our desktop and mobile websites via organic ranking and paid search advertising. Our competitors' paid search activities may result in their sites receiving higher paid search results than ours and/or in a substantial increase to our advertising costs.

Our paid search activities may not produce (and in the past have not always produced) the results we desire. Internet search engines often revise their methodologies, which could adversely affect our organic rankings or paid search results, leading to a decline in our ability to attract new customers or retain existing customers (e.g., in July 2016, Google introduced a global policy update that prevented companies offering online loans with a term of less than 60 days from using its advertising services). Such revisions may also cause difficulties for our customers in using our web and mobile sites, or result in more successful organic rankings, paid search results or tactical execution efforts for our competitors, a slowdown in the overall growth in our customer base and the loss of existing customers, as well as higher costs for acquiring returning customers. In addition, search engines could implement policies that restrict the ability of consumer finance companies, such as the Group, to advertise their services and products, which could reduce the likelihood of companies in our industry appearing in a prominent location in organic rankings or paid search results when certain search terms are used by the consumer. Our online marketing efforts are also susceptible to actions by third parties that negatively impact our search results such as spam link attacks, which are often referred to as 'black hat' tactics. Our sites have experienced meaningful fluctuations in organic rankings and paid search results in the past, and we anticipate similar fluctuations in the future. Any reduction in the number of consum-

ers directed to our web and mobile sites may have a material adverse effect on our business, financial condition, results of operations, prospects or cash flows.

Our business depends on marketing affiliates to assist us in obtaining new customers

We are dependent on marketing affiliates as a source for new customers. Our marketing affiliates place our advertisements on their websites, which, in turn, direct potential customers to our websites. As a result, the success of our business depends substantially on the willingness and ability of marketing affiliates to provide us customer leads at acceptable prices.

The failure of our marketing affiliates to comply with applicable laws and regulations, or any changes in laws and regulations applicable to marketing affiliates or changes in the interpretation or implementation of such laws and regulations, could have an adverse effect on our business and could increase negative perceptions of our business and industry. Also, certain changes in our online marketing affiliates' internal policies or privacy rules could limit our ability to advertise online. Additionally, the use of marketing affiliates could subject us to additional regulatory cost and expense. Any restriction on our ability to use marketing affiliates may have a material adverse effect on our business, financial condition, results of operations, prospects or cash flows.

Our business depends on services provided by third parties such as banks, local consumer credit agencies, IT services providers, debt-collection agencies and offline partners

We advance loans to customers and collect repayments from customers through local bank accounts. Our continuing relationships with the banks with which we maintain accounts and with which we may in the future establish ACH or direct debit arrangements are critical to our business.

We contact consumer credit agencies and use other publicly available data sources in the jurisdictions in which we operate to verify the identity and creditworthiness of potential customers. In addition, every loan application in every country is verified through one or more credit bureaus. Should access to such information be restricted or disrupted for any period of time, or if the rates we are charged for access to such information should significantly increase, we may not be able to complete automatic customer identity and credit scoring checks in a timely manner or at all. This could impede our ability to process applications and issue loans and/or increase our cost of operation.

We also outsource certain IT services, such as software development, data center and technical support, to third-party providers.

Moreover, we generally outsource the collection of debt that is overdue by more than 90 days to debt-collection agencies in the jurisdictions in which we operate. The loss of a key debt-collection agency relationship, or the financial failure of one of our core debt-collection agency partners, could restrict our ability to recover delinquent debt, and there is no guarantee that we could replace a strategic debt-collection agency partner in a timely manner or on favorable terms.

In Poland, Latvia, Lithuania, Czech Republic, Bulgaria, Romania, Georgia and Spain, we cooperate with partners who distribute our products in offline points of sale. Our offline partners in these jurisdictions handle certain aspects of our underwriting process, including the receipt of applications, identity checks and/or cash loan payments to our customers. Although our offline sales account for a limited part of our income, the continued relationships with our offline partners in Poland, Latvia and Lithuania play an important role in our ability to attract potential customers in these jurisdictions.

Any inability to maintain existing business relationships with banks, local consumer credit agencies, IT service providers, debt-collection agencies, offline partners and other third-party providers or the failure by these third-party providers to maintain the quality of their services or otherwise provide their services to us may have a material adverse effect on our business, financial condition, results of operations, prospects or cash flows.

New top level domain names may allow for the entrance of new competitors or dilution of our brands, which may reduce the value of our domain name assets

We have invested heavily in promoting our brands, including our website addresses. The Internet Corporation for Assigned Names and Numbers, the entity responsible for administering internet protocol addresses, has introduced, and has proposed the introduction of, additional new domain name suffixes in different formats, many of which may be more attractive than the formats held by us and which may allow the entrance of new competitors at limited cost. It may also permit other operators to register websites with addresses similar to ours, causing customer confusion and the dilution of our brands,

which could materially adversely affect our business, prospects, results of operations and financial condition. Any defensive domain registration strategy or attempts to protect our trademarks or brands may be costly and may ultimately prove unsuccessful, which may have a material adverse effect on our business, financial condition, results of operations, prospects or cash flows.

Changes in our working capital requirements may adversely affect our liquidity and financial condition

Our working capital requirements can vary significantly from market to market, depending, in part, on differences in demand for consumer credit. If our available cash flows from operations are not sufficient to fund our on-going cash needs, we would be required to look to our cash balances and available credit facilities to satisfy those needs, as well as potential sources of additional capital.

Furthermore, an economic or industry downturn, such as the recent financial and economic downturn in Europe, could increase the level of non-performing loans. A significant deterioration in our debt collection could affect our cash flow and working capital position and could also negatively impact the cost or availability of financing to us.

If our capital resources are insufficient to meet our capital requirements, we will have to raise additional funds. We may not be able to raise sufficient additional funds on terms that are favorable to us, if at all. If we fail to raise sufficient funds, our ability to fund our operations, take advantage of strategic opportunities or otherwise respond to competitive pressures could be significantly limited, which may have a material adverse effect on our business, financial condition, results of operations, prospects or cash flows.

We may face liquidity risks

We are exposed to liquidity risks arising out of the mismatches between the maturities of our assets and liabilities, which may prevent us from meeting our obligations in a timely manner. If short- and, in particular, long-term funding from international capital markets is unavailable or if maturity mismatches between our assets and liabilities occur, this may have a material adverse effect on our business, financial condition, results of operations, prospects or cash flows.

The terms of existing and future financings may impose financial and operating restrictions on us

The terms of existing financings, contain (and the terms of future financings may contain) a number of customary negative covenants. For example, the terms of the USD 200 million 11.75% senior notes due 2019, traded on the Global Exchange Market of the Irish Stock Exchange ("**2019 Notes**") restrict our ability to do the following, among other things:

- incur more debt;
- change our line of business;
- make dividend payments, stock repurchases and other distributions;
- engage in certain mergers, consolidations and transfers of all or substantially all of our assets;
- make acquisitions of all of the business or assets of, or stock representing beneficial ownership of, any person;
- dispose of certain assets; and
- incur liens.

These covenants and restrictions could limit our ability to fund future operations or make capital expenditures, acquisitions or other investments in the future. Any failure to comply with any of the covenants under our existing and future financings may constitute an event of default under such financings, entitling the lenders to, among other things, terminate future credit availability, increase the interest rate on outstanding debt and/or accelerate the maturity of outstanding obligations. Any such default may have a material adverse effect on our business, financial condition, results of operations, prospects or cash flows.

Our current interest rate spread may decline in the future, which could reduce our profitability

We earn a substantial majority of our revenues from interest payments on the loans we make to our customers. Financial institutions and other funding sources provide us with the capital to fund these term loans and lines of credit and charge us interest on funds that we draw down. In the event that the spread between the rate at which we lend to our customers and the rate at which we borrow from our lenders decreases, our financial results and operating performance will suffer. The interest rates we charge to our customers and pay to our lenders could each be affected by a variety of factors, including access to capital based on our business performance, the volume of loans we make to our customers, competition and regulatory requirements. These interest rates may also be affected by a change over time in the mix of the types of products we sell to our customers and investors. Interest rate changes may adversely affect our business forecasts and expectations and are highly sensitive to many macroeconomic factors beyond our control, such as inflation, the level of economic growth, the state of the credit markets, changes in market interest rates, global economic disruptions, unemployment and the fiscal and monetary policies of the jurisdictions in which we operate. Any material reduction in our interest rate spread could have a material adverse effect on our business, financial condition, results of operations, prospects or cash flows.

Increasing competition from banks, credit card companies, other consumer lenders and other entities offering similar financial products and services in the consumer lending market may affect our business and expansions plans

We have many competitors. We operate both in mature markets with high levels of competition among consumer lending companies and in less developed markets where the consumer lending industry has not yet been fully established. Globally, our principal competitors include other online lenders (including peer-to-peer lenders), credit card companies, consumer loan companies, such as retail chains, and banks and other financial institutions Many banks and other financial institutions, as well as consumer loan companies that do not currently offer products or services directed towards our traditional customer base, could begin doing so, or new online lending companies could enter the markets in which we operate.

Our competitors may operate, or begin to operate, under business models less focused on legal and regulatory compliance, which could put us at a competitive disadvantage. Additionally, negative perceptions of these business models could cause legislators or regulators to pursue additional industry restrictions that could affect our business model. To the extent such lending models gain acceptance among consumers and investors or benefit from less onerous regulatory restrictions than ours, we may be unable to replicate their platforms or otherwise compete with them effectively, which could cause demand for our products to decline substantially. We can offer no assurance that we will be able to compete successfully against any or all of our current or future competitors. As a result, we could lose market share and our revenue could decline, thereby affecting our ability to generate sufficient cash flow to service our indebtedness or fund our operations.

Significant increases in the number and size of our competitors could result in a decrease in demand for our online loan products, resulting in a decline in our revenues and earnings. Increased competition or more aggressive marketing and pricing practices on the part of our competitors could result in lower revenues, margins and turnover rates in our operations, which may have a material adverse effect on our business, financial condition, results of operations, prospects or cash flows.

A decrease in demand for our financial products and failure by us to adapt to such decrease could result in a loss of revenues

Our revenue is primarily based on short-term consumer lending. Accordingly, any decrease in demand for our products could have a significant impact on our revenue. A variety of factors could influence demand for our products, such as regulatory restrictions that inhibit customer access to particular financial services, increased availability or attractiveness of competing financial products, changes in consumer sentiment and spending or borrowing patterns and changes in the financial condition of our customers that cause them to seek loans with longer maturities and/or of larger size from other lending institutions or, alternatively, to exit the lending market entirely. Should we fail to adapt to a significant change in customer demand for, or access to, our products and services, our revenues could decrease significantly and our on-going business operations could be adversely affected. Even if we do adapt our existing products or introduce new products to meet changing customer demand, customers may resist or reject such products. The effect of any product diversification or change on the results of our business may not be fully ascertainable until the change has been in effect for some time. All of these factors may result in a loss of revenue and may have a material adverse effect on our business, financial condition, results of operations, prospects or cash flows.

Potential union activities could have an adverse effect on our relationship with our workforce

None of our employees are currently covered by a collective bargaining agreement or represented by an employee union. Occasionally we experience union-organizing activities. If our employees become represented by an employee union or become subject to a collective bargaining agreement, it may make it more difficult for us to manage our business and to attract and retain new employees and may increase our cost of doing business. If our employees unionize or sign up to a collective bargaining agreement or if other labor-related requirements are imposed on us, we may experience work stoppages and incur higher employee costs, which, in turn, could have a material adverse effect on our business, financial condition, results of operations, prospects or cash flows.

Our ability to recover outstanding debt may deteriorate if there is an increase in the number of our consumers facing personal insolvency procedures

Various economic trends and potential changes to existing legislation may contribute to an increase in the number of consumers subject to personal insolvency procedures. Under some insolvency procedures, a person's assets may be sold to repay creditors; our loans, however, are unsecured, and we are often unable to collect on such loans. The ability to successfully collect on our loans may decline with an increase in personal insolvency procedures or a change in insolvency laws, regulations, practices or procedures, which may have a material adverse effect on our business, financial condition, results of operations, prospects or cash flows.

We may be unable to protect our proprietary technology or keep up with that of our competitors and we may become subject to intellectual property disputes, which are costly to defend and could harm our business and operating results

The success of our online and mobile lending business depends to a significant degree upon the protection of our software and other proprietary intellectual property rights. We may be unable to deter misappropriation or other unauthorized use of our proprietary information or take appropriate steps to enforce our intellectual property rights. In addition, competitors could, without violating our proprietary rights, develop technologies that are as good as or better than our technology. Failure to protect our software and other proprietary intellectual property rights or to develop technologies that are as good as our competitors' could put us at a competitive disadvantage. Any such failures may have a material adverse effect on our business, financial condition, results of operations, prospects or cash flows.

From time to time we face, and we may face in the future, allegations that we have infringed the trademarks, copyrights, patents or other intellectual property rights of third parties, including from our competitors. Patent and other intellectual property litigation may be protracted and expensive, and the results are difficult to predict and may require us to stop offering certain products or product features, acquire licenses which may not be available at a commercially reasonable price or at all, or modify our products, product features, processes or websites while we develop non-infringing substitutes. Such events may have a material adverse effect on our business, financial condition, results of operations, prospects or cash flows.

We are subject to cyber security risks and security breaches and may incur increasing costs in an effort to minimize those risks and respond to cyber incidents

Our business involves the storage and transmission of consumers' proprietary information, and security breaches could expose us to a risk of loss or misuse of this information, litigation and potential liability. We are entirely dependent on the secure operation of our websites and systems, and the websites and systems of our data center providers, as well as on the operation of the internet generally. While we have incurred no material cyber-attacks or security breaches to date, a number of other companies have disclosed cyber-attacks and security breaches, some of which have involved intentional attacks. Attacks may be targeted at us, our customers and/or our data center providers. Although we and our data center providers devote resources to maintain and regularly upgrade our systems and processes that are designed to protect the security of our computer systems, software, networks and other technology assets and the confidentiality, integrity and availability of information belonging to us and our customers, there is no assurance that these security measures will provide absolute security. Despite our efforts to ensure the integrity of our systems and our data center providers' efforts to ensure the integrity of their systems, effective preventive measures against all security breaches may not be anticipated or implemented, especially because the techniques used change frequently or are not recognized until launched, and because cyber-attacks can originate from a wide variety of sources, including third parties outside the Group such as persons who are involved with organized crime or associated

with external service providers or who may be linked to terrorist organizations or hostile foreign governments. These risks may increase in the future as we continue to increase our mobile and other internet-based product offerings and expand our internal usage of web-based products and applications or expand into new countries. If an actual or perceived breach of security occurs, customer and/or supplier perception of the effectiveness of our security measures could be harmed and could result in the loss of customers, suppliers or both. Actual or anticipated attacks and risks may cause us to incur increased costs, including costs to deploy additional personnel and protection technologies, train employees or engage third party experts and consultants.

A successful penetration or circumvention of our security systems or the security system of our data center providers could cause serious negative consequences to our business, including significant disruption of our operations, misappropriation of our confidential information or that of our customers or damage to our computers or systems or those of our customers and counterparties, and could result in violations of applicable privacy and other laws, financial loss to us or to our customers, loss of confidence in our security measures, customer dissatisfaction, significant litigation exposure and reputational harm, all of which could have a material adverse effect on us. In addition, most of our applicants provide personal information, including bank account information when applying for consumer loans. We rely on encryption and authentication technology licensed from third parties to provide the security and authentication to effectively secure transmission of confidential information, including customer bank account and other personal information. Advances in computer capabilities, new discoveries in the field of cryptography or other developments may result in the breach or compromise of the technology used by us to protect transaction data. Data breaches can also occur as a result of non-technical issues.

Our servers are also vulnerable to computer viruses, physical or electronic break-ins, and similar disruptions, including “denial-of-service” type attacks. We may need to expend significant resources to protect against security breaches or to address problems caused by breaches. Security breaches that result in the unauthorized release of consumers’ personal information could damage our reputation and expose us to a risk of loss or litigation and possible liability. In addition, many of the third parties who provide products, services or support to us could also experience any of the cyber risks or security breaches described above, which could impact our customers and our business and could result in a loss of customers, suppliers or revenue.

Any of these events could result in a loss of revenue and may have a material adverse effect on our business, financial condition, results of operations, prospects or cash flows.

Our success is dependent upon our executive officers and employees and our ability to attract and retain qualified employees

Our success depends on our executive officers and employees who possess highly specialized knowledge and experience in IT and the development of the consumer lending business. Many members of our senior management team possess significant experience in the consumer lending industry and knowledge of the regulatory and legal environments in the markets in which we operate, and we believe that our senior management would be difficult to replace. The market for qualified individuals is highly competitive and labor costs for the hiring and training of new employees are increasing. Accordingly, we may not be able to attract and/or retain qualified executive officers or IT specialists, which may have a material adverse effect on our business, financial condition, results of operations, prospects or cash flows.

The preparation of our financial statements under IFRS and certain tax positions taken by us require the judgment of management, and we could be subject to risks associated with these judgments or could be adversely affected by the implementation of new, or changes in the interpretation of existing, accounting principles, financial reporting requirements or tax rules

We prepare our financial statements in accordance with IFRS. IFRS and its interpretations are subject to change over time. If new rules or interpretations of existing rules require us to change our financial reporting, our results of operations and financial condition could be materially adversely affected, and we could be required to restate historical financial reporting.

The preparation of our financial statements in conformity with IFRS requires the board of directors and other management personnel to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities, at the dates of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting

periods. It also requires our board of directors and other management personnel to exercise their judgment in the application of our accounting policies. There is a risk that such estimates, assumptions or judgments by the board of directors and other management personnel do not correctly reflect the actual financial position of the Group.

In addition, management's judgment is required in determining the provision for income taxes, the levels of deferred tax assets and liabilities and any valuation allowance recorded against deferred tax assets, along with our approach to matters concerning withholding tax and value added tax. We regularly assess the adequacy of our tax provisions. If required, we also seek advice from external tax advisors. There can be no assurance as to the outcome of these decisions, or to the quality of advice we receive. From time to time, we may become subject to tax audits in the jurisdictions in which we operate. Furthermore, the tax laws and regulations, including the interpretation and enforcement thereof, in the jurisdictions in which we operate may be subject to change. As a result, we may face increases in taxes payable if tax rates increase, or if tax laws or regulations are modified in an adverse manner. Any additional or increased tax payments may have a material adverse effect on our business, financial condition, results of operations, prospects or cash flows.

We are subject to impairment risk

Our loan portfolio is subject to the risk of impairment. We examine each of our delinquency buckets separately for impairment on a monthly basis and we apply a formula for assessing net impairment losses for each reporting period.

In relation to our growth, our net impairment charges have increased substantially in recent years. In the year ended December 31, 2015, we recorded a net impairment charge of EUR 79.8 million, substantially higher than the impairment charge of EUR 54.0 million taken in the year ended December 31, 2014. In the years ended December 31, 2013 and 2012, our net impairment charges were EUR 26.6 million and EUR 13.2 million, respectively. We attribute a significant portion of this increase in impairment charges to our rapid expansion in existing and new jurisdictions in recent years. As we plan to continue expanding our operations in the future, particularly in new jurisdictions, there is a risk that our impairment charges will continue to rise. We continue to monitor relevant circumstances, including consumer levels, general economic conditions and the market prices for our products, and the potential impact that such circumstances might have on the valuation of our assets. It is possible that changes in such circumstances, or in the numerous variables associated with our judgments, assumptions and estimates made in assessing the appropriate valuation of assets, could in the future require us to further reduce our assets and record related non-cash impairment charges. If we are required to record additional impairment charges, this may have a material adverse effect on our business, financial condition, results of operations, prospects or cash flows.

Our operations in various countries subject us to foreign exchange risk

We operate in various jurisdictions and provide loan products in local currencies, including the Euro (in Finland, Spain, Latvia and Lithuania), the Bulgarian Lev, the Czech Koruna, the Danish Krone, the Georgian Lari, the Polish Zloty, the Swedish Krona, the Armenian Dram, the Mexican Peso, the Romanian Leu and the Argentine Peso. Thus, our results of operations are exposed to foreign exchange rate fluctuations. As of December 31, 2015, 53.0% of our net loans and advances due from customers were denominated in non-Euro currencies and none was denominated in the US Dollar. Our liabilities are mainly composed of loans and borrowings denominated in US Dollars, Swedish Kronor, and Euro, with US Dollar-denominated loans accounting for 76.2% of our liabilities as of December 31, 2015. Therefore, we are subject to certain shifts in currency valuations, namely, the depreciation against the US Dollar (and against the Euro, our reporting currency) of the other currencies in which we extend loans and advances and the depreciation of the Euro against the US Dollar. Although we have entered into a cross-currency swap and several forward agreements with related parties as a hedge against the depreciation of the US Dollar against the Euro, such hedging has not provided us with 100% coverage, nor has it protected us from fluctuations in the Euro value of our other operating currencies. We have also entered into certain option agreements as a hedge against the fluctuation of the Polish Zloty, Georgian Lari and Czech Koruna. Any failure to manage foreign exchange risk may have a material adverse effect on our business, financial condition, results of operations, prospects or cash flows.

If we fail to geographically diversify and expand our operations and customer base, our business may be adversely affected

Several countries in which we operate, such as Latvia, Lithuania, Poland, Georgia and Spain, generate a significant share of our revenues. In addition, following the acquisition of TBI Bank, a significant share of our assets will be represented by loans granted to borrowers in Bulgaria and Romania. As a result, we are exposed to country-specific risks with respect to such national markets. In such markets, a dissatisfaction with our products, a revocation of our operating license a decrease in customer demand, a failure to successfully market our new and existing products or the failure to further expand our customer base and retain our existing customer base may have a material adverse effect on our business, financial condition, results of operations, prospects or cash flows. While we continue to seek opportunities to expand our operations into new markets, such as our recent entry into Armenia, Argentina, Mexico, Romania and the Dominican Republic, there can be no guarantee that such efforts of diversification will be successful. Failure to geographically diversify and expand our operations and customer base could have a material adverse effect on our business, financial condition, results of operations, prospects or cash flows.

We may be adversely affected by contractual claims, complaints, litigation and negative publicity

We may be adversely affected by contractual claims, complaints and litigation, resulting from relationships with counterparties, customers, competitors or regulatory authorities, as well as by any adverse publicity that we may attract. Any such litigation, complaints, contractual claims, or adverse publicity may have a material adverse effect on our business, financial condition, results of operations, prospects or cash flows.

Defense of any lawsuit, even if successful, could require substantial time and attention of our management and could require the expenditure of significant amounts for legal fees and other related costs. We are also subject to regulatory proceedings, and we could suffer losses from the interpretation of applicable laws, rules and regulations in regulatory proceedings, including regulatory proceedings in which we are not a party. Any of these events could have a material adverse effect on our business, financial condition, results of operations, prospects or cash flows.

Our operations could be subject to natural disasters and other business disruptions, which could adversely impact our future revenue and financial condition and increase our costs and expenses

Our services and operations are vulnerable to damage or interruption from tornadoes, earthquakes, fires, floods, power losses, telecommunications failures, terrorist attacks, acts of war, human errors and similar events. A significant natural disaster, such as a tornado, earthquake, fire or flood, could have a material adverse impact on our ability to conduct business, and our insurance coverage may be insufficient to compensate for losses that may occur. Although we have implemented business continuity plans, acts of terrorism, war, civil unrest, violence or human error could cause disruptions to our business or the economy as a whole. Any of these events could cause consumer confidence to decrease, which could decrease the number of loans we make to customers. Any of these occurrences may have a material adverse effect on our business, financial condition, results of operations, prospects or cash flows.

Failure to keep up with the rapid changes in e-commerce and the uses and regulation of the Internet could harm our business

The business of providing products and services such as ours over the Internet is dynamic and relatively new. We must keep pace with rapid technological change, consumer use habits, Internet security risks, risks of system failure or inadequacy and governmental regulation and taxation. Local regulators may have divergent interpretations as to the classification of our services provided online, which may result in the reclassification of our services into e-money, payment or other services requiring a separate license. In addition, concerns about fraud, computer security and privacy and/or other problems may discourage additional consumers from adopting or continuing to use the Internet as a medium of commerce, and each of these factors could adversely impact our business.

Failure to comply with anti-corruption laws, including anti-bribery laws, could have an adverse effect on our reputation and business

While we are committed to doing business in accordance with applicable anti-corruption and anti-bribery laws, we face the risk that any of our operating subsidiaries or their respective officers, directors, employees, agents or business partners may take actions or have interactions with persons that violate such anti-corruption laws, or face allegations that they have violated such laws.

Corruption is one of the main risks confronting companies in certain of the markets where we operate. According to the International Monetary Fund (IMF), Poland, Latvia, Lithuania (until April 2015), Georgia, and Bulgaria are all emerging markets and Armenia is considered a transitioning market. According to the 2014 Transparency International Corruption Perceptions Index, which evaluates data on corruption in countries throughout the world by ranking countries from 1 (least corrupt) to 174 (most corrupt), Armenia was ranked 94, Bulgaria 69, Georgia 50 and Lithuania 39. Poland and Latvia, two of our key markets in terms of profits before tax and, particularly with respect to Poland, growth potential, were ranked 35 and 43, respectively. Corruption has also been reported to affect the judicial systems and certain of the regulatory or administrative bodies of the countries where we operate. While we have adopted a formal Group-wide anti-bribery policy, this policy may not prevent breaches of law. The effects of corruption on our operations are difficult to predict. However, under certain circumstances, corruption, particularly where it heightens regulatory uncertainty or leads to regulatory changes adverse to our operations or to liability on our part or on the part of our directors or business partners, may have a material adverse effect on our business, financial condition, results of operations, prospects or cash flows.

Difficult conditions in the global financial markets and in the economy could have an adverse effect on our business

Although there have been signs of a global economic recovery during the last several years, various concerns remain regarding the ability of certain EU Member States and other countries to continue servicing their sovereign debt obligations or maintain their existing credit ratings. The significant economic stagnation in certain countries in the Eurozone, especially Greece, Ireland, Italy, Portugal, Spain, Slovenia and Cyprus, in part due to the effects of the sovereign debt crisis and corresponding austerity measures in these markets, has added to these concerns. The measures so far implemented to reduce public debt and fiscal deficits have already resulted in lower or negative GDP growth and high unemployment rates in these countries. If the fiscal obligations of these or other countries continue to exceed their respective fiscal revenues, taking into account the reactions of the credit and swap markets, or if the banking systems of these jurisdictions destabilize, the ability of such countries to service their debt in a cost efficient manner could be impaired. We operate in many countries which are likely to be affected by these developments. The continued uncertainty over the outcome of various international financial support programs, the possibility that other countries might experience similar financial pressures, investor concerns about inadequate liquidity or unfavorable volatility in the capital markets, lower consumer spending, higher inflation or political instability could further disrupt the global financial markets and might adversely affect the economy in general. In addition, the risk remains that a default of one or more countries in the Eurozone, the extent and precise nature of which are impossible to predict, could lead to the expulsion or voluntary withdrawal of one or more countries from the Eurozone or a disorderly break-up of the Eurozone, either of which could significantly disrupt financial markets and possibly trigger another global recession. Such events may have a material adverse effect on our business, financial condition, results of operations, prospects or cash flows.

Significant, rapid or unforeseen economic or political changes in the economies in which we operate could reduce demand for our products and services and result in reduced earnings

We operate in a variety of markets in Europe and the Americas, including some so-called emerging markets, such as Poland, Latvia, Georgia, Bulgaria, Mexico and Argentina. We also operate in Armenia, considered to be a transitioning market and are considering expanding our business into other new markets should opportunities present themselves. In recent years, certain of the emerging markets where we operate have undergone substantial political, economic and social change. As is typical of emerging or transitioning markets, they do not possess the full business, legal and regulatory infrastructures that would generally exist in more mature, free market economies, and the business, legal and regulatory infrastructures in these jurisdictions are continuously evolving. In addition, the tax and currency legislation in the markets in which we operate are subject to varying interpretations and changes, which can occur frequently. Any disruption of the reform policies and recurrence of political or governmental instability may have a material adverse effect on our business, financial condition, results of operations, prospects or cash flows.

In certain of the jurisdictions where we operate, such as Georgia and Bulgaria, political and economic environments continue to develop and remain at risk of disruption from domestic or international events. In addition, although we do not operate in Russia, our indirect controlling shareholder, Tirona, was until recently part of the Finstar Financial Group, one of the largest private investment groups in Russia which is ultimately beneficially owned by Oleg Boyko, a Russian citizen. Since February 2015,

Tirona's largest ultimate beneficial owner (owning 49% of Tirona) has been Vera Boiko, a Russian citizen who is related to Oleg Boyko. In connection with events in Ukraine, the United States and EU have imposed economic sanctions on certain Russian governmental officials and businessmen, several Russian companies and several non-Russian companies holding assets in Russia. If either our controlling shareholder or one of our ultimate beneficial owners were to become the subject of sanctions, this could have a material adverse effect on our business, including our reputation, and depending on the nature of the sanctions, on our ability (including the ability of the Guarantors) to make payments on the Notes. Any significant changes in, or a deterioration of, the political or economic environment in regions where we currently operate or will operate in the future could lead to political and economic instability, which may have an adverse effect on investor and consumer confidence and affect consumers' ability to repay loans and accrued interest. Should the ability of our customers to repay loans and accrued interest be affected, this could restrict our ability to sustain or expand our operations in these countries and could therefore adversely and materially affect our cash flow, liquidity and working capital position. If such a situation were to occur, we may be required to seek additional capital. There is no guarantee that we would be successful in raising additional capital, or that we will be able to do so on a timely basis or on terms which are acceptable to us. If significant political or economic deterioration were to continue, we could face a liquidity shortage, which may have a material adverse effect on our business, financial condition, results of operations, prospects or cash flows.

The future economic direction of the markets in which we operate remains largely dependent upon the effectiveness of economic, financial and monetary measures undertaken by their respective governments, together with tax, legal, regulatory, and political developments. Our failure to manage the risks associated with our operations in emerging (or transitioning) markets may have a material adverse effect on our business, financial condition, results of operations, prospects or cash flows.

The legal and judicial systems in some of our markets of operation are less developed than western European countries

The legal and judicial systems in some of the markets in which we operate are less developed than those of western European countries. Commercial, competition, securities, anti-bribery, personal data protection, company and bankruptcy law (as well as other areas of law) in such countries may be unfamiliar to local judges. Related legal provisions in these jurisdictions have been and continue to be subject to ongoing, and at times unpredictable, changes. Existing laws and regulations in our countries of operation may be applied inconsistently or may be interpreted in a manner that is restrictive and non-commercial. Furthermore, it may not be possible, in certain circumstances, to obtain legal remedies in a timely manner in these countries. The relatively limited experience of a significant number of judges or other legal officials practicing in these markets, specifically with regard to capital markets issues, and questions regarding the independence of the judiciary system in such markets may lead to decisions based on considerations that are not grounded in the law. The enforcement of judgments may also prove difficult, which means that the enforcement of rights through the respective court systems may be laborious, especially where such judgments may lead to business closures or job losses. This lack of legal certainty may adversely affect our business, and may also make it difficult for you to address any claims you may have as an investor.

Our substantial level of indebtedness could adversely affect our financial condition, our ability to obtain financing in the future and our ability to fulfill our obligations under the Notes

We have substantial indebtedness. After the issuance of the Notes, we have approx..EUR 320 million of total debt outstanding, including the aggregate principal amount of the Notes issued.

We may incur additional indebtedness. Our high level of indebtedness could have important consequences for holders of the Notes. For example, it could:

- make it more difficult for us to satisfy our obligations with respect to the Notes and our other indebtedness, resulting in possible defaults on and acceleration of such indebtedness;
- require us to dedicate a substantial portion of our cash flow from operations to the payment of principal and interest on our indebtedness, thereby reducing the availability of such cash flows to fund working capital, acquisitions, capital expenditures and other general corporate purposes;
- limit our ability to obtain additional financing for working capital, acquisitions, capital expenditures, debt service requirements and other general corporate purposes;

- limit our ability to refinance indebtedness or cause the associated costs of such refinancing to increase;
- limit our ability to fund change of control offers;
- restrict the ability of our subsidiaries to pay dividends or otherwise transfer assets to us, which could limit our ability to, among other things, make required payments on our debt;
- increase our vulnerability to general adverse economic and industry conditions, including interest rate fluctuations (because a portion of our borrowings may have variable rates of interest); and
- place us at a competitive disadvantage compared to other companies with proportionately less debt or comparable debt at more favorable interest rates who, as a result, may be better positioned to withstand economic downturns.

The high level of our indebtedness and the consequences thereof (as described above) could have a material adverse effect on our business, financial condition and results of operations. We expect to obtain the funds to pay our expenses and to repay our indebtedness primarily from our operations. Our ability to meet our expenses and make these payments thus depends on our future performance, which will be affected by financial, business, economic, regulatory and other factors, many of which we cannot control. Our business may not generate sufficient cash flow from operations in the future and our currently anticipated growth in revenue and cash flow may not be realized, either or both of which could result in our being unable to repay indebtedness, or to fund other liquidity needs. If we do not have enough funds, we may be required to refinance all or part of our then existing debt, sell assets or borrow more funds, which we may not be able to accomplish on terms acceptable to us, or at all. In addition, the terms of existing or future debt agreements may restrict us from pursuing any of these alternatives.

Despite our current indebtedness level, we may be able to incur substantially more debt, including secured debt, which could further exacerbate the risks associated with our substantial level of indebtedness

We may incur substantial additional indebtedness in the future, including secured debt. If new debt is added to our current debt levels, the related risks that we face would increase, and we may not be able to meet all of our debt obligations.

We may not be able to generate sufficient cash to service all of our indebtedness, including the Notes, and may be forced to take other actions to satisfy our obligations under our debt agreements, which may not be successful

Our ability to make scheduled payments on or refinance our debt obligations depends on our financial condition and operating performance, which is subject to prevailing economic and competitive conditions and to certain financial, business and other factors beyond our control. We may not be able to maintain a level of cash flows from operating activities sufficient to permit us to pay the principal, premium, if any, and interest and additional amounts, if any, on our indebtedness, including the borrowings under the Notes offered hereby.

If our cash flows and capital resources are insufficient to fund our debt service obligations, we may be forced to reduce or delay investments and capital expenditures, or to sell assets, seek additional capital or restructure or refinance our indebtedness, including our indebtedness under the Notes offered hereby. Our ability to restructure or refinance our debt will depend on the condition of the capital markets and our financial condition at such time. Any refinancing of our debt could be at higher interest rates and may require us to comply with more onerous borrowing covenants, which could further restrict our business operations. The terms of existing or future debt instruments may restrict us from adopting some of these alternatives. These alternative measures may not be successful and may not permit us to meet our scheduled debt service obligations. In addition, any failure to make payments of interest and principal on our outstanding indebtedness on a timely basis would likely result in a reduction of our credit rating, which could harm our ability to incur additional indebtedness.

If we cannot make scheduled payments on our debt:

- the holders of our debt could declare all outstanding principal and interest to be due and payable;

- the holders of our secured debt, such as the TKB Credit Line with AS Trasta Komercbanka, Latvia, could commence foreclosure proceedings against our assets;
- we could be forced into bankruptcy or liquidation; and
- you could lose all or part of your investment in the Notes.

The Issuer and Holdco are companies that have no revenue generating operations of their own and depend on cash from our operating companies to be able to make payments on the Notes or the Guarantees, as applicable

The Issuer's only business operations consist of providing financing to the Group companies and Holdco is a holding company with no business operations other than the equity interests it holds in its subsidiaries. The Issuer and Holdco will be dependent upon the cash flow from our operating subsidiaries in the form of dividends or other distributions or payments to meet their obligations, including the Issuer's obligations under the Notes and Holdco's obligations under its Guarantee or other indebtedness incurred to fund their equity interests and other financial assets. The amounts of dividends or other distributions or payments available to the Issuer and Holdco will depend on the profitability and cash flows of our subsidiaries and the ability of those subsidiaries to issue dividends and make distributions and other payments under applicable law. Our subsidiaries, however, may not be able to, or may not be permitted under applicable law to, make dividends, distributions or other payments to the Issuer or Holdco to make payments in respect of their indebtedness, including the Notes and the Guarantees. In addition, our subsidiaries that do not guarantee the Notes have no obligation to make payments with respect to the Notes.

If we default on our obligations to pay our other indebtedness, we may not be able to make payments on the Notes

Any default under the agreements governing our indebtedness, including a default under the credit line provided by AS Trasta Komercbanka, Latvia ("**TKB Credit Line**"), the 2019 Notes, or the SEK 375 million 11.75% notes listed on the Corporate Bond List of Nasdaq Stockholm (the "**SEK Notes**") which is not waived could leave us unable to pay principal or interest on the Notes. For example, payments under the Guarantees could result in a default in respect of certain of our indebtedness, including the TKB Credit Line. If we are unable to generate sufficient cash flow and are otherwise unable to obtain funds necessary to meet required payments of principal, premium, if any, or interest on indebtedness, or if we otherwise fail to comply with the various covenants, including financial and operating covenants, in the instruments governing our indebtedness, we could be in default under the terms of the agreements governing such indebtedness. In the event of such default, the holders of such indebtedness could elect to declare all of the funds borrowed thereunder to be due and payable, together with any accrued and unpaid interest, the lender under the TKB Credit Line could elect to terminate its commitments, cease making further loans and institute foreclosure proceedings against the assets securing such facility, and we could be forced into bankruptcy or liquidation. Although we may in the future seek waivers from lenders of our indebtedness to avoid being in default, there is no guarantee that we will be able to obtain waivers from the lenders thereunder.

RISK FACTORS RELATING TO THE NOTES

The Notes will be effectively subordinated to our and our Guarantors' secured indebtedness to the extent of the value of the collateral securing such indebtedness

The Notes and the related Guarantees will not be secured. In contrast, the TKB Credit Line is secured by a pledge over the present and future moveable assets of AS 4finance and by the pledge of all moneys of AS 4finance held in the accounts of AS Trasta Komercbanka. Additionally, the Guarantees will be effectively subordinated to any secured indebtedness, to the extent of the value of the collateral securing such indebtedness, incurred in the future by the Guarantors. The effect of this subordination is that upon a default in payment on, or the acceleration of, any of our or any Guarantor's secured indebtedness or in the event of a bankruptcy, insolvency, liquidation, dissolution, reorganization or similar proceeding involving us or any of the Guarantors, the proceeds from the sale of assets securing our or any Guarantor's secured indebtedness will be available to pay obligations on the Notes or Guarantees, as applicable, only after all of our or any Guarantor's secured indebtedness has been paid in full.

The Notes will be structurally subordinated to all indebtedness of those of our existing or future subsidiaries that are not, or do not become, Guarantors of the Notes

The Notes are initially guaranteed only by some of Holdco's subsidiaries. Claims of holders of the Notes will be structurally subordinated to all indebtedness and the claims of creditors of any non-guarantor subsidiaries, including trade creditors. All indebtedness and obligations of any non-guarantor subsidiaries will have to be satisfied before any of the assets of such subsidiaries would be available for distribution upon liquidation or otherwise to us or to a Guarantor of the Notes.

We may be unable to repay or repurchase the Notes at maturity

At maturity, the entire principal amount of the Notes, together with accrued and unpaid interest, will become due and payable. We may not have the ability to repay or refinance these obligations. If the maturity date occurs at a time when other arrangements prohibit us from repaying the Notes, we could try to obtain waivers of such prohibitions from the lenders and holders under those arrangements, or we could attempt to refinance the borrowings that contain the restrictions. If we fail to obtain the waivers or refinance these borrowings, we would be unable to repay the Notes.

Each Guarantee will be subject to certain limitations on enforcement and may be limited by applicable law or subject to certain defenses that may limit its validity and enforceability

Each Guarantee provides the holders of the Notes with a direct claim against the relevant Guarantor. However, each Guarantee will be limited to the maximum amount that can be guaranteed by the relevant Guarantor without rendering the relevant Guarantee voidable or otherwise ineffective under applicable law, and enforcement of each Guarantee would be subject to certain generally available defenses.

Enforcement of any of the Guarantees against any Guarantor will be subject to certain defenses available to Guarantors in the relevant jurisdiction. Although laws differ among these jurisdictions, these laws and defenses generally include those that relate to corporate purpose or benefit, fraudulent conveyance or transfer, voidable preference, insolvency or bankruptcy challenges, financial assistance, preservation of share capital, thin capitalization, capital maintenance or similar laws, regulations or defenses affecting the rights of creditors generally. If one or more of these laws and defenses are applicable, a Guarantor may have no liability or decreased liability under its Guarantee depending on the amounts of its other obligations and applicable law.

Although laws differ among various jurisdictions, in general, under bankruptcy or insolvency law and other laws, a court could (i) avoid or invalidate all or a portion of a Guarantor's obligations under its Guarantee, (ii) direct that the holders of the Notes return any amounts paid under a Guarantee to the relevant Guarantor or to a fund for the benefit of the Guarantor's creditors or (iii) take other action that is detrimental to you, typically if the court found that:

- the relevant Guarantee was incurred with actual intent to give preference to one creditor over another, hinder, delay or defraud creditors or shareholders of the Guarantor or, in certain jurisdictions, when the granting of the Guarantee has the effect of giving a creditor a preference or guarantee or the creditor was aware that the Guarantor was insolvent when the relevant Guarantee was given;
- the Guarantor did not receive fair consideration or reasonably equivalent value or corporate benefit for the relevant Guarantee and the Guarantor: (i) was insolvent or rendered insolvent because of the relevant Guarantee; (ii) was undercapitalized or became undercapitalized because of the relevant Guarantee; or (iii) intended to incur, or believed that it would incur, indebtedness beyond its ability to pay at maturity;
- the relevant Guarantee was held to exceed the corporate objects of the Guarantor or not to be in the best interests of or for the corporate benefit of the Guarantor; or
- the amount paid or payable under the relevant Guarantee was in excess of the maximum amount permitted under applicable law.

We cannot assure you which standard a court would apply in determining whether a Guarantor was "insolvent" at the relevant time or that, regardless of method of valuation. There can also be no assurance that a court would not determine that a Guarantor was insolvent on that date, or that a court would not determine, regardless of whether or not a Guarantor was insolvent on the date its Guarantee was issued, that payments to holders of the Notes constituted preferences, fraudulent transfers or conveyances on other grounds. The liability of each Guarantor under its Guarantee will be limited to the amount that will result in such Guarantee not constituting a preference, fraudulent conveyance or improper corporate distribution or otherwise being set aside. However, there can be no assurance as to

what standard a court will apply in making a determination of the maximum liability of each Guarantor. There is a possibility that the entire Guarantee may be set aside, in which case the entire liability may be extinguished. If a court decided that a Guarantee was a preference, fraudulent transfer or conveyance and voided such Guarantee, or held it unenforceable for any other reason, you may cease to have any claim in respect of the relevant Guarantor and would be a creditor solely of the Issuer and, if applicable, of any other Guarantor under the relevant Guarantee which has not been declared void. In the event that any Guarantee is invalid or unenforceable, in whole or in part, or to the extent the agreed limitation of the Guarantee obligations apply, the Notes would be effectively subordinated to all liabilities of the applicable Guarantor.

Enforcement of the Guarantees across multiple jurisdictions may be difficult

The Notes will be guaranteed by the initial and any additional Guarantors, which are organized or incorporated under the laws of multiple jurisdictions. In the event of a bankruptcy, insolvency or similar event, proceedings could be initiated in any of these jurisdictions. The rights of holders of the Notes under the Guarantees will thus be subject to the laws of a number of jurisdictions, and it may be difficult to enforce such rights in multiple bankruptcy, insolvency and other similar proceedings. Moreover, such multi-jurisdictional proceedings are typically complex and costly for creditors' rights. In addition, the bankruptcy, insolvency, administration and other laws of the jurisdiction of organization of the Issuer or the Guarantors may be materially different from, or in conflict with, one another, including creditor's rights, priority of creditors, the ability to obtain post-petition interest and the duration of the insolvency proceeding. The application of these various laws in multiple jurisdictions could trigger disputes over which jurisdictions' law should apply and could adversely affect the ability to realize any recovery under the Notes and the Guarantees.

Relevant insolvency and administrative laws may not be as favorable to creditors, including Noteholders, as insolvency laws of the jurisdictions in which you are familiar and may limit your ability to enforce your rights under the Notes and the Guarantees and the Issuer and the Guarantors are subject to risks relating to the location of their center of main interest ("COMI")

The Issuer is incorporated in Luxembourg, and the Guarantors are incorporated or organized in Luxembourg, Latvia, Denmark, Lithuania, Finland, Poland, Sweden, Spain and Georgia. Some of our subsidiaries are incorporated or organized in jurisdictions other than those listed above and are subject to the insolvency laws of such jurisdictions. The insolvency laws of these jurisdictions may not be as favorable to your interests as creditors as the bankruptcy laws of certain other jurisdictions and your ability to receive payment under the Notes may be more limited than would be the case under such bankruptcy laws.

In addition, there can be no assurance as to how the insolvency laws of these jurisdictions will be applied in relation to one another. In the event that the Issuer, any of the Guarantors or any other of our subsidiaries experienced financial difficulty, it is not possible to predict with certainty in which jurisdiction or jurisdictions insolvency or similar proceedings would be commenced or the outcome of such proceedings. Under the Regulation (EC) No 1346/2000 on Insolvency Proceedings (the "**EUIR**"), the "main" insolvency proceedings in respect of a debtor should be opened in the EU Member State in which its COMI is located. There is a presumption in the EUIR that a company's COMI is in the EU Member State in which its registered office is located; however, this presumption may be rebutted by certain factors relating in particular to where the company's central administration is located. In addition, the concept of a company's COMI is a fluid and factual concept that may change. Although the Issuer's registered office is in Luxembourg, a COMI may be found to exist outside Luxembourg, and insolvency laws of another jurisdiction may become relevant. The insolvency and other laws of different jurisdictions may be materially different from, or in conflict with, each other, including in the areas of rights of secured and other creditors, the ability to void preferences, transactions at an undervalue and transactions defrauding creditors, priority of governmental and other creditors, ability to obtain or claim interest following the commencement of insolvency proceedings and the duration of the proceedings. The application of these laws, or any conflict among them, could call into question whether any particular jurisdiction's laws should apply, adversely affect your ability to enforce your rights under the Notes or the Guarantees in these jurisdictions and limit any amounts that you may receive. Prospective investors in the Notes should consult their own legal advisors with respect to such considerations.

The transfer of the Notes is restricted, which may adversely affect their liquidity and the price at which they may be sold

The Notes and the Guarantees have not been registered under, and we are not obliged to register the Notes or the Guarantees under, the U.S. Securities Act or the securities laws of any other jurisdiction and, unless so registered, may not be offered or sold except pursuant to an exemption from, or a transaction not subject to, the registration requirements of the U.S. Securities Act or such securities laws as applicable. We have not agreed to or otherwise undertaken to register the Notes or the Guarantees, and do not have any intention to do so.

There is no established trading market for the Notes. If an actual trading market does not develop for the Notes, you may not be able to resell them quickly, for the price that you paid or at all

The Notes will constitute a new issue of securities, and there is no established trading market for the Notes. If an active trading market does not develop or is not sustained, the market price and liquidity of the Notes may be adversely affected and you may be unable to resell your Notes at a particular time, at their fair market value or at all.

If a trading market does develop, the market price of the Notes will depend on many factors, including:

- our credit ratings with the major credit rating agencies;
- the market demand for securities similar to the Notes and the interest of securities dealers in making a market for the Notes;
- the number of holders of the Notes;
- the prevailing interest rates being paid by other companies similar to us;
- our financial condition, financial performance and future prospects;
- the market price of our common stock;
- the prospects for companies in our industry generally; and
- the overall condition of the financial markets.

Historically, the market for non-investment grade debt has been subject to disruptions that have caused volatility in prices of securities similar to the Notes. It is possible that the market for the Notes will be subject to such disruptions. Any disruptions may have a negative effect on holders, regardless of our prospects and financial performance.

Our credit ratings may not reflect all risks of your investment in the Notes

The credit ratings assigned to the Notes are limited in scope and do not address all material risks relating to an investment in the Notes but rather reflect only the view of each rating agency at the time the rating is issued. The credit rating agencies also evaluate our industry and may change their credit rating for us based on their overall view of our industry. There can be no assurance that the credit ratings assigned to the Notes will remain in effect for any given period of time or that a rating will not be lowered, suspended or withdrawn entirely by the applicable rating agency if, in such rating agency's judgment, circumstances so warrant. Credit ratings are not a recommendation to buy, sell or hold any security. Each agency's rating should be evaluated independently of any other agency's rating. Actual or anticipated changes or downgrades in our credit ratings, including any announcement that our ratings are under further review for a downgrade, could affect the market value of the Notes and increase our corporate borrowing costs.

An increase in interest rates could result in a decrease in the relative value of the Notes

In general, as market interest rates rise, Notes bearing interest at a fixed rate generally decline in value because the premium, if any, over market interest rates will decline. Consequently, if you purchase these Notes and market interest rates increase, the market value of your Notes may decline. We cannot predict future levels of market interest rates.

Investors may face foreign exchange risks by investing in the Notes

The Notes will be denominated and payable in EUR. If investors measure their investment returns by reference to a currency other than EUR, an investment in the Notes will entail foreign exchange-related risks due to, among other factors, possible significant changes in the value of the EUR relative to the currency by reference to which investors measure the return on their investments because of economic, political and other factors over which we have no control. Depreciation of the EUR against the currency by reference to which investors measure the return on their investments could cause a decrease in the effective yield of the relevant Notes below their stated coupon rates and could result in a loss to

investors when the return on such Notes is translated into the currency by reference to which the investors measure the return on their investments.

We may choose to repurchase or redeem a portion of the Notes when prevailing interest rates are relatively low, including in open market purchases

We may seek to repurchase or redeem a portion of the Notes from time to time, especially when prevailing interest rates are lower than the rate borne by such Notes. If prevailing rates are lower at the time of redemption, you may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as the interest rate on such Notes being redeemed. Our redemption right also may adversely impact your ability to sell such Notes.

We may also from time to time repurchase the Notes in the open market, privately negotiated transactions, tender offers or otherwise. Any such repurchases or redemptions and the timing and amount thereof would depend on prevailing market conditions, liquidity requirements, contractual restrictions and other factors. Such transactions could impact the market for such Notes and negatively affect our liquidity.

The interests of our beneficial owners may conflict with those of the Noteholders

With a 100% shareholding in 4finance Group S.A., Tirona is the indirect controlling shareholder of the Group. Tirona was until early 2015 part of Finstar Financial Group, one of the largest private investment groups in Russia, which is ultimately beneficially owned by Mr. Oleg Boyko. The Group is now ultimately owned by several individuals. Three individuals, Uldis Arnicāns, Edgars Dupats and Vera Boiko (who is related to Oleg Boyko) have a significant ultimate ownership of the Group, through their ownership of 25.5%, 25.5% and 49%, respectively, of Tirona. As a result, these individuals have and will continue to have the power to affect the legal and capital structure and the day-to-day operations of the Group, as well as the ability to elect and change the management team and approve other changes to the Group's operations. The interests of the ultimate beneficial owners may, in some circumstances, conflict with the interests of the Noteholders, particularly if the Group encounters financial difficulties or if we are unable to pay our debts as they become due. The ultimate beneficial owners could also have an interest in pursuing financings or other transactions which, in their judgment, could enhance their equity investment, although such transactions might increase the Group's indebtedness, require the Group to sell assets or otherwise impair our ability to make payments under the Notes. Any potential conflict between the interests of the indirect controlling shareholder or the ultimate beneficial owners, on the one hand, and Noteholders, on the other hand, may have a material adverse effect on the value of the Notes.

The interests of the immediate parent company of Holdco may conflict with those of the Noteholders

4finance Group S.A., the immediate parent company of Holdco, has since mid-2015 developed other businesses separate to those of the Group. These businesses include consumer lending in other jurisdictions such as the USA. The Executive Committee and board of directors of Holdco are established at 4finance Group S.A. level. The Group's resources may therefore be strained or diverted by activities for non-Group companies, which may have a material adverse effect on our business. Non-Group companies are active in consumer lending using the same or similar brands to those used by the Group, for example Zaplo in the USA. Any reputational damage incurred by those operations may affect the perception of our brands and may have a material adverse effect on our business. Any potential conflict between the interests of the immediate parent company, on the one hand, and Noteholders, on the other hand, may have a material adverse effect on the value of the Notes.

IV. GENERAL INFORMATION

Responsibility Statement

The Issuer accepts sole responsibility for the information contained in this Prospectus and hereby declares, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of its knowledge, in accordance with the facts and does not omit anything likely to affect its import. In addition to the responsibility of the Issuer, Holdco also accepts sole responsibility for the information contained in this Prospectus and hereby declares, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of its knowledge, in accordance with the facts and does not omit anything likely to affect its import.

The Issuer and Holdco, having made all reasonable enquiries, confirm that this Prospectus contains all information which is material in the context of the issuance and offering of the Notes, including all information which, according to the particular nature of the Issuer, of the Group and of the Notes is necessary to enable investors and their investments advisors to make an assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer and the Group and of the rights attached to the Notes, that the information contained in this Prospectus is true and accurate in all material respects and is not misleading in any material respect, that the opinions and intentions expressed in this Prospectus are honestly held, and that there are no other facts the omission of which would make this Prospectus or any of such information or the expression of any such opinions or intentions misleading in any material respect, and all reasonable enquiries have been made by the Issuer and Holdco to ascertain such facts and to verify the accuracy of all such information and statements.

Subject of this Prospectus

The subject matter of the Prospectus are the Notes in the aggregate principal amount of EUR 50,000,000.00 in a denomination of EUR 1,000 each, to be consolidated and form a single series with the Existing Notes. The interest offered on the Notes is 11.25 %. The Notes will be redeemed on 23 May 2021. The Notes are governed by German law and constitute notes in bearer form in accordance with Sec. 793 *et seq*. of the German Civil Code (BGB). The Notes are freely transferable. The security codes of the Notes are as follows:

International Securities Identification Number:	XS1417876163
German Securities Code (WKN):	A181ZP
Common Code:	141787616

References

Unless the context otherwise requires, for any period subsequent to April 30, 2014, references to ‘‘we,’’ ‘‘our,’’ ‘‘us,’’ ‘‘**4finance**’’ or the ‘‘**Group**’’ refer to 4finance Holding S.A. and its direct and indirect subsidiaries, and prior to April 30, 2014, refer to AS 4finance and its subsidiaries. Unless the context otherwise requires, references to the ‘‘**Issuer”** refer to 4finance S.A.

Hyperlinks

The content of any website referred to in this Prospectus by hyperlinks does not form part of the Prospectus.

Forward-looking Statements

This Prospectus includes forward-looking statements. All statements other than statements of historical facts contained in this Prospectus, including, without limitation, those regarding the Issuer’s future financial position and results of operations, its strategy, plans, objectives, goals, targets and future developments in the markets in which it participates or is seeking to participate and any statements preceded by, followed by or that include the words “anticipate”, “believe”, “continue”, “could”, “estimate”, “expect”, “forecast”, “aims”, “intends”, “will”, “may”, “plan”, “should” or similar expressions or the negative thereof, are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the Issuer’s actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Certain forward looking statements may prove wrong, although being reasonable at present. Furthermore there are a lot of risks and uncertainties related to the Issuer’s business because of which a forward looking statement,

estimate or forecast may prove wrong. Thus, the investors should urgently read the chapters “Summary of the Prospectus”, “Risk Factors” and “Description of the Issuer”, which contain a detailed explanation of the factors, which influence the business development of the Issuer and the market, in which the Issuer is active.

In consideration of the risks, uncertainties and assumptions the future events mentioned in the Prospectus may not occur.

Because the risk factors referred to in this Prospectus, and other factors, could cause actual results or outcomes to differ materially from those expressed in any forward-looking statements made in this Prospectus by the Company or on its behalf, the investors should not place any reliance on any of these forward-looking statements. Further, any forward-looking statement speaks only as of the date on which it is made, and the Company undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of unanticipated events. New factors will emerge in the future, and it is not possible for the Company to predict which factors they will be. In addition, the Company cannot assess the effect of each factor on its business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those described in any forward-looking statements. The Issuer does not assume any obligation to update such forward looking statements or to adapt them to future events or developments unless required by law.

Third Party Information

In this Prospectus, the Issuer and Holdco rely on and refer to information regarding the Group's business and the markets in which it operates and competes. Certain economic and industry data, market data and market forecasts set forth in this Prospectus were extracted from market research and industry publications. Where such third party data has been used in the Prospectus, the source of data is named.

Where information in this Prospectus has been specifically identified as having been extracted from third party documents, the Issuer and Holdco confirm that this information has been accurately reproduced and that as far as the Issuer and Holdco are aware and are able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. Although the Issuer and Holdco have no reason to believe that any of this information is inaccurate in any material respect, the Issuer and Holdco have not independently verified the competitive position, market size, market growth or other data provided by third parties or by industry or other publications.

Presentation of Financial Information

Prior to April 30, 2014, AS 4finance (Latvia), currently subsidiary within the Group, was the parent company of the Group, and Holdco was one of AS 4finance (Latvia) subsidiaries. On April 30, 2014, after a series of transactions, a Group restructuring was completed, pursuant to which AS 4finance (Latvia), and Holdco were effectively switched around in the Group structure. As a result, Holdco became the parent company of the Group which included AS 4finance (Latvia) and its subsidiaries that were part of the Group before the reorganization. The reorganization was a business combination under common control, since the shareholder structure of AS 4finance (Latvia) before the reorganization was the same as for Holdco after reorganization. Accordingly, prior to the Group restructuring, the Groups reporting entity was AS 4finance (Latvia). Following the Group restructuring, the Groups reporting entity is Holdco. As a result, the first consolidated financial statements of the Group as reported under Holdco was for and as of the year ended December 31, 2014.

To facilitate comparison with the Group's consolidated annual financial statements as of and for the year ended December 31, 2014, the Group has restated comparative consolidated annual financial statements and adjusted its 2014 reporting period before the date of the Group restructuring as if Holdco was the parent company before January 1, 2014.

The financial information set forth herein, has, unless otherwise indicated, been derived from the audited consolidated financial statements of the Group as of and for the years ended December 31, 2014 and 2015 (the "**Annual Financial Statements**") and the unaudited consolidated financial reports of the Group as of and for the nine-months-period ended 30 September 2015 and 30 September 2016 (the "**Quarterly Financial Reports**"). The Annual Financial Statements and the Quarterly Financial Reports together are also referred to in this Prospectus as the "**Financial Statements**". The Financial Statements and any other financial information in this Prospectus have been prepared in accordance with

International Financial Reporting Standards as adopted by the European Union ("**IFRS**"), as issued by the International Accounting Standards Board, in effect at the time of preparing the Annual Financial Statements and the Quarterly Financial Reports.

Certain stated figures, financial information and market data (including percentages) given in this Prospectus had been rounded up or down pursuant to generally applicable commercial and business standards. It is therefore possible that not all total amounts (total sums or interim totals, differences or figures used as reference) contained within this Prospectus coincide completely with the underlying (non-rounded) individual amounts contained in other places within this Prospectus. In addition, it is possible that these rounded figures in tables do not add up precisely to form the overall total sums in the respective tables.

Credit Ratings

Moody's Investors Service ("**Moody's**") has assigned by update of 1 July 2016 to its credit opinion a B3 Corporate Family Rating and a B3 Issuer Rating to Holdco and a B3 Guaranteed Senior Unsecured Debt Rating to the Issuer. On 23 May 2016, Moody's also assigned a backed B3 Rating to the Existing Notes issued by the Issuer. All ratings by Moody's assigned to Holdco, the Issuer and the Existing Notes have a positive outlook. On 2 September 2016, following the acquisition of TBI Bank, Moody's updated its Corporate Family Rating and Issuer Rating to Holdco at B3 positive.

Standard & Poor's Global Ratings ("**S&P**") has assigned by research update of 8 July 2016 to its credit opinion a B+ Long Term Corporate Credit Rating to Holdco, confirmed on 8 November 2016 with negative outlook. Further, on 31 May 2016, S&P has assigned a B+ Issue Rating to the Existing Notes issued by the Issuer.

Each of Moody's and S&P (the "**Rating Agencies**") is established in the European Union and is registered under the Regulation (EC) No. 1060/2009, as amended (the "**CRA Regulation**"). As such each of the Rating Agencies is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website (at https://www.esma.europa.eu/supervision/credit-rating-agencies/risk) in accordance with the CRA Regulation.

Moody's Investors Service – Rating Systematics

The rating scale used by Moody's Investors Service ranges from Aaa (best quality, lowest risk of default) to C (highest risk of default). Obligations rated B by Moody's Investors Service are considered speculative and are subject to high credit risk. Moody's Investors Service appends numerical modifiers 1, 2, and 3 to each generic rating classification from Aa through Caa. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category. Issuer Ratings are opinions of the ability of entities to honor senior unsecured debt and debt like obligations. As such, Issuer Ratings incorporate any external support that is expected to apply to all current and future issuance of senior unsecured financial obligations and contracts, such as explicit support stemming from a guarantee of all senior unsecured financial obligations and contracts, and/or implicit support for issuers subject to joint default analysis (e.g. banks and government-related issuers). A Moody's rating outlook is an opinion regarding the likely rating direction over the medium term. Rating outlooks fall into four categories: Positive, Negative, Stable, and Developing. Outlooks may be assigned at the issuer level or at the rating level. Moody's Corporate Family Ratings are long-term ratings that reflect the relative likelihood of a default on a corporate family's debt and debt-like obligations and the expected financial loss suffered in the event of default. A Corporate Family Rating is assigned to a corporate family as if it had a single class of debt and a single consolidated legal entity structure.

Standard & Poor's Global Ratings – Rating Systematics

The rating scale used by Standard & Poor's Global Ratings range from AAA/Aaa (best quality, lowest risk of default) to D (highest risk of default). The ratings from 'AA' to 'CCC' may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories. An obligation or an obligor rated 'B' is more vulnerable to non-payment than obligations or obligors rated 'BB', but the obligor currently has the capacity to meet its financial commitment on the obligation or its financial commitments in general. Adverse business, financial, or economic conditions will likely impair the obligor's capacity or willingness to meet its financial commitment on the obligation. An S&P issue credit rating is a forward-looking opinion about the creditworthiness of an obligor with respect to a specific financial obligation, a specific class of financial obligations or a specific financial program (including ratings on medium-term note programs and commercial paper programs). An S&P issuer credit rat-

ing is a forward-looking opinion about an obligor's overall creditworthiness. A counterparty credit ratings, is a form of issuer credit rating. An S&P Global Ratings outlook assesses the potential direction of a long-term credit rating over the intermediate term (typically six months to two years). In determining a rating outlook, consideration is given to any changes in the economic and/or fundamental business conditions. An outlook is not necessarily a precursor of a rating change or future CreditWatch action. Positive means that a rating may be raised. Stable means that a rating is not likely to change.

A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time.

Further notes regarding this Prospectus

No person is authorised to give any information or to make any representations other than those contained in this Prospectus and, if given or made, such information or representations must not be relied upon as having been authorised by or on behalf of the Issuer.

The delivery of this Prospectus shall not, under any circumstances, create any implication

(i) that the information in this Prospectus is correct as of any time subsequent to the date hereof or, as the case may be, subsequent to the date on which this Prospectus has been most recently amended, or supplemented, or

(ii) that there has been no adverse change in the affairs or the financial situation of the Issuer which is material in the context of the Notes since the date of this Prospectus or, as the case may be, the date on which this Prospectus has been most recently amended or supplemented,

(iii) that any other information supplied in connection with the issue of the Notes is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same,

as far as the Issuer has fulfilled its obligation to publish a supplement pursuant to Article 13 of the Luxembourg Law of 10 July 2005 on prospectuses for securities.

The Notes are not suitable for all kinds of investors. Neither this Prospectus nor any other information supplied in connection with the Notes should be considered as a recommendation by the Issuer to an investor that such investor should purchase any Notes.

Documents available for Inspection

For the time of the validity of the Prospectus, copies of the following may be inspected at the head office of the Issuer, 9, Allée Scheffer, L-2520, Luxembourg, on weekdays from 9:00 am to 4:00 pm and can be obtained from the Issuer’s website at www.4finance.com:

- the Prospectus;
- the Issuer’s articles of association;
- Holdco's articles of association;
- Holdco's audited consolidated financial statements for the financial year ended 31 December 2015;
- Holdco's audited consolidated financial statements for the financial year ended 31 December 2014;
- Holdco's unaudited consolidated financial reports for the nine-months-period ended 30 September 2016 and 30 September 2015.

V. USE OF PROCEEDS

The proceeds from the issuance of the Notes were used and are intended to be used for general business purposes, including financing of growth in current and future markets. The Issuer has lent and will lend the proceeds to the Group companies as required.

VI. CAPITALIZATION

The table below sets forth our consolidated capitalization of the Group as of September 30, 2016 (i) on an actual historical basis, and (ii) as adjusted for the issue of the Notes as if such had occurred on 30 September 2016. This table should be read in conjunction with the Financial Statements included elsewhere in this Prospectus.

	As of September 30, 2016	
	Actual	**As Adjusted**
	(in millions of EUR)	
Cash and cash equivalents[(1)]	**86.2**	**135.0**
Debt		
TKB Credit Line [(2)]	5.0	5.0
4finance Notes[(3)]	309.0	359.0
Friendly Finance Notes	2.9	2.9
Allianz Bank Bulgaria AD	4.0	4.0
Placements with TBI Bank	13.4	13.4
Other debt[(4)]	14.0	14.0
Total debt	**348.3**	**398.3**
Equity	**222.4**	**222.4**
Share capital	35.8	35.8
Reserves[(5)]	(34.5)	(34.5)
Retained earnings	219.9	219.9
Total equity attributable to equity holders of the Group	**221.1**	**221.1**
Non-controlling interests	1.2	1.2
Total capitalization[(6)]	**570.7**	**620.7**

Notes:
(1) The adjusted amount reflects the net proceeds from the issuance of the Notes.
(2) The credit line provided to AS 4finance by TKB under the TKB CLA. See *Section XII - Information about the Group and the Guarantors – 6. Material Agreements*
(3) Includes the USD and SEK Notes and the Existing Notes (being subject of the prospectus dated 5 August 2016) and the Notes in an aggregate principal amount of EUR 50 million issued by the Issuer and being subject of this Prospectus.
(4) Other debt consists primarily of loans from related parties.
(5) Includes reorganization reserve, currency translation reserve, share base payment reserve and legal reserve.
(6) Total capitalization is the sum of (i) total debt, (ii) total equity attributable to our equity holders and (iii) non-controlling interests.

Except as disclosed above, there have been no material changes in the Group's consolidated capitalization or indebtedness since 30 September 2016.

VII. SELECTED FINANCIAL INFORMATION

Up until April 30, 2014, the parent company of the Group was AS 4finance (Latvia). Since April 30, 2014 the parent company of the Group is Holdco.

See "Presentation of Financial Information" for a description of the Group Restructuring and restatements made to the Annual Financial Statements to reflect such Group Restructuring.

The selected consolidated financial information set forth below should be read in conjunction with the Annual Financial Statements and the Quarterly Financial Reports which are included elsewhere in this Prospectus.

The tables below present key selected consolidated financial information for the Group as at and for the financial years ended 31 December 2014 and 31 December 2015 and for the nine-month periods ended 30 September 2015 and 30 September 2016. This information has been derived from Holdco's audited consolidated financial statements as at and for the financial year ended 31 December 2014 as at and for the year ended 31 December 2015 as well as from the unaudited financial reports as at and for the nine-month period ended 30 September 2015 and for the nine-month period ended 30 September 2016. The consolidated Annual Financial Statements and the Quarterly Financial Reports have been prepared in accordance with IFRS.

1. Selected consolidated statement of income data

	Year ended December 31,		Nine-month period ended September 30,	
	2015	**2014**	**2016** (unaudited)	**2015** (unaudited)
		(in millions of EUR)		
Interest income	318.3	220.3	287.3	229.3
Interest expense	(28.7)	(23.7)	(26.2)	(21.1)
Net interest income	**289.6**	**196.6**	**261.1**	**208.2**
Net impairment losses on loans and receivables	(79.8)	(54.0)	(69.7)	(57.0)
General administrative expenses	(133.9)	(80.0)	(134.6)	(89.0)
Other income	6.6	2.2	11.9	11.0
Other expense	(8.7)	(4.0)	(6.0)	(13.9)
Profit before taxes	**73.8**	**60.6**	**62.6**	**59.3**
Corporate income tax for the reporting period	(15.7)	(11.6)	(13.4)	(13.3)
Profit from continuing operations	**58.2**	**49.0**	**49.2**	**46.0**
Discontinued operations				
Profit/(loss) from discontinued operations, net of tax	5.9	(2.7)	—	5.3
Profit for the period	**64.1**	**46.3**	**49.2**	**51.3**

2. Selected consolidated statement of financial position data

	Year ended December 31,		Nine-month period ended September 30,	
	2015	**2014**	**2016**	**2015**
			(unaudited)	
		(in millions of EUR)		
Assets				
Cash and cash equivalents	56.9	33.7	86.2	47.5
Placements with other banks	—	—	32.0	—
Loans and advances due from customers	308.3	241.4	510.4	299.1
Assets held for sale	—	4.4	—	—
Property and equipment	4.3	2.1	22.5	4.0
Intangible assets	17.4	2.8	31.0	2.7
Goodwill	0.6	—	33.6	0.6
Deferred tax asset	12.9	10.7	25.7	14.7
Current tax assets	5.5	4.7	10.7	2.8
Financial instruments at fair value through profit or loss	10.6	18.6	3.8	9.1
Prepaid expenses	2.7	3.3	6.1	—
Loans to related parties	13.7	0.1	40.5	—
Other assets	5.2	48.1	43.9	43.2
Total assets	**438.2**	**370.0**	**846.5**	**423.7**
Liabilities				
Loans and borrowings	229.5	231.6	348.3	226.9
Customer deposits	9.1	5.8	197.2	8.3
Liabilities held for sale	—	0.7	—	—
Current tax liabilities	7.4	6.4	18.7	8.4
Employee benefits	2.4	1.0	2.2	3.0
Other liabilities	16.6	11.5	57.6	16.6
Total liabilities	**264.9**	**257.0**	**624.1**	**263.2**
Share capital	35.8	35.8	35.8	35.8
Retained earnings	171.0	107.6	219.9	158.5
Reorganization reserve	(31.1)	(32.6)	(31.1)	(32.6)
Currency translation reserve	(5.1)	0.9	(5.1)	(2.2)
Share based payment reserve	1.4	0.1	3.0	0.1
Obligatory reserve	0.2	0.1	0.2	0.2
Other reserves	—	—	(1.5)	—
Total equity attributable to equity holders of the Group	**172.2**	**111.9**	**221.1**	**159.7**
Non-controlling interests	1.1	1.1	1.2	0.9
Total equity	**173.3**	**113.0**	**222.4**	**160.5**
Total shareholders' equity and liabilities	**438.2**	**370.0**	**846.5**	**423.7**

3. Selected consolidated statement of cash flow data

	Year ended December 31,		Nine-month period ended September 30,	
	2015	2014	2016	2015
			(unaudited)	
		(in millions of EUR)		
Cash flows from operating activities				
Profit before taxes	79.7	57.9	62.6	64.6
Adjustments for:				
Depreciation and amortization	1.7	1.2	3.2	0.9
Net losses on foreign exchange from borrowings and other monetary items	12.7	18.7	(3.4)	—
Increase in impairment allowance	85.1	60.0	75.9	60.2
Write offs and disposal of intangible and property and equipment assets	1.1	0.1	0.8	0.1
Provisions	1.4	0.2	(0.2)	2.0
Interest income	(2.1)	(0.8)	(4.9)	(1.9)
Interest expenses	28.7	23.8	26.2	21.1
Equity-settled share-based payment transactions	1.4	—	1.5	—
Profit or loss before adjustments for the effect of changes to current assets and short term liabilities	209.8	161.0	161.7	147.0
Adjustments for:				
Increase in loans due from customers	(150.8)	(126.4)	(80.2)	(116.3)
Change in financial instruments measured at fair value through profit or loss	8.0	(21.0)	4.2	9.5
Decrease/(increase) in other assets	11.4	(3.6)	(24.1)	(17.3)
Gains from sale of portfolio	4.0	1.8	3.4	2.0
Increase in accounts payable to suppliers, contractors and other creditors	9.2	8.7	28.4	6.3
Acquisition of non-controling interest	—	—	(2.0)	—
Gross cash flows from operating activities	91.6	20.5	91.4	31.2
Income tax paid	(17.6)	(20.9)	(24.0)	(13.4)
Net cash flows from/(used in) operating activities	**74.0**	**(0.4)**	**67.4**	**17.8**
Cash flows from investing activities				
Purchase of property and equipment and intangible assets	(20.3)	(4.2)	(17.7)	(2.7)
Loans issued to related parties	(59.1)	(14.8)	(42.6)	(20.5)
Loans repaid from related parties	26.1	14.7	11.0	16.5
Interest received	1.7	0.8	1.1	1.3
Disposal of subsidiaries, net of cash disposed	0.2	—	—	—
Allocation for potential acquisition	—	—	(6.6)	—
Acquisition of subsidiaries, net of cash acquired and disposed	(1.4)	—	(61.4)	(1.4)
Net cash flows used in investing activities	**(52.7)**	**(3.5)**	**(116.2)**	**(6.8)**

	Year ended December 31,		Nine-month period ended September 30,	
	2015	2014	2016	2015
			(unaudited)	
		(in millions of EUR)		
Cash flows from financing activities				
Loans received and notes issued	79.0	86.6	135.7	66.8
Repayment of loans and notes	(49.4)	(52.5)	(27.3)	(36.5)
Interest payments	(27.3)	(18.7)	(29.8)	(26.5)
Dividend payments	(0.6)	(0.3)	(0.7)	(0.6)
Net cash flows from financing activities	**1.8**	**15.1**	**77.9**	**3.2**
Net increase in cash and cash equivalents	**23.0**	**11.2**	**29.1**	**14.2**
Cash and cash equivalents at the beginning of the period	**34.4**	**21.1**	**56.9**	**34.4**
Effect of exchange rate fluctuations on cash	(0.6)	2.1	0.2	(1.1)
Cash and cash equivalents at the end of the period	**56.9**	**34.4**	**86.2**	**47.5**

4. Other financial data (EBITDA)

The abbreviation "EBITDA" stands for: "Earnings Before Interest, Taxes, Depreciation and Amortization".

EBITDA is defined as profit for the period plus tax, plus interest expense, plus depreciation and amortization and is calculated, based on figures extracted from the published Financial Statements as shown in the table.

Adjusted EBITDA is defined as EBITDA adjusted by income/loss from discontinued operations, interest expense on deposits, 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. These adjustments cannot be derived from the published Financial Statements.

The Group believes these metrics are a useful indicator of its capacity to pay interest on its borrowings, and in particular the fixed charge cover covenant for the Notes is calculated by reference to the Group's Adjusted EBITDA.

	Nine-month period ended September 30,	Nine-month period ended September 30,	Year ended December 31,	
	2016	2015	2015	2014
EBITDA and Adjusted EBITDA:				
Profit for the period	49.2	51.3	64.1	46.3
Provision for corporate income tax	13.4	13.3	15.7	11.6
Interest expense	26.2	21.1	28.7	23.7
Depreciation and amortization	3.2	0.9	1.6	0.9
EBITDA	**92.1**	**86.5**	**110.1**	**82.5**
Adjustments	9.8	1.6	9.6	5.6
Adjusted EBITDA	**101.8**	**88.1**	**119.7**	**88.2**

5. Key financial ratios

The definitions for the following key financial ratios are as described in the respective notes to the Annual Financial Statements included in this Prospectus by reference, with calculation based on Annual Financial Statements in all cases apart from the value of loans issued for the NPL[(1)]/loans issued ratio. The Group believes these ratios are a useful way of understanding trends in the performance of the business over time.

	Nine Months Ended 30 September 2016	Nine Months Ended 30 September 2015	Year Ended 31 December 2015	Year Ended 31 December 2014
	2016	2015	2015	2014
Net loan portfolio (in millions of EUR)[(2)]	510.4	299.1	308.3	241.4
Capital/assets ratio[(3)]	26%	38%	40%	35%
Capital/net loan portfolio[(4)]	44%	54%	56%	47%
Adjusted interest coverage[(5)]	4.0x	4.2x	4.2x	3.7x
Profit before tax margin[(6)]	22%	26%	23%	27%
Return on average equity[(7)]	33%	45%	41%	54%
Cost/revenue ratio[(8)]	47%	39%	42%	37%
Net impairment to revenue ratio[(9)]	24%	25%	25%	25%
Non-performing loans to loan issuance ratio[(10)]	9.6%	9.0%	9.0%	8.8%

Notes:

(1) NPL: Non-performing loans.

(2) Gross loan portfolio less provisions for bad debts.

(3) Total equity/total assets (2014 assets adjusted for effect of bond defeasance).

(4) Total equity/net loan portfolio.

(5) Adjusted EBITDA/fixed charges (interest expense excluding interest on deposits).

(6) Profit before tax/interest income.

(7) Profit from continuing operations/average equity (total equity as of the start and end of each period divided by two).

(8) General administrative expenses/interest income.

(9) Net impairment losses on loans and receivables/interest income.

(10) Non-performing loans with a delay of over 90 days/value of loans issued, excluding acquisitions. 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 2016: 1 July 2014 to 30 June 2016.

6. Auditor

The auditors of the Group's Annual Financial Statements (the audited consolidated financial statements of Holdco) as of and for the years ended December 31, 2015 and December 31, 2014 are KPMG Luxembourg Société Coopérative, incorporated under the laws of Luxembourg, having its registered office at 39 Avenue John-F.-Kennedy, L-1855 Luxembourg, and registered with the Luxembourg trade and companies register under number B 149133.

KPMG Luxembourg is a member of the Luxembourg institute of auditors (*Instituts des réviseur d'entreprises*).

7. Changes in the Financial or Trading Position

There has been no significant change in the financial or trading position of the Issuer, Holdco or the Group after the date of the unaudited consolidated financial reports of Holdco as per 30 September 2016.

VIII. SELECTED OPERATING DATA AND PORTFOLIO INFORMATION

The following tables present certain selected information on our operating data and our loan portfolios and ratios for the periods indicated. The following information should be read in conjunction with the Financial Statements included by reference in this Prospectus, as well as the Section "*Selected Financial Information*", as some of the following information is taken directly or derived from the financial information contained in the Annual Financial Statements, as indicated. Other information in the following section is of statistical nature and not based on the Financial Statements.

Certain amounts and percentages included in this prospectus have been subject to rounding adjustments; accordingly figures shown for the same category presented in different contexts may vary slightly and figures in certain other contexts may not be an exact arithmetic result of the figures shown here.

1. Key performance indicators

Our key performance indicators in terms of business volume include (i) the number of registered customers; (ii) the value of loan amounts issued; and (iii) the breakdown of issuance by product. The number of registered customers reflects the number of customers who have applied for a loan, regardless of acceptance, and whose contact information we retain. The value of loan amounts issued reflects the total amount of new loans issued during a period. The breakdown of issuance by product represents the split between Single Payment Loans and Installment Loans. The table below summarizes these key performance indicators for our eight largest markets for the periods indicated.

	Year ended December 31,	
	2015	**2014**
Poland		
Number of registered customers (*in thousands*)	1,232	874
Loan amounts issued (*in millions of EUR*)	316	247
Share of Single Payment Loans	98%	98 %
Share of Installment Loans	2%	2 %
Georgia		
Number of registered customers (*in thousands*)	725	459
Loan amounts issued (*in millions of EUR*)	133	77
Share of Single Payment Loans	100 %	100 %
Share of Installment Loans	0 %	0 %
Latvia		
Number of registered customers (*in thousands*)	800	676
Loan amounts issued (*in millions of EUR)*	125	108
Share of Single Payment Loans	76 %	73 %
Share of Installment Loans	24 %	27 %
Lithuania		
Number of registered customers (*in thousands*)	568	500
Loan amounts issued (*in millions of EUR*)	101	73
Share of Single Payment Loans	50 %	66 %
Share of Installment Loans	50 %	34 %
Finland		
Number of registered customers (*in thousands*)	273	234
Loan amounts issued (*in millions of EUR*)	89	93
Share of Single Payment Loans	93 %	93 %
Share of Installment Loans	6 %	7 %
Line of Credit	1 %	0 %
Sweden		
Number of registered customers (*in thousands*)	180	141
Loan amounts issued (*in millions of EUR*)	107	93
Share of Single Payment Loans	68%	77 %
Share of Installment Loans	32%	23 %
Spain		
Number of registered customers (*in thousands*)	409	219
Loan amounts issued (*in millions of EUR*)	93	44
Share of Single Payment Loans	100%	100 %
Share of Installment Loans	0%	0 %
Denmark		
Number of registered customers (*in thousands*)	142	84
Loan amounts issued (*in millions of EUR*)	75	42
Share of Single Payment Loans	88%	100 %
Share of Installment Loans	12%	0 %

As of December 31, 2015 (compared to December 31, 2014), the number of registered customers increased significantly in Poland, Spain, Georgia and Denmark mainly due to marketing activities designed to grow our customer base in these markets.

Loan amounts issued have increased in all of the eight countries, apart from Finland, for the years ended December 31, 2015 compared with the years ended December 31, 2014.

Installment Loans grew as a share of overall Group loan amounts issued in 2015 compared with 2014. Our Installment Loan offering was re-launched in Poland in December 2015 and as of November 2015

is suspended in Finland pending a re-launch depending on market evolution. Installment Loans were only launched in Denmark in June 2015.

The table below provides further key metrics for eight of our key jurisdictions for the periods indicated.

The profit before tax and net loan portfolio information shown by country is extracted from notes 15 (loans due from customers) and 31 (operating segments) of the audited Annual Financial Statements of Holdco as of 31 December 2015. The average interest rate on loans to customers is calculated as the interest income for the relevant country divided by the (start- and end-of-period) average net loan portfolio for that country. Loss given default is calculated by statistical portfolio analysis and is not derived from the Annual Financial Statements.

The Group considers this a useful summary to compare country trends over time and compare performance between countries.

	Year ended December 31,	
	2015	**2014**
	(in millions of EUR, except percentages)	
Latvia		
Profit before tax [(1)]	36.0	21.0
Net loan portfolio	50.2	51.2
Average interest rate on loans to customers	87%	82%
Loss given default[(2)]	39%	36%
Poland		
Profit before tax	31.7	13.4
Net loan portfolio	69.1	54.6
Average interest rate on loans to customers	131%	133%
Loss given default	66%	64%
Lithuania		
Profit before tax	11.7	16.1
Net loan portfolio	52.4	38.0
Average interest rate on loans to customers	78%	74%
Loss given default	40%	33%
Sweden		
Profit before tax	10.0	9.2
Net loan portfolio	32.0	24.1
Average interest rate on loans to customers	93%	96%
Loss given default	54%	52%
Finland		
Profit before tax	5.6	6.5
Net loan portfolio	22.1	20.9
Average interest rate on loans to customers	100%	106%
Loss given default	46%	38%
Spain		
Profit before tax	3.2	(5.4)
Net loan portfolio	20.1	11.4
Average interest rate on loans to customers	226%	169%
Loss given default	76%	80%
Georgia		
Profit before tax	26.5	11.9
Net loan portfolio	26.5	22.1
Average interest rate on loans to customers	163%	158%
Loss given default	49%	40%

Denmark		
Profit before tax	9.3	5.9
Net loan portfolio	23.7	13.2
Average interest rate on loans to customers	119%	120%
Loss given default	48%	42%

Notes:
(1) Includes results of operating business and other subsidiaries.
(2) For definition of loss given default rate, please see "*–Key Factors Affecting Results of Operations–Loan portfolio performance.*"

2. Segment Information

We introduced segment reporting in 2013. In 2014 and 2013, we reported six segments. In 2015, we introduced Spain and Denmark as separate segments. The segments are primarily jurisdiction-based and managed separately because they require different strategies. The table below sets forth interest income by segment for the periods indicated. The segment information is extracted from note 7 of the audited Annual Financial Statements of Holdco as of 31 December 2015, with percentages shown for convenience.

	Revenues			
	Years ended December 31,			
	2015	**% of total revenues**	**2014**	**% of total revenues**
	(in millions of EUR, except percentages)			
Latvia[(1)]	44.2	14%	40.8	18%
Lithuania	35.2	11%	27.0	12%
Finland	21.6	7%	20.0	9%
Sweden	26.2	8%	19.6	8%
Poland	81.2	25%	61.4	27%
Georgia	39.7	12%	20.3	9%
Spain	35.6	11%	14.4	6%
Denmark	22.0	7%	13.0	6%
Other[(2)]	12.6	4%	3.9	2%
Discontinued operations[(3)]	0.3	0%	10.6	5%
Total	**318.6**	**100%**	**230.9**	**100%**

Notes:

(1) Results are for AS 4finance, the holding company of the Issuer and certain of our other operating subsidiaries, including certain subsidiaries outside of Latvia. See "*Business–Group Structure–Legal structure*" .
(2) Other comprises operating entities in Bulgaria, the Czech Republic, Romania, Argentina, Armenia and Mexico.
(3) We discontinued operations in Estonia in March 2015, discontinued operations in Russia in December 2014 and discontinued operations in the United Kingdom and North America in December 2013.

3. Interest-earning assets – yield

The following table sets forth certain information regarding our portfolio yield spread for the periods indicated.

The yield analysis is calculated as shown in the table. Average balances represent the average of start and end of period balances. The Group considers the gross and net yield analysis a useful way to illustrate the income generated on its loan portfolio and how this evolves over time.

	Year ended December 31,	
	2015	2014
	(in millions of EUR, except percentages)	
Average outstanding net balance of loans and advances to customers	274.8	209.6
Interest income earned on loans and advances to customers	318.3	220.3
Net interest income earned (financial margin)[(1)]	289.6	196.6
Yield		
Gross yield[(2)]	116%	105%
Net yield[(3)]	105%	94%

Notes:
(1) Net interest income earned (financial margin) is interest income on loans and advances to customers less interest expense.
(2) Gross yield is the average interest rate charged on loans and advances to customers
(3) For each of the years ended December 31, 2015 and 2014, the net yield is calculated as the net interest income earned (financial margin) divided by the average outstanding net balance of loans and advances to customers.

4. Return on average total assets and average equity

The following table presents selected financial data and ratios for the periods indicated.

The return on assets and equity analysis is calculated as shown in the table. Average balances represent the average of start and end of period balances. The Group considers the analysis a useful way to illustrate the profitability of the business and how this relates to its equity capitalization. Figures are shown both with and without discontinued operations.

	Year ended December 31,	
	2015	2014
	(in millions of EUR, except percentages)	
Profit for the period	64.1	46.3
Average total assets	404.1	297.7
Average equity	143.1	89.4
Profit for the period as a percentage of:		
Average total assets	15.9%	15.5%
Average equity	44.8%	51.7%

The following table presents selected financial data and ratios for the periods indicated based on results from continuing operations.

	Year ended December 31,	
	2015	2014
	(in millions of EUR, except percentages)	
Net income from continuing operations	58.2	49.0
Average total assets	404.1	297.7
Average equity	143.1	89.4
Net income of continuing operations as a percentage of:		
Average total assets	14.4%	16.5%
Average equity	40.7%	54.8%

5. Loan Portfolio

Total loan portfolio amounts set forth in this section include the total principal amount of performing and non-performing loans outstanding as of the date presented. The terms “loan portfolio” and “total loan portfolio” include total performing loans plus total non-performing loans.

Our total gross loan portfolio as of December 31, 2015 and 2014 amounted to EUR 425.5 million and EUR 316.8 million, respectively.

The information regarding the loan portfolio in this subsection is extracted from note 15 of the audited Annual Financial Statements of Holdco as of 31 December 2015 (loans due from customers).

The following table shows loans by country and currency (in millions of EUR):

	Gross receivables 31.12.2015	Allowance for doubtful debts 31.12.2015	Net receivables 31.12.2015	Gross receivables 31.12.2014	Allowance for doubtful debts 31.12.2014	Net receivables 31.12.2014
Poland (PLN)	102.7	(33.6)	69.1	80.7	(26.1)	54.6
Lithuania (LTL/EUR)	63.2	(10.8)	52.4	45.6	(7.6)	38.0
Latvia (EUR)	61.7	(11.5)	50.2	61.9	(10.7)	51.2
Sweden (SEK)	43.3	(11.2)	32.0	30.6	(6.6)	24.1
Georgia (GEL)	38.0	(11.5)	26.5	26.1	(4.0)	22.1
Denmark (DKK)	31.3	(7.6)	23.7	17.1	(3.9)	13.2
Finland (EUR)	31.5	(9.4)	22.1	26.8	(5.9)	20.9
Spain (EUR)	37.4	(17.3)	20.1	20.9	(9.4)	11.4
Other	16.3	(4.2)	12.1	7.0	(1.3)	5.8
	425.5	**(117.2)**	**308.3**	**316.8**	**(75.4)**	**241.4**

Given the acquisitions made in the first nine months of 2016, a loan portfolio breakdown as of 30 September 2016 is presented below. This is on the same country basis as the above tables, with the acquired Friendly Finance and TBI Bank portfolios shown separately.

	Gross receivables 30.09.2016	**Allowance for doubtful debts 30.09.2016**	**Net receivables 30.09.2016**
Poland	117.8	(35.5)	82.3
Lithuania	39.3	(12.6)	26.7
Latvia	60.7	(12.0)	48.7
Sweden	37.6	(12.4)	25.2
Georgia	40.8	(18.3)	22.5
Denmark	42.1	(12.5)	29.6
Finland	28.3	(8.2)	20.0
Spain	49.8	(24.1)	25.7
Other	27.8	(9.2)	18.7
Friendly Finance	35.5	(9.5)	26.0
TBI Bank[(1)]	196.0	(14.2)	184.9
	675.8	**(168.6)**	**510.4**

Note:
(1) TBI Bank net portfolio in Group balance sheet includes a EUR 3.1m fair value adjustment.

Total loan portfolio by loan balance

The following table sets forth the composition of our gross loan portfolio as of the dates indicated according to the outstanding amount borrowed (principal and accrued interest).

	As of December 31,			
	2015		2014	
	Loan amount[(1)]	% of portfolio	Loan amount[(1)]	% of portfolio
	(in millions of EUR, except percentages)			
Outstanding Principal Amount Borrowed				
Less than EUR 200	44.4	10.4%	73.4	23.2 %
Between EUR 201 - 400	101.1	23.8%	84.8	26.8 %
Between EUR 401 - 600	75.2	17.7%	58.7	18.5 %
Between EUR 601 - 800	52.3	12.3%	30.0	9.5 %
Between EUR 801 - 1000	42.8	10.1%	26.6	8.4 %
Over EUR 1000	109.7	25.8%	43.2	13.6 %
Total loan portfolio...	**425.5**	**100%**	**316.8**	**100 %**

Note:

(1) Loan amounts are gross and include accrued interest.

The following table illustrates the split of our total portfolio in terms of the duration for which the repayment of loans are delayed, as of December 31, 2015.

	As of December 31,
	2015
Total loan portfolio by duration for which the repayment of loans are delayed	
Not delayed.....	50.6%
Delayed 1-30 days.....	5.4%
Delayed 31-60 days.....	3.7%
Delayed 61-90 days.....	3.4%
Delayed 91-360 days.....	21.7%
Delayed over 361 days.....	15.2%

Classification of our loan portfolio

The following table sets forth the classification of our total loan portfolio in terms of performing and non-performing loan portfolios as of the dates indicated.

	As of December 31,			
	2015		2014	
	Amount	% of portfolio	Amount	% of portfolio
	(in millions of EUR, except percentages)			
Performing loan portfolio	268.4	63.1%	208.3	65.8%
Non-performing loan portfolio	157.0	36.9%	108.5	34.2%
Total loan portfolio[(1)]	**425.5**	**100.0%**	**316.8**	**100.0%**

Note:
(1) Loan amounts include accrued interest.

Performing loan portfolio

The following table sets forth our performing loan portfolio (including performing interest) by product as of the dates indicated.

	Year ended December 31,	
	2015	2014
	(in millions of EUR)	
Performing loan portfolio by product:[(1)]		
Single Payment Loans	177.3	150.5
Installment Loans	90.7	57.9
Line of credit	0.5	—
Total performing loan portfolio	**268.4**	**208.3**

Note:
(1) Loan amounts include accrued interest.

Non-performing loan portfolio

We only write-off those loans which are overdue for more than 730 days.

As of December 31, 2015, the Group's total non-performing loan portfolio was EUR 157.0 million, which represents 9.0% of the value of loans issued between October 1, 2013 and September 30, 2015. Taking into account the short-term nature of our loan portfolio, the performing loan portfolio as of the end of a reporting period reflects loans issued in the one month prior to the end of such period. As a result, our non-performing loan portfolio as of December 31, 2015 represented 36.9% of total gross loans outstanding as of such date. Of the total non-performing loan portfolio as of December 31, 2015, EUR 13.5 million, or 8.6%, represented non-performing interest. Our total non-performing loan portfolio increased by EUR 48.6 million, or 44.8%, in the year ended December 31, 2015, compared to the year ended December 31, 2014, mainly as a result of the increase in loan issuance.

As of December 31, 2014, our total non-performing loan portfolio was EUR 108.5 million, 8.8% of the value of loans issued between October 1, 2012 and September 30, 2014. Our non-performing loan portfolio as of December 31, 2014 represented 34.2% of total loans outstanding as of such date. Of the total non-performing loan portfolio as of December 31, 2014, EUR 8.1 million, or 7.4 %, represented non-performing interest. Our total non-performing loan portfolio increased by EUR 39.6 million, or 57.5%, during the year ended December 31, 2014, compared to the year ended December 31, 2013, mainly as a result of a significant increase of portfolio.

The following table sets forth an analysis of our non-performing loan portfolio (including non-performing interest) by product as of the dates indicated.

	As of December 31,	
	2015	2014
	(in millions of EUR, except percentages)	
Non-performing loan portfolio by product:[1]		
Single Payment Loans	118.7	84.9
Installment Loans	38.4	23.5
Total non-performing loan portfolio	**157.0**	**108.5**
Value of loans issued[2][3]	1,739.2	1,226.0
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 represents loans issued during the two-year before commencement of the 90 days past-due period. Therefore, the applicable period for each reporting date is as follows: for December 31, 2015: October 1, 2013 to September 30, 2015; for December 31, 2014: October 1, 2012 to September 30, 2014.
(3) Based on the then-current applicable exchange rates.

Allowance for loan losses

We employ an incurred loss impairment methodology that is prepared in accordance with IFRS. The following table sets forth certain information on our non-performing loan portfolio and allowances for loan losses.

	Year ended December 31,			
	2015		2014	
	Loan amount[(1)]	Allowances for loan losses	Loan amount	Allowances for loan losses
	(in millions of EUR)			
Non-performing loan by product:				
Single Payment Loans.....	118.7	70.2	84.9	45.8
Installment Loans	38.4	22.7	23.5	12.5
Total non-performing loan portfolio and allowances	**157.0**	**92.9**	**108.5**	**58.3**

Note:
(1) Loan amount includes accrued interest.

Analysis of Allowance for loan losses

The following table sets forth an analysis of our allowance for loan losses, including movements in the balance of such allowances, as well as amounts of loans written off.

	For the year ended December 31,	
	2015	2014
	(in millions of EUR)	
Balance of loan loss allowance at beginning of period	**75.4**	**42.2**
Plus:		
Charge for loan loss allowance in continuing operations	84.7	55.6
Charge for loan loss allowances in discontinued operations.....	(0.4)	(4.4)
Less:		
Written-off on disposal of portfolio	(2.8)	(1.9)
Classified to assets held-for-sale.....	—	(1.7)
Loan write-offs	(36.3)	(16.7)
Currency effect.....	(3.4)	2.4
Balance of loan loss allowance at end of period	**117.2**	**75.4**

IX. BUSINESS

1. Overview

We are the largest online and mobile providers of small unsecured consumer loans in Europe based on market share. We offer Single Payment Loans with a short term of up to 30 days and Installment Loans with a medium term of up to 24 months via websites, mobile and selected offline channels. In September 2015, we launched our new product, Credit Line, an open-ended revolving credit line in Finland and, subsequently, in Latvia in September 2016. Our customers include the growing number of consumers who use alternative financial services because of their convenience or because of the customer's limited access to more traditional consumer credit from banks, credit card companies and other lenders.

We believe that our key strengths include our simple, highly transparent product offerings that are convenient for customers; our focus on high customer satisfaction; our deep understanding of and compliance with the regulatory environment; our proven business model realized around economies of scale; an innovative, data-driven approach; our established and efficient debt collection procedures; strong financial position; and an experienced management team.

We use diversified marketing channels to acquire customers, including traditional mass media (including television and radio) as well as digital channels (paid searches, SEO techniques, affiliates and programmatic). Once customers apply for a loan, we determine their suitability through our underwriting process, which relies on data-driven statistical analysis as captured in our proprietary scoring models. As of December 31, 2015, our large scale proprietary database contained information from over 19 million loan applications, including both traditional and alternative data points, that provides us with an efficient underwriting and scoring process which we believe to be an important competitive advantage in our industry. Our scoring model is flexible and can be adjusted for changes in the market or regulatory environment, allowing us to adapt quickly and minimize disruption from such developments. Once we have scored a prospective customer and decided to grant a loan, we have a strong record for delivering high quality customer service with local customer care teams in each operating market. We aim to maximize recovery through an efficient debt collection process. We have a high loan recovery rate (as defined in "*Business - Process - Debt Collection - Debt Collection Statistics*"), with 93% of our Single Payment Loans principal being recovered within two years after maturity, and 91% of our Installment Loans principal being recovered within three years after maturity. All of these processes are supported by our experienced IT, finance, legal and other administrative functions.

With our head office located in Riga (Latvia) London (UK) and Miami (USA) we currently operate through local entities in 16 countries, *i.e.*, Argentina, Armenia, Bulgaria, the Czech Republic, Denmark, Dominican Republic, Finland, Georgia, Latvia, Lithuania, Mexico, Poland, Romania, Slovakia, Spain and Sweden. We offer Single Payment Loans in all of our countries of operation except for Armenia. In addition, we offer Installment Loans in Poland, Latvia, Lithuania, Romania, Spain, Sweden, Denmark and Armenia, although as part of our strategy we plan to expand this offering throughout our international network. Currently, we offer Credit Line in Finland and Latvia. Installment Loans represented 34% of our gross performing loan portfolio as of December 31, 2015. While our offering is predominantly online and mobile, we also cooperate with partners in Latvia, Lithuania, Bulgaria, Romania, Spain, the Czech Republic and Poland, who help us acquire customers, many of whom ultimately become online customers, through physical points of sale, such as post offices, kiosks and brokers. Our broad geographical reach helps us to manage the risk of adverse regulatory changes in a particular country.

In August 2016, the Group finalised the acquisition of TBI Bank, a profitable consumer focused bank operating in Bulgaria and Romania. This enhances the scale of our operations in two existing markets, including offering small ticket size loans of a similar profile to our Installment Loans as well as Point of Sale financing and Credit Cards. In addition, having a deposit funding bank with an EU license brings strategic benefits to the Group, as further described below (see "*—Strategy—Continue to pursue selective expansion opportunities, including making use of our EU banking license*").

Our largest markets by volume of loans originated were, in 2015, Poland, Latvia, Lithuania, Sweden, Finland, Denmark, Spain and Georgia, which together accounted for 96% of our net loan portfolio as of December 31, 2015. As of December 31, 2015, our net loan portfolio, which represents our total loan portfolio minus impairment was EUR 308.3 million compared to EUR 241.4 million as of December 31, 2014. In the year ended December 31, 2015, we generated a profit before tax (after impairment losses

on loans and receivables and general administrative expenses) of EUR 73.8 million and a net profit of EUR 64.1 million. In 2014, we generated a profit before tax (after impairment losses on loans and receivables and general administrative expenses) of EUR 60.6 million and a net profit of EUR 46.3 million.

Our capital to assets ratio was 40 % and 35 % (adjusted for the effect of the 2015 Notes Defeasance (see "*Selected Financial Information and Operating Data - Key Financial Ratios*") as of December 31, 2015 and December 31, 2014, respectively, and our consolidated EBITDA was EUR 110.1 million for the year ended December 31, 2015 and EUR 82.5 million in 2014 (with a profit before tax margin of 23 % for the year ended December 31, 2015). *See "Selected Financial Information and Operating Data*" and the Annual Financial Statements included elsewhere in this Prospectus.

2. Key Strengths

Simple and highly transparent online/mobile product offering that is convenient for customers

We have designed our products to offer simplicity, convenience and transparency to our customers. Our convenient online and mobile loan products aim to protect customer privacy, provide easy online access to funding and offer transparent fee and interest structures. Single Payment Loans are short-term loans (up to 30 days with an option to extend at the customer's discretion) and Installment Loans are medium-term loans (up to 24 months). For Single Payment Loans, customers are charged interest, payable when the principal is repaid, ranging from 7% to 28% in Europe and 35% to 40% in Latin America per 30 days depending on the jurisdiction. For Installment Loans, customers are charged annual nominal interest starting at approximately 65%, payable monthly on the outstanding principal, depending on the jurisdiction, loan amount and maturity. For Credit Line, customers have a minimum monthly repayment, along with a monthly interest rate of 8.5 %. While we charge penalty interest for delayed loans, this is a minimal proportion of our income and we do not employ hidden fees, penalties or automatic loan extensions, with a maximum penalty limited to two times the principal on a defaulted loan.

We design our websites to be as simple and convenient as possible to use, with clear terms and conditions. Typically, customers can expect a decision in less than one minute after submitting an application on a whether a loan will be offered. We believe that our customers value our services as an important component of their personal finances because of the convenience and transparency of our products compared to other available alternatives.

Focus on high customer satisfaction

We emphasize customer satisfaction and operational excellence in order to attract a high proportion of repeat customers, one of the important pillars of our business model. Repeat customers represented on average 79 % of our customers in the year ended December 31, 2015, and the average repeat customer had 3 transactions per year with us. Repeat customers allow us to leverage existing credit score databases and reduce the costs associated with new customer acquisition. They also help give us a stable base to whom we can offer new products to help optimize our performance. We define a repeat customer as a customer who had taken out a loan, repaid it in full, and later applied for a separate loan.

We have developed a customer service division with 598 FTE specialists as of December 31, 2015, delivering increasingly convenient customer support in local languages across all of our markets. We continuously work to improve customer satisfaction by creating personal contact with the customers through telephone calls, e mail and chats to, among other things, discuss product options, address customers' questions, inform customers of their payment due dates and encourage on time payment, discuss options of late payments and help customers with their applications. In addition, we carefully monitor different customer service quality ratios, including but not limited to abandoned call and repeated call rates. We also survey customers on their perception of our quality of service and we actively monitor net promoter scores. We have also started to work with external review sites such as TrustPilot that give independent and publicly available customer feedback. We believe that the quality of our customer service is one of the reasons why customers who wish to access credit again often return to us.

Understanding of and compliance with the regulatory environment

We conduct our business in a highly regulated industry. We work in close cooperation with governmental authorities and consumer rights protection groups to support a fair and transparent market environment and legislative framework. We are a member of and actively involved with the following trade associations:

- Latvian Association of Alternative Financial Services
- Polish Association of Short-Term Loans
- Spanish Association of Micro Loans
- Czech Association of Non-bank Loans
- Danish Credit Management Association
- Georgian Business Association

Our Group and local legal and compliance teams continuously work to monitor the regulatory market and to safeguard our compliance with the regulatory requirements in each jurisdiction. We also work with highly qualified external legal advisors in different jurisdictions who inform us about upcoming changes in regulation and provide us with their advice. In addition, we are a member of professional associations in most of the jurisdictions in which we operate and through these associations we can both influence the regulatory development as well as share knowledge with our peers. Consequently we believe that we have the skills and capacity to manage the numerous regulatory requirements applicable to our business.

Proven business model realized on economies of scale

We have established ourselves as a leader in European online and mobile consumer lending with a unique reach across a large number of European markets. We use traditional and digital marketing channels to acquire customers. We benefit from the high visibility that our marketing has helped develop and investment in marketing technologies allows us to target the most efficient marketing channels in each of our operating countries. As we utilize our data-driven marketing strategy and attract potential customers, we determine their suitability through our underwriting process, which relies on our scoring model. We have built in-house expertise with our proprietary credit scoring databases containing information from over 19 million loan applications (as of December 31, 2015), including both traditional and alternative data points, which provides valuable insight into customer attitudes and behaviors in our existing markets. Since our inception until December 31, 2015, we have issued loans of an aggregate of EUR 2.9 billion and, as of December 31, 2015, 4finance had reached 4.6 million registered customers. Customer attitudes and behaviors are similar across markets and our information in relation to existing markets can provide us with an advantage when applied to new markets.

Our dynamic credit scoring model aims to ensure that we capture the highest quality and potentially most profitable customer base in our existing and target markets. We look to set acceptance thresholds that both manage our risks and maximize our profitability. Our non-performing loans as a percentage of issued loans has been stable and was 9.0% as of December 31, 2015, compared to 8.8% as of December 31, 2014. Such ratio takes into account non-performing loans as of a specific date (for example, December 31, 2015) as a percentage of loans issued during the two year period finishing 90 days prior to that specific date. Our net profit has grown from EUR 35.8 million for the year ended December 31, 2013 to EUR 46.3 million for the year ended December 31, 2014, and to EUR 64.1 million for the year ended December 31, 2015.

Our flexible business model can be implemented relatively easily and cost-efficiently into new markets, which we believe is a competitive advantage.

Innovative, data-driven approach

We believe that we have the capacity, experience and expertise to stay ahead of our competitors in terms of innovation in our services and product offerings, expansion capabilities, ease of use, customer convenience and anticipation of and compliance with regulatory changes. In addition, our IT systems have demonstrated a track record for reliability and performance. We believe that our in-house IT team will be able to maintain the current level of, and further develop, our IT systems.

We use data-driven analysis and data-driven decision making in all aspects of our business. This use of data improves our understanding of existing and potential customers, enabling us to optimize our marketing expenditure, enhance credit risk management and also to develop new products efficiently.

For example, in our credit scoring, as well as traditional data sources such as credit bureaus, we also evaluate predictive data from alternative sources such as social networks and use technologies such as device fingerprinting to combat fraud.

Our marketing technology is increasingly sophisticated and allows us to dynamically adjust investment in different marketing channels to optimize the amount and type of traffic directed to our websites. We believe this targeted, data-driven approach brings us potential customers who are more likely to apply for our loans and reduces our cost per acquisition of new customers; an important component of operating costs.

Established and efficient debt collection procedures

We have developed policies and procedures for internal debt collection with proven cost and recovery efficiencies. They have resulted in a Single Payment Loan average recovery rate of 93% of the full principal within two years after maturity and an Installment Loan average recovery rate of 91% of the full principal within three years after maturity (as defined in "*—Process—Debt Collection—Debt Collection Statistics*").

We mainly handle debt collection of payments delayed up to 90 days past maturity in-house and over the years we have gained substantial expertise in debt collection strategies. In certain countries, we outsource selective portions of our debt collection activities, which allows us to test and compare the efficiency of internal versus external debt collection. We monitor results of debt collection procedures and implement what we deem to be the most appropriate and efficient procedure in each jurisdiction, thereby increasing the effectiveness of our debt collection process.

We do not employ controversial cash collection practices, such as the use of continuous payment authority or the siphoning of monies from customers' bank accounts. Such practices are controversial and will or may become illegal in certain jurisdictions. Due to this fact, and also from a customer relations and loyalty perspective, we believe that our business model is more sustainable than those of our competitors that do engage in those type of debt collection practices.

Strong financial position

We have a strong balance sheet and have demonstrated strong cash flow characteristics supported by a flexible business model and a disciplined growth strategy. We achieved an annualized return on average equity and an annualized return on average assets from continuing operations of 41% and 14% respectively in the year ended December 31, 2015, as well as a profit before tax and interest income growth for continuing operations of 22% and 44%, respectively in the year ended December 31, 2015, compared to the same period in 2014. We have achieved a consistently high profit before tax margin of 23% for the year ended December 31, 2015 compared to 28% for the year ended December 31, 2014. We are well capitalized with a capital to assets ratio of 40% as of December 31, 2015. We employ a conservative strategy regarding the maturity profile of our balance sheet. The majority of our loans and borrowings are not due for at least one year, whereas our customer loan portfolio is short term in nature, with 71% of the performing loan portfolio as of December 31, 2015 having a maturity of less than 90 days. Our capital cycle ranges from one to four months, enabling us to generate revenue and reinvest it into new loans to customers.

We operate a highly flexible cost base and infrastructure. 87% of our general administrative costs shown in our income statement for the year ended December 31, 2015 were variable costs which strongly correlate to loan sales (i.e., all marketing and sponsorship costs, personnel costs, application inspection costs, IT expenses, debt collection costs, communication expenses and bank services). Our revenue base is geographically diverse, which has helped us to naturally hedge our financial performance against foreign exchange rate movements in our different markets. We believe this has supported our stable historic growth profile.

Experienced management with proven track record

Our executive team and country managers consist of experienced professionals who have worked in different segments of the international financial and banking sectors. Their knowledge, experience and support have proven to be significant assets to us both on the strategic front and in the development of new products and we believe such knowledge, experience and support provide us with a significant competitive advantage.

3. Strategy

Consolidate and strengthen our current leadership position

We have achieved a leading position in the Single Payment Loans market in Central and Eastern Europe and Scandinavia as measured by total loan portfolio size. Our net loan portfolio amounted to EUR 308.3 million as of December 31, 2015 and continued to grow on a month to month basis during 2015. We plan to continue building on our business processes in our established markets to achieve maximum efficiency in our operations. We have also adapted our products to comply with new regulatory requirements which came into force in a number of jurisdictions in 2016, including Latvia, Lithuania and Poland. We believe that there is substantial growth opportunity in the 14 countries in which we operate, which we plan to capture by further development of distribution channels and investments in marketing, IT and customer service.

We plan to invest in marketing in all markets of operations to maintain or increase our high brand recognition and grow our market share. We aim to increase the number of distribution channels we use in order to attract new customers. We also plan to continue to refine our underwriting and debt collection processes in every market of operations and more significantly in our recently launched markets, such as Romania, Argentina, Armenia and Mexico.

Additionally, as our smaller and less sophisticated competitors (both online and storefront) struggle to adapt to both ongoing regulatory developments and evolving customer preferences, we believe we have the opportunity to gain additional market share.

Leverage on technology

We plan to continue to invest in our underlying systems and technology. We aim to enhance our software platform to support more rapid product development and rollout of products across our countries of operation. We will continue to integrate the latest technologies into our business, including in the areas of digital marketing, anti-fraud, risk tools and payment systems.

As we capture an ever broader range of traditional and alternative data, we will further develop our data management and governance capabilities so that the information can be effectively utilized in our marketing technology, credit scoring and risk management.

Develop product offering

We plan to continue our innovative approach, offering convenient online services and transparent and competitive lending products to customers not served by traditional lenders. We plan to continue to leverage our existing proprietary database to introduce Installment Loans in existing markets where we do not already offer them, and also develop new products in certain markets. For example, in 2015, we launched our new product, Credit Line, in Finland, later launched also in Latvia in 2016.

Continue to pursue selective expansion opportunities, including making use of our EU banking license.

Our business has grown substantially in recent years, and we continue to monitor business development opportunities in new countries, particularly Latin America, as well as existing markets. Making use of both organic growth and acquisitions, we aim to leverage our existing expertise to expand into countries which we believe have an attractive customer base and growth potential.

In addition, the TBI Bank acquisition allows us to diversify and lower our costs of funds as well as operate within certain jurisdictions which require a license. It also gives us the flexibility if changes to any country's regulations restrict lending business only to entities which maintain banking licenses. In addition, TBI Bank's expertise and capabilities in products such as Credit Cards and Point of Sale financing can be used to help broaden the Group's product range.

The decision to acquire an existing entity or expand through organic growth in a new market is driven by the analysis of several factors, including acquisition price, the costs and time required to build up a local operation, licensing requirements and the likelihood that we could successfully manage the integration of an existing entity into our Group operating model. For example, in 2015, we started greenfield operations in Romania and Mexico, but acquired small businesses in Armenia and Argentina that accelerated our entry into those markets.

As we aim to build one of the world's leading digital consumer finance businesses, we constantly study potential acquisition opportunities around the world. In the future, we are considering expanding into new markets in Africa and/or Asia through the acquisition of existing entities. Both regions are particu-

larly attractive to us on account of favorable demographics, fast growth, openness to new technologies to address consumer needs and relatively favorable regulatory environments.

4. Products

a. Single Payment Loans

We offer Single Payment Loans to customers in all of our countries of operation except for Armenia, where we expect to launch this product in 2016. Single Payment Loans are short-term, unsecured loans provided in principal amounts of between approximately EUR 5 and EUR 2,010 for a term of up to 30 calendar days. We generally disburse loans to a customer's bank account within 15 minutes of approving an online application. In Argentina and Mexico, such transfers can take between 12-24 hours due to local banking systems. Repayment amounts and dates are finalized at the application time. Customers have the option to repay the loan on the due date or pay a fee to extend the loan terms for a further fixed period of up to 30 days. A loan may be extended in such a way several times depending on the regulation in each country, with the maximum period in any country being one year. If a customer has extended for one year, the customer is contacted by one of our customer service representatives in order to agree a suitable repayment schedule. In each of our markets, the interest we levy ranges from 7.3% to 40% per 30 days. In certain countries, we offer new customers of Single Payment Loans a discounted or interest-free first loan, whereby the customer may repay a loan with no interest at the end of the first 30-day period.

The table below describes key terms for repeat customers of Single Payment Loans in our countries of operation, ordered in accordance with the date of launch of operations in the respective countries. For the relevant websites used for the products, see "*Business—Intellectual property*."

Country	Launch / Acquisition Date	Product Name	Approx. Minimum Amount (EUR)	Approx. Maximum Amount (EUR)	Term (days)	Application
Latvia	July 2008	SMSCREDIT	50	425	10 - 30	Internet, phone, phone text message (sms), offline partners (e.g., post office, gas stations, kiosks) smartphone application
Latvia	October 2014	ONDO	50	425	10 - 30	Internet, phone, phone text message (sms), offline partners, smartphone application
Lithuania	November 2008	SMSCREDIT	50	750	14 - 30	Internet, phone, phone text message (sms), offline partners (post office, kiosks), smartphone application
Finland	May 2009	VIVUS	10	2,010	3 - 30	Internet, phone
Sweden	August 2010	VIVUS	5	1,735	1 - 30	Internet, phone
Denmark	April 2012	VIVUS	13	1,340	1 - 30	Internet
Poland	July 2012	VIVUS	23	1,160	1 - 30	Internet, phone, offline partners, smartphone application
Spain	December 2012	VIVUS	50	800	7 - 30	Internet, phone, offline partners, smartphone application, loan shops
Georgia	February 2013	VIVUS	20	246	1 - 30	Internet, phone, offline partners including loan shops
Georgia	March 2013	MY-	19	380	5 - 31	Internet

Country	Launch / Acquisition Date	Product Name	Approx. Minimum Amount (EUR)	Approx. Maximum Amount (EUR)	Term (days)	Application
		CREDIT				
Czech Republic	Re-May 2013	ZAPLO	37	740	7 - 30	Internet, phone, offline partners, smartphone application
Poland	August 2013	POZYCZKOMAT	45	904	7 - 35	Internet
Slovakia	October2013	POZICZKOMAT	50	500	7 - 31	Internet
Bulgaria	December 2013	VIVUS	25	511	5 - 30	Internet, offline partners
Czech Republic	November 2014	PUJCKOMAT	18	369	5 - 31	Internet
Romania	June 2015	ZAPLO	34	336	5 - 30	Internet, offline cash at the partner
Argentina	May 2015	VIVUS	60	367	7 - 30	Internet
Spain	November 2015	CREDITOCAJERO	50	300	5 - 31	Internet
Mexico	November 2015	VIVUS	51	304	7 - 30	Internet
Dominican Republic	August 2016	VIVUS	20	304	7 - 30	Internet

In all of our countries of operation, we offer Single Payment Loans via our internet platform. In addition, in certain countries, such as Latvia, Lithuania, Poland, Czech Republic, Spain, Georgia and Bulgaria, we also offer Single Payment Loans by phone, iOS and Android applications or through offline points of sale maintained either by us or partner organizations. In addition to these platforms, we also offer Single Payment Loans by text message (SMS) in Latvia, Lithuania, Georgia, Czech Republic and Sweden.

Generally, the approximate maximum Single Payment Loan amount we offer does not exceed EUR 800. However, in certain jurisdictions with financially stronger customers, such as Finland, Denmark and Sweden, we offer a higher maximum amount of up to EUR 2,010. In Georgia, the maximum Single Payment Loan amount we offer does not exceed EUR 255. In December 2015, the average loan was EUR 258 for existing customers. (Note that the average amounts are affected by a number of factors including launching new jurisdictions and changes in regulation and risk profile. Customers can also take additional amounts; these are not included here.)

We expect to launch Single Payment Loans in the new jurisdictions in which we may operate in the future.

b. Instalment Loans

Currently, we offer Installment Loans to customers in Latvia, Lithuania, Sweden, Poland, Armenia and Denmark. As part of our overall strategy, we intend to offer Installment Loans in more of the jurisdictions in which we operate. Our Installment Loans are unsecured loans in amounts of between approximately EUR 50 and EUR 3,245 for a term of up to 24 months. Installment Loans generally require repayment of portions of the outstanding principal balance in multiple monthly installments, with the option to extend repayments for up to 30 days. As of December 2015, we charge a nominal annual interest rate of between 61.9% – 108.0% on our Installment Loan product. Our Installment Loans also allow customers to re-borrow amounts and increase installments in increments of their choosing, up to the

provided loan limit. The customer may repay the outstanding loan balance in full at any time or make required minimum payments in accordance with the terms of the loan agreement.

We also offered Installment Loans in Finland from August 2012 until November 2015, when we suspended our offering of such products. We may re-launch Installment Loans in Finland, depending on market evolution.

The table below describes key terms for repeat customers of Installment Loans in the countries in which we operate.

Country	Launch Date	Product Name	Approx. Minimum Amount (EUR)	Approx. Maximum Amount (EUR)	Term (months)	Application
Latvia	August 2009	VIVUS	50	1,500	1 - 24	Internet
Lithuania	August 2011	VIVUS	100	3,000	1 - 24	Internet, offline partners, offline cash (loans paid in cash in post offices)
Sweden	October 2012	ONEA	54	3,245	1 - 24	Internet, phone
Poland	April 2014	ZAPLO	232	2,320	3 - 24	Internet, phone
Armenia	April 2015	GOOD CREDIT	96	385	1 - 4	Office
Denmark	June 2015	ZAPLO	670	2,680	3 - 18	Internet
Spain	May 2016	ZAPLO	300	2,500	3 - 24	Internet
Romania	July 2016	ONNEN	221	2,216	3 - 24	Internet

During 2015, the average Installment Loan amount at issue across all jurisdictions was EUR 751. The maturity of Installment Loans also varies by country. In Latvia, Lithuania, Sweden and Poland, Installment Loans may carry a maturity of up to two years. The Installment Loans that we offer in Armenia (via GoodCredit) and Denmark do not exceed four months and 18 months, respectively.

In Lithuania and Poland, prospective customers may apply for Installment Loans either through our internet platform or at an offline point of sale. In Armenia, prospective customers apply at the offices of GoodCredit. In the other three countries where we offer Installment Loans, customers apply via our internet platform.

We expect to launch Installment Loans in the new jurisdictions in which we may operate in the future.

c. Credit Line

In September 2015, we launched our new product, Credit Line, in Finland. Credit Line is an open-ended revolving credit line of up to EUR 2,100. Customers have a minimum monthly repayment, along with a monthly interest rate of 8.5%. Pricing and fees charged to customers are transparent, and provided that the minimum monthly repayment fee is met, Credit Line has flexible payment options, and customers can change their repayment date. The distribution channels for Credit Line isonline. We plan to expand Credit Line to other countries of operation. In September 2016, we launched Credit Line also in Latvia.

d. Online deposit-taking

In Sweden, we offer deposit-taking services online to individuals for terms of up to three years and also offer call deposits under the brand “4spar”. As of December 31, 2015, total deposits of 4spar AB (a subsidiary in Sweden) were EUR 9.1 million. The activities of 4spar AB are primarily regulated by the Swedish Deposit-Taking Business Act (*Sw. lag (2004:299) om inlåningsverksamhet*). The maximum amount of any deposit that can be accepted from a customer is limited by Swedish law to SEK 50,000 (approximately EUR 5,400).

We offer six types of deposit products on the Swedish market, as detailed in the table below. Customer service for all deposit accounts is offered at no cost to the customer. Clients may also withdraw money directly from their profile page at www.4spar.se without contacting customer service beforehand.

Account	Interest type	Interest
Deposit account 6.5 %	Floating	6.5
Interest account 3 Month	Fixed	7.1
Interest account 6 Month	Fixed	7.6
Interest account 1 Year	Fixed	8
Interest account 2 Year	Fixed	9.1
Interest account 3 Year	Fixed	10

Call deposits are offered for an unlimited term and may be withdrawn by a customer at any time without a fee. Call deposits bear a floating interest rate that currently is 6.5% *per annum*. The minimum amount for call deposits is SEK 1,000 (approximately EUR 115).

Deposits on interest accounts are offered for fixed terms of between three months to three years, and may not be withdrawn early by a customer without the loss of interest accrued on them. Deposits on interest accounts bear a fixed interest rate that currently is between 7.1% and 10% *per annum* depending on the term of the deposit. The minimum amount required to be deposited in respect of interest accounts is in each case SEK 10,000 (approximately EUR 1,150).

e. New Product Development

Our growth has been based on understanding our customers' needs and providing clear, flexible and convenient solutions to their problems. Continuing this tradition, we are developing a suite of products targeting customers at the mid-to sub-prime end of the market. When determining whether to introduce a new product, we take into consideration the following:

(i) **Customers' Profile**: we analyze a number of factors such as whether the customers' expenditure matches or exceeds their income, if they have limited or no savings, if they have recently been late on making any payments, if they have a limited credit history (for instance if customers are of a young age or recent immigrants), whether customers use financings to provide for lifestyle choices or necessities, whether they have relationships with banks and if they are employed by a third party or self-employed.

(ii) **Financial needs**: we analyze whether customers require financing in order to pay their bills, purchase consumer goods, purchase automobiles, pay for travel, social and family events, or pay for education or medical expenses or home improvements.

(iii) **Drivers**: we analyze whether the financing needs arise due to an emergency, whether they are spontaneous or pre-planned and whether customers are looking for speed and simplicity, to be able to perform monthly payments or to increase affordability.

Accordingly, we introduced our Credit Line product in Finland in September 2015, and intend to pilot further new products during 2016.

f. TBI Bank – Product overview

TBI Bank offers its retail customer base three main lending products: consumer loans, point-of-sale financing and credit cards. The bank also lends to small- and medium-sized enterprises, including leasing. The business is mainly funded by deposits and current accounts, which are gathered from both consumers and SMEs.

Consumer loans:

Consumer loans (which are similar to Installment Loans offered elsewhere in the Group) represent approximately half of the gross consumer lending portfolio as of 30 September 2016. Unsecured personal loans are offered with a maturity from 3-36 months in Bulgaria and 6-60 months in Romania with average sizes of approximately EUR 580 and EUR 1,037 respectively. Loan application is done mainly in branch, with a rapid approval process. The average IRR on consumer loans is approximately 62% for Bulgaria and 49% for Romania (including application review fee, interest rate and insurance).

Point-of-sale financing:

Through its wide network of retailers, customers can finance purchases through loans granted at point-of-sale at over 4,000 sites. The approval process takes up to 15 minutes and, if accepted, customers are offered a repayment period of 3-48 months (Bulgaria) and 6-60 months (Romania). POS loans comprise 42% of gross consumer loans as of 30 September 2016 with an average loan size of EUR 350 for Bulgaria and EUR 693 for Romania. The typical IRR is 36% for Bulgaria and 51% for Romania (including fees).

Credit Cards:

TBI Bank has a Payments Institution license and issues credit cards on the MasterCard network. Credit cards have an annual fee and interest is charged at an annual rate of 18-20%. Outstanding balances were 6% of gross consumer loans as of 30 September 2016.

SME / leasing:

TBI Bank offers a limited amount of corporate loans to customers, focusing on the micro and small enterprises. The portfolio is roughly 2/3 in Romania and 1/3 in Bulgaria with an average ticket size and tenor of EUR 110k for 5 years in Romania and EUR 67k for 3 years in Bulgaria. The majority of SME loans are collateralised.

Deposits:

Term deposits are offered to customers in BGN, RON and EUR at a range of interest rates from 1.5% to 2.5% for consumers and 0.7% to 2.3% for SMEs. The average remaining contractual term for consumer deposits is 8 months. Funding is also supplied by current account balances.

TBI Bank's customer deposits by client and type are shown below.

	30 September 2016	31 December 2015 (in millions of EUR)	% Change
Consumer deposits total	134	123	9%
- Current accounts	11	13	(12)%
- Term deposits	123	110	12%
SME deposits total	52	66	(21)%
- Current accounts	31	49	(36)%
- Term deposits	21	17	22%

5. Marketing

Our customers include the growing number of consumers who use alternative financial services because of their convenience or due to their limited access to more traditional forms of credit from banks, credit card companies and other lenders. When people need a bridge in income for emergency or other spending, or want to use a brand they trust for a larger expense that they can repay over a longer term, we want to be an active part of their consideration process and financial planning 'toolkit'. Therefore marketing is key to our customer acquisition strategy and is essential in reaching those consumers at the right time, with the right message and through the right media channels. We also have a dual-brand strategy in some markets, for example SMSCredit and Ondo Single Payment brands in Latvia and the recent addition of Friendly Finance brands to allow a different brand identity and positioning within markets to maximise customer reach.

We have invested in data-driven marketing analysis and the very latest marketing technology (Mar-Tech) allowing us to deploy the most efficient marketing mix in each country and attract potential customers in a targeted manner. Our marketing investment during the year ended December 31, 2015 was EUR 50.1 million. We continue to conduct impactful above the line (ATL) advertising campaigns to increase awareness, drive trust, and provide messages of reassurance, while at the same time driving action, response and conversion below the line and in our strong digital channels. Our media approach and investment varies by market and competitive set in that market. In a country such as Georgia, television advertising is an inexpensive way to get good coverage of the target audience, while in Spain, for example, it is a very competitive market and TV presence is closely correlated to business perfor-

mance and impact. We use a range of offline marketing channels besides television, such as radio, advertising on billboards and public transport and sponsorship.

Our key routes to market include online marketing channels such as cost per click (CPC, also referred to as pay per click, PPC), which is a model of internet marketing in which advertisers pay a fee each time one of their ads is clicked. This is an important performance marketing channel, where the most relevant promotion and placement has a higher likelihood of driving consumer action; Search Engine Optimization (SEO), *i.e.*, enhancing the visibility of a website in a search engine's unpaid search results. As Google, Bing, Yahoo! and other local search engines move their focus beyond simply scoring search results based on relevance and mobile optimization to the depth of information and interaction in your website, content marketing and blogging has become an important part of our marketing mix; Affiliate marketing, where a commission is paid for each successful transaction, and other internet marketing, including website display advertising drive additional volume and coverage across our target audience.

As part of our corporate responsibility program, we provide support to both social start-up projects and charity programs, which have historically attracted increased brand awareness. We are investing in a 'Borrow Responsibly' consumer campaign to support and educate people to better personal financial management, with the first site of this campaign launched in Latvia in the first quarter of 2016.

We have a centralized marketing department at the Group level which sets out the framework for our marketing strategy and budget. In addition, in each of the jurisdictions in which we operate there is a local marketing department which coordinates local needs and ideas with the Group marketing department. We maintain marketing agreements with multiple media and marketing agencies across the jurisdictions in which we operate, regularly reviewing agency performance to ensure we are getting the most efficient market prices.

We utilize a three-phase country launch marketing strategy. When entering a new market, we employ online marketing channels to build initial awareness and drive customers to the product while we optimize the risk profile and website conversion. In the second phase, known as the market rollout phase, we begin to promote the proposition through offline channels, including television and radio. In the third phase, which we implement in our more mature markets, we use sponsorship and corporate social responsibility activities to market our products and provide additional repeat usage support and reassurance. Based on several marketing studies we have performed, we believe that in Denmark, Finland, Georgia, Latvia, Lithuania, Poland and Sweden our brand awareness is high and we use online and offline marketing channels to maintain this level of awareness. We also use online and offline marketing channels in the Czech Republic and Spain, where media costs are higher but competition is strong. In Latvia and Lithuania, which we consider to be more mature markets, we also provide sponsorships and support projects in sports, music, education, environment and other areas to maintain high visibility and create a strong positive brand reputation. For example, we support music schools in Latvia and Lithuania by donating musical instruments; we sponsor basketball and football clubs and other athletic organizations, including the Latvian Olympic team in Sochi in 2014, the Lithuanian Olympic Committee and the Lithuanian Premier League in football. In Armenia and Georgia, traditional advertising channels are a cost effective means to maximize reach and frequency of message, supported by digital acquisition. In Bulgaria, Argentina and Mexico we mainly focus on online marketing channels, with additional promotion on social media channels which are strong in those markets. In Romania, we mainly focus on digital channels but have started promoting on TV to develop even greater brand awareness.

Our investment in MarTech is key to our competitiveness. These platforms deliver more efficient, cost-effective marketing. As well as driving efficiencies, we learn more about our target audience and can optimize our communications automatically. Our platform investments include:

(i) Realtime Web Analytics platform: we work with a leading analytics engine, Webtrends, to understand our website traffic, where it is coming from and how we can make changes in the customer journey and user experience to drive increased conversion. We also use systems called Kissmetrics and ClickTale to run A/B testing and analyze user behavior in the customer journey;

(ii) Media Attribution engine: this platform, developed with leading omni-channel attribution company, Visual IQ, allows us to track and optimize the return on investment through each marketing channel, allowing for more efficient, performance-based media planning and reducing the cost of media planning at a third party agency level. Few companies use full media attribution, instead relying on their media agencies to guide buying decisions, which

leads to discounts not being passed on to the client and buying performance not being managed effectively. This engine analyzes the performance of our media placements and related conversion data over the past 2 years, and uses machine learning to automatically optimize our media plans;

(iii) Programmatic Trading engine: this is a complete first-party real-time digital advertising engine, developed with a leading AdTech company, Iponweb. We are implementing Real-Time Bidding for digital advertising (RTB). This allows us to promote and optimize online ad placements automatically through advanced machine learning based on those placements yielding the highest conversion rates or allowing us to target audience segments discretely. Through the platform, we connect to the world's top digital advertising exchanges directly rather than through third parties, thereby saving cost and ensuring control of all data. In a very competitive online display advertising market, by running this platform in-house (rather than with an agency) we are able to manage the channel more closely, maximize spend and learn directly about the best triggers to drive customer interest and action;

(iv) Affiliate Marketing Platform: Affiliate publishers include a range of companies from financial comparison websites to content marketing companies that create financial information and guidance with a link for the consumer to apply for related products. The promoter, in this case the affiliate publisher, takes a commission payment based on converting the consumers who visit their sites into actual accepted customers, on a cost per loan basis. This is one of the most accountable and essential marketing channels as the affiliate publishers are responsible for driving traffic to their own properties and are conversion specialists, yet we only pay for success. They do, however require the lender to be providing additional marketing awareness and education support in ATL and other channels to make this model a true success. Our Affiliate Marketing engine is a first-party platform allowing us to retain direct relations with the most valuable affiliate publishers themselves and saves the cost of an intermediary network. This in turn means we can be even more competitive in the market with our commission rates;

(v) SEO platform: this improves search optimization of websites and reduces the proportion of paid digital advertising needed. As the focus moves onto content marketing as well as more traditional keyword and website optimization, measuring the effectiveness of SEO activity is essential in creating differentiation from competitors. For example, we would know if new terms and words were indexing highly on Google in response to a market change or new story and would create content that would be found under these new internet searches with the help of our SEO platform;

(vi) Customer Relationship Management ("**CRM**") system: This gives us a single view of the customer that will help sales, marketing and call center staff deliver the right product to the customer based on his or her previous history or predictive customer profiles. A CRM system sits at the heart of the offering to a registered user and customer. Matching offers to customer profiles and allowing for the profiling and saving of higher value customers will ensure long-term sustainable growth and reinforce expenditure on acquiring those customers in the first place;

(vii) Autodialer/CTI (Computer Telephony Integration), an automated call center technology to improve customer call handling, efficiency/volume and call quality. Removing manual processes and automating call management in our contact centers improves our efficiency and throughput;

(viii) Marketing Automation platform: together with enhanced CRM capability, this will send event and trigger-based communications to opted-in customers and prospects through preferred marketing channels. This will happen automatically based on the rules set within the engine and be driven by data on predictive behavior. It will allow us to configure and create landing pages and change page content based on target audience, timings and referral channels.

6. Underwriting and Review

Overview of the underwriting and review process

The steps in both the Single Payment Loans and Installment Loans underwriting process include, in order: (i) customer application for a loan, (ii) customer registration and identification, (iii) credit scoring,

and (iv) loan agreements and advancement. The underwriting process is mostly performed automatically using our proprietary IT systems and decision systems. The processes requiring manual input, which include receipt of customers' applications at physical points of sale and manual customer identification, are also automated to the extent possible. The day-to-day underwriting process is handled by local offices in each country of operation.

The review process is divided into the following five stages. First, we check the age of the applicant. Generally, applicants under the age of 18 or over the age of 70 are denied, although the lower limit varies from 18 to 23 years of age and the upper limit varies from 60 to 80 years of age depending on the country. For new customers within the allowable age limit, we proceed to the identification stage. For repeat customers, the second stage involves checking if there is an open loan. Repeat customers without an open loan progress to the third stage. Repeat customers with an open loan will be denied a new loan of the same type as the outstanding loan, unless the customer's credit score and the product allow higher credit than already drawn by the customer. If the application is for another type of loan (for example, the customer already has an open Single Payment Loan but the application is for an Installment Loan), the application will proceed to the third stage. The third stage, for those customers who have passed the first two stages, involves checking whether the customer is internationally blacklisted. If the customer is not on any international blacklist, we proceed to the fourth stage wherein information in relation to the customer (using a variety of data sources including credit bureaus) is collected and a credit score for the customer is calculated. If the credit score is acceptable, the loan is approved, a loan agreement is entered into with the customer and the loan is paid out.

Customer application for a loan

Our prospective customers can apply for Single Payment Loans and Installment Loans via our internet platform, and, in certain of our countries of operation, by phone, text messaging or smartphone applications or via one of our offline partners. See "—*Offline partners,*" below. Application via text messaging is available to registered, returning customers, while smartphone applications allow prospective customers to apply by accessing the mobile version of our website remotely. The majority of our customers apply for loans online; in 2015, applications through offline partners represented 7.1 % of overall applications. In Spain, customers can also apply for loans by phone, although revenues from such telephone sales are minimal.

Customer registration and identification

When a customer enters our website, they are required either, in the case of a repeat customer, to log in using their existing website account or, in the case of a new customer, to create a website account by filling out a registration form and providing key identification information such as ID number, date of birth, home address, place of work and contact details.

Upon completion of registration, the customer is identified. We use the customer identification methods we deem to be the most effective ones, which vary by country and commonly depend on local regulations and available sources of information about the customer. We employ three principal methods of customer identification: (i) nominal payment, such as transfer of at least 0.01 in local currency from the customer's bank account; (ii) electronic identification, where the customer is requested to log in to their existing internet third-party bank account and the third-party bank provides customer identity information to us which we can check against registration information provided by the customer; or (iii) manual identification, which is made either by us checking scanned copies of the prospective customer's identification documents and bank statements, or by one our offline partner offices checking physical copies of such identification documents and bank statements. See "—*Offline partners*" below. In some countries, electronic identification is made through electronic signatures or similar methods. The identification process also includes checking the customer's identity against available databases or data available from banks, depending on the country.

Credit underwriting & fraud risk assessment

We have an automated underwriting process which consists of three levels—policy rules, fraud rules and scoring. From our inception in 2008 up until December 31, 2015, we had analyzed over 19 million loan applications and have significant experience in credit scoring using the data collected. We have developed what we believe to be a high level of expertise in these markets with our proprietary, credit scoring databases that give us invaluable insight into customer behavior. We use an internally developed credit scoring model to score a prospective customer's credit rating.

Information that is collected and analyzed includes customer credit history and income levels, amounts borrowed by the customer, information on unpaid debts, information regarding the customer's previous requests for loans, declared and actual addresses, marital status, real estate owned by the customer and other data like web browsing history, mobile operator, email domain, social networks and the device from which the loan application is made. To obtain such information, we use internal and external databases, as well as, among other things, real estate registers, information from credit bureaus and/or criminal records run by governmental or regulatory bodies, depending on whether such information is publicly available in the country in question.

For an application to be successful, the customer must satisfy several criteria that we establish and adapt as necessary, including requirements in respect of, age, marital status, affordability, credit history, and an absence of overdue debt in the past. These criteria are used to create a scorecard and set credit policy rules for each country in which we operate. The exact criteria and specific requirements to meet each criterion set out in the scorecards vary slightly among our different countries of operation. We also apply separate scorecards for first-time and repeat customers, as well as for Single Payment Loans, Installment Loans and Credit Line products.

Fraud risk assessment is an integral part of the lending process and is fully automated involving the following steps:

- client personal data validation in the registration form including data crosschecks in external databases and data validation with predefined algorithms;
- client communication message verification in local languages to assure that communication does not disclose fraud check information;
- client online behaviour monitoring and assessment by using device fingerprinting and IP address details, including building rules on velocities, monitoring device and IP address reputation, checking for online environment anomalies; and
- internal blacklisting (personal ID, address, device and IP blacklists), quality monitoring and analysis.

Our scorecards are prepared by our centralized risk department in close cooperation with our local risk managers. The scorecards are regularly evaluated and calibrated. We create scorecards based on the information provided by customers, credit bureaus, stored behavioral data, social network data, web browsing history, email domain and device data. We develop the first scorecard once we have processed 2,000 or more applications in the relevant jurisdiction. Typically, we can create a scorecard for a new jurisdiction within 12 to 18 months after a product has been launched. Before scorecards are developed for a jurisdiction, we compare the data collected for customers with estimated criteria based on research and available information on the relevant market. We do not increase the volume of loans in a new market until scorecards based on sufficient customer volume have been created for that jurisdiction.

We prepare credit scoring models on a regular basis for each of our loan products in each of our jurisdictions. These models are developed using local data based on availability. The data is first collected and validated for completeness and validity. After the data sample file is prepared, we measure the correlation between variables by analyzing which variables have the biggest impact on performance and which are most likely to predict default. The data is then modeled to find the most effective predictive variables and score values are assigned to each variable using regression analysis. Once the model is developed, it is then validated against a separate sample to ensure that the scorecard works on independent data. Once the scorecard has been reviewed by the CRO, the country manager and, if applicable, the local risk manager, the card is put into testing mode. During this period, all incoming applications are scored but the score is not used in the actual credit decision. After this testing period, the results of the test are reviewed by the CRO, the country manager and, if applicable, the local risk manager. If performance is deemed acceptable, the scorecard is then moved into live mode and used in credit decisions. Scorecards are regularly reviewed for changes in quality and stability. If significant deterioration is noticed, the scorecard is redeveloped using the same process described above. For new markets, the methodology described above is implemented once enough data has been collected to be able to create a reliable scorecard. Statistical models, which are used to build scorecards, are improved as more data is obtained. We aim to continuously develop and evaluate our scorecards and have the flexibility to make relevant adjustments to our scoring process to adapt to any changes in the

relevant market or regulatory requirements. Our scoring models are tailored to each country's requirements to take into account personal data usage restrictions and the availability of personal data.

In general, we use separate underwriting approaches for new and repeat customers. New customers are evaluated mainly using external data sources, while for repeat customers we mainly rely on our experience, *i.e.,* their internal credit history. As new customers carry significantly more risk, the initial amount of money we offer is on average 66% less than that available to our best performing repeat customers. We also apply more strict credit and anti-fraud policies for new customers. This is a robust process, where emphasis is placed on the quality of the customer. Over the course of 2015, the acceptance rate for new customers fluctuated in the range of 42-50% while for repeat customers the acceptance rate was more than 80%.

Key adverse triggers leading to a lower credit limit being offered or to the rejection of an application include negative internal credit history, negative entries in external credit bureaus, fraud attempts and, in some markets, insufficient salary data or data evidencing a low-income customer.

Loan agreements and advancement

Generally, after the scoring and decision-making process, the system generates a loan approval decision. The customer is then directed to our website to execute a legally binding loan agreement online. In some markets, the execution of a loan agreement by the customer precedes the scoring process, whereas in other markets loan issuance is contingent upon a successful scoring result. The terms of our loan agreements in different jurisdictions are modified to comply with local laws and regulatory guidance. Such modifications may cover interest rates, commission fees, penalty fees, personal information disclosure, customer withdrawal rights, direct debit rights, loan rollover (extension) terms and some other terms. In particular, local regulations may have an impact on the availability to customers of an electronic/digital signature mechanism with which to enter into the legally binding loan agreement with us.

We generally advance loans to customers by way of bank transfer, but also by way of cash payments through our offline distribution partners. Often, the customer's bank plays a role in clearing, or processing, the loan and the repayment of the loan. Our relationship with the clearing banks is commonly governed by an agreement between us and the clearing bank, and the clearing process is usually performed automatically by way of batch payments.

We have adopted an anti-money laundering policy for the Group which is applied in all of our countries of operation. In jurisdictions where it is required under local law and in certain other jurisdictions, we have also adopted local anti-money laundering policies. We are currently in the final stage of the process of adopting local anti-money laundering policies in all our countries of operations even though it is not required under local law. The country managers in each jurisdiction are responsible for money laundering prevention and anti-money laundering compliance, together with anti-money laundering officers appointed in jurisdictions where it is required by law. As the anti-money laundering regulation applicable to banks is normally more restrictive than the regulations applicable to our business, in most of our countries of operation, we often rely on the anti-money laundering check that was performed by our customer's bank during the process of opening a bank account for such customer. See "*Risk Factors—Risk Factors Relating to Our Business—Failure to comply with anti-money laundering laws could have an adverse effect on our reputation and business.*"

It typically takes between one minute to two hours for a new customer to receive the loan amount in their bank account after submitting a completed application, depending on the country, the time of the day at which the application is made and the relevant bank's availability for transfers at the time. No pledge or warranty is required from the customer in any jurisdiction. Generally, an e-mail containing the loan agreement and an invoice in PDF format is sent to the customer as soon as the loan is approved.

Offline channels and partners

In Bulgaria, Czech Republic, Georgia, Latvia, Lithuania, Poland, Romania and Spain we operate a variety of offline channels for customers. The Group cooperates with partners who distribute our products in offline points of sale and, additionally, we operate our own stands in Georgia and Spain, and innovative ATMs with customer self-service and identification capabilities (*Kreditomats*) in Poland, and accept loan repayment with specialized cash terminals of our partners in Bulgaria.

Our partners include:

- brokerage firms in Armenia, Czech Republic, Lithuania, Spain, and Poland;

- partner shops in Bulgaria, Czech Republic, Georgia, Latvia, Lithuania, Poland and Spain;
- partner cash terminals in Bulgaria;
- post offices in Latvia and Lithuania; and
- kiosks in Lithuania and Poland.

Our offline partners in those jurisdictions facilitate part of our customer identification and underwriting processes while we undertake the credit scoring and approval process of the application and have all contacts with the customer in this respect and thereafter.

Our partners undertake various processes whereby they provide us and our customers with a high quality of service and customer convenience. For example,

- offline kiosk partners in Lithuania and Poland facilitate receipt of loan applications;
- offline brokerage partners and offline lottery terminal partners organize receipt of loan applications and identification of customers;
- partner shops, in addition to providing loan application and customer identification services, can also finalize contracts and disburse the loan in cash or receive loan repayments using their existing cash handling capabilities. Several of our partners use electronic terminals allowing faster loan applications;
- our partners operating a network of cash terminals in Bulgaria allow customers to select our brand in the electronic terminal, and after inserting a loan number the customer inserts the displayed amount of cash to repay their outstanding loan; and
- in Latvia and Lithuania, customers can submit loan applications to our post office partners. In Latvia, customers can submit applications for Single Payment Loans to our post office partners, In Lithuania, customers can submit applications for both Single Payment Loans and Installments Loans to our post office partners. The post office partners perform the identification procedures of the prospective customers. In Latvia, we have accounts with the post office partners (which are postal banks) and the cash loans to customers are paid out directly from our accounts. In Latvia, the customers can also repay their loans in cash. In Lithuania, our post office partner pays out cash loans to the customer, for which we, in turn, compensate the partner.

We conduct financial settlement of loans cashed out by partners and loan repayments received by them frequently in order to minimize financial and operational risks and pay our offline partners commissions calculated according to our respective agreements with them.

Underwriting of deposit taking in Sweden

In Sweden, in addition to Single Payment Loans and Installment Loans, we offer online deposit-taking from individuals for terms of up to three years and also offer call deposits under the brand “4spar” See “*Business Products—Deposit-taking*.” The key steps in the underwriting process in relation to deposit-taking for our customers in Sweden are generally similar to those in relation to the underwriting process described above and include: (i) customer registration, (ii) customer identification, (iii) customer account activation, and (iv) depositing into 4spar AB’s account. These steps are performed automatically by our own internally-developed IT systems. The manual processes include approval and clearing of deposit withdrawals at the customer’s request.

Customers initially either log-in to their existing personal account at www.4spar.se or create a new website account where they provide general information such as their home address, e-mail address and other data. The next step of registration includes a survey with 11 mandatory questions designed according to AML-law and FATCA-regulations. Customers identify themselves using an electronic signature, “BankID,” that provides us the first and last names of each customer and their personal identification code. To activate the newly created account, the customer follows the internet link that is sent to the customer’s e-mail provided during customer registration.

Once a customer’s account is activated, the customer will receive information about how to deposit in an email. We use bank accounts (segregated from the bank accounts holding 4spar AB’s own funds) at Nordea Bank AB, opened under an agreement with Nordea Bank AB, for the provision of the deposit-taking services. The customer may transfer the deposit amount to us at any time after activation of

his website account. The deposit amount may only be transferred by the customer using banking non-cash transfers. Once we receive the deposit amount, the customer receives a confirmation by email. A customer may monitor the total deposited amount at any time in his website account. A customer can at all time transfer amounts from flexible account to fixed term account from the customer‘s personal profile page at 4spar webpage.

If a customer decides to withdraw a deposit, he can order the withdrawal either by logging in to his personal profile page at 4spar webpage or by contacting our customer support by phone or e-mail. Customer service department then creates a payment to the customer from our Nordea account. All payments need to be confirmed twice by two different persons before the payment is performed. A report on all withdrawal request from that day is created electronically and in paper form which is then signed by the finance department of 4spar AB, in conjunction with both the customer service department and finance department confirming the payments in the bank. In case of early withdrawal of any deposits made on fixed term accounts, customers forfeit any interest accrued on such deposits.

Once a deposit amount has been returned, exclusively by transfer to a Swedish bank pre-registered by the customer in their personal account, an e-mail confirmation is sent.

7. Process

Customer service

As of December 31, 2015, we had a customer service division with 598 full-time equivalent (“FTE”) specialists delivering convenient remote customer support in local languages across all of the jurisdictions in which we operate. We have a centralized customer service department that ensures adherence to global best practices and standard operating procedures. We believe our high quality customer service is a core competitive advantage.

The customer service division operates through distance channels, telephone calls, e-mails, online chats on our various website platforms and in person. The responsibilities of the customer service division are to support and educate customers, manage customer relationship, improve customer experience, consult new customers on product options, address customers’ questions, inform customers of their payment due dates, encourage on-time payment, discuss options of late payments and perform back office tasks, such as help customers finalize their applications or make manual payments, and detect fraud. The focus areas of the customer service division are customer satisfaction, speed of service and responsiveness to business needs.

The customer service division complies with a set of internal documents and procedures including: (i) the Customer Service Policy (containing customer service and quality principles within the Group); (ii) the Customer Service Management Procedure (containing repository of knowledge sharing for Group and customer service managers which combines the best practices and requirements for managing customer service departments across all operating jurisdictions); (iii) instructions and internal procedures in each country of operations and internal procedures; and (iv) manuals and standards of system usage; (v) the Complaint Escalation and Management Procedure (containing requirements for complaint escalation and handling across all operating jurisdictions); and (vi) the Quality Assurance Procedure (containing requirements for quality monitoring, reporting and improvement across all operating jurisdictions).

We motivate our employees in the customer service division to strive for efficiency by rewarding them for efficiency, performance and quality. We monitor key performance indicators to try to achieve consistent performance and improve our customer service. Each jurisdiction tracks performance on a regular basis, and receives monthly analyses to track efficiency, and performance is benchmarked against other jurisdictions’ performance and budgets. To further assure quality and knowledge proficiency, the customer service department of each country maintains certain country-specific procedures and scorecards on customer service quality evaluation. Assessments are performed on a monthly basis across the Group. Each country customer service department also performs quarterly knowledge evaluations of agents, team leaders and managers.

In 2014 and 2015, our largest customer service department within the Group, the Polish department, was awarded “Quality Service Star” by Jakość Obsługi, the most prestigious customer service award in Poland. We believe this is an exceptional distinction, as this reward is based on research conducted on a group of 15,000 consumers.

Reminders and payment at maturity

In an effort to prevent delayed payments, a fully automated system sends out payment reminders to customers a few days before the loan due date through text messages, e-mail and/or physical mail. This process is supervised by the Customer Service Division. In addition, customers are called before their repayment due date to remind them of their repayment options. The aim of our consultative approach is to reduce any delays in repayment.

In most cases, the customer repays the principal and the applicable interest on maturity of the loan, or, if such option is available in the relevant case, extends the loan for another 30 days. After a short grace period, an average of 16% of the loans are delayed and are handled by our debt collection department. See "—*Debt collection*" below.

Customer invoicing and billing processes are fully automated. All invoices and other relevant information are available to customers by email and in their user profile on our local website. We believe allowing customers to self-serve without speaking to an agent is an advantage. Customers make payments either through electronic-banking (in most cases) or at available offline point. Payments that are made through electronic banking are typically processed within 15 minutes of receipt of instructions by the customers' bank.

Once we have received the principal and applicable interest in full, a customer's repayment status is made available in his private account on our website and by means of text message/e-mail notification. Our debt collection system and the relevant customer's credit history maintained by us are automatically updated once the customer fully repays the loan.

Debt collection

Debt collection strategy and organization

Our debt collection strategy focuses on efficiency, time, quality and customer satisfaction. Our philosophy is to strive for successful debt collection by having a dialogue with the customer, rather than threatening them with enforcement. Through dialogue, we help our customers to find the best way to repay their loans and we improve customer payment habits through education. We have a centralized debt collection department that ensures adherence to best practice collections techniques and strategies, and adherence to standard operating procedures. We do not undertake any controversial debt collection practices, nor do we have access to our customers' bank accounts.

All debt collection activities are recorded and controlled to ensure, that we have performed the right collection actions in the right manner and in accordance with our policies and regulations. We aim to continually evaluate and improve the debt collection process, for example, by maintaining scorecards on debt collection quality and by administering quarterly knowledge tests to agents, team leaders and managers.

To accomplish our debt collection strategy, we maintain a well-staffed local in-house debt collection team comprised of debt collection experts in all markets of operation. The team is divided, in line with our debt collection procedure, into "early collection" (days 1-30), "late collection" (days 31-90) and "recovery" (more than 90 days). The debt collection team assists in maintaining robust and detailed procedures, based on efficiency analysis and data-driven decisions. Furthermore, our employees who work in debt collection are rewarded based on their efficiency, performance and quality.

Apart from the local team of experts, the improvement of debt collection performance is driven by innovative technology, which is being deployed across our markets of operation. For example, a new debt collection system has been implemented in Czech Republic, and a predictive dialing system has been implemented in Latvia, Poland and Georgia.

Debt collection of loans delayed more than 90 days past maturity is generally outsourced to a range of debt collection agencies within our various jurisdictions. We cooperate with well-known debt collection companies, and consider them our high-quality international partners. On occasion, debt collection becomes subject to court proceedings, generally by way of summary judgments and bailiff services. We generally do not handle these procedures in house. However, we do retain some of these cases in order to compare our results with the debt collection results of the debt collection agencies. We monitor the results of the debt collection cases that are outsourced through our debt surveillance, but make no communication with the client after this step. We also continuously consider the possibility of selling bad debt to debt collection agencies and other investors. We consider the sale of bad debts as the end-point of the debt collection process and analyze possibilities on a regular basis to ensure immediate cash inflows from bad debts. Before making decisions about taking actions that will incur costs for

us (such as court proceedings or bailiff services), we evaluate each case and estimate the possible outcome. To initiate court proceedings, we pay court fees upfront for which we would legally be entitled to be reimbursed by the defaulting customer. Generally, upon a court ruling and depending on the jurisdiction, all communication with the defaulting customer is conducted by court officials who take actions to collect the overdue debt from the customer, including by directly debiting the customer's bank account or by forced sale of the customer's assets.

Debt collection policy and process

For payments that are delinquent up to 90 days, we manage the debt-collection process in-house in accordance with standard operating procedures. Our internal debt collection policy and procedures include:

- The Group Debt Collection Policy, which sets out the main principles of debt collection to be followed by each company in the Group, including procedures for case handling, loan extension, payment schedules, outsourcing, debt write-off, performance management and internal communication;
- The Group Customer Care Standard, which is a set of guidelines for customer service;
- The Group Procedure on Processing of Fraud Cases, which prescribes the way in which the Group processes, records and stores cases of fraud in its debt collection system;
- The Group Procedure on Choosing External Debt Collection Partners, which provides for the procedure and form of tender and the execution of co-operation agreements;
- The Group Procedure on Cooperation with External Debt Collection Partners, which is designed to ensure a suitable outsourcing procedure and to measure and compare the effectiveness of partners' results; and
- Guidelines on Making Instructions, a checklist of instructions to ensure employees have all necessary information to follow procedures and regulations.

Debt collection practices vary by jurisdiction according to local legislation and cost efficiency considerations. All debt collection methods that we use comply with local legislation and reflect, in our view, best practices in the market. We believe that regulatory risks are significantly diminished since we do not pull money directly from bank accounts, utilize the practice of continuous payment authority or siphon money from customer bank accounts.

Debt collection in practice

The debt collection team is divided, in line with our debt collection procedure, into "early collection" (days 1-30), "late collection" (days 31-90) and "recovery" (more than 90 days).

The early collection phase is highly automated with customer reminders processed by our IT systems and is supervised by our early debt collection team. Multiple text message reminders are sent to the customer commencing a few days after the loan due date. Phone calls are also made encouraging the customer to make full repayment or offering the customer a repayment schedule. We grant overdue customers a grace period (typically of 3-5 days), during which no delay interest is applied to the outstanding amount. After the grace period, delay interest is calculated on a daily basis and varies from 16% per year to 0.75% per day depending on local interest rate cap restrictions.

Reminders are sent to overdue Single Payment Loans customers during the first 30 days following the overdue date offering an option to extend if the law in the relevant jurisdiction allows such an extension. For example, in Finland, loans can be extended only before the due date on the loan. Depending on the jurisdiction, a loan term may be initially extended for a further 7, 14 and/or 30 days, and may also be extended several additional times until a specified date. Customers of Installment Loans may extend the loan for a further 30 days. This option is available to customers in all countries where Installment Loans are offered and attracts a pre-specified fee.

The late collection phase is automated to a certain extent. Phone calls are made encouraging the customer to make full repayment or offering the customer a repayment schedule, and reminder letters are sent by mail and email. If the customer cannot be reached, we make an additional attempt to find the customer by using public databases and other public information. If the customer still cannot be found, the case is outsourced to an external debt collection company. If the customer is found, the case stays in-house.

Most cases with delays over 90 days are outsourced to external debt collection agencies in the relevant jurisdiction. See "*—Debt collection strategy*" above.

For customers who are not able to repay their loan or are more than 360 days late with their repayment, we offer an individual loan repayment restructuring plan that allows for repayments of loans by monthly repayments, typically not exceeding 12 months. This facility is available upon application by the customer and in certain countries customers must pay a fee. The plans provide for monthly repayments to be made by the defaulting customers, taking into consideration the amount of repayment that is feasible for each customer which is usually mutually agreed. Should the customer repay the loan and accrued interest and fees in compliance with the restructuring plan, such overdue loans are not reflected in the customer's credit history and generally do not affect the customer's ability to borrow with us again in the future. In the event that a customer does not comply with the restructuring plan, regular debt collection procedures are applied.

Debt collection statistics

We benefit from a relatively high recovery rate on our loans. With respect to Single Payment Loans, an average of 93% of the principal amount of the loans we issued with a maturity date during 2013 (such loans having been issued between January 2013 and December 2013) was recovered within two years from maturity. With respect to Installment Loans, an average of 91% of the principal of the loans we issued with a maturity date during 2012 (such loans having been issued between May 2011 and April 2012) was recovered within three years from maturity.

The table below sets forth the composition of overdue loans in respect of our Single Payment and Installment Loan customers as of the dates specified below.

	Gross receivables[1]		
	as of September 30,	**as of December 31,**	
	2016	**2015**	**2014**
		(in millions of EUR)	
Not overdue	211.3	215.4	159.6
Overdue less than 90 days	58.3	53.0	48.8
Overdue more than 90 days	210.1	157.0	108.5
Gross receivables	479.8	425.5	316.8
Allowances for doubtful debt	(154.3)	(117.2)	(75.4)
Net loan portfolio	325.4	308.3	241.4

Note:
(1) Excluding TBI Bank.

Our long-term recovery rate is high in all markets of operations - 47% as of December 31, 2015 (calculated as one minus the loss given default rate) - which we believe is due to two main factors: the fact that each customer loan amount is relatively low and the fact that many debtors want to pay their debts in time in order to improve their ability to be granted new loans as well as potentially utilize alternative sources of financing, such as making credit purchases and subscribe for cable TV, internet and mobile subscriptions, in the future.

8. TBI Bank - Underwriting and Collections

Underwriting

TBI Bank's underwriting and credit initiation process is based on classical client risk assessment steps and methodology. It is supported by verification and identification steps in accordance with banking regulatory practice (in particular the Bulgarian National Bank (BNB) requirements for TBI Bank). The bank offers Retail and SME loans, the majority of which are unsecured consumer loans. The loan orig-

ination process has several distinct stages: collection of customer application data and assessment against minimum eligibility criteria; verification and identification in accordance with compliance requirements (KYC/AML/CTF and internal register). We perform searches in credit bureaus and other governmental databases, e.g. the tax and revenue agency, national health insurance and ministry of interior database. We further apply our bespoke credit policy rules and internally developed scorecards, as well as our fraud identification checks. We are constantly reviewing and improving our loan underwriting strategies.

Collections

TBI Bank's retail collections activity is split in two key teams: i) soft collections, performing early and late stage collections and ii) legal enforcement, working on recovery and resolution. SME and leasing collection for overdue exposures of more than 90 days is performed by the SME and Leasing Collection Department with a mix of approaches: restructuring, legal enforcement, out-of-court settlement agreements, cession agreements, assigning collection to third party contractors. The soft collection is done by the SME department. Both Retail and SME portfolios are managed on delinquency basis, while on the latter and for larger exposures we apply classification methodology. Concentration and counterparty risk are strictly monitored. Our Allowance for Loans and Leases is based on the BNB regulatory requirement, which is more conservative than traditional net flow and roll rate methodologies. Coverage for unsecured exposures is kept at over 100%. For asset based finance the liquidation value of collateral is also taken into account. The process of collection and recovery is delivering stable results.

Future Developments – Risk Infrastructure

The bank intends to enhance its risk infrastructure to support future growth, and we are implementing several changes in preparation, including deployment of new systems. This is concentrated in three areas: i) new front-end and decision engine systems; ii) analytics and model development capability; and iii) a new collection system.

9. Geographic Markets

Our revenues are principally derived from operations in Denmark, Finland, Georgia, Latvia, Lithuania, Poland, Spain and Sweden, which together accounted for 96% and 98% of our net loan portfolio as of December 31, 2015 and December 31, 2014, respectively.

Our revenues are also derived from the other markets where we operate, including Bulgaria, the Czech Republic and Armenia (since April 2015), Argentina (since May 2015), Romania (since June 2015), and Mexico (since November 2015). Our management expects that the proportion of these markets in our loan portfolio will increase in 2016 and beyond.

Before entering new markets, we carefully consider local regulatory and tax issues, typically hiring international or local legal and/or tax advisors for advice on such matters. We then also obtain general market research from our advisors on the new country market environment. Before commencing operations, we also commonly aim to collect statistical data on the industry overall, including competitive factors, the environment and potential customers in the potential new markets. Once a country is selected for expansion, we commence testing of the market and adjustment of scoring and decision-making systems for the country in question.

10. Information Technology

General

We have a Group-level IT department which supports the full lifecycle of product development and optimization. We embrace effective design principles with a strong emphasis on user-experienced-based design. This approach aims to build solutions based on validated customer needs, and maximizes customer conversion rates at minimal burden to our IT staff.

Our IT engineering group is focused on delivering stable solutions. To achieve this we have embedded proven test practices in the area of test automation and pipeline deployments. Automated quality assurance ("**QA**") ensures we do not deploy defects in our code. All teams have one QA engineer per two IT developers. QA engineers build and modify test scripts and conduct visual tests on front end sites/apps. The stability of the Group's customer websites is reflected in the high level of uptime achieved, with all product websites available for over 99.7% of the time during the month of December 2015.

The systems which we use share a common code, which is substantially similar across our countries of operation. This ensures that our websites offer a modern look and functionality whether viewed on desktops or on mobile. This has historically allowed us to launch our business in a new country in approximately three months, and to launch businesses in several countries in parallel. Coupled with remote data center management, we have been able to quickly to replicate our business model in new markets and expect to be able to do so in the future.

We do not own data centers and instead use professional data centers provided by Rackspace and Amazon in the United Kingdom with disaster recovery sites in the United States. We have set up a series of dedicated servers formed in clusters, which ensures that countries operate independently and contains the risk of any application downtimes within a single country. We have a division dedicated to monitor potential security threats, and which is closely integrated with engineering functions to prevent attacks.

As of December 31, 2015, our IT department had approximately 190 full time employees. In addition, we also have a database of additional consultants available on a contingency basis to assist on bespoke projects as necessary. This enables the department to quickly put together a team with the relevant skill sets for each individual project. Full time employees are located in one of our four core competency centers, namely Poland, Latvia, Lithuania and Czech Republic. The full time teams are the gatekeepers of the software applications which are used in our business operations. They ensure that the code developed is within our quality guidelines, deploy and manage infrastructure and make sure that our systems work fast and keep operational. Teams are connected using various online tools and a network of tele-conferencing terminals.

Our platform uses off-the-shelf solutions for collections, risk and other industry standard components. We have developed over three million lines of custom code to extend these solutions to deliver a platform (the "**Platform**") that enables us to expand and optimize markets, which at the same time meet regulatory demands.

We are also continually evaluating new technologies and approaches to improve our efficiency. The Platform is developed centrally and local teams can use its features or develop their own. This enables us to deploy best practices between countries, but at the same time does not impair local teams' creativity in developing their own software. Nevertheless, to maintain uniformity, certain functions relating to risk and underwriting remain strictly in the control of the team located in our central headquarters in Latvia.

The Platform consists of individual applications relating to:

- *User Interface*—We use the latest technology languages such as REACT (front-end technology used by many major internet platforms), Java and Ruby on Rails. We deliver our platform to customers via fully responsive, device agnostic websites compatible with tablets, mobile and desktop. We also provide native Android and iOS apps and a custom built partner tablet for processing loan applications face-to-face with customers.
- *Integration*—This application consists of Application Programming Interfaces ("**APIs**") which are used to link our systems to third-party tools, websites, mobile or tablet applications to maximize the acquisition channels through which we attract new clients. Using APIs, we are able to integrate our products with various external partners and applications, allowing our customers to manage their accounts across separate devices easily.
- *Analytical Application*—This application consists of highly flexible and predictive scorecards developed by the Group and implemented as part of a core solution for countries. Scorecards are constantly monitored and enhancements are made to improve them where possible.
- *Payments*—This application consists of integrated payment gateways that allow us to move money quickly using over 120 bespoke banking integrations and numerous payment gateway integrations to facilitate payments on credit cards, e-wallets and various other payment channels.
- *Back office*—A fully integrated back office provides optimal support for customer service and debt collection agents. Integration with telecommunication tools enhances agent performance and managers are able to view live progress.
- *Anti-fraud*—This application is a platform which helps us to identify potential fraud attempts speedily and deal with them at first instance.

- *Customer Intelligence*—This application provides secure access to credit bureau data and provides a parameterized scoring engine, optimized to use cached data when possible.
- *Correspondence*—This application provides the ability to create documents in a number of formats and send them to different channels.
- *Loan Management*—This application supports a number of loan products, and manages the payment schedule and reconciliation.
- *Meta Layer*—This application is a collection of repositories used to store data models, business process maps, API's and application meta models. This promotes re-use and provides impact assessment of business or technical changes.
- *Frameworks*—We have a number of frameworks that provide scalable and supportable methods for batch integration, online integration, software deployments and software testing.
- *Engine Layer*—This provides a workflow and business rules engine that, in turn, can be used to provide configurable processes to support the Platform in a number of countries.
- *Analytical Application*—This provides a number of capabilities to receive regulatory reporting, business intelligence and data science analysis.

11. Credit and Risk Management

Risk management

Our risk management policy considers four main risk types: (i) credit risk, meaning the risk of financial losses due to failure on the part of our customers to repay the loans in a timely manner, including country and product concentration risks and banking credit risks; (ii) operational risk, meaning the risk of losses due to deficiencies in processes and our information systems, including legal, compliance, and personnel risks; (iii) market risk, meaning the risk of losses due to open positions in foreign exchange or interest rate markets, including liquidity risk; and (iv) business, strategic and reputational risks, meaning the risks of profit fluctuations due to changes in external factors such as market environment or loss of income due to reputational problems in connection with the Group.

Risk management is performed by a Group-level risk department that includes units in risk assessment, market risk, IT security, operation risk and compliance. The Group-level risk department is managed by our CRO who reports to our CEO. In addition to the Group-level risk department, we operate local risk departments in Poland, Latvia, Lithuania, Finland, Georgia and Spain to expand risk management and control. We plan to introduce local risk departments in our other jurisdictions, as well as to generally strengthen our centralized risk monitoring, in the future. Local risk departments are responsible for local fraud monitoring, monitoring of underwriting efficiency and for recommending changes in the underwriting processes. The local risk departments report to local country managers, who report to the Group-level finance planning and control department or the Group-level risk department depending on the matter in question. We also have a fraud prevention division, headquartered in Latvia and stationed in the Czech Republic, Romania and Poland.

Generally, all individual managers, including the members of the respective boards of directors of Holdco and AS 4finance and the Executive Committee, the heads of functional groups, country managers and the heads of structural units are responsible for risk knowledge and risk management within their area of responsibility.

The main functions of the Group-level risk department are: the review and analysis of credit, operational, market, business, strategic and reputational risks; statistical analysis and preparing scorecards; development of internal risk management models; calculation of probabilities of default and loss given default numbers on group level and monitoring and improving credit scoring and decision-making systems at the Group-level. We continually seek to improve our credit scoring and underwriting models.

Audit and internal financial reporting

The Group's internal audit department currently reports directly to the Audit Committee and regularly performs an independent assessment of our processes. See "*Management—Management—Management of Holdco.*" The assessment is designed to ensure that all key aspects of risk management are of high quality.

The Group finance department's responsibilities include the following: finance planning and control, business analysis, treasury, tax and accounting. The country managers report local financial results to the Group finance department, which then analyzes the reports and communicates the findings to the board of directors. In addition, the country managers regularly provide our Executive Committee with reports in relation to their business activities and financial results. See "*Management—Corporate Governance—The Executive Committee.*"

12. Investments

Our investments relate primarily to developing the business in the jurisdictions where we operate, including introducing Installment Loans and other new products in some of those jurisdictions where we currently offer Single Payment Loans, and improving efficiency and IT systems.

In addition, we aim to continue pursuing attractive business opportunities by launching operations in selective geographic markets over the next few years. See "*—Key Strengths and Strategy—Strategy—Continue to pursue selective expansion opportunities*" for a discussion of our expansion strategy. However, since our process allows us to run our business with one office in each jurisdiction, no significant investments are required to enter into new markets.

13. Competition

Since 2008, backed by strong consumer demand for short term small denomination credit, the size of the alternative financial services industry in Europe, Armenia and Georgia has grown rapidly. The market in certain countries in Latin America, particularly Mexico, has also started to develop. Some alternative financial services industry players have started providing these products to their customers over the internet. New alternative financial services providers include large regional, national and international multi-service providers, and are active in many areas of alternative financial services, such as pawn loans, payday loans, auto loans and consumer loans, all of which are provided both online and though traditional points of sale. Growing internet usage, including via mobile devices, increasing e-commerce activity and customers moving financial affairs online, coupled with deteriorating median household income, are creating even larger opportunities for growth in this market.

In addition to consumer loan lenders, we also compete with financial institutions, such as banks, credit unions, other consumer lenders and retail businesses offering similar financial services. We believe that we also face indirect competition to some of our products and services, such as bank overdraft facilities and banks' and retailers' insufficient funds policies, although many of these options may be less expensive than the consumer loan products and services offered by us. We believe that our services are easier to access by the end customer, including faster application, scoring and loan amount transfer to the customer.

Numerous competitors offer online consumer loan products and services, and many significant competitors are privately held entities, making it difficult for us to determine their competitive position in the market. Storefront consumer loan lenders that offer loans online or in storefronts are also a source of competition in most of the markets where we operates. On the basis of the publicly available financial statements of some of our largest competitors, marketing research conducted by us from time to time and information available from trade associations of which we are a member, we believe that the competitive environments in our countries of operation are as described below.

Latvia

The Latvian Single Payment Loans market is mature with several companies offering such services. We believe, on the basis of publicly available information on companies that provide online lending services to individuals, that we account for a major share of the Latvian market with International Personal Finance (credit24.lv/), VIA SMS Group (viasms.lv/) and Ferratum Group (ferratum.lv) being our major competitors. We believe that Ferratum Group's online lending model is the closest to ours as it has a presence in a number of European countries and provides online consumer loan products under multiple brand names and domains.

Lithuania

In Lithuania, the Single Payment Loans market grew rapidly between 2009 and 2012.The market stabilized in 2013 due to local regulatory authorities taking measures to regulate the market, with further regulatory tightening in early 2016. According to publicly available information from the regulator on companies that provide online lending services to individuals, we occupy a leading position (we have a market share of more than 70%) in the market of small consumer loans with our main competitors be-

ing International Personal Finance (*credit24.lt*), Moment Credit UAB (*momentcredit.lt/*) and AB Bobutes (*bobutespaskola.lt*).

Finland

The Finnish market for Single Payment Loans is mature. We believe, on the basis of publicly available information on companies that provide online lending services to individuals, that we occupy one of the top positions in the Finnish market by number of customers and loan agreements (we have a market share of more than 40%) with our main competitors being Ferratum Group (*Ferratum.fi*), and those, offering line of credit facilities such as Euroloan Group Plc (*euroloan.fi*) and OPR-Vakuus (*everyday.fi*). In order to expand the business in Finland, we decided to offer our new product, Credit Line. We believe this market is still developing with only relatively few competitors operating in it. See "*—Products—Credit Line*."

Sweden

In Sweden the short term Single Payment Loans market is mature, with less than 50 companies competing. We have been the largest provider of Single Payment Loans in Sweden since 2012 and on the basis of publicly available information we occupy a market share of more than 40%, putting us ahead of Ferratum Group (*ferratum.se*) and Folkia AS (*folkia.se*), who we believe are our main competitors. The Installment Loan market is developing, with several competitors operating in the market offering longer term loans, providing larger flexibility to consumers in this market.

Poland

In Poland, the offline market of short term Single Payment Loans and Installment Loans is mature, while provision of the same loans to consumers online is still a relatively new, yet rapidly developing market. On the basis of publicly available information on companies that provide online lending services to individuals, we believe that we have a leading position in the Single Payment Loans market in Poland where our principal competitors include WDFC UK Limited (*wonga.pl*), Kreditech Holding SSL GmBH (*kredito24.pl*), Ferratum Group (*ekspreskasa.pl/*) and Creamfinance (*lendon.pl*).

Denmark

The Danish market for Single Payment Loans is still developing and is likely to continue to grow. We believe that our current share of this market is more than 70% with our main competitors being Ferratum Group (*ferratum.dk, kvikautomaten.dk*). Another segment also quite new and developing is the Installment Loan market. We have entered this market recently; we believe our main competitors include Ferratum Group (*ferratum.dk/*) and Basisbank (*lanlet.dk*).

Spain

In Spain, short term Single Payment Loans market is a relatively new market category, growing at a considerable pace. Based on publicly available information on companies providing online lending services to individuals, we believe that we are the largest operator in the market. Other relevant but lower profile competitors are Ferratum Group (*creditomovil.es*), WDFC UK Limited (*wonga.es*), Novum Bank Ltd (*cashper.es*), Kreditech Holding SSL GmBH (*kredito24.es*) and VIA SMS Group (*viasms.es*). We have also recently entered the Installment Loan market.

Georgia

The short-term Single Payment Loans market in Georgia is still a relatively new market, and is developing. According to publicly available information on the companies that provide online lending services to individuals and our brand tracking research, we believe our market share currently is more than 60%. In Georgia, our direct competitors are Finabay LLC (*netcredit.ge*), MiniCredit Ltd (*minicredit.ge/*), CreamFinance (*crediton.ge*), Moneyman Lls (*moneyman.ge*) and Onlinecredit Llc (*onlinecredit.ge*).

Czech Republic

The short-term Single Payment Loans market is fairly new in the Czech Republic and still developing, with incoming regulation at the end of 2016. The acquisition of Friendly Finance Group (*pujckomat.cz/*) approximately doubled our market share. We believe that our main competitors are Ferratum Group (*ferratum.cz*), and Kreditech Holding SSL GmbH (*kredito24.cz/*).

Slovakia

The Slovakian Single Payment Loans market is still developing and is in early stage of development. Currently, through the *pozickomat.sk* brand of Friendly Finance, we are the only company operating under a full license from the National Bank of Slovakia. After regulation introduced at the end of 2015, our main competitors closed their operations including Ferratum, Creamfinance and IPF.

Bulgaria

The short-term Single Payment Loans market is still developing in Bulgaria, yet is competitive. We believe that our main competitors are the online-based Kredisimo AD (*credissimo.bg/*) and NetCredit (*netcredit.bg/*) as well as offline based Cash Credit (*cashcredit.bg*).

Armenia

We entered the Armenian market through our acquisition of GoodCredit in 2015. The short-term Single Payment Loans market is not yet fully developed in Armenia. In the Installment Loans market, our competitors are banks who currently hold the key market positions.

Argentina

We entered the Argentinian market through our acquisition of Novum Bank (*PrestamoMovil.com.ar*) in 2015. The short-term Single Payment Loans market is still developing in Argentina with only a few competitors being present in the market (Presto Hoy (*prestohoy.com.ar*) and Moni.tv (*moni.com.ar*)).

Romania

We have recently entered the Romanian market and also now offer Installment Loans. We believe that our main competitors are online-based Viva Credit (*vivacredit.ro*), Ferratum Group (*ferratum.ro*) and Extra Finance (*ExtraSimplu.ro*).

Mexico

We have recently entered the Mexican market. We believe that our main competitors are online-based Kreditech Holding SSL GmbH (*kredito24.mx*), Confinanze Digital (*credilike.me*) and Credicohete (*cohete.mx*).

Dominican Republic

We have recently entered the Dominican Republic market. The short-term Single Payment Loans market is new in the Dominican Republic and is not regulated. We do not currently have meaningful competition in the market.

Bulgaria and Romania - TBI Bank

TBI Bank is ranked 19th out of 22 registered banks in Bulgaria or 22nd out of a total of 27 banks and branches in Bulgaria. Its closest competitors in terms of assets are: TokudaBank (EUR 197 million), D Commerce Bank (EUR 356 million), BACB (EUR 540 million) and International Asset Bank (EUR 618 million).

In addition to the traditional banks, TBI faces competition in the consumer financing sector where entities related to large financial institutions such as Unicredit Consumer Financing and BNP Paribas Personal Financing are the main competitors.

The bank has a lower market share in Romania, with the Romania branch ranking 36th out of 40 credit institutions.

14. Intellectual Property

Our principal operating activity is the advance of Single Payment Loans and Installment Loans predominantly via our internet platform. The table below sets forth the websites currently used by the Group to provide its internet-based services. The content of these websites is not part of this Prospectus.

Country	Website	Launch or Acquisition Date
Poland	http://www.vivus.pl	July 2012

Country	Website	Launch or Acquisition Date
	http://www.vivus.com.pl	November 2011
	https://www.pozyczkomat.pl/	August 2013
	http://www.zaplo.pl	April 2014
Latvia	http://www.smscredit.lv	July 2008
	http://www.vivus.lv	August 2009
	https://www.ondo.lv	October 2014
	https://www.kimbi.lv/	September 2016
Lithuania	http://www.smscredit.lt	November 2008
	http://www.vivus.lt	August 2011
Sweden	http://www.vivus.se	August 2010
	http://www.4spar.se	April 2012
	http://www.onea.se	October 2012
Finland	http://www.vivus.fi	May 2009
	http://www.onnen.fi	August 2012
	http://www.fleksiluotto.fi	September 2015
Denmark	http://www.vivus.dk	April 2012
	http://www.zaplo.dk	August 2015
Spain	http://www.vivus.es	December 2012
	https://www.zaplo.es/	May 2016
	https://www.creditocajero.es/	November 2015
Georgia	http://www.vivus.ge	February 2013
	https://mycredit.ge/	March 2013
Slovakia	https://www.pozickomat.sk/	October 2013
Bulgaria	http://www.vivus.bg	December 2013
Czech Republic	http://www.zaplo.cz	May 2013
	https://www.pujckomat.cz/	November 2014
Armenia	http://www.goodcredit.am	April 2015
Romania	http://www.zaplo.ro	June 2015
	https://www.onnen.ro/	July 2016
Argentina	http://vivus.com.ar	October 2015
Mexico	http://www.vivus.com.mx	November 2015
Dominican Republic	https://www.vivus.com.do/	August 2016

We operate under a number of brands, including VIVUS, ZAPLO, SMSCREDIT, ONNEN, ONEA and FLEKSILUOTTO. Internationally, we are filing applications for the protection of trademarks. Our registered figurative and word marks include: 4FINANCE, ZAPLO, VIVUS, VIVUS.ES, VIVUS.LV, VIVUS.LT, VIVUS.CO.UK, VIVUS.DK, VIVUS.SE, VIVUS.GE, VIVUS.FI, VIVUS.PL, VIVUS.COM.MX,

SMSCREDIT.EU, ONDO, ONDO.LV, SMSCREDIT.LV, SMSCREDIT.LT pinigai žinutės atstumu, ONNEN.FI rahaa oikealla hetkellä, ONEA, ONEA.SE.

We have registered all of our domain names and have intellectual property rights to IT software including: “COLA” which is software we developed for customer support and “DECO” which is software we developed for debt collection. In addition, we have rights to use certain third-party software.

X. REGULATORY FRAMEWORK

While the majority of our operating entities are financial institutions, we are not regulated as a bank, payment institution or e-money institution in most of our operating jurisdictions. The regulatory framework applicable to our operating entities varies depending on the jurisdiction in which we are operating. The relevant regulations relate to, *inter alia*, consumer rights protection, the processing of personal data, debt collection and the prevention of money laundering and financing of terrorism. Except as described in the sections "*Business*" *and "Legal Proceedings"*, we have complied with all major regulations applicable to us across our countries of operation. Apart from the removal of UAB 4finance from the list of consumer credit lenders in Lithuania by the Bank of Lithuania – see *"Legal Proceedings"* – we have not been party to any material dispute with regulatory institutions.

Our principal strategy towards regulation is to play an active role in establishing, where necessary, and leading local non-banking lending associations in the jurisdictions where we operate. This allows us to exchange our experiences with those of other companies operating in the market, to actively cooperate with local regulatory authorities and to strive for industry self-regulation where possible, *i.e.*, through responsible marketing activities, the creation of a common blacklist of customers and responsible debt collection practices.

In the following, we give an overview over the most relevant major regulations in the jurisdictions of our principal operating entities of the Group as of the date of this prospectus:

Poland

Single Payment Loans are considered to be "consumer credit" (*kredyt konsumencki*), as such term is defined under the Polish Act on Consumer Credit of May 12, 2011, as amended (the "**CC Act**"). Under the CC Act, consumer credit is an agreement wherein an entrepreneur (*przedsiębiorca*) grants or undertakes to grant to a consumer (*konsument*) a credit in the amount of up to PLN 255,550 (approximately EUR 61,000) or its equivalent in currency other than PLN. In August, 2015, the Polish Parliament adopted wide-ranging amendments to the CC Act and Polish antitrust and interest rate laws, including the introduction of a cap on credit costs imposed on consumers, which entered into force in March 2016, and materially affect the market since many lenders derive a large part of their profits from credit costs.

Under Polish law, lenders are not required to obtain any license, permit or other similar administrative permission from any public authority in order to conduct business activities relating to consumer credit. However, lenders such as our Polish subsidiary which are categorized as "lending institutions" (*instytucje pożyczkowe)* must satisfy certain regulatory requirements, including the following: (i) being either a limited liability company or a joint-stock company); (ii) having a minimum share capital of PLN 200,000 (approximately EUR 50,000) paid for using cash from documented sources that are not loans, credits or bonds; and (iii) ensuring that each high-level staff hired has a clean criminal record. Furthermore, the CC Act imposes on all lenders certain obligations with respect to the extension of consumer credits, including: (i) providing the customer with the updated terms after extension; (ii) requiring that advertisements, which include information about consumer credit must contain representative example and certain additional information, (iii) that the creditworthiness of a prospective customer must be assessed before granting a loan, (iv) that prospective customers must be informed of the terms and conditions of the loan agreement by means of an information form containing specified information regarding the agreement, and (v) that the credit agreement must be in writing or in equivalent form and must contain basic information on the terms and conditions of the credit, including the term, the annual percentage rate, the total amount payable by the customer and certain other information.

On January 1, 2016, an amendment to the Polish Civil Code of April 23, 1964 entered into force and changed the formula for calculating the maximum interest rate to the Polish National Bank's reference rate increased by a flat value, then multiplied by two instead of the lombard rate multiplied by four.

Starting from March 11, 2016, the CC Act caps credit costs, defined as all consumer-borne costs relating to a consumer credit agreement with the exception of interest. The cap is calculated using a complex formula, which takes into account, among other things, the credit duration and amount. Additionally, the cost will be hard-capped at the total amount of credit. The new provisions that cap credit costs also contain safeguards to prevent the bypassing of such provisions through granting of extra credit. Credit card issuers, and overdrafts on bank accounts will be exempted from the cap on credit costs.

In addition, an amendment to the Polish Competition and Consumer Protection Act of February 16, 2007 that became effective on April 17, 2016 forbids the misselling of financial services, defined as offering to consumers financial services that either (i) do not correspond to consumer needs, as determined by reference to available information on the characteristics of such consumers or (ii) are offered in a manner inappropriate to the character of those services. The amendment is intended to, among other things, eliminate certain market practices of non-bank lenders, such as extensive loan rollovers.

On February 1, 2016, a new asset-based tax on financial institutions has entered into force. The lending institutions (as defined in the CC Act) are subject to this asset-based tax and the tax rate is 0.0366% per month on a company's assets above the threshold of PLN 200,000,000 (approximately EUR 50,000,000). That threshold is calculated jointly for all payers of the tax on financial institutions that are controlled or jointly controlled by a single entity or a group of affiliated entities.

Latvia

In Latvia, AS 4finance is required to comply with rules on consumer lending and consumer rights protection, the prohibition against unfair commercial practices, personal data processing requirements and debt collection legislation, as well as civil law, which is applicable in relation to Single Payment Loans, Installment Loans and Line of Credit. Legislation sets forth requirements in respect of the relationship between lending companies and their customers as they relate to marketing and remote selling of consumer loans, the terms of consumer loan agreements and information that must be disclosed to prospective customers prior to entering into a loan agreement, calculation of annual interest rates and limitations of penalties and interest, assessment of consumer solvency, as well as personal data processing and debt collection.

The supervisory authority in respect of consumer lending companies in Latvia is the Consumer Rights Protection Center. The Consumer Rights Protection Center issues licenses for consumer lending services; provided that the consumer lending company fulfils all preconditions prescribed in applicable legislation. Since 2016, special licenses are issued for an indefinite period. The Consumer Rights Protection Center may suspend a license for a period of up to six months or revoke it entirely on various grounds, including, *inter alia*, if AS 4finance or any of the members of its management or supervisory board does not satisfy or comply with the regulatory requirements applicable to them, the funds invested in the equity capital of AS 4finance are acquired in unusual or suspicious financial transactions or there is no documentary evidence verifying that the funds are obtained legally, non-compliance with the effective decisions of the Consumer Rights Protection Center, AS 4finance has overdue tax or duty payments, refusal to provide or provision of false information to the Consumer Rights Protection Center, the breach of laws and regulations concerning business activities, consumer rights protection or data protection, administrative sanctions applicable to AS 4finance or its management or supervisory board members in these areas, or a failure to comply with AS 4finance's policies on consumer lending, on the hearing of customer claims or on the determination of the customer's ability to repay the loans.

The supervisory authority for personal data protection in Latvia is the State Data Inspectorate. The State Data Inspectorate issues registration certificates for personal data processing.

On January 1, 2014, amendments to the Latvian Civil Law came into force. These amendments provide that contractual penalties and interest rates must be proportionate and consistent with fair business practice. If a party to a contract does not perform its obligations satisfactorily or in a timely manner, contractual penalties may be applied, provided that the penalty does not exceed 10% of the principal debt. The creditor is not allowed to demand both late payment interest and contractual penalties in the full amount. Contractual penalties for delinquent performance of obligations may not exceed the difference between the total amount of contractual penalties and total amount of late payment interest, which means that the total amount of the contractual penalty must be reduced by the late payment interest. The late payment interest must also be proportionate and consistent with fair business practice. In addition, the amendments provide that in the case of a partial payment, amounts paid must first be applied to outstanding interest amounts, then to the repayment of principal and lastly to the payment of contractual penalties. We believe these amendments do not have a material impact on AS 4finance's operations since AS 4finance charges its customers late payment interest and not contractual penalties.

Additionally, on April 4, 2014 the Consumer Rights Protection Center issued the Guidelines on the Application of Late Payment Interest and Contractual Penalties. These guidelines outline how the aforementioned amendments to the Latvian Civil Law should be applied in relation to consumer loan

agreements. Pursuant to these guidelines, since January 1, 2015, consumer lending companies may not apply late payment interest in excess of 18% per annum (0.05% per day).

In July 2014, amendments to the Latvian Consumer Rights Protection Law came into force, introducing a stricter regime for assessing a consumer's ability to repay his loans. A failure to comply with these stricter standards may lead to the mandatory application of a statutory interest rate of 6% per annum for affected loans (even where the relevant loan agreement provides for a higher rate) and to a prohibition on contractual penalties or other forms of compensation for late payment. Under these amendments, the burden rests with the creditor to demonstrate that loans have not been made in the absence of adequate evaluation.

Additionally, on August 16, 2013 the Consumer Rights Protection Center issued the Guidelines for Non-bank Lenders on the Assessment of the Consumers' Ability to Repay Loans. These guidelines establish the main principles for assessing consumer solvency, determining the recommended amount of information and content that the consumer lending companies are required to obtain from consumers or by themselves. They also provide advice on the actions which consumer lending companies should take in order to properly assess a consumer's ability to repay the loans. In addition, according to the guidelines, if the monthly payments for an extended short-term loan increases or the price for extending a short-term loan is higher than the fee for usage of the loan (interest rate), then such short-term loan cannot be extended more than twice.

On May 28, 2015 the Latvian Parliament (*Saeima*) adopted amendments to the Latvian Consumer Rights Protection Law which, *inter alia*, (i) prohibit the entry into loan agreements between 11 PM and 7 AM, (ii) limit the total daily expenses of the loan (such as interest, fees and commissions and any other payments to be paid by a consumer in respect of the loan agreement) to 0.55% of the principal amount within the period from the 1st day to the 7th day the loan has been used, to 0.25% of the principal amount within the period from the 8th day to the 14th day the loan has been used, to 0.2% of the principal amount starting from the 15th day the loan has been used and to 0.25% of the principal amount in cases where the loan is repayable upon request of the lender or where the repayment term of the loan exceeds 30 days; (iii) limit the total costs of the loan (including interest, default interest, penalties, fees and commissions (including extension fees) and any other payments related to the fulfillment of the loan agreement) to the principal amount of the loan where the repayment term of the loan does not exceed three months; (iv) provide loan recipients who have concluded the loan agreements by means of distance communication, *i.e.*, online or by phone, and whose loans have repayment terms in excess of one month the option to repay the borrowed amounts gradually in installments at least once per month instead of repaying the principal amount together with accrued interest at maturity, (v) limit late payment interest which the creditor may charge to 36% per annum above the interest rate stipulated in the relevant loan agreement and (vi) cancel the requirement to renew a license for consumer lending services on an annual basis. The amendments came into force as of January 1, 2016.

On July 9, 2016 and August 1, 2016 amendments to the Consumer Rights Protection Law came into force. These amendments are transposing legal norms from Directive 2013/11/EU of the European Parliament and of the Council of 21 May 2013 on alternative dispute resolution for consumer disputes and amending Regulation (EC) No 2006/2004 and Directive 2009/22/EC and witch arise from Directive 2014/17/EU of the European Parliament and of the Council of 4 February 2014 on credit agreements for consumers relating to residential immovable property and amending Directives 2008/48/EC and 2013/36/EU and Regulation (EU) No 1093/2010.

On November 1, 2016 new Regulations On Consumer Credit by Cabinet of Ministers came into force. These regulations establish that an advertisement offering a consumer credit and indicating the interest rate or other numerical information regarding credit charges, in a clear, concise and prominent way by means of a representative example, shall include the annual percentage rate of charge and show it at least as big as the interest rate or other numerical information regarding credit charges.

Lithuania

The regulation of consumer loans in Lithuania covers three general areas: the protection of consumer rights relating to responsible lending, data protection and the prevention of money laundering. The Central Bank of Lithuania is the main supervisory body regulating consumer credit.

With respect to the protection of consumer rights, which is subject to extensive regulation in Lithuania, all providers of consumer loans relevant to the operations of UAB 4finance before December 18, 2015,

must be identified as such in the List of Consumer Loan Providers compiled by the Central Bank of the Republic of Lithuania.

Requirements related to pre-contractual delivery of information to consumers, as well as the rights of consumers more generally, mostly correspond with relevant EU Directives on consumer credit. However, the newly amended Lithuanian law on Consumer Credit, effective from February 1, 2016 (the "**Amended CC Law**") (i) limits the maximum interest rate for consumer loans to 75%, (ii) limits the total cost of consumer credit to the total amount of consumer credit and (iii) sets out that all and any other costs and expenses which are included in the total price of consumer credit (excluding interest) are limited to 0.04% per day of the total amount of the consumer credit. In addition, the EU Directives provide that its provisions are not applied when the credit amount is less than EUR 200. However, Lithuanian legislation does not provide for this minimal credit amount threshold and the above limitations apply to all consumer loans. The Lithuanian legislation provides for some additional restrictions concerning termination of the credit agreement by the credit provider. the Amemded CC Law also includes restrictions concerning accepting payments from the customer in the form of bills of exchange, checks and IOUs.

Under the Amended CC Law, a lender must always collect sufficient information from consumers and inspect databases and available registers or (and) request the customer to provide additional documents proving customer's income and obligations whenever customer creditworthiness is assessed. Also while assessing the creditworthiness of the customer, the income and obligations of the customers' spouse have to be taken into consideration save for few exemptions. In addition, before every significant increase in the total amount of consumer credit the lender must update available financial information about the consumer and reassess their creditworthiness. However, the Central Bank of Lithuania is of the view that the creditworthiness of the customer must be assessed before any increase in the total amount of consumer credit. Previously, the lender had a duty to do so only if information obtained from the customer was insufficient or unreliable. Under the Amended CC Law, a customer is released from payment of interest, as well as any default interests or fees resulting from late payment if the lender has not properly assessed the creditworthiness of such customer through no fault of the customer and the conditions that were not assessed are determined to be the cause of the late payment.

Further, the Amended CC Law introduces new restrictions. For example, (i) a lender may not enter into a consumer credit agreement with a person under the age of 18, a person who is legally incapable, or whose legal capacity is limited, and any person who is listed in the register of persons banned from taking consumer credit and (ii) consumer credit agreement cannot be concluded from 10 pm to 7 am. The Amended CC Law also introduces a "cooling-off" period, which allows the customer to cancel an agreement without specifying reasons and to repay the amount of consumer credit without paying interest or any other taxes, expenses or compensation. The "cooling-off" period is two calendar days from disbursement of the credit funds.

The Amended CC Law introduces new requirements in connection with the reputation of the management and shareholders of the consumer loan provider. In addition to that, all operating consumer credit lenders must disclose information regarding its managers (i.e. general manager, management board (if established) and supervisory board (if established)) and shareholders while asking to be included in the List of Consumer Loan Providers or when introducing any changes regarding foregoing. Failing to do will result in deletion from the List of Consumer Loan Providers. The Amended CC Law also sets out more stringent advertising requirements including, but not limited to, forbidding advertising activity in defined places and introduces more severe sanctions for infringement of consumer loan regulation.

Certain types of companies in Lithuania, including consumer lending institutions are required to collect and process the personal information of their customers and in the given case also of the customers' spouses and to register with the Personal Data Managers State Register, which is supervised by the Lithuanian State Data Protection Inspectorate. In addition, each consumer loan company is required to approve and strictly follow internal regulations regarding the prevention of money laundering and the financing of terrorism as coordinated and overseen by the Financial Crime Investigation Service. See "*Legal Proceedings*."

New amendments were introduced in the Amended CC Law as of 10 November 2016, in accordance with which a consumer loan provider has to write off the loan and all related interest and fees if consumer loan has been granted to an incapable customer.

In 2013, the Central Bank of the Republic of Lithuania introduced stricter creditworthiness checks which currently include a presumption of irresponsible borrowing when the monthly amount paid by a customer to a lending company during a repayment term exceeds 40% of his or her monthly sustainable income. In such case the credit may not be granted. According to the amended Rules of Assessment of Creditworthiness and Responsible Lending adopted by the Central Bank of Lithuania, on 28 January 2016 and which came into effect on 1 February 2016, the definition of sustainable income also includes income (and obligations) of the family which is defined as married couple. Thus, the repayment of the family obligations cannot exceed 40 % of the family income. The Central Bank of Lithuania may impose regulatory sanctions on consumer lenders that fail to follow this limitation when granting loans to consumers. The provisions on responsible lending are subject to adjustments following the Amended CC Law.

On December 18, 2015, the Bank of Lithuania removed UAB 4finance from the list of consumer credit lenders in Lithuania and suspended its operating license, alleging that it had violated certain consumer lending regulations with respect to its performance of customer solvency assessments. Pursuant to the Bank of Lithuania's decision, UAB 4finance, which accounted for 11% of our revenue in 2015, is no longer permitted to service new customers (effective December 18, 2015), although it may continue to service existing customers until such time that the products with such existing customers mature or terminate. We decided not to appeal the Bank of Lithuania's decision and have not challenged it in Lithuanian courts. See "*Legal Proceedings*." See also "*Risk Factors–Our business is highly regulated, and if we fail to comply with existing or newly introduced applicable laws, regulations, rules and guidance we may be subject to fines or penalties, have to exit certain markets or be restricted from carrying out certain operations*".

Sweden

When offering consumer loans, 4finance AB is required to comply with various provisions of the Swedish Consumer Credit Act (Sw. konsumentkreditlagen (2010:1846)) ("**SCCA**"). Under the SCCA, a company providing loans to Swedish consumers is under the general obligation to conduct its business in accordance with sound lending practices, to safeguard the interests of the borrowers with appropriate care and to provide such information as is appropriate for consumers. The SFSA has codified what it deems to be sound lending practices in its advisory guidelines on consumer loans effective as of January 1, 2012, updated on July 1, 2014. In addition, the Swedish Consumer Agency (*Sw. Konsumentverket*) has issued advisory guidelines on consumer loans effective as of 1 February 2011, relating to marketing of consumer loans and which information that must be provided by the lender to consumers before a consumer loan agreement may be entered into.

On July 1, 2014, new legislation (*Sw. lag (2014:275) om viss verksamhet med konsumentkrediter*) applicable to consumer lending entered into force. The legislation is aimed at improving the business practices of, and oversight over, companies providing Single Payment Loans and Installment Loans to Swedish consumers and requires that companies carrying out such business must be licensed with the SFSA. As part of the licensing procedure, the SFSA must approve the owners who, directly or indirectly, hold more than 10 percent of the capital or voting rights in the consumer lending company. Approval is only given if the owners are considered as suitable to exercise a significant influence over the management of the company. The SFSA also requires the company's board of directors and chief executive officer to, among other things, have sufficient knowledge and experience to participate in the management of such company. The SFSA license also contains certain restrictions on the outsourcing of functions that are essential for the business of the consumer lending company. Such functions may only be outsourced if the consumer lending company undertakes to ensure that the operations being conducted by the contractor are performed under controlled and safe procedures, and that the outsourcing does not materially impair the quality of the company's internal control. A consumer lending company is also obliged to notify such outsourcing to the SFSA. In addition to the above, to obtain the SFSA license, a consumer lending company must ensure that the business is conducted in accordance with sound lending practice by, among other things, establishing internal rules for lending, documentation of credit issues and procedures for follow-up and handling of overdue loans. Furthermore, the company's articles of association must be approved in connection with the issuance of the license and all licensed companies must present to the SFSA on a quarterly basis, financial information such as interest income, fee income, the number of credits and credit losses.

4finance AB has obtained a license on September 21, 2016, pursuant to the new legislation and thereafter is under the supervision of the SFSA.

In October 2016 the government (Committee of Inquiry) has presented a proposed new law with the aim of enhanced consumer protection regarding high-cost credits which inter alia proposes to cap interest and credit cost, limit extensions, introduces a margin in the left-to-live-on calculation and introduce stricter demands for marketing. The new law is planned to come into force in July 1st 2018.

4spar AB, which conducts an online deposit-taking business, is registered with the SFSA as a deposit-taking company in accordance with the Swedish Deposit-Taking Businesses Act (*Sw. lag (2004:299) om inlåningsverksamhet*) ("**DTBA**"). As with financial institutions, the SFSA does not have supervisory authority over deposit-taking institutions, but rather monitors information on the owners and management of such institutions. A change in management or ownership of 4spar AB would need to be reported to the SFSA. The SFSA also monitors the existence and quality of a deposit-taking company's internal anti-money laundering regulations. 4spar AB is required to comply with certain provisions of the DTBA, including the requirement to inform its customers that the State Funded Deposit Guarantee Scheme does not apply to 4spar AB's deposit-taking business and the use of deposited funds. In order to comply with the DTBA and to be eligible to operate in the Swedish deposit market, 4spar AB must maintain a minimum share capital equivalent to, or in excess of, SEK 10 million (approximately EUR 1.1 million) at any given time.

Both 4finance AB and 4spar AB are governed by their respective articles of association and must comply with, *inter alia*, the Swedish Companies Act (*Sw. Aktiebolagslagen (2005:551*), the Swedish Act on Prevention of Money Laundering and the Financing of Terrorism (*Sw. lag (2009:62 om åtgärder mot penningtvätt och finansiering av terrorism*), the Swedish Debt Collection Act (*Sw. Inkassolagen 1974:182*), and the Swedish Marketing Practices Act (*Sw. marknadsföringslagen (2008:486)*. In addition, both Swedish entities are under the supervision of the Swedish Consumer Agency, which monitors compliance with consumer protection rights.

Both 4finance AB and 4spar AB must comply with the Swedish Personal Data Act (*Sw. personuppgiftslagen (1998:204)*) ("**SPDA**"). The SPDA provides that when registering individuals' personal data, the registering entity must notify the Swedish Data Inspection Board (*Sw. Datainspektionen*) or report to the Swedish Data Inspection Board that a Personal Data Protection Officer has been appointed, as well as notify the individual whose personal data is registered. Failure to so notify may result in claims for damages. Pursuant to case law, the compensation for damages in the case of failure to notify the individual whose personal data is registered is normally approximately SEK 3,000 (approximately EUR 325). The fine that the Data Inspection Board may impose is conditional and will only be payable if the ordered corrective measures are not taken. There is no fixed amount for such conditional fine as it is decided on a case-by-case basis and is determined based on the size of the business of the registering entity. Furthermore, the Data Inspection Board may impose a fine should the registering entity not take corrective measures. An individual failing to comply with the SPDA may be subject to criminal liability. Under the SPDA, the assignment of a Single Payment Loan or Installment Loan would be in compliance with the SPDA provided that the transferor, in its capacity as servicer, retains control over the personal data of the consumer whose loan is being transferred. If a consumer has not consented to a loan transfer, the transfer of personal data may still be carried out without the explicit consent of the consumer, taking into consideration the legitimate interests of the transferor and the transferee. Consumers must be notified of any transfer of personal data.

Finland

In Finland, 4finance Oy, as a provider of Single Payment Loans and Line of Credit, is required to comply with laws and regulations relating to consumer rights protection, the processing of personal data, debt collection and the prevention of money laundering and terrorist financing. Local regulations establish rules governing, *inter alia*, marketing and the remote selling of consumer loans, the terms of consumer loan agreements and information that must be disclosed to prospective customers in advance of their entering into a loan agreement, the methodology for calculating, and the level of annual percentage rates, , personal data processing and debt collection.

The FCCA (the Finnish Competition and Consumer Authority) is the supervisory body that regulates consumer lending companies in Finland. Each company offering consumer loans must be included in the nationwide creditor register of companies offering consumer credit, which is maintained by the State Administrative Agency of Southern Finland acting as an additional supervisory authority by theFCCA's side. A company offering consumer loans is required to notify the State Administrative Agency of Southern Finland of any updates that need to be made to the register with respect to such company's information. The information in the creditor register in relation to the company includes, *e.g.*, the name and other business details of the company, such as the members of the Board of Direc-

tors, names of the persons whose trustworthiness has been investigated in connection with registration of the company in the credit register as specified in the Act on Registration of Certain Creditors (747/2010, as amended, *Laki eräiden luotonantajien rekisteröinnistä*) and names of the persons whose education and work experience relating to the consumer credit business has been investigated in connection with the registration of the company in the credit register as specified in the Act on Registration of Certain Creditors.

4finance Oy is subject to a marketing ban issued by the FCCA on January 14, 2014 since the marketing practiced by 4finance Oy was not in compliance with the Finnish Consumer Protection Act. 4finance Oy no longer uses such banned material and has new marketing materials in place, which we believe are in compliance with the legislation and guidelines received from the Finnish authorities. In February 2014, the FCCA sent a request to 4finance Oy to clarify whether the business conducted by the company (especially in relation to loan amounts set by the company (EUR 2,010) and the regulation regarding interests related thereto) is in compliance with the Consumer Protection Act. The company responded to the query in February 2014. Since then, the FCCA has contacted the 4finance Oy during 2014 and 2015 and has requested further clarification in relation to credit granting processes and credit products. 4finance Oy provided to the FCCA the required clarification, and held a meeting with the FCCA on November 3, 2015, in which the outstanding matters were discussed. Following the meeting, the FCCA required 4finance Oy to amend the terms and conditions and credit agreement form, which amendments have been made. The FCCA had made in July 14, 2016 additional demands to 4finance Oy regarding, inter alia, the application and interpretation of the interest rate cap. The FCCA´s letter also included a draft summon to the Market Court. 4finance Oy submitted an answer to the FCCA in August 31, 2016, where a meeting with the FCCA was requested to discuss the amendments to be made. The FCCA has not replied to 4finance Oy´s answer yet.

In accordance with Finland's Personal Data Act (523/1999, as amended, *Henkilötietolaki*), each company that processes personal data must prepare a description of its personal data files and make it available to those whose data has been compiled. Any company, such as 4finance Oy, which makes automated credit decisions on the basis of such personal data, is required to inform the Finnish Data Protection Ombudsman. In addition, any company which engages in debt collection on behalf of another company, on behalf of itself on debts that are acquired from the third party or is collecting its own debts otherwise than occasionally, must apply for a license to do so from the applicable Regional State Administrative Agency according to the Act on Registration of Certain Creditors (517/1999, as amended, *Laki perintätoiminnan luvanvaraisuudesta*). All 4finance Oy´s external debt collection companies have a license in debt collection.

On March 15, 2013, the Finnish Parliament passed significant amendments to the legislation regulating consumer loans. The amendments to the Consumer Protection Act (38/1978, as amended, *Kuluttajansuojalaki*), the Interest Act (633/1982, as amended, *Korkolaki*) and the Act on Registration of Certain Creditors came into effect on June 1, 2013, and amendments to the Debt Collection Act (513/1999, as amended, *Laki saatavien perinnästä*) came into effect on March 16, 2013. The amendments to the Consumer Protection Act, in particular, (i) limit the annual percentage rate applicable to loans for amounts of less than EUR 2,000 to no greater than 50 percentage points above the reference rate applied by the European Central Bank and notified by the Bank of Finland (ii) prohibit charging customers for communication costs during marketing stages, or in connection with the granting of credits or establishing a credit relationship, and (iii) require creditors to assess the income and financial condition of prospective customers in greater detail.

As a result of these amendments, (i) the mandatory provisions as regards late interest were clarified so that consumer companies could not circumvent the prohibitions concerning the ceiling (*i.e.*, the maximum amount of interest to be charged is limited, with certain exceptions, to 7% plus the reference rate) for late interest and late payments by, for example, calling such interest payments a "commission" or other undefined payment, (ii) consumer companies must store all documentation and information relating to consumer loans for five years after the respective loan's maturity date pursuant to the Act on Registration of Certain Creditors, and (iii) customers have been granted additional rights in connection with loan repayment periods and the amount of fees that can be levied on customers for collecting small debts pursuant to the Debt Collection Act. Depending on the type and amount of receivables, there are limits on the total aggregate amount of fees that can be levied on customers for collecting debts (EUR 60, where the principal receivable is a maximum of EUR 100, EUR 120, when the principal receivable is between EUR 100 and EUR 1.000, and EUR 210, where the principal receivable is over EUR 1,000).

On September 15, 2015, the Finnish Supreme Court issued a judgment (*KKO:2015:60*), with precedential value, where the contractual term concerning a credit interest was deemed unreasonable for the consumer and thereby null and void on the basis of Council Directive 93/13/EEC on unfair terms in consumer contracts (implemented in Finland, *inter alia,* in Chapter 7 of the Consumer Protection Act). This judgment by the Supreme Court effectively expanded the scope of applicability of the interest rate ceiling to consumer credit loans of EUR 2,000 or above. Therefore contractual terms of credit products can be subject to application of Chapter 7, Section 17a of the Consumer Protection Act and be deemed as unreasonable despite the fact that their maximum credit limits are above EUR 2,000. The FCCA has stated to 4finance Oy that this case applies to the credit business of 4finance Oy.

On 9 January 2016, an amendment to the Consumer Protection Act entered into force. According to the new provisions, a company that has a website should keep information on its website concerning alternative dispute resolution ("ADR") as well as concerning the competent ADR body, through a website link. In practice, companies are obliged to inform consumers on the possibility to have their disputes under a consideration of the Consumer Disputes Board, which is the competent ADR body in Finland. The decisions of the Consumer Disputes Board are recommendations and cannot be enforced by coercive measures. The new provisions require that this information on ADR should also be added to the company's general terms.

Denmark

In Denmark, 4finance ApS is required to comply with a variety of laws and regulations including, but not limited to, those relating to consumer rights protection, the processing of personal data, debt collection and the prevention of money laundering and the financing of terrorism.

Local regulations establish rules governing*, inter alia,* marketing, the pre-contractual information that must be delivered to consumers in advance of their entering into a loan agreement, the form, terms and contents of loan agreements, the lender's obligation to assess the creditworthiness of a borrower, the calculation of the annual percentage rate, notification to the borrower of a change to the interest rate, a right of withdrawal for borrowers, a general clause pursuant to which an amount that the borrower is obliged to pay can be reduced if it is deemed unfair, remote-selling of loan agreements, reminder fees and registration of information and notification to authorities relating to money laundering and the financing of terrorism. These rules generally correspond with relevant EU Directives on consumer credit and money laundering and financing of terrorism.

As of January 1, 2017 the amended Danish Act on Credit Agreements will introduce a mandatory cooling-off period for unsecured loans granted by non-banks with a term of maximum three months which are not conditional upon purchase of goods or services, whereas a consumer's acceptance of an offer for a short-term consumer loan is only valid if the acceptance is given no sooner than 48 hours after the lender has made the offer for short-term consumer loan agreement.

The Consumer Ombudsman in Denmark monitors compliance with consumer-related legislation (primarily the Marketing Practices Act) and investigates consumer complaints. Under Danish law, the Consumer Ombudsman has the authority to institute proceedings against a business for violating applicable law, including class actions on behalf of consumers. The Danish Financial Supervisory Authority monitors compliance with the Act on Measures to Prevent Money Laundering and the Financing of Terrorism.

Spain

Under Spanish law, consumer credit lenders, such as Vivus Finance S.A., which are subject to the Consumer Credit Agreements Act 16/2011 of June 24, 2011 ("**CCAA**"), are not required to obtain a license or other similar administrative permission in order to conduct their operations. Consumer lending, rather, is subject to regulation in three areas: the protection of consumer rights, data protection and the prevention of money laundering and the financing of terrorism.

The law does not restrict interest and penalty rates, however, should these rates be substantially higher than the legal interest rates and manifestly disproportionate according to the circumstances of the case or, in conditions such that it results leonine, the risk of falling under the sanctions of the Usury Law may be of application. Thus, in July 2015, the Consumer Office of Cataluña initiated a penalty procedure, including an inspection of the entire micro lending sector. The Consumer Office of Cataluña considers that our interest and penalty rates are abusive and proposed a fine of EUR 32,500. In December of 2015, the Consumer Office of Madrid initiated another penalty procedure, including an inspection to be performed on our Spanish company, as they consider that the penalty rates are abusive

and proposed a fine of EUR 6,000. Vivus Finance S.A. has contested the proposed fines of the respective Consumer Offices in both cases and the proceedings are currently ongoing. See "*Legal Proceedings*."

With respect to the protection of consumer rights, the CCAA sets forth certain requirements related to the pre-contractual delivery of information to consumers and the rights of consumers more generally; such requirements generally correspond with relevant EU Directives on consumer credit. In addition, under Spanish law, a consumer credit lender must assess a customer's solvency before entering into a consumer credit agreement with such customer. The law does not require any particular procedure for such assessment, but it requires to have in place an internal procedure in order to assess the solvency of customers who apply for a loan which could be based in the information available in the Credit Bureaus, the information provided by the borrower or the information provided by other third parties.

With respect to data protection, the CCAA requires a consumer lender to gather and process certain data and other personal information related to its borrowers in compliance with local data protection regulation and to register the files with the Spanish Data Protection Agency ("*Agencia de Protección de Datos*"). Personal data protection is more generally regulated by the Organic Law 15/1999 on Personal Data Protection.

Each consumer lender is required under relevant Spanish law to approve and follow internal regulations regarding the prevention of money laundering and the financing of terrorism. SEPBLAC (Prevention of Money Laundering Service), an arm of the Bank of Spain, is vested with the authority to monitor compliance with the country's laws and regulations on money laundering.

Georgia

In Georgia, 4finance LLC, as a legal entity offering small loans to individuals, is required to comply with laws and regulations relating to personal data processing, advertisements and the marketing of services and products, Civil Code that regulates relationships between lenders and customers and debt collection is regulated by the Georgian Law on Civil Proceedings

4finance LLC's operations in Georgia involve the processing of personal data of customers. Personal data in Georgia is protected under the Law of Georgia on Protection of Personal Data, passed in 2011 (the "**Personal Data Law**"). Pursuant to the Personal Data Law, the collection, storage and disclosure of personal data and a wide range of further actions in respect of personal data constitute data processing, and therefore is subject to regulation. Any infringement of data protection rules by 4finance LLC may result in the imposition of administrative sanctions, including monetary fines.

The Civil Code of Georgia imparts Georgian courts with the discretion to reduce any penalty amount that in the view of the courts is disproportionately high. There are no statutorily defined or prescribed limits or thresholds. Therefore, determination of this matter falls within the discretion of Georgian courts, which will be exercised on a case-by-case basis. Should Georgian courts exercise such discretion, 4finance LLC may not be able to collect applicable default interest under its consumer loans. See "*Risk Factors—Risk Factors Relating to Our Business— Our business is highly regulated, and if we fail to comply with existing or newly introduced applicable laws, regulations, rules and guidance we may be subject to fines or penalties, have to exit certain markets or be restricted from carrying out certain operations*."

As of the date of this Prospectus, 4finance LLC is not registered as a micro-finance organization or bank, and therefore its activities are not regulated or supervised by the National Bank of Georgia. 4finance LLC may not accept customer deposits or funds since such activity requires a banking license or registration as a qualified credit institution with the National Bank of Georgia, as the case may be.

However, on November 18, 2016, 4finance LLC applied to the National Bank of Georgia to undergo registration as a microfinance organization. If this application is granted, 4finance LLC will be required, as of the date of registration, to comply with the regulatory requirements applicable to microfinance organizations in Georgia and its activities will be subject to supervision by the regulator. Microfinance organizations are not authorized to attract deposits from either individuals or legal entities; however they may engage in activities permitted by Georgian law, such as issuance of micro loans (consumer, pawn shop, secured, unsecured and other types of loans), investment in state and public securities, money transfers, micro leasing, factoring, currency exchange, bond issuance and other permitted financial services. Microfinance organizations are also authorized to perform functions of insurance agent in accordance with applicable regulations. Exposure of microfinance organizations to a single borrower shall not exceed GEL 50,000 at any time. At the same time, this is maximum amount that microfinance

organization is allowed to lend to its customers. While microfinance organizations are entitled to determine interest and fees for their services, the regulator is authorized to impose terms and maximum amount of fees payable in respect of refinancing and early repayment of the micro loans issued by microfinance organization. In order to issue a micro loan, microfinance organization must enter into a written agreement with the borrower. Activities of microfinance organizations may become subject to even more extensive regulations and restrictions in future should the regulator consider such intervention necessary.

If and when reorganized into microfinance organization, 4finance LLC will be required to observe 'fit and proper' requirements applicable to its managers and shareholders/beneficial owners, capital adequacy requirements and certain other restrictions and reporting obligations provided by Georgian law. It will also be required under Georgian law to comply with applicable KYC, AML and anti-terrorism financing regulations as well as to approve and follow internal regulations regarding the prevention of money laundering and the financing of terrorism. In view of the above, it is not excluded that, if and when 4 Finance LLC qualifies as microfinance organization, the regulator may request revisions to and/or the Guarantor may have to amend its existing operational model and procedures as may be required to comply with KYC, AML and other regulatory requirements applicable to microfinance organizations.

Failure of 4finance LLC to comply with aforementioned requirements and obligations may lead to imposition of fines and even revocation of registration. In addition, in case of a breach of certain regulatory provisions, the regulator can issue warnings, impose a cease and desist order on the infringer or issue an instruciton to adhere to a particular line of conduct. Depending on circumstances of the case, criminal liability of the Guarantor or its officers may also be invoked.

Acquisition of substantial stake in microfinance organization requires prior written consent of the regulator. Any purported share transfer without such authorization would be invalid and unenforceable.

Bulgaria and Romania (TBI Bank EAD)

Our banking subsidiary in Bulgaria, TBI Bank EAD (for the purpose of this section "*–Bulgaria and Romania (TBI Bank EAD)*", the "**Bank**") is duly licensed as a credit institution by the Bulgarian national Bank (BNB) (License B-30/13.08.2003) and has a registered branch in Bucharest, Romania (for the purpose of this section "*–Bulgaria and Romania (TBI Bank EAD)*", the "**Branch**"). Both the Bank and its Branch act in compliance with the applicable EU legislation and at the same time are subject to various forms of domestic regulations, most important of which are set out below:

- As a credit institution the Bank is regulated by the Credit Institutions Act (CIA) and the applicable Ordinances of the Bulgarian National Bank (BNB); the regulator here is the BNB.

  The CIA is harmonized with all requirements set forth in the Directive 2013/36/EU (CRD IV) regarding the performed activity by Credit Institutions in Bulgaria and the prudential supervision over them. The CIA provides for the general rules for the banks (establishment, licensing, management, requirements, registering of branches, freedom of service providing, etc.) where the specific requirements are subject to large number of ordinances and regulation issued by the BNB.

  The main activities of the Bank are deposit attracting in lending in 2 business lines – Retail and SME.

  - In regard with the deposits is applicable the Bank Deposit Guarantee Act, which provides for guarantee payments by the Bulgarian deposit insurance fund (for Covered deposits up to a level of EUR 100,000), with some exceptions for certain groups of clients. The Fund is financed by the banks by means of annual premium contributions; the Fund is obliged to also repay the amounts of covered deposits held by depositors at branches set up in other Member States by Bulgarian banks through the deposit guarantee scheme of the host State.
  - As for the lending, the Bank is focused on consumer lending and thus regulated by the applicable consumer protection legislation - the Consumer Protection Act, Consumer Credit Act and the Remote Providing of Financial Services Act, where the regulator here is the Consumer Protection Commission (CPC).

- As a payment institution the Bank is regulated by the Payment Services and Payments Systems Act; the regulator here is the BNB.

- The payments services provided by the Bank include mainly opening of bank accounts and issuing of payment instruments in the form of Bank cards (debit and credit); the Bank has a full license granted by MasterCard and participates in the Bulgarian and international payment-systems.

- As a credit and payment institution in terms of AML/CTF the bank is regulated by the Measures Against Money Laundering Act and the Measures against Terrorism Financing Act; the regulator here is the State Agency of National Security (SANS);
    - Following the specific requirements, the Bank maintains and develops KYC politics, AML/CTF Rules, uses specialized IT solutions with the relevant modules (AML/FATCA/Fraud, etc.) and relies on a strong in-house Compliance team, independent from the operational management and business functions.
- As an investment firm the bank is regulated by the Market on Financial Instruments Act; the regulator here is the Supervisory Finance Commission (SFC);
- As an administrator of personal data the Bank is regulated by the Personal Data Protection Act; the regulator here is the Personal Data Protection Commission (PDPC).

Romania (TBI Bank EAD – Bucharest Branch)

- The Branch in Bucharest was registered in 2012 by observation of the relevant notification procedure before the BNB and the National Bank of Romania (NBR). In general, all the requirements listed in regard with the Bank are accordingly applicable to the Branch as well; EU legislation entirely and the relevant specific provisions in the area of the credit institutions, payment institutions, consumer protection, AML/CFT – in the context of the provisions and requirements of the local Romanian legislation. However, in certain areas both Bulgarian and Romanian legislation are applicable in terms of the Branch – e.g. the Bulgarian Deposit Insurance Fund is also the guarantor of deposits attracted by the Branch in Romania.

Romania (Subsidiaries)

- Besides the Branch, the Bank has 5 subsidiaries in Romania, specialized in non-banking consumer financial services, payment services, financial leasing, insurance intermediacy, collection and call center activities (TBI Credit, TBI Leasing, TBI Insurance Agent, TBI Fleet Management and TBI Call Centre). These companies are co-operating with the Bank and the Branch in order to take advantage of the experience and the capacity of the group to generate assets. The entities above mentioned comply with all the relevant specific rules, including these for consumer protection, AML/CFT, unfair commercial practices, insurance law provision, personal data protection, etc., as well with the general requirements of the Romanian civil and commerce legislation. In particular, both TBI Credit and TBI Leasing are duly licensed by Romanian National Bank as respectively non-banking financial institutions and as a payment institution (TBI Credit). Thus, both entities are under direct supervision of the NBR.

In regard with the above mentioned regulations and following all the applicable special legislation, the Bank duly discloses and reveals the information by means of regular reporting, sending ad hoc notifications and publishing important information on its official website (www.tbibank.bg).

In particular, TBI Bank is required to comply with certain minimum statutory ratios and limits in respect of its capital, liquidity and exposures. Those thresholds are shown in the table below:

List of key prudential ratios

Ratios	Limits	30 September 2016	31 December 2015
CAR	13.5%	24.8%	19.4%
Liquidity	20%	37.3%	35.4%

The Bulgarian National Bank performed a comprehensive asset quality review and stress test exercise for the banking system in Bulgaria between February and August 2016. TBI Bank was ranked 2nd and 4th best in terms of capital adequacy ratio in the ‘stressed’ and ‘adverse stressed’ scenarios respec-

tively and was not deemed to require additional provisioning for its loan portfolio. The full results are available on the website of the Bulgarian central bank at: http://www.bnb.bg/bnbweb/groups/public/documents/bnb_download/bs_aqr_results_a2_en.pdf

XI. INFORMATION ABOUT THE ISSUER

1. General Information about the Issuer

History and Development of the Issuer, Commercial Register

The Issuer was incorporated on December 6, 2012, under the laws of Luxembourg as a public limited liability company (*Société Anonyme*) with unlimited duration.

The Issuer is registered with Luxembourg Trade and Companies Register (Registre de Commerce et des Sociétés de Luxembourg) under No. B 173403.

Legal and Commercial Name, Financial Year and Business Address

The legal and commercial name of the Issuer is 4finance S.A..
The registered office of the Issuer is at 9, Allée Scheffer, L-2520 Luxembourg, and its telephone number is +352 440 929 3245.

The financial year of the Issuer commences on January 1 and ends on December 31 of each calendar year.

Business Purpose and Objectives of the Issuer

Pursuant to Article 2 of the articles of association of the Issuer dated July 3, 2014, the corporate objects of the Issuer are: (a) the acquisition of ownership, in Luxembourg or abroad, in any companies or enterprises in any form whatsoever and the management of such ownership interests and, in particular, the acquisition by subscription, purchase, and exchange or in any other manner of stock, shares and other securities, bonds, debentures, certificates of deposit and other debt instruments and more generally any securities and financial instruments issued by any public or private entity whatsoever, including partnerships; (b) the investment in the acquisition and management and control of a portfolio of patents or other intellectual property rights of any nature or origin whatsoever; (c) the borrowing and raising of money in any form and in particularly by way of private or public offer; (d) the issue of notes, bonds and debentures and any kind of debt which may be convertible and/or equity securities, in particular by way of private or public placement; (e) the lending of fund including the proceeds of any borrowings and/or issues of debt securities to its subsidiaries, affiliated companies or to any other company; (f) the granting of mortgages, pledges, securities by way of transfer, encumbrances or other securities over all or some of its assets; (g) the employment of any techniques and use of any instruments relating to the Issuer's investments for the purpose of their efficient management, including techniques and instruments designed to protect the Issuer against creditors, currency fluctuations, interest rate fluctuations and other risks; and (h) the carrying out of any commercial, financial or industrial operations and any transactions with respect to real estate or movable property, which directly or indirectly further or relate to the Issuer's purpose.

The articles of association of the Issuer were published at its incorporation in the Mémorial C, Recueil des Sociétés et Associations, number 61 of January 10, 2013 on page 2883.

Business Overview

The Issuer's business operations consist of providing financing to the Group companies. The Issuer is financed through its share capital, external debt and cash from the activities of the Group's operating companies. The Issuer's ability to pay principal, interest and premium, if any, on the Notes is therefore dependent on financing and cash transferred to it from the operating companies of the Group.

Auditor

The independent auditors (réviseurs d'entreprises agréés) of the Issuer, which have been appointed by a resolution of the sole shareholder dated July 10, 2014 are KPMG Luxembourg, Société Coopérative incorporated under the laws of Luxembourg, having its registered office at 39, avenue John F. Kennedy, L-1855 Luxembourg and registered with the Luxembourg trade and companies register under number B 149133.

KPMG Luxembourg is a member of the Luxembourg institute of auditors (Instituts des réviseur d'entreprises).

Administrative, Management and Supervisory Parties of the Issuer

Management Board

For a description of the structure, the members and the governance of the Issuer's management board, please refer to *Section XIII – Management – Management of Issuer*.

The business address of the members of the management board is at 9, Allée Scheffer, L-2520 Luxembourg, telephone: +352 440 929 3245.

Conflicts of Interest

For a description of any conflicts of interest relating to directors and officers of the Issuer, please refer to *Section XIII – Management – Interest of Directors and Officers*.

Audit Committee

For a description of the audit committee which is currently established under AS 4finance (first parent company of the Group) and provides services to the Group as a whole, please refer to *Section XIII – Management – Corporate Governance – Audit Committee*.

Significant Change in the Issuer's Financial or Trading Position

There has been no significant change in the financial or trading position of the Issuer since the date of its last published interim financial statements as of 30 September 2016.

Material adverse change in the prospects of the Issuer

There has been no material adverse change in the prospects of the Issuer since 31 December 2015.

Investments

For a description of the investments made by the Group, including the Issuer, please refer to *Section IX – Business - Investments*.

2. Share Capital and Shareholder of the Issuer

The Issuer has a fully paid-up share capital of EUR 100,000,000.00 divided into 100,000,000 ordinary shares each having a par value of EUR 1.00. All of the Issuer's shares are held by AS 4finance (Latvia). Holdco is the indirect parent company of the Issuer, holding 100% of the issued share capital of AS 4finance (Latvia). AS 4finance (Latvia) was incorporated on February 11, 2008 under the laws of Latvia as a joint stock company and is registered with the Latvian Register of Enterprises under Number 4000399169. AS 4finance (Latvia) registered office is located at Lielirbes iela 17a-8, Riga, LV-1046, Latvia.

XII. INFORMATION ABOUT THE GROUP AND THE GUARANTORS

1. History of the Group

AS 4finance was founded in February 2008 by a group of individuals and companies and commenced operations offering single payment loans in Latvia in July 2008 and installment loans in August 2009.

Our initial objective was to provide flexible and convenient consumer financial services to customers in four countries, Sweden, Finland, Lithuania and Latvia, and more broadly to become the leader in Northern European and Scandinavian markets for online Single Payment Loans. The services we originally provided focused on Single Payment Loans through e-commerce, such as using the Group's internet platform, phone calls or text messages. We later introduced online Installment Loans in Sweden, Finland, Lithuania, Latvia and Poland, as well as online deposit-taking in Sweden. In 2012, we issued over 10,000 loans per day and achieved over 4,000 registrations per day for the first time.

From 2009 to 2013, we initiated operations in Bulgaria, Canada, the Czech Republic, Denmark, Estonia, Finland, Georgia, Poland, Russia, Spain, Sweden and the United Kingdom, principally through the establishment of new start-up entities. During this period, we also started a Canadian-based company, which provided management and administration service to a U.S. third-party entity that provided Single Payment Loans to customers in the United States. In December 2013, we discontinued operations in the United Kingdom and North America business segments as part of a strategic decision to place greater focus on markets which provided, and which we believed would continue to provide, a higher return on investment. For the United Kingdom, our decision was also based on the uncertainty around a potential cap on APR that U.K. regulatory authorities were considering introducing. We sold our North America business (including the loan operations in Canada and the management and administration services provided to the United States) to a related party on January 1, 2014. In December 2014, we decided to sell our operations in the Russian Federation, mainly due to political and economic uncertainties in the market. The Russian Federation business segment has been sold to a related party outside the reporting group and all related sales transactions have been completed. The sale of 85% of the ceased operations in the United Kingdom was effective from January 1, 2015. In March 2015 and mainly due to unfavorable market conditions, we discontinued our operations in Estonia. See "*—Group Structure—Legal Structure*" below.

In 2015, we launched Installment Loans in Denmark and our new Credit Line product in Finland. We also commenced operations in Romania and Mexico through the establishment of new start-up entities. In April 2015, we acquired GoodCredit Armenia, which holds a credit organization license from the Central Bank of Armenia. The main activities of GoodCredit Armenia are micro-/SME business and consumer lending. The total purchase price of GoodCredit Armenia was EUR 1.3 million, and its total assets as of December 31, 2015 were EUR 2.0 million. This acquisition will enable us to expand our activities in the Republic of Armenia.

In May 2015, we acquired Prestamo Movil in Argentina. The main activities of Prestamo Movil are consumer lending through Single Payment Loans. In October 2015, we started lending in Argentina under the Vivus brand. The total assets of Prestamo Movil were EUR 0.8 million as of December 31, 2015.

On December 31, 2013 AS 4finance transferred all operating subsidiaries of the Group, including, the Issuer to Holdco, thus remaining indirect shareholder of operating subsidiaries through ownership of Holdco. Thus until April 30, 2014, AS 4finance was the parent company of the Group. On April 30, 2014, we completed a group restructuring (the "**Group Restructuring**"), pursuant to which Holdco became the direct shareholder of AS 4finance and also a new parent company of the Group. Effective as of May 1, 2014 all of the share capital of our operating subsidiaries and the Issuer as of that date was transferred back from Holdco to AS 4finance as direct shareholder thus partially reversing the Group Restructuring by executing share transfer agreements. As of the date of this Prospectus, AS 4finance remains wholly-owned by Holdco, and has control through share ownership over all operating subsidiaries of the Group and the Issuer. No resulting gain or loss was recorded on any of the transactions as these were accounted for as entities under common control transferred at their historical value. Holdco did not have any significant business, assets or liabilities before December 31, 2013.

During the first quarter of 2014, we undertook an organizational restructuring whereby we introduced an Executive Committee to support the management of AS 4finance and now also the management of Holdco. See "*Management—Corporate Governance—The Executive Committee*." This change allows for a broader participation at the top of the organization in order to assist the CEO and the Board in

making informed decisions. In addition, in 2016 we appointed two key individuals to the Executive Committee, with George Georgakopoulos joining as the group CEO and Paul Goldfinch as the group CFO, and in 2015 – with Manbhanjan Panda joining as the CRO and Darren Cairns as the Chief Marketing Officer, all of whom have significant experience in their fields of expertise. In 2016, we also appointed Clemens Baader as Chief Analytics Officer, reflecting our increasing focus on data-driven decision making.

In June 2016 Holdco acquired 80% of Friendly Finance OÜ, an online lending company operating in five European countries (Czech Republic, Georgia, Poland, Slovakia & Spain) from Tirona for EUR 28.8 million. This added a million registered customers and additional brands to the Group's portfolio.

In August 2016 the Group finalised the acquisition of TBI Bank EAD in Bulgaria through the acquisition of 100% of TBIF Financial Services B.V. by Holdco for a total consideration of EUR 82 million. This added approximately EUR 185 million in net loan portfolio to the business and 1.4 million registered customers.

2. Group Structure

Legal structure

The following chart sets forth the legal structure of the Group as of the date of this Prospectus. In 4finance AB, 3% of the shares are owned by the current managing director of the country.

Legal structure of 4finance Group

N.B. This structure shows only those companies in which 4finance Group S.A. owns, directly or indirectly, more than 50% of the share capital

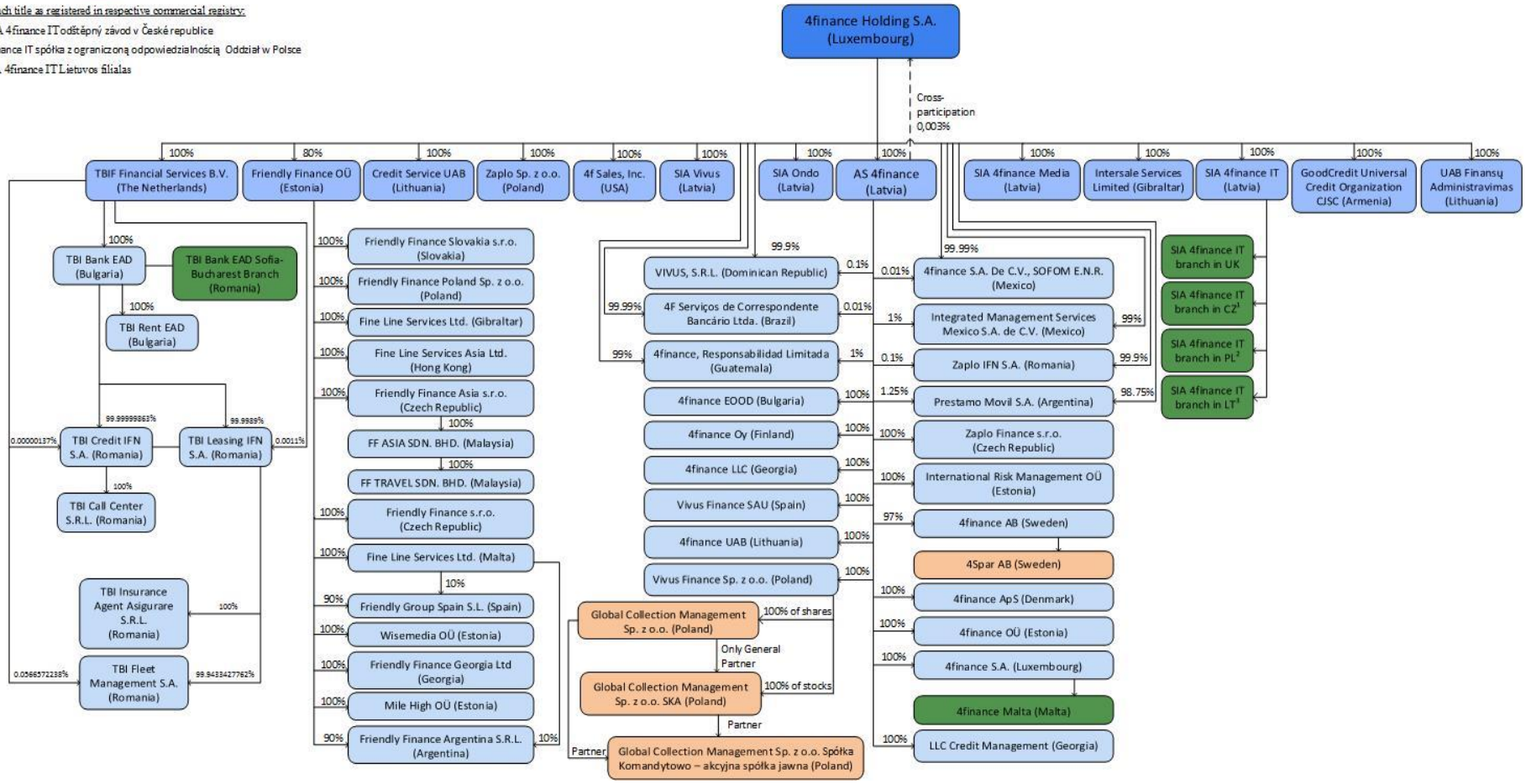
Branch of company –

Branch title as registered in respective commercial registry:

[1] SIA 4finance IT odštěpný závod v České republice

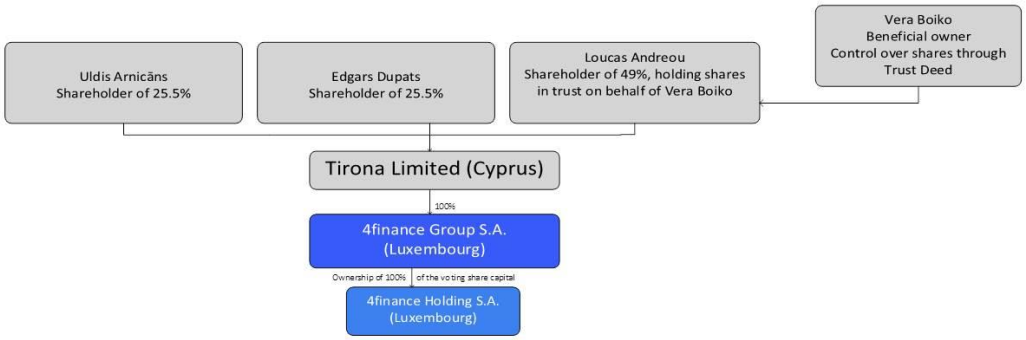
[2] 4finance IT spółka z ograniczoną odpowiedzialnością Oddział w Polsce

[3] SIA 4finance IT Lietuvos filialas



Shareholder Structure

Since June 30, 2015, the parent holding company of the Group and direct shareholder of Holdco is 4finance Group S.A. (which holds 99.997% of Holdco). The sole shareholder of 4finance Group S.A. is Tirona. Tirona was until recently part of the Finstar Financial Group, one of the largest private investment groups in Russia. Holdco is now ultimately owned by several individual persons. Three individual persons, Uldis Arnicāns, Edgars Dupats and Vera Boiko have a significant ultimate ownership of the Group, owning 25.5%, 25.5% and 49%, respectively, in Tirona. Vera Boiko is related to Oleg Boyko.



3. Information about the Group and the Guarantors

a) 4finance Holding S.A. ("Holdco")

General Information about Holdco

History and Development, Commercial Register

Holdco was incorporated on 24 July 2012 under the laws of Luxembourg as a public limited liability company (Société Anonyme) with unlimited duration. Holdco is registered with Luxembourg Trade and Companies Register (Registre de Commerce et des Sociétés de Luxembourg) under No. B 171059. Upon the Group Restructuring Holdco became the new parent company of the Group. On 31 December 2013 the operating subsidiaries of AS 4finance, including 4finance S.A. were transferred to Holdco from AS 4finance. Effective as of 1 May 2014 the Group Restructuring was reversed by transferring all of the share capital of the operating subsidiaries (including Subsidiary Guarantors except Credit Service UAB which was not part of the Group at that time) and 4finance S.A. (i.e., the Issuer) back from Holdco to AS 4finance. Accordingly, Holdco holds currently 100 % of the shares in AS 4finance and controls through this share ownership all operating subsidiaries of the Group as well as 4finance S.A.

Legal and Commercial Name, Financial Year and Business Address

Holdco's legal name is 4finance Holding S.A. and it operates under the commercial name "4finance Holding S.A.".

The registered office of 4finance Holding S.A is at 6, rue Guillaume Schneider, L-2522 Luxembourg, and its telephone number is +352 44 09 29 31 07.

The financial year of 4finance Holding S.A commences on January 1 and ends on December 31 of each calendar year.

Business Purpose and Objectives

Pursuant to Article 2 of the Articles of Association, Holdco's corporate purpose is the acquisition of ownership interests, in Luxembourg or abroad, in any companies or enterprises in any form whatsoever and the management of such ownership interests. Holdco may in particular acquire by subscription, purchase, and exchange or in any other manner any stock, shares and other securities, bonds, debentures, certificates of deposit and other debt instruments and more generally any securities and financial instruments issued by any public or private entity whatsoever, including partnerships. It may participate in the creation, development, management and control of any company or enterprise It may further invest in the acquisition and management of a portfolio of patents or other intellectual property rights of any nature or origin whatsoever.

Holdco may borrow and raise money in any form and in particular by way of private or public offer. It may issue notes, bonds and debentures and any kind of debt which may be convertible and/or equity securities, in particular by way of private or public placement. Holdco may lend funds including the proceeds of any borrowings and/or issues of debt securities to its subsidiaries, affiliated Companies or to any other company. It may also give guarantees and grand security interests in favour of third parties to secure its obligations or the obligations of its subsidiaries, affiliated companies or any other company. Holdco may further mortgage, pledge, transfer, encumber or otherwise hypothecate all or some of its assets.

Holdco may generally employ any techniques and utilize any instruments relating to its investments for the purpose of their efficient management, including techniques and instruments designed to protect Holdco against creditors, currency fluctuations, interest rate fluctuations and other risks.

Holdco may carry out any commercial, financial or industrial operations and any transactions with respect to real estate or movable property, which directly or indirectly further or relate to its purpose.

Investments

For a description of the investments made by the Group, including Holdco, please refer to *Section IX – Business - Investments*.

Business Overview

Holdco is a holding company and holds all shares of AS 4finance and through this shareholding controls the share ownership of all operating subsidiaries of the Group and the Issuer. Holdco is not involved in the operational business of the Group.

Administrative, Management and Supervisory Parties of Holdco

Management Board

For a description of the structure, the members and the governance of Holdco's management board, please refer to *Section XIII – Management – Management of Holdco*.

The business address of the members of the management board is at 6, rue Guillaume Schneider, L-2522 Luxembourg, telephone +352 44 09 29 31 07.

Conflicts of Interest

For a description of any conflicts of interest relating to directors and officers of Holdco, please refer to *Section XIII – Management – Interest of Directors and Officers*.

Organisational Structure and Shareholders

Share Capital of Holdco

The share capital of Holdco is EUR 35,751,000 and is divided into 3,575,100,000 shares with the nominal value of EUR 0.01 each. 3,575,000,000 of these shares are ordinary shares and 100,000 are non-voting preferred shares.

100% of Holdco's issued shares are fully paid and duly registered. The holder(s) of non-voting preferred shares are entitled to receive a fixed preferential dividend as set out in article 29 of Holdco's articles of association but are not entitled to vote at general meetings of Holdco except as provided in articles 44 to 46 of the Luxembourg Company Law. In contrast, the holders of ordinary shares are entitled to receive the remaining profits (if any) as declared from time to time and are entitled to one vote per share at Holdco's general shareholders' meetings. Holdco's share register is maintained by Holdco and kept at its registered office.

The table below sets forth Holdco's shareholders as of the date of this Prospectus (based on the information available to Holdco).

Name of Shareholder	Percentage of total issued share capital held and votes
4finance Group S.A. (Luxembourg)[(1)]	99.997%
AS 4finance (Latvia)	0.003%
Total	100 %

Auditors

The Auditor of Holdco is KPMG Luxembourg Société Coopérative, incorporated under the laws of Luxembourg, having its registered office at 39 Avenue John-F.-Kennedy, L-1855 Luxembourg, independent auditors, as stated in their reports herein and registered with the Luxembourg trade and companies register under number B 149133.

KPMG Luxembourg is a member of the Luxembourg institute of auditors (Instituts des réviseur d'entreprises).

Audit Committee

For a description of the audit committee which is currently established under AS 4finance (first parent company of the Group) and provides services to the Group as a whole, please refer to *Section XIII – Management – Corporate Governance – Audit Committee*.

Corporate Governance

For a description of the corporate governance of Holdco please refer to the description which applies to the entire Group under *Section XIII – Management – Corporate Governance*.

Material Contracts of Holdco

For a description of the material contracts to which Holdco is a party to, please refer to *Section XII – Information about the Group and the Guarantors – 6. Material Agreements*.

Legal Proceedings of Holdco

Holdco is currently not party to any legal proceedings which are material for Holdco and/or the Group. For a description of the legal proceedings relating to the entire Group, please refer to *Section XII – Information about the Group and the Guarantors – 9. Legal Proceedings*.

Significant Change in Holdco's Financial or Trading Position

There has been no significant change in the financial or trading position of Holdco since the date of its last published interim financial statements as of 30 September 2016.

Material adverse change in the prospects of Holdco

There has been no material adverse change in the prospects of Holdco since 31 December 2015.

Outlook for Holdco

For a description of the prospects of the Group, including Holdco, please refer to *Section XII – Information about the Group and the Guarantors – 10. Recent Events and Trends of the Group*.

b) AS 4finance (Latvia)

General Information about AS 4finance

History and Development; Commercial Register

AS 4finance was incorporated on 11 February 2008 under the laws of Latvia as a Stock Company (*Akciju Sabiedrība*) with unlimited duration. AS 4finance is registered with Register of Enterprises of the Republic of Latvia (Latvijas Republikas Uzņēmumu reģistrs) under No. 40003991692. Until the Group Restructuring AS 4finance was the parent company of the Group and the operating subsidiaries. Upon the Group Restructuring 4finance Holding S.A. became the new parent company of the Group (on 30 April 2014) and the operating subsidiaries of AS 4finance and 4finance S.A. were transferred to 4finance Holding S.A. from AS 4finance (on 31 December 2013). Effective as of 1 May 2014 the Group Restructuring was reversed by transferring all of the share capital of the operating subsidiaries (including Subsidiary Guarantors except Credit Service UAB which was not part of the Group at that time) and 4finance S.A. (i.e., the Issuer) back from 4finance Holding S.A. to AS 4finance. Accordingly, 4finance Holding S.A. holds currently 100 % of the shares in AS 4finance and controls through this share ownership all operating subsidiaries of the Group as well as 4finance S.A.

Legal and Commercial Name, Financial Year and Business Address

Company's legal name is AS 4finance and it operates under the commercial name “AS 4finance”.

The registered office of AS 4finance is at Lielirbes iela 17A-8, Riga, Latvia LV-1046, and its telephone number is +371 67439778.

The financial year of AS 4finance commences on January 1 and ends on December 31 of each calendar year.

Business Purpose and Objectives

Pursuant to Article 2 of the Articles of Association, AS 4finance carries out the following commercial activity:

Other financial services activities except insurance and pension accruals (NACE 2. -64.9)

Investments

For a description of the investments made by the Group, including AS 4finance, please refer to *Section IX – Business - Investments*.

Business Overview

AS 4finance is conducting the Group's business as online and mobile provider of small unsecured consumer loans in the geographic area of Latvia, offering Single Payment Loans with a short term of up to 30 days and Instalment Loans with a medium term of up to 24 months via website, mobile and selected offline channels. For a more detailed description of the business activities, including key strengths, strategy, products, marketing, competition, intellectual property as well as a description of operations, processes, IT technology and credit and risk management, please refer to *Section IX – Business*. Further, the regulatory framework of business operations is described in more detail – and also for the jurisdiction of Latvia – under *Section X – Regulatory Framework.*

Administrative, Management and Supervisory Parties of AS 4finance

Management Board

In accordance with the Articles of Association of AS 4finance, the company's board of directors is comprised of one member of the board of directors (chairman of the board of directors) who has unlimited rights to represent the company.

As at the date of this Prospectus, the chairman of the board of directors is George Georgakopoulos.

For George Georgakopoulos' biography, please see *Section XIII* - "*Management – 2. Corporate Governance – The Executive Committee*".

George Georgakopoulos has no principal activities outside the Group.

The business address of the members of the board of directors is at Lielirbes iela 17A-8, Riga, Latvia LV-1046, telephone: +371 67439778.

Conflicts of Interest

There are no potential conflict of interest between any duties arising to AS 4finance of the members of the AS 4finance Board of Directors and their private interests or their other duties.

Organisational Structure and Shareholders

Share Capital of AS 4finance

The share capital of AS 4finance is EUR 3,165,888.60 and is divided into 2,261,349 shares with the nominal value of EUR 1.4 each.

100% of AS 4finance issued shares are fully paid and duly registered. The holders of registered shares are entitled to receive the remaining profits (if any) as declared from time to time and are entitled to one vote per share at general shareholders' meetings. The share register of AS 4finance is maintained by Latvian Central Depositary.

The sole shareholder of AS 4finance is 4finance Holding S.A.

Auditors

The auditor of AS 4finance is KPMG Baltics SIA, incorporated under laws of Latvia, having its registered office at Vesetas iela 7, LV-2013 Rīga, Latvia and registered with the Latvian commercial register under No. K017076. KPMG Baltic SIA, Latvia is a member of the LACA, Latvian Association of Certified Auditors (*LZRA, Latvijas Zvērinātu revidentu ascociācija*).

Audit Committee

For a description of the audit committee which is currently established under AS 4finance (first parent company of the Group) and provides services to the Group as a whole, please refer to *Section XIII – Management – Corporate Governance – Audit Committee*.

Corporate Governance

For a description of the corporate governance of AS 4finance please refer to the description which applies to the entire Group under *Section XIII – Management – Corporate Governance*.

Material Contracts of AS 4finance

For a description of the material contracts to which AS 4finance is a party to, please refer to *Section XII – Information about the Group and the Guarantors – 6. Material Agreements*.

Legal Proceedings of AS 4finance

AS 4finance is currently not party to any legal proceedings which are material for the company and/or the Group. For a description of the legal proceedings relating to the entire Group, please refer to *Section XII – Information about the Group and the Guarantors – 9. Legal Proceedings*.

Significant Change in AS 4finance's Financial or Trading Position

There has been no significant change in the financial or trading position of AS 4finance since 30 September 2016.

Material adverse change in the prospects of AS 4finance

There has been no material adverse change in the prospects of AS 4finance since 31 December 2015.

Outlook for AS 4finance

For a description of the prospects of the Group, including AS 4finance, please refer to *Section XII – Information about the Group and the Guarantors – 10. Recent Events and Trends*.

c) UAB 4finance (Lithuania)

General Information about UAB 4finance

History and Development, Commercial Register

UAB 4finance was incorporated on September 24, 2008, under the laws of Lithuania as a private limited liability company with unlimited duration.

UAB 4finance is registered with the commercial register of the Republic of Lithuania under No. 301881644.

Legal and Commercial Name, Financial Year and Business Address

The Guarantor's legal name is UAB 4finance and it operates under the commercial name "UAB 4finance".

The registered office UAB 4finance is at Jonavos g. 254a, LT-44132, Kaunas, Lithuania, and its telephone number is +37037210887.

The financial year of UAB 4finance commences on January 1 and ends on December 31 of each calendar year.

Business Purpose and Objectives

Pursuant to Article 2 of the Articles of Association, UAB 4finance carries out the following commercial activity:

Engage in any legal economic and commercial activities the main areas of which are, including but not limited to, borrowing services including remote borrowing and borrowing to customers, other related activities. UAB 4finance have right to engage in other activities not specified above, if it does not oppose the UAB 4finance operational objectives and/or the laws of the Republic of the Lithuania.

Investments

For a description of the investments made by the Group, including UAB 4finance, please refer to *Section IX – Business - Investments*.

Business Overview

UAB 4finance is conducting the Group's business as online and mobile provider of small unsecured consumer loans in the geographic area of Lithuania, offering Single Payment Loans with a short term of up to 30 days and instalment loans with a medium term of up to 24 months via website, mobile and selected offline channels. However, UAB 4finance does not offer new loans anymore but only services the customer base which existed prior to December 2015 until those existing loans expire or are terminated. Beyond those existing loans, no further business will be conducted in the future, due to UAB 4finance's exclusion from the list of public consumer credit providers of the Bank of Lithuania as of December 18, 2015 which does not allow the issuance of new loans to consumers in Lithuania. For a more detailed description of the legal proceedings in that respect please refer to *Section XII – Information about the Group and the Guarantors – 9. Legal Proceedings.*

Administrative, Management and Supervisory Parties of UAB 4finance

Management Board

In accordance with the Articles of Association of UAB 4finance, the sole management body of the Company is the General Director. The General Director's competence shall be identical to that stipulated in the Laws on Companies.

As at the date of this Prospectus, the General Director of UAB 4finance is Giedre Stuope. Giedre Stuope has no principal activities outside the Group.

The business address of the General Director is at Jonavos g. 254a, LT-44132, Kaunas, Lithuania, telephone: +37037210887.

Conflicts of Interest

There are no potential conflict of interest between any duties arising to UAB 4finance of the General Director of UAB 4finance and his/her private interests or his/her other duties.

Organisational Structure and Shareholders

The sole shareholder of UAB 4finance is AS 4finance.

Share Capital of UAB 4finance

The share capital of UAB 4finance is EUR 1,448,100.00 and is divided into 5,000 shares with a nominal value of EUR 289.62 each.

Auditors

The auditor of UAB 4finance Holding is UAB KPMG Baltics Lithuania incorporated under laws of Lithuania with its registered office at Upės str. 21, LT-08128 Vilnius, Lithuania. UAB KPMG Baltics Lithuania is a member of the LCA, Lithuanian Chamber of Auditors (*Lietuvos Auditorių Rūmai*).

Audit Committee

For a description of the audit committee which is currently established under AS 4finance (first parent company of the Group) and provides services to the Group as a whole, please refer to *Section XIII – Management – Corporate Governance – Audit Committee*.

Corporate Governance

For a description of the corporate governance of UAB 4finance please refer to the description which applies to the entire Group under *Section XIII – Management – Corporate Governance*.

Material Contracts of UAB 4finance

For a description of the material contracts to which UAB 4finance is a party to, please refer to *Section XII – Information about the Group and the Guarantors – 6. Material Agreements*.

Legal Proceedings of UAB 4finance

UAB 4finance is currently not party to any legal proceedings which are material for the company and/or the Group. For a description of the legal proceedings relating to the entire Group, please refer to *Section XII – Information about the Group and the Guarantors – 9. Legal Proceedings*.

Significant Change in UAB 4finance 's Financial or Trading Position

UAB 4finance does not offer new loans anymore but only services the customer base which existed prior to December 2015 until those existing loans expire or are terminated. Beyond those existing loans, no further business will be conducted in the future, due to UAB 4finance's exclusion from the list of public consumer credit providers of the Bank of Lithuania as of December 18, 2015 which does not allow the issuance of new loans to consumers in Lithuania..

Material adverse change in the prospects of UAB 4finance

There has been no material adverse change in the prospects of UAB 4finance since 31 December 2015.

Outlook for UAB 4finance

For a description of the prospects of the Group, including UAB 4finance, please refer to *Section XII – Information about the Group and the Guarantors – Recent Events and Trends*.

d) UAB CREDIT SERVICE (Lithuania)

General Information about UAB CREDIT SERVICE

History and Development, Commercial Register

UAB CREDIT SERVICE was incorporated on September 4, 2009, under the laws of Lithuania as a private limited liability company with unlimited duration.

UAB CREDIT SERVICE is registered with the commercial register of the Republic of Lithuania under No. 302431575.

Legal and Commercial Name, Financial Year and Business Address

The Guarantor's legal name is UAB CREDIT SERVICE and it operates under the commercial name "UAB CREDIT SERVICE".

The registered office of UAB CREDIT SERVICE as at the date of this Prospectus is at Raugyklos g, 15A, Vilnius, Lithuania, to be changed to Jonavos g. 254A, Kaunas, Lithuania at the end of November 2016.

The financial year of UAB CREDIT SERVICE commences on January 1 and ends on December 31 of each calendar year.

Business Purpose and Objectives

Pursuant to Article 2 of the Articles of Association, UAB CREDIT SERVICE carries out the following commercial activity:

Engage in any economic, industrial or commercial activity in order to make profit, including but not limited, by providing services and goods. UAD CREDIT SERVICE may work together or corporate with other legal entities, as well as establish, participate or manage any financial and legal activities with them.

Investments

For a description of the investments made by the Group, including UAB CREDIT SERVICE, please refer to *Section IX – Business - Investments*.

Business Overview

UAB CREDIT SERVICE is conducting the Group's business as online and mobile provider of small unsecured consumer loans in the geographic area of Lithuania, offering Single Payment Loans with a short term of up to 30 days and instalment loans with a medium term of up to 24 months via website, mobile and selected offline channels. For a more detailed description of the business activities, including key strengths, strategy, products, marketing, competition, intellectual property as well as a description of operations, processes, IT technology and credit and risk management, please refer to *Section IX – Business*. Further, the regulatory framework of business operations is described in more detail – and also for the jurisdiction of Lithuania – under *Section X. – Regulatory Framework.*

The company is a financial institution under the Lithuanian Law on Financial Institutions and does not require licensing. The company is included on the list of public consumer credit providers administered by the Bank of Lithuania and is authorized to provide consumer loans to consumers in Lithuania.

Administrative, Management and Supervisory Parties of UAB CREDIT SERVICE

Management Board

In accordance with the Articles of Association of UAB CREDIT SERVICE, the Management Board consist of one member – General Director – who has unlimited rights to represent the company.

As at the date of this Prospectus, the General Director of UAB CREDIT SERVICE is Igor Kaparis, to be replaced by Aleksandr Lavrentjev at the end of November 2016.

Both Igor Kaparis and Aleksandr Lavrentjev joined the Group in 2013 and none of them have principal activities outside the Group.

The business address of the General Director is at Raugyklos g, 15A, Vilnius, Lithuania.

Conflicts of Interest

There is no potential conflict of interest between any duties arising to UAB CREDIT SERVICE of General Director of UAB CREDIT SERVICE and his private interests or his other duties.

Organisational Structure and Shareholders

The sole shareholder of UAB CREDIT SERVICE is Holdco.

Share Capital of UAB CREDIT SERVICE

The share capital of UAB CREDIT SERVICE is EUR 57,924.00 and is divided into 100 shares with a nominal value of EUR 579.24.

Auditors

The auditor of UAB CREDIT SERVICE for financial year of 2016 will be UAB KPMG Baltics Lithuania incorporated under laws of Lithuania with its registered office at Upės str. 21, LT-08128 Vilnius, Lithuania. UAB KPMG Baltics Lithuania is a member of the LCA, Lithuanian Chamber of Auditors (*Lietuvos Auditorių Rūmai*).

Audit Committee

For a description of the audit committee which is currently established under AS 4finance (first parent company of the Group) and provides services to the Group as a whole, please refer to *Section XIII – Management – Corporate Governance – Audit Committee*.

Corporate Governance

For a description of the corporate governance of UAB CREDIT SERVICE please refer to the description which applies to the entire Group under *Section XIII – Management – Corporate Governance*.

Material Contracts of UAB CREDIT SERVICE

For a description of the material contracts to which UAB CREDIT SERVICE is a party to, please refer to *Section XII – Information about the Group and the Guarantors – 6. Material Agreements*.

Legal Proceedings of UAB CREDIT SERVICE

UAB CREDIT SERVICE is currently not party to any legal proceedings which are material for the company and/or the Group. For a description of the legal proceedings relating to the entire Group, please refer to *Section XII – Information about the Group and the Guarantors – 9. Legal Proceedings*.

Significant Change in UAB CREDIT SERVICE's Financial or Trading Position

There has been no significant change in the financial or trading position of UAB CREDIT SERVICE since 30 September 2016.

Material adverse change in the prospects of UAB CREDIT SERVICE

There has been no material adverse change in the prospects of UAB CREDIT SERVICE since 31 December 2015.

Outlook for UAB CREDIT SERVICE

For a description of the prospects of the Group, including UAB CREDIT SERVICE, please refer to *Section XII – Information about the Group and the Guarantors – Recent Events and Trends*.

e) 4finance ApS (Denmark)

General Information about 4finance ApS

History and Development

4finance ApS was incorporated on October 28, 2009, under the laws of Denmark as a private limited liability company with unlimited duration.

4finance Aps is registered with the commercial register of Denmark under No. 32557864.

Legal and Commercial Name, Financial Year and Business Address

The Guarantor's legal name 4finance ApS is and it operates under the commercial name "4finance ApS".

The registered office of 4finance ApS is at Vesterbrogade 1L, 4., DK-1620, Copenhagen, Denmark, and its telephone number is +45 78772068.

The financial year of 4finance ApS commences on January 1 and ends on December 31 of each calendar year.

Business Purpose and Objectives

Pursuant to Article 2 of the Articles of Association, 4finance ApS carries out the following commercial activity:

Granting credits to natural persons and legal entities. As well as maintaining stable and growing business environment.

Investments

For a description of the investments made by the Group, including 4finance ApS, please refer to *Section IX – Business - Investments*.

Business Overview

4finance ApS is conducting the Group's business as online and mobile provider of small unsecured consumer loans in the geographic area of Denmark, offering Single Payment Loans with a short term of up to 30 days and Instalment Loans with a medium term of up to 24 months via website, mobile and selected offline channels. For a more detailed description of the business activities, including key strengths, strategy, products, marketing, competition, intellectual property as well as a description of operations, processes, IT technology and credit and risk management, please refer to *Section IX – Business*. Further, the regulatory framework of business oper-

ations is described in more detail – and also for the jurisdiction of Denmark – under *Section X – Regulatory Framework.*

Administrative, Management and Supervisory Parties of 4finance ApS

Management Board

In accordance with the Articles of Association of 4finance ApS, the management board consists of one member - manager, who has unlimited rights to represent the company.

As at the date of this Prospectus, the manager of 4finance ApS is Jens-Ole Kyhl Klitgaard.

Jens-Ole Kyhl Klitgaard has no principal activities outside the Group.

The business address of the manager is at Vesterbrogade 1L, 4., DK-1620, Copenhagen, Denmark, telephone: +45 78772068.

Conflicts of Interest

There is no potential conflict of interest between any duties arising to 4finance ApS of the members of the 4finance ApS Board of Directors and their private interests or their other duties.

Organisational Structure and Shareholders

The sole shareholder of 4finance ApS is AS 4finance.

Share Capital of 4finance ApS

The share capital of 4finance ApS is DKR 1,466,000.00 and is divided into 5,864 shares with a nominal value of DKR 250.00 each.

Auditors

The auditor of 4finance ApS is KPMG P/S Denmark, incorporated under laws of Denmark with its registered office at Dampfærgevej 28, 2100 Copenhagen, Denmark. KPMG P/S Denmark is a member of the Danish Auditors (*FSR, Danske Revisorer*).

Audit Committee

For a description of the audit committee which is currently established under AS 4finance (first parent company of the Group) and provides services to the Group as a whole, please refer to *Section XIII – Management – Corporate Governance – Audit Committee*.

Corporate Governance

For a description of the corporate governance of 4finance ApS please refer to the description which applies to the entire Group under *Section XIII – Management – Corporate Governance*.

Material Contracts of 4finance ApS

For a description of the material contracts to which 4finance ApS is a party to, please refer to *Section XII – Information about the Group and the Guarantors – 6. Material Agreements*.

Legal Proceedings of 4finance ApS

4finance ApS is currently not party to any legal proceedings which are material for the company and/or the Group. For a description of the legal proceedings relating to the entire Group, please refer to *Section XII – Information about the Group and the Guarantors – 9. Legal Proceedings*.

Significant Change in 4finance ApS's Financial or Trading Position

There has been no significant change in the financial or trading position of 4finance ApS since 30 September 2016.

Material adverse change in the prospects of 4finance ApS

There has been no material adverse change in the prospects of 4finance ApS since 31 December 2015.

Outlook for 4finance ApS

For a description of the prospects of the Group, including 4finance ApS, please refer to *Section XII – Information about the Group and the Guarantors – Recent Events and Trends*.

f) 4finance Oy (Finland)

General Information about 4finance Oy

History and Development

4finance Oy was incorporated on April 17, 2009, under the laws of Finland as a private limited liability company with unlimited duration.

4finance Oy is registered with the commercial register of Finland under No. 2257545-4.

Legal and Commercial Name, Financial Year and Business Address

The Guarantor's legal name is 4finance Oy and it operates under the commercial name "4finance Oy".

The registered office of 4finance Oy is at Mikonkatu 15 B 00100 Helsinki, Finland, and its telephone number is +358 442198726.

The financial year of 4finance Oy commences on January 1 and ends on December 31 of each calendar year *Business Purpose and Objectives*

Pursuant to Article 2 of the Articles of Association, 4finance ApS carries out the following commercial activity:

The company's lines of businesses are production of financial services.

Investments

For a description of the investments made by the Group, including 4finance Oy, please refer to *Section IX – Business - Investments*.

Business Overview

4finance Oy is conducting the Group's business as online and mobile provider of small unsecured consumer loans in the geographic area of Finland, offering Single Payment Loans with a short term of up to 30 days via website, mobile and selected offline channels. 4finance Oy offers the Product Credit Line, which is an open-ended revolving credit line of up to EUR 2,100.00,

which is to be repaid by the customer with a minimum monthly instalment and a monthly interest rate of 8.5 %. For further details of the Product Credit Line offered by 4finance Oy in Finland, please refer to Section X. – Business, 4. Products c) credit line. For a more detailed description of the business activities, including key strengths, strategy, products, marketing, competition, intellectual property as well as a description of operations, processes, IT technology and credit and risk management, please refer to *Section IX – Business*. Further, the regulatory framework of business operations is described in more detail – and also for the jurisdiction of Finland – under *Section X. – Regulatory Framework.*

Administrative, Management and Supervisory Parties of 4finance Oy

Management Board

In accordance with the Articles of Association of 4finance Oy, the company has a Board of Directors that comprises of from one to four members. In the case that Board of Directors has less than three members, Board of Directors shall elect a deputy member. The chairman of the Board of Directors represent the company solely and two members of the Board of Directors jointly together.

As at the date of this Prospectus, the chairman of the Board of Directors is Daniel Sven Stenberg and member of the Board of Directors is Tuomas Antti Louhela.

Daniel Sven Stenberg is also the sole Member of the Board of 4finance AB (Sweden).

Tuomas Antti Louhela and Daniel Sven Stenberg have no principal activities outside the Group.*Conflicts of Interest*

There are no potential conflicts of interest between any duties arising to 4finance Oy of the members of the 4finance Oy Board of Directors and their private interests or their other duties.

The business address of the members of the Board of Directors is at Mikonkatu 15 B 00100 Helsinki, Finland, telephone: +358 442198726.

Organisational Structure and Shareholders

The sole shareholder of 4finance Oy is AS 4finance.

Share Capital of 4finance Oy

The share capital of 4finance Oy is EUR 2,500.00 and is divided into 1,000 shares with a nominal value of EUR 2.50 each.

Auditors

The auditor of 4finance Oy is KPMG Oy Ab Finland incorporated under laws of Finland, having its registered office at Töölönlahdenkatu 3 A, Helsinki, Finland, and registered in Finish Trade Register under BI Code 1805485-9. KPMG Oy Ab Finland is a member of the Finnish Association of Auditors (*Suomen Tilintarkastajat ry*).

Audit Committee

For a description of the audit committee which is currently established under AS 4finance (first parent company of the Group) and provides services to the Group as a whole, please refer to *Section XIII – Management – Corporate Governance – Audit Committee*.

Corporate Governance

For a description of the corporate governance of *4finance Oy* please refer to the description which applies to the entire Group under *Section XIII – Management – Corporate Governance*.

Material Contracts of 4finance Oy

For a description of the material contracts to which *4finance Oy* is a party to, please refer to the *Section XII – Information about the Group and the Guarantors – 6. Material Agreements*.

Legal Proceedings of 4finance Oy

4finance Oy is currently not party to any legal proceedings which are material for the company and/or the Group. For a description of the legal proceedings relating to the entire Group, please refer to *Section XII – Information about the Group and the Guarantors – 9. Legal Proceedings*.

Significant Change in 4finance Oy's Financial or Trading Position

There has been no significant change in the financial or trading position of 4finance Oy since 30 September 2016.

Material adverse change in the prospects of 4finance Oy

There has been no material adverse change in the prospects of 4finance Oy since 31 December 2015.

Outlook for 4finance Oy

For a description of the prospects of the Group, including *4finance Oy*, please refer to *Section XII – Information about the Group and the Guarantors – Recent Events and Trends*.

g) 4finance LLC (Georgia)

General Information about 4finance LLC

History and Development

4finance LLC was incorporated on January 4, 2013, under the laws of Georgia as a private limited liability company with unlimited duration.

4finance LLC is registered with the commercial register of Georgia under No. 401978605.

Legal and Commercial Name, Financial Year and Business Address

The Guarantor's legal name is 4finance LLC and it operates under the commercial name "4finance LLC". If and when the Guarantor qualifies as microfinance organization under Georgia law, it will be entitled to add term "microfinance organization" or its abbreviation "MFO" to its commercial name.

The registered office of 4finance LLC is at T. Dadiani str. N7, commercial unit N b506, Tbilisi, Georgia, and its telephone number is +995 597991955.

The financial year of 4finance LLC commences on January 1 and ends on December 31 of each calendar year.

Business Purpose and Objectives

Pursuant to Article 1.13 of the Articles of Association, 4finance LLC is entitled to carry out the following activities: (a) issuance of micro loans to individuals and legal entities as well as issuance of credit cards for this purpose; (b) investment in state and public securities; (c) money transfers; (d) acting as insurance agent; (c) consultancy services related to micro credits; (d) borrowing from resident and non-resident legal entities; (e) holding shares in other companies (subject to regulatory limits); (f) other financial services and operations permitted by Georgian

law, such as micro leasing, factoring, currency exchange, issuance, sale and redemption of bonds and promissory notes and other operations related thereto.

Investments

For a description of the investments made by the Group, including 4finance LLC, please refer to *Section IX – Business - Investments*.

Business Overview

4finance LLC is conducting the Group's business as online and mobile provider of small unsecured consumer loans in the geographic area of Georgia, offering Single Payment Loans with a short term of up to 30 days via website, mobile and selected offline channels. For a more detailed description of the business activities, including key strengths, strategy, products, marketing, competition, intellectual property as well as a description of operations, processes, IT technology and credit and risk management, please refer to *Section IX – Business*. Further, the regulatory framework of business operations is described in more detail – and also for the jurisdiction of Georgia – under *Section X. – Regulatory Framework.*

Administrative, Management and Supervisory Parties of 4finance LLC

Management Bodies

In accordance with the Articles of Association of 4finance LLC, the right to manage and represent the Guarantor is vested in the Director(s).

As at the date of this Prospectus, the Director of 4finance LLC is Lasha Bzarashvili.

Lasha Bzarashvili joined the Group in 2013 and has no principal activities outside the Group.

The supreme management body of the Guarantor is carried out by the Sole Partner, via rendering written decision. All decisions, the importance of which goes beyond the ordinary business of the Guarantor, require a decision of the Sole Partner.

4finance LLC has two tier corporate governance structure which provides for supervision of activities of the Directors by the Supervisory Board. Such structure is mandatory requirement for microfinance organization. The Supervisory Board consists of three members elected for up to two years. Current members are (1) Mārtiņš Baumanis (chairman); (2) Nicholas John Philpott (deputy chairman); and (3) Sanda Laicena (member).

The principal outside activities of members of the Supervisory Board comprise their activity as employees of companies of the Group. Each of the members of the Supervisory Board confirms that, otherwise, there is no conflict of interest between his duties as a member of the Supervisory Board of 4finance LLC and their principal and/or other outside activities.

Authorities of the Supervisory Board include, *inter alia*, appointment, discharging and supervision of directors, supervision and inspection of financial documents of the Guarantor, review of annual reports and proposals on profit distribution. The following actions by the Guarantor shall be undertaken only with the approval of the Supervisory Board: (a) acquisition and transfer of over 50% shareholding interest in other legal entities; (b) approval of the annual budget and long-term liabilities; (c) undertaking and collateralizing of obligations above limits set by the Supervisory Board; (d) amending powers of directors; (e) review and evaluation of performance of the management against key operational and financial targets; (f) determination of the core principles of business policy of the Guarantor; (g) write off of the loans; (h) determination of schemes of involvement of staff in profit of the Guarantor, including principles of pension scheme; (i) acquisitions and property transfers above limits set by the Supervisory Board.

The business address of the Director(s) is at T. Dadiani str. N7, commercial unit N b506, Tbilisi, Georgia, telephone: +995 597991955.

Conflicts of Interest

There are no potential conflicts of interest between any duties arising to 4finance LLC of the Director of 4finance LLC and his private interests or his other duties.

Organizational Structure and Shareholders

The sole shareholder of 4finance LLC is AS 4finance.

4finance LLC has a Supervisory Board. Currently, the Supervisory Board consists of three members. The Supervisory Board members are elected by shareholder for up to two years.

Share Capital of 4finance LLC

The share capital of 4finance LLC is EUR 699,881.

Auditors

The auditor of 4finance LLC is KPMG Georgia LLC incorporated under laws of Georgia, having its registered office at Besiki Business Center, 4 Besik St., Tbilisi 0108, Georgia. KPMG Georgia LLC is a member of the GFPAA, Georgian Federation of Professional Accountants & Auditors (საქართველოს პროფესიონალ ბუღალტერთა და აუდიტორთა ფედერაცია).

Audit Committee

For a description of the audit committee which is currently established under AS 4finance (first parent company of the Group) and provides services to the Group as a whole, please refer to *Section XIII – Management – Corporate Governance – Audit Committee*.

According to the Articles of Association of 4finance LLC, the Supervisory Board shall set up an audit committee accountable to it with the view to facilitating internal and independent auditing of the books. Microfinance organizations are required to have their books and activities audited by an independent auditors at least once a year as well as to file financial statements/reports to the regulator in accordance with applicable procedures.

Corporate Governance

For a description of the corporate governance of 4finance LLC please refer to the description which applies to the entire Group under *Section XIII – Management – Corporate Governance*.

Material Contracts of 4finance LLC

For a description of the material contracts to which 4finance LLC is a party to, please refer to the *Section XII – Information about the Group and the Guarantors – 6. Material Agreements*.

Legal Proceedings of 4finance LLC

4finance LLC is currently not party to any legal proceedings which are material for the company and/or the Group. For a description of the legal proceedings relating to the entire Group, please refer to *Section XII – Information about the Group and the Guarantors – 9. Legal Proceedings*.

Significant Change in 4finance LLC's Financial or Trading Position

There has been no significant change in the financial or trading position of 4finance LLC since 30 September 2016. There however have been corporate and structural changes since 30 September 2016. Also, the Guarantor intends (subject to the consent of the regulator) to reorganize

itself into microfinance organization. In connection with the above, the Guarantor has approved new Articles of Association which was registered in the Public Registry on 16 November 2016.

Material adverse change in the prospects of 4finance LLC

There has been no material adverse change in the prospects of 4finance LLC since 31 December 2015.

Outlook for 4finance LLC

For a description of the prospects of the Group, including 4finance LLC, please refer to *Section XII – Information about the Group and the Guarantors – 10. Recent Events and Trends*.

h) Vivus Finance Sp. z o.o. (Poland)

General Information about Vivus Finance Sp. z o.o.

History and Development

Vivus Finance Sp. z o.o was incorporated on April 24, 2012, under the laws of Poland as a private limited liability company with unlimited duration.

Vivus Finance Sp. z o.o is registered with the commercial register of Poland under 0000418977.

Legal and Commercial Name, Financial Year and Business Address

The Guarantor's legal name is Vivus Finance Sp. z.o.o. and it operates under the commercial name "Vivus Finance Sp. z o.o.".

The registered office of Vivus Finance Sp. z.o.o. is at ul. 17 Stycznia, nr 56, 02-146 Warsaw, Poland, and its telephone number is +48 221228292.

The financial year of Vivus Finance Sp. z o.o. commences on January 1 and ends on December 31 of each calendar year

Business Purpose and Objectives

According to article 2 of the Articles of Association, Vivus Finance z. o. o. carries out the following commercial activities:

a) PKD 64.92.Z – credit granting;

b) PKD 64.99.Z – other financial activities, which are not classified elsewhere, except insurance and pension funds;

c) PKD 66.18.Z – other activities auxiliary to financial intermediation, except insurance and pension funds.

Investments

For a description of the investments made by the Group, including Vivus Finance Sp. z.o.o, please refer to *Section IX – Business - Investments*.

Business Overview

Vivus Finance Sp. z o.o. is conducting the Group's business as online and mobile provider of small unsecured consumer loans in the geographic area of Poland, offering Single Payment

Loans with a short term of up to 30 days and Instalment Loans with a medium term of up to 24 months via website, mobile and selected offline channels. For a more detailed description of the business activities, including key strengths, strategy, products, marketing, competition, intellectual property as well as a description of operations, processes, IT technology and credit and risk management, please refer to *Section IX – Business*. Further, the regulatory framework of business operations is described in more detail – and also for the jurisdiction of Poland – under *Section X. – Regulatory Framework.*

Administrative, Management and Supervisory Parties of Vivus Finance Sp. z o.o.

Management Board

In accordance with the Articles of Association, the Board of Directors consist of one or more members. Each member has representation rights and they are elected for 5 years' term.

As at the date of this Prospectus, President of the Management Board is Łukasz Ewangelis Notopulos.

Łukasz Ewangelis Notopulos joined the Group in 2012 and has no principal activities outside the Group.

The business address of the members of the Board of Directors is at ul. 17 Stycznia, nr 56, 02-146 Warsaw, Poland, telephone: +48 221228292.

Conflicts of Interest

There are no potential conflicts of interest between any duties arising to Vivus Finance S.p. z.o.o. of the members of the Vivus Finance S.p. z.o.o. Board of Directors and their private interests or their other duties.

Organisational Structure and Shareholders

The sole shareholder of Vivus Finance Sp. z.o.o. is AS 4finance.

Share Capital of Vivus Finance Sp. z.o.o.

The share capital of Vivus Finance Sp. z.o.o. is ZLT 40,000,000.00 and is divided into 400,000 shares with a nominal value of ZLT 100 each.

Auditors

The auditor of Vivus Finance Sp. z.o.o is KPMG Audyt spółka z ograniczoną odpowiedzialnością spółka komandytowa, Poland incorporated under laws of Poland, having its registered office at Inflancka Street no 4a, 00-867 Warsaw, Poland and registered in Entrepreneur Register maintained by the District Court in Warsaw XII Commercial Division of National Court Register under KRS No 0000339379. KPMG Audyt spółka z organiczoną odpowiedzialnścią spółka komandytowa, Poland is a member of the National Chamber of Statutory Auditors (*KibR, Krajowa Izba Bieglyoh Rewidentow*).

Audit Committee

For a description of the audit committee which is currently established under AS 4finance (first parent company of the Group) and provides services to the Group as a whole, please refer to *Section XIII – Management – Corporate Governance – Audit Committee*.

Corporate Governance

For a description of the corporate governance of Vivus Finance Sp. z.o.o. please refer to the description which applies to the entire Group under *Section XIII – Management – Corporate Governance*.

Material Contracts of Vivus Finance Sp. z.o.o.

For a description of the material contracts to which Vivus Finance Sp. z.o.o is a party to, please refer to *Section XII – Information about the Group and the Guarantors – 6. Material Agreements*.

Legal Proceedings of Vivus Finance Sp. z.o.o.

Vivus Finance Sp. z o.o. is currently not party to any legal proceedings which are material for the company and/or the Group. For a description of the legal proceedings relating to the entire Group, please refer to *Section XII – Information about the Group and the Guarantors – 9. Legal Proceedings*.

Significant Change in Vivus Finance Sp. z.o.o.'s Financial or Trading Position

There has been no significant change in the financial or trading position of Vivus Finance Sp. z.o.o. since 30 September 2016.

Material adverse change in the prospects of Vivus Finance Sp. z.o.o.

There has been no material adverse change in the prospects of Vivus Finance Sp. z.o.o. since 31 December 2015.

Outlook for Vivus Finance Sp. z.o.o.

For a description of the prospects of the Group, including Vivus Finance Sp. z.o.o., please refer to *Section XII – Information about the Group and the Guarantors – Recent Events and Trends*.

i) Vivus Finance S.A. (Spain)

General Information about Vivus Finance S.A.

History and Development

Vivus Finance S.A. was incorporated on June 19, 2012, under the laws of Spain as a private limited liability company with unlimited duration, transformed into the form of public limited liability company on 22 July 2014.

Vivus Finance S.A. is registered with the commercial register of Spain under 0000418977.

Legal and Commercial Name, Financial Year and Business Address

The Guarantor's legal name is of Vivus Finance S.A. and it operates under the commercial name "of Vivus Finance S.A.".

The registered office of Vivus Finance S.A. is at C/ Principe de Vergara, Numero 37, 7ª Planta Madrid 28001-Madrid, Spain, and its telephone number is + 34 91 177 94 25.

The financial year of Vivus Finance S.A. commences on January 1 and ends on December 31 of each calendar year *Business Purpose and Objectives*

Pursuant to article 2 of the Articles of Association, the company is engaged in borrowing or granting loans (excluding mortgage) for individuals.

Investments

For a description of the investments made by the Group, including Vivus Finance S.A., please refer to *Section IX – Business - Investments*.

Business Overview

Vivus Finance S.A. is conducting the Group's business as online and mobile provider of small unsecured consumer loans in the geographic area of Spain, offering Single Payment Loans with a short term of up to 30 days via website, mobile and selected offline channels. For a more detailed description of the business activities, including key strengths, strategy, products, marketing, competition, intellectual property as well as a description of operations, processes, IT technology and credit and risk management, please refer to *Section IX – Business*. Further, the regulatory framework of business operations is described in more detail – and also for the jurisdiction of Spain – under *Section X. – Regulatory Framework.*

Administrative, Management and Supervisory Parties of Vivus Finance S.A.

Management Board

In accordance with the Article of Association there is no Board of Directors. The Company is managed by a sole administrator.

As at the date of this Prospectus, sole administrator of Vivus Finance S.A. is Jose Maria Casado.

Jose Maria Casado joined the Group in 2012 and has no principal activities outside the Group.

The business address of the sole administrator is at C/ Principe de Vergara, Numero 37, 7ª Planta Madrid 28001-Madrid, Spain, telephone: +34 91 177 94 25.

Conflicts of Interest

There are no potential conflicts of interest between any duties arising to Vivus Finance S.A. of the sole administrator of Vivus Finance S.A. and his private interests or his other duties.

Organisational Structure and Shareholders

The sole shareholder of Vivus Finance S.A. is AS 4finance

Share Capital of Vivus Finance S.A.

The share capital of Vivus Finance S.A. is EUR 730,000.00 and is divided into 73,000 shares with a nominal value of EUR 10 each.

Auditors

The auditor of Vivus Finance S.A. is KPMG AUDITORES, S.L., Spain incorporated under laws of Spain, having its registered office at Paseo de la Castellana No. 95, Edificio Torre Europa, Madrid, Spain, and registered in Official Register of Accounts Auditors under registration number S0702. KPMG AUDITORES, S.L., Spain is a member of the Accounting and Auditing Institute (*ICAC, Instituto de Contabilidad y Auditoria de Cuentas*).

Audit Committee

For a description of the audit committee which is currently established under AS 4finance (first parent company of the Group) and provides services to the Group as a whole, please refer to *Section XIII – Management – Corporate Governance – Audit Committee*.

Corporate Governance

For a description of the corporate governance of Vivus Finance S.A. please refer to the description which applies to the entire Group under *Section XIII – Management – Corporate Governance*.

Material Contracts of Vivus Finance S.A.

For a description of the material contracts to which Vivus Finance S.A. is a party to, please refer to *Section XII – Information about the Group and the Guarantors – 6. Material Agreements*.

Legal Proceedings of Vivus Finance S.A.

Vivus Finance S.A. is currently not party to any legal proceedings which are material for the company and/or the Group. For a description of the legal proceedings relating to the entire

Group, please refer to *Section XII – Information about the Group and the Guarantors – 9. Legal Proceedings*.

Significant Change in Vivus Finance S.A.'s Financial or Trading Position

There has been no significant change in the financial or trading position of Vivus Finance S.A. since 30 September 2016.

Material adverse change in the prospects of of Vivus Finance S.A.

There has been no material adverse change in the prospects of Vivus Finance S.A**.** since 31 December 2015.

Outlook for Vivus Finance S.A.

For a description of the prospects of the Group, including Vivus Finance S.A., please refer to *Section XII – Information about the Group and the Guarantors – Recent Events and Trends*.

j) 4finance AB (Sweden)

General Information about 4finance AB

History and Development

4finance AB was incorporated on October 6, 2009, under the laws of Sweden as a private limited liability company with unlimited duration.

4finance AB is registered with the commercial register of Sweden under No. 556790-4189.

Legal and Commercial Name, Financial Year and Business Address

The Guarantor's legal name is 4finance AB and it operates under the commercial name "4finance AB".

The registered office of 4finance AB is at Hammarby Alle 47, 120 30, Stockholm, Sweden, and its telephone number is +46 842040020.

The financial year of 4finance AB commences on January 1 and ends on December 31 of each calendar year.

Business Purpose and Objectives

Pursuant to Article 3 of the Articles of Association, 4finance AB shall conduct such financial business which is not regulated according to the law of bank- and financing business and other activities associated with the law.

Investments

For a description of the investments made by the Group, including 4finance AB, please refer to *Section IX – Business - Investments*.

Business Overview

4finance AB is conducting the Group's business as online and mobile provider of small unsecured consumer loans in the geographic area of Sweden, offering Single Payment Loans with a

short term of up to 30 days and Instalment Loans with a medium term of up to 24 months via website, mobile and selected offline channels. 4finance AB offers deposit-taking services online to individuals for terms of up to 3 years and also offer call deposits under the brand "4spar". For further details of the deposit-taking services provided by 4finance AB in Sweden, please refer to *Section IX – Business, 4. Products, d) Deposit-taking*. For a more detailed description of the business activities, including key strengths, strategy, products, marketing, competition, intellectual property as well as a description of operations, processes, IT technology and credit and risk management, please refer to *Section IX – Business*. Further, the regulatory framework of business operations is described in more detail – and also for the jurisdiction of Sweden – under *Section X – Regulatory Framework.*

Administrative, Management and Supervisory Parties of 4finance AB

Management Board

The Company's Board of Directors shall consist of one to five members with zero to five vice Board members. The Board members and the vice Board members are elected for a period until next Annual General Meeting.

As at the date of this Prospectus, the Sole Member of the Board of Directors is Daniel Sven Stenberg.

Daniel Sven is also a member of the Board of Directors of 4finance Oy (Finland). Otherwise, Daniel Sven Stenberg has no principal activities outside the Group.

The business address of the Member of the Board of Directors is at Hammarby Alle 47, 120 30, Stockholm, Sweden, telephone: +46 842040020.

Conflicts of Interest

There are no potential conflicts of interest between any duties arising to 4finance AB of the members of the 4finance AB Board of Directors and their private interests or their other duties.

Organisational Structure and Shareholders

The shareholder of 97 % in 4finance AB is AS 4finance.

Share Capital of 4finance AB

The share capital of 4finance AB is SEK 100,000.00 and is divided into 1000 shares with a nominal value of SEK 100 each.

Auditors

The auditor of 4finance AB is KPMG AB, a company incorporated under the laws of Sweden, having its registered office at Tegelbacken 4 A, 103 23 Stockholm, Sweden. KPMG AB Sweden is a member of the Swedish industry organisation for accountants and advisers (*FAR, Branschorganisation för redovisnings-konsulter, revisorer & radgivore*).

Audit Committee

For a description of the audit committee which is currently established under AS 4finance (first parent company of the Group) and provides services to the Group as a whole, please refer to *Section XIII – Management – Corporate Governance – Audit Committee*.

Corporate Governance

For a description of the corporate governance of 4finance AB please refer to the description which applies to the entire Group under *Section XIII – Management – Corporate Governance*.

Material Contracts of 4finance AB

For a description of the material contracts to which 4finance AB is a party to, please refer to the *Section XII – Information about the Group and the Guarantors – 6. Material Agreements*.

Legal Proceedings of 4finance AB

4finance AB is currently not party to any legal proceedings which are material for the company and/or the Group. For a description of the legal proceedings relating to the entire Group, please refer to *Section XII – Information about the Group and the Guarantors – 9 Legal Proceedings*.

Significant Change in 4finance AB's Financial or Trading Position

There has been no significant change in the financial or trading position of 4finance AB since 30 September 2016.

Material adverse change in the prospects of 4finance AB

There has been no material adverse change in the prospects of 4finance AB since 31 December 2015.

Outlook for 4finance AB

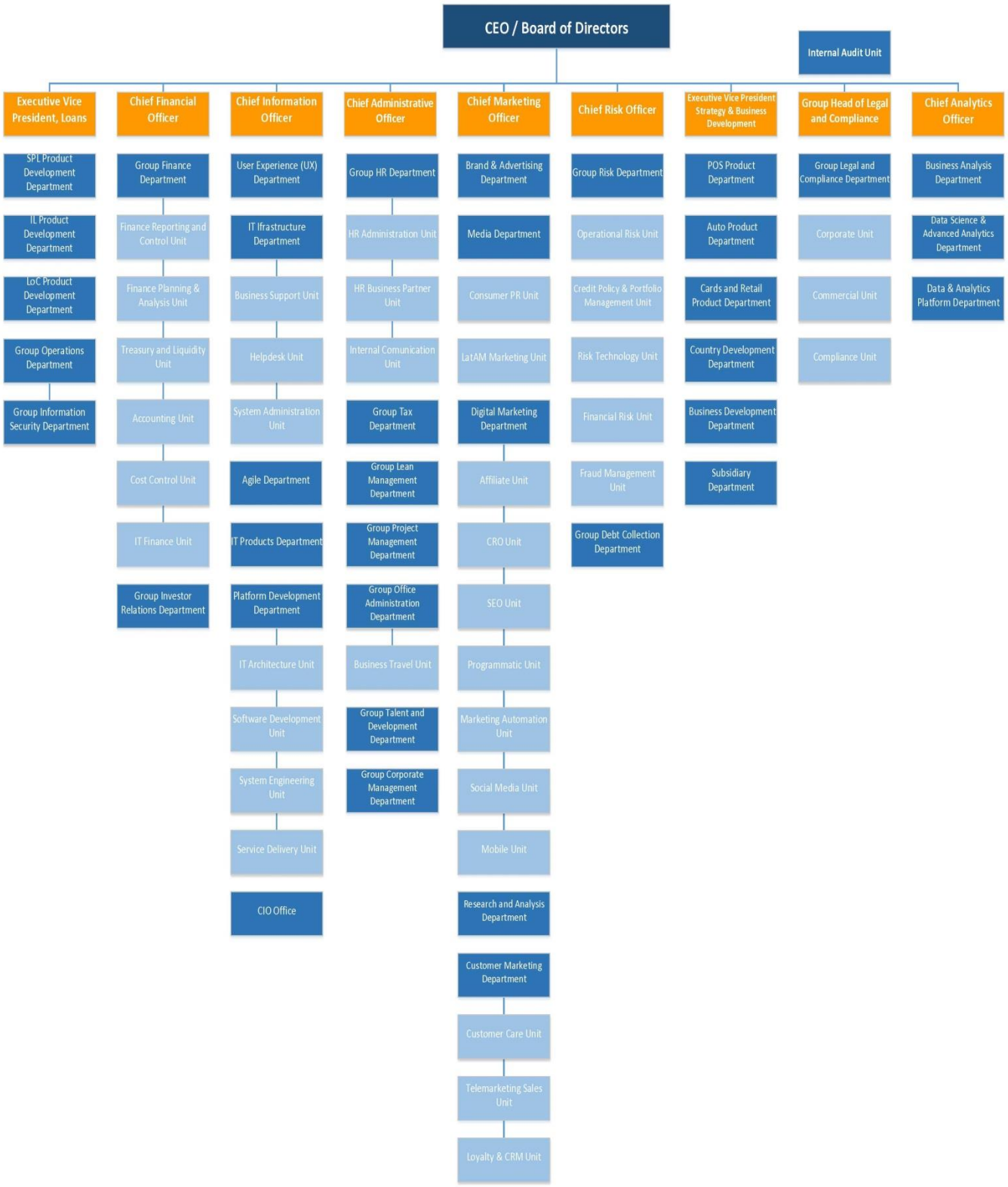
For a description of the prospects of the Group, including 4finance AB, please refer to *Section XII – Information about the Group and the Guarantors – Recent Events and Trends*.

Organization structure

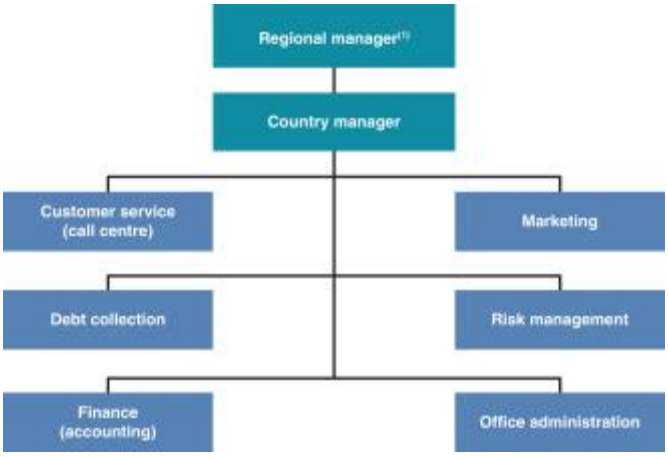
Overview

The Group is directed by the board of directors (*conseil d'administration*) of Holdco. The management is supported by the Executive Committee, the country managers and regional managers. See "*Management*."

The Group's organization structure is set out in the chart below.


CEO / Board of Directors
Internal Audit Unit
Executive Vice President, Loans
SPL Product Development Department
IL Product Development Department
LoC Product Development Department
Group Operations Department
Group Information Security Department
Chief Financial Officer
Group Finance Department
Finance Reporting and Control Unit
Finance Planning & Analysis Unit
Treasury and Liquidity Unit
Accounting Unit
Cost Control Unit
IT Finance Unit
Group Investor Relations Department
Chief Information Officer
User Experience (UX) Department
IT Ifrastructure Department
Business Support Unit
Helpdesk Unit
System Administration Unit
Agile Department
IT Products Department
Platform Development Department
IT Architecture Unit
Software Development Unit
System Engineering Unit
Service Delivery Unit
CIO Office
Chief Administrative Officer
Group HR Department
HR Administration Unit
HR Business Partner Unit
Internal Comunication Unit
Group Tax Department
Group Lean Management Department
Group Project Management Department
Group Office Administration Department
Business Travel Unit
Group Talent and Development Department
Group Corporate Management Department
Chief Marketing Officer
Brand & Advertising Department
Media Department
Consumer PR Unit
LatAM Marketing Unit
Digital Marketing Department
Affiliate Unit
CRO Unit
SEO Unit
Programmatic Unit
Marketing Automation Unit
Social Media Unit
Mobile Unit
Research and Analysis Department
Customer Marketing Department
Customer Care Unit
Telemarketing Sales Unit
Loyalty & CRM Unit
Chief Risk Officer
Group Risk Department
Operational Risk Unit
Credit Policy & Portfolio Management Unit
Risk Technology Unit
Financial Risk Unit
Fraud Management Unit
Group Debt Collection Department
Executive Vice President Strategy & Business Development
POS Product Department
Auto Product Department
Cards and Retail Product Department
Country Development Department
Business Development Department
Subsidiary Department
Group Head of Legal and Compliance
Group Legal and Compliance Department
Corporate Unit
Commercial Unit
Compliance Unit
Chief Analytics Officer
Business Analysis Department
Data Science & Advanced Analytics Department
Data & Analytics Platform Department

The organization structure for the typical local operation unit in each jurisdiction is set out in the chart below. There is also a legal and compliance unit in several jurisdictions.



Other principal Group companies

Entity	Domicile	Principal Business	Incorporation and Licensing Details
4spar AB	Sweden	Deposit-taking	Registered as a private limited liability company on August 29, 2011 under number 556862-8563. Registered by the Swedish Financial Supervisory Authority as a financial institution under registration number FI DNR 12-4290, that does not require additional licensing.
Zaplo Sp. z o.o.	Poland	Installment Loans	Registered as a limited liability company (*spółka z ograniczoną odpowiedzialnością*) on November 4, 2013 under KRS No. 0000483782. No license required.
Zaplo Finance s.r.o.	Czech Republic	Single Payment Loans	Registered as a limited liability company on January 25, 2013 under number 29413575. No license required.
4finance EOOD	Bulgaria	Single Payment Loans	Registered as a limited liability company in January 2013 under number 202393458. License for Financial Institution No BGR00313 issued by Bulgarian National Bank. It has no expiration date.
Prestamo Movil S.A.	Argentina	Single Payment Loans	Registered as corporation on June 12, 2012 under registration number 10648, acquired by the Group in May 2015.
GoodCredit Universal Credit Organization CJSC	Armenia	Single Payment Loans and Installment Loans	Closed joint stock company registered and licensed by the Central Bank of Armenia as of December 4, 2007 (license No 21 issued on December 4, 2007). Acquired by the Group in April 2015.
SIA Ondo	Latvia	Single Payment Loans	Registered as limited liability company on April 16, 2014 under registration number 40103780706. The company carries a license for the provision of consumer credits issued by the Consumer Rights Protection Center of Latvia.
SIA Vivus	Latvia	Installment Loans	Registered as limited liability company on April 16, 2014 under registration number 40103780710. The company carries a license for the provision of consumer credits issued by the Consumer Rights Protection Center of Latvia.
4finance, S.A. de C.V., SOFOM E.N.R.	Mexico	Single Payment Loans	Registered as stock company on July 23, 2015 under registration number 539841-1. Registered in the Financial Entities Registry (SIPRES) under No.694714 on 19.10.2015.
Zaplo IFN S.A.	Romania	Single Payment Loans	Registered as joint-stock company on October 16, 2014 under registration number J40/12031/2014. Registered as a non-banking financial institution in the General Register of the National Bank of Romania under No.RG-PJR-41-110297 on May 19, 2015.

4. Properties of the Group

We typically lease a number of our premises and certain equipment under operating leases. The leases typically run for an initial period of up to five years, with an option to renew the lease after that date. Lease payments are usually increased annually to reflect market rentals. Operating lease expenses totaled EUR 1.1 million and EUR 0.9 million in the year ended December 31, 2015 and the year ended December 31, 2014, respectively.

The total book value of our property and equipment was EUR 4.3 million as of December 31, 2015, compared to EUR 2.1 million as of December 31, 2014 and EUR 1.8 million as of December 31, 2013.

5. Employees

As of September 30, 2016, we had 3,484 employees. Approximately 473 employees were based in Latvia; approximately 322 of these employees, in addition to 51 London-based employees were engaged in Group-level functions. The table below sets forth the number of employees based in each of our countries of operation as of the respective dates.

Country	September 30, 2016	September 30, 2015
Latvia (group functions)[(1)]	322	250
Latvia (operations)	151	134
Lithuania	111	95
Finland	37	35
Sweden	42	37
Poland	368	309
Denmark	35	32
Spain	155	108
Czech Republic	163	99
Georgia	199	152
Bulgaria	58	41
Romania	41	22
Armenia	26	22
Argentina	49	9
Mexico	54	—
Miami	10	—
Dominican Republic	12	—
Friendly Finance (total)	212	—
TBI (BG)	683	—
TBI (RO)	756	—
Total	**3,484**	**1,345**

Note:
(1) Includes 51 London-based employees as of September 30, 2016.

We expect that the number of employees in our countries of operation as well as the total number of our employees will grow going forward. The most significant increases in the number of employees in 2016, excluding acquisitions, were in Latvia (due to our headquarters in Latvia that includes Group level employees), Czech Republic and Poland.

The table below sets forth the allocation of our employees according to their labor function as of the respective dates.

Labor function	September 30, 2016	September 30, 2015
Management	50	33
Administration	47	37
Finance	124	104

Labor function	September 30, 2016	September 30, 2015
Risk management	64	52
Customer care	743	526
Debt collection	316	248
IT and Product development	274	198
HR	40	39
Internal audit	9	7
Legal & Compliance	51	34
Marketing	78	61
Lean Management	6	6
Analytics	31	—
Friendly Finance (total)	212	—
TBI (BG)	683	—
TBI (RO)	756	—
Total	**3,484**	**1,345**

Social policy and employee benefits

We contribute to a number of employee benefit programs, including pension insurance (in Sweden and Czech Republic), medical insurance, unemployment insurance and maternity insurance in certain of our countries of operation. Medical insurance is provided to our employees in Latvia, Lithuania, Finland and Georgia. Our Spanish subsidiary, Vivus Finance S.A., is party to a collective labor agreement with its employees that sets forth certain labor terms and conditions.

Our personnel management policy is aimed at developing a skilled and highly-productive staff that is successful in performing its responsibilities. We have developed a comprehensive training program which provides for both internal and external professional training of employees at all levels. We believe that our current compensation package is generally competitive compared to the packages offered by our competitors or employers in other industries which engage professionals with similar education and experience records.

We have not been party to any major labor dispute with our employees.

6. Material Agreements

The following section provides a summary of material agreements to which any member of the Group is a party.

SENIOR NOTES DUE 2019

On August 8, 2014, the Issuer issued the USD 200 million 11.75% senior notes due 2019 (the "**2019 Notes**"). The 2019 Notes are traded on the Global Exchange Market of the Irish Stock Exchange and will mature on August 14, 2019.

The 2019 Notes are guaranteed on a senior unsecured basis by Holdco, the Issuer's indirect parent company, and by certain other direct and indirect subsidiaries of Holdco, including the Issuer's direct parent company. The Notes rank *pari passu* in right of payment to all of the Issuer's existing and future senior unsecured indebtedness and senior to all of the Issuer's subordinated indebtedness, if any.

The 2019 Notes contain covenants, that, among other things, limit the ability of Holdco and its restricted direct and indirect subsidiaries to, subject to certain limitations and exceptions, incur or guarantee additional indebtedness; pay dividends on, redeem or repurchase our capital stock; make certain restricted payments and investments, including dividends or other distributions with regard to the shares of Holdco or its restricted direct and indirect subsidiaries; create or incur certain liens; enter into agreements that restrict the restricted subsidiaries' ability to pay dividends or other distributions or

make loans or advances to Holdco, the Issuer or any of the restricted subsidiaries; transfer or sell assets; merge or consolidate with other entities; and engage in certain transactions with affiliates.

As of December 31, 2015, the amount outstanding and accumulated interest under the 2019 Notes was EUR 176.8 million.

THE TKB CREDIT LINE

The Company has a credit line (the "**TKB Credit Line**") provided by AS Trasta Komercbanka ("**TKB**") maturing on 30 November 2016 under a credit line agreement No.KL-11/2011 dated May 17, 2011, as amended (the "**TKB CLA**"). The initial maximum amount that can be borrowed under the TKB CLA is EUR 6.3 million. As of 31 December 2015, the amount outstanding under the TKB Credit Line was EUR 5.9 million at an interest rate of 7%. Loans under the TKB Credit Line are secured by a pledge over all of AS 4finance's present and future movable assets as a financial collateral right in respect of all cash in the bank accounts held by AS 4finance with TKB. In addition, AS 4finance has pledged in favor of TKB as financial collateral all moneys of AS 4finance in the accounts of TKB. The TKB Credit Line is subject to a number of covenants, including the following:

- the amount outstanding under the credit line must not exceed 70% of the total amount of AS 4finance's receivables not past due, such total amount equal to the outstanding loan balance to debtors;
- total equity of AS 4finance must not fall below 25% of its total liabilities;
- gross profit of AS 4finance must not be negative when calculated on a quarterly basis;
- loan portfolio of AS 4finance must not decrease by 30%, as of the end of each quarter;
- total assets AS 4finance must not decreased by 30%, as of the end of each quarter; and
- not less than 20% of AS 4finance's aggregate monthly turnover must be made through the accounts maintained at TKB; and
- AS 4finance is prohibited without receipt of prior written consent from TKB, *inter alia*, to: (i) pay dividends which would exceed 10% of the profit of AS 4finance for a previous year as stated in the annual financial statements approved the auditor and the shareholders' meeting of AS 4finance; (ii) provide guarantees in relation to obligations of third parties (except for the loans which existed when the CLA was concluded and about which TKB was notified in writing, and guarantees to the subsidiaries of AS 4finance which in total do not exceed LVL 300 000), as well as to exceed the existing guarantees up to amount which in total would exceed LVL 300 000; (iii) enter into loan agreements as a lender or a borrower, other than the loans to its customers in the ordinary course of its business, loans to its subsidiaries and loans from its shareholders, (iv) to repay loans (including loans in a form of the notes) granted by the shareholders of AS 4finance (including the loans received from Tirona), as well as loans granted to AS 4finance by the Cyprus branch of TKB in case a financial ratio, which is calculated according to the following formula: total equity of AS 4finance plus the loans (including loans in a form of the notes) granted by the shareholders of AS 4finance plus the loans granted to AS 4finance by the Cyprus branch of TKB divided by the total assets of AS 4finance, is below 0.5, and (v) to write off, sell, transfer or assign any claims against its debtors, other than the claims which are past due for more than 365 days and in respect of which provisions in the full amount of the claim (100%) have been made.

AS 4finance received written consent from AS Trasta Komercbanka to provide the Guarantee issued by AS 4finance in relation to the Existing Notes. It is expected that the TKB Credit Line will be repaid in full on or before maturity (i.e. November 30, 2016) and not renewed.

SEK NOTES

In March 2015, the Issuer issued SEK 225.0 million of 11.75% notes (the "**SEK Notes**") under its SEK 600.0 million Senior Unsecured Callable Fixed Rate Bonds program. The SEK Notes were listed on the corporate bond list of Nasdaq Stockholm in August 2015. In September 2015, a further SEK 150.0 million of SEK Notes were issued at par. The SEK Notes will mature in March 2018.

The SEK Notes are guaranteed on a senior unsecured basis by Holdco and by certain other direct and indirect subsidiaries of Holdco. The SEK Notes constitute general, direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu* with all general, direct, unconditional, unsubordinated and unsecured obligations of the Issuer.

The SEK Notes contain covenants similar to those in the 2019 Notes.

As of December 31, 2015, the amount outstanding and accumulated interest under the SEK Notes was EUR 40.2 million.

LOANS FROM RELATED PARTIES

Shareholders' loan from Tirona

On May 29, 2012, AS 4finance entered into the Shareholders' Loan Agreement. Funds lent to AS 4finance under the Shareholders' Loan Agreement are provided in separate tranches on separate terms. The maximum amount that may be lent under the Shareholders' Loan Agreement was EUR 70 million and USD 16.65 million as of 31 December 2015.

As of December 31, 2015, the outstanding loan amount under the Shareholders' Loan Agreement was EUR nil and USD nil.

Loan from G-Interactive Limited

G-Interactive Limited, a company beneficially owned by Uldis Arnicāns (one of the beneficial owners of Holdco), has provided the Issuer with a loan in the amount of EUR 3 million and maturity date of 1st January 2017. The loan has subsequently been assigned from G-Interactive Limited to Uldis Arnicans. The loan accrued interest at an annual rate of 14% as of December 31, 2015.

Loan from a related individual

On February 18, 2015, AS 4finance entered into a loan agreement with the wife of Uldis Arnicāns (one of the beneficial owners of Holdco). The loan granted to AS 4finance under the agreement is EUR 700,000. The agreement expires on February 18, 2017. As of 31 December 2015, the annual interest rate on the loan was 15% of the outstanding principal amount.

7. Related Party Transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party, in making financial or operational decisions, as defined in IAS 21 "*Related Party Disclosure*." In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely its legal form. We are and have been party to various agreements and other arrangements with certain related parties and interested parties, the most significant of which are described below. To the best of our knowledge, all agreements with related parties have been entered into on arm's length terms and on market terms and conditions.

The table below summarizes the value of our transactions entered into with related parties for the year ended December 31, 2015 and 2014.

	Year ended December 31,	
	2015	**2014**
	(in thousands of EUR)	
Receivables		
Loans to related parties at the end of the period	13.732	134
Interest income from loans to related parties	1.503	779
Borrowings and payables		

	Year ended December 31,	
	2015	2014
	(in thousands of EUR)	
Borrowings from related parties at the end of the period.....	3.745	16.836
Interest expense		
Interest expense on borrowings from related parties.....	1.285	1.946
Gain on sale of discontinued operations	7.623	2.348
Financial assets at fair value through profit and loss at end of period	4.190	2.444
Profit from revaluing derivatives at fair value through profit or loss	1.746	2.444

See "*Management—Compensation*" for a discussion of the remuneration of our directors and Executive Committee.

To finance our operations, AS 4finance or the Issuer issues loans to and borrows from our operating subsidiaries pursuant to intra-Group credit facility arrangements.

As at December 31, 2015, loans to related parties include a loan issued to Piressa Holdings Limited of EUR 5.1 million and accrued interest EUR 0.539 million with an interest rate of 13.75% maturing May 2018; a loan issued to V7 Limited of EUR 3.5 million and accrued interest EUR 0.181million with an interest rate of 13.75% maturing October 2018; a loan issued to 4finance Group S.A. of EUR 1.375 million and accrued interest EUR 28,000 with an interest rate of 13.75% maturing July 2019, and a loan issued to 4finance US Holding Company, Inc. of EUR 1.781 million and accrued interest EUR 340,000 with an interest rate of 13.75% maturing December 2019.

They also include a loan issued to UAB Credit Service of EUR 68,000 and accrued interest EUR 1,000 with an interest rate of 13.75% and maturity December 2020. Accrued interests of EUR 7,000 against 4finance US Holding Company, Inc. and EUR 804,000 against 0973915 B.C. Ltd. (maturity date November 2018), and principal amount for both loans was fully repaid in 2015. All loans to related parties are unsecured.

For further details regarding related party transactions as of December 31, 2015, please refer to Notes 20 and 27 in the 2015 audited financial statements.

In the addition to the above, in June 2016, Holdco acquired 80% of Friendly Finance OÜ, an online lending company operating in five European countries (Czech Republic, Georgia, Poland, Slovakia & Spain) from Tirona for EUR 28.8 million.

8. Insurance

Our Group is considered to be "asset light" in that we do not hold many insurable assets. We do not own any real estate within the online operations and use third-party provider data centers. We utilize cost-efficient approaches and where reasonable apply business-safe processes instead of insurance, such as IT systems that provide for instant replication of our databases and consumer information through cloud computing to avoid data loss. For more information on our IT systems, see "— Information Technology" above. We continually review our insurance policies and may in the future decide to obtain new insurance policies, such as cloud servers insurance.

9. Legal Proceedings

On December 18, 2015, the Bank of Lithuania removed UAB 4finance from the list of consumer credit lenders in Lithuania and suspended its operating license, alleging that it had violated certain consumer lending regulations with respect to its performance of customer solvency assessments. Pursuant to the Bank of Lithuania's decision, UAB 4finance, which accounted for 11% of our revenue in 2015, is no longer permitted to service new customers (effective December 18, 2015), although it may continue to service existing customers until such time that the products with such existing customers mature or

terminate. We decided not to appeal the Bank of Lithuania's decision and have not challenged it in Lithuanian courts. As a result, previous Bank of Lithuania decisions holding us in violation of local consumer lending regulations have come into force, exposing us to fines of EUR 125,581. See "*Risk Factors–Our business is highly regulated, and if we fail to comply with existing or newly introduced applicable laws, regulations, rules and guidance we may be subject to fines or penalties, have to exit certain markets or be restricted from carrying out certain operations*."

In October 2015 the Bulgarian Consumers' Protection Commission ("**CPC**") issued an order (Order № 744/12.10.2015, the "**Order**") ordering our Bulgarian company 4finance EOOD to review the calculation of extension fees to be in compliance with Bulgarian consumer law. 4finance EOOD objected to the Order in Sofia Administrative Court but the court confirmed the Order. 4finance EOOD then contested the decision of the Sofia Administrative Court in the Supreme Administrative Court. The Court hearing date is 29 November 2016. Following the Order, the CPC issued a penalty act against 4finance EOOD and imposed a penalty of BGN 3,000 (converts to approximately EUR 1,500) for an unfair commercial practice. The penalty act is also contested in Sofia Administrative Court and the next court session is appointed to take place on 31 January 2017.

Even though Spanish law does not restrict interest and penalty rates, the Consumer Office of Cataluña initiated a penalty procedure, including an inspection of the entire micro lending sector against our Spanish company Vivus Finance S.A. in July 2015. The Consumer Office of Cataluña considered that our interest and penalty rates are abusive and imposed a penalty of EUR 32,500. We appealed the decision on 8 July 2016.

In December of 2015, the Consumer Office of Madrid initiated another penalty procedure, including an inspection to be performed on Vivus Finance S.A., as they considered that the penalty rates are abusive and imposed a penalty of EUR 6,000. We appealed the decision on 25 August 2016.

On April 4, 2016 the Spanish Data Protection Agency ("**DPA**") initiated penalty proceeding and on October 5, 2016 made resolution of applying penalty in amount of EUR 100,000. VIVUS FINANCE, S.A.U. submitted the appeal on October 31, 2016. On November 1, 2016 DPA initiated the second penalty proceeding with a proposed penalty amount of EUR 100,000 and VIVUS FINANCE, S.A.U. has submitted objections to DPA. Both cases are related to fraud where 3rd persons applied for a loan and were identified via Instantor with another persons' personal data.

On January 14, 2014 the Finnish Competition and Consumer Authority ("**FCCA**") issued a marketing ban in relation to certain marketing materials used by 4finance Oy in Finland due to non-compliance with the Finnish Consumer Protection Act. 4finance Oy no longer markets such banned material and has new marketing materials in place, which we believe are in compliance with the legislation and guidelines received from the Finnish authorities. In February 2014, the FCCA sent a request to 4finance Oy to clarify whether the business conducted by the company (especially in relation to loan amounts set by the company (EUR 2,010) and the regulation regarding interests related thereto) is in compliance with the Consumer Protection Act. The company responded to the query in February 2014. Since then, the FCCA has contacted the 4finance Oy during 2014 and 2015 and has requested further clarification in relation to credit granting processes and credit products. 4finance Oy provided to the FCCA the required clarification, and held a meeting with the FCCA on November 3, 2015, in which the outstanding matters were discussed. Following the meeting, the FCCA required 4finance Oy to amend the terms and conditions and credit agreement form, which amendments have been made.

The FCCA on July 14, 2016 requested to apply the APR cap of 50% for all loans, even though according to the law, the APR cap of 50% applies only to loans below EUR 2000, and requested that extension fees should be at the level of the statutory penalty rate. We have provided our arguments to the FCCA on this matter. On 24 November 2016, the FCCA submitted a separate case to the Market Court regarding extension fees, unreasonable penalty interest and two technical issues (delivery of pre-contractual information to customers and indicating credit interest as an annual interest rate). The earlier requirement of application of the APR cap was excluded from the summons. The Market Court could restrict 4finance Oy from applying the extension fees at the current amount. The Consumer Ombudsman demands that the Market Court applies for each requirement a penalty of EUR 100,000.

During the licencing process in Latvia for Ondo SIA and 4finance AS, agreement was reached with Consumer Rights Protection Centre about reduction of extension fees - the overall loan costs, e.g. commission and extension fees etc., for a single payment loan shall not exceed 0.25% per day. The requirements were implemented by the agreed due date of 30 October 2016 and the licences were granted.

In June 2013, the Financial Crime Investigation Service of the Lithuanian Ministry of Interior (the "**Service**") launched an investigation against UAB 4finance alleging that it had failed to comply with the Lithuanian Law on the Prevention of Money Laundering and Terrorist Financing (the "**Lithuanian AML Law**"). In particular, the Service asserted that UAB 4finance failed to carry out proper customer identification procedures by not obtaining hard copies of identity documents of those customers who submit applications with us remotely.

In connection with the above investigation, in November 2013, the Lithuanian court of first instance imposed a fine of LTL 8,000 (approximately EUR 2,300) on the director of UAB 4finance (the "**Court Resolution**"). The Court Resolution was upheld by the Court of Appeals of Lithuania in January 2014 and by the Supreme Court of Lithuania in October 2014. On December 18, 2015, due to an unrelated matter, the Bank of Lithuania removed UAB 4finance from the list of consumer credit lenders in Lithuania and suspended its operating license. See "*—Legal Proceedings*" above. As a result, UAB 4finance is no longer servicing existing customers, and, since January 22, 2016, our Lithuanian operations are being carried out through UAB CREDIT SERVICE. UAB CREDIT SERVICE is not under investigation for anti-money laundering violations and is compliant with current law, as on 26 October 2016 the Lithuanian Government amended its Resolution establishing remote client identity verification methods. The amendments establish additional methods for remote identification which are in line with current UAB CREDIT SERVICE procedures.

Romanian Consumer Protection Authority ("**CPA**") during September, 2016 has made investigation and decided that ZAPLO IFN S.A. is not compliant with law requirements due to absence of interest calculation formula, and extention fees amount in terms and conditions, applied fine 4000 EUR and requested to remedy nocompliance. After meeting with CPA on October 17, 2016 CPA made decision that ZAPLO IFN S.A. should not apply extention fees, and in case of not implementing the requirement till November 17, 2016 ZAPLO IFN S.A. operations would be suspended and another penalty would be applied. On October 19, 2016 ZAPLO IFN S.A. submitted the notification to CPA with commitment to comply with the requirement.

With the exception of the above proceedings, no member of the Group is engaged in or, to our knowledge, has currently threatened against it, any governmental, legal or arbitration proceedings which may have, or have had during the 12 months preceding the date of this Prospectus, a significant effect on our financial position or profitability. See, "*Regulatory Framework*."

10. Recent Events and Trends of the Group

Following successful discussions with the Lithuanian authorities on the steps required to resume issuing new loans in Lithuania, see " – *Legal Proceedings"*, the Group re-started its lending operations in Lithuania in January 2016 using UAB CREDIT SERVICE, a licensed entity that was transferred to 4finance Holding S.A., previously owned by 4finance Group S.A.

On 4 February 2016, v7 Limited, a UK company in which the Group has a 15% interest, received full FCA authorisation to operate as an online consumer lender in the UK and has started lending at www.vivus.co.uk. New regulatory changes have now been implemented in Latvia (from 1 January 2016), Lithuania (from 1 February 2016) and Poland (from 11 March 2016). The Group's products are fully compliant with these new regulations.

In February 2016, two Luxembourg based category A directors were appointed to the Group's board, Stéphane Sabella and Philip Cesar Pascual, to replace directors Marc Chong Kan and Livio Gambardella.

The Group has incorporated companies in the Dominican Republic and Brazil to support pre-opening activities ahead of intended launches in those countries.

On 30 June 2016 the Group acquired 80% of the shares in Friendly Finance OÜ (Estonia), an online consumer lender operating in five countries in Europe (Czech Republic, Georgia, Poland, Slovakia & Spain), and 9.9 % of the shares in Spotcap (Germany), an online SME lender. Both were purchased

from Tirona. The acquisition of Friendly Finance added a million registered customers and additional brands to the Group's portfolio.

The Group acquired a consumer bank in Bulgaria. Holdco has received approval from the Bulgarian National Bank to proceed with the purchase of TBI Bank EAD ("**TBI Bank**") through the acquisition of 100% of TBIF Financial Services B.V..

Following fulfilment of various closing conditions, including approval from the Bulgarian Commission for Protection of Competition, the Group finalised the purchase of TBI Bank from its parent company, Kardan N.V., on 11 August 2016. The total consideration was EUR 82 million, paid in two tranches: a EUR 69 million payment on closing and a EUR 13 million adjustment payment in October 2016.

TBI Bank is a consumer-focused bank in Bulgaria and Romania with assets of EUR 272 million as of 30 June 2016, including EUR 175 million of customer loans. Funding is predominantly through customer deposits and customer accounts of EUR 169 million, representing 81% of total liabilities, as of 30 June 2016.

XIII. MANAGEMENT

Below we describe the management of the Issuer and Holdco. We are currently reviewing our corporate governance structure and, as a part of the process, in July 2016 a supervisory board was established at Holdco's parent company, 4finance Group S.A., a *société anonyme* incorporated and existing under the laws of the Grand Duchy of Luxembourg. In particular, consideration was given to separate the roles of Chairman of the management board and CEO, given the enhanced scale and growth of our business. This decision was taken in May 2016 and is reflected in the description below. This continues the Group's strengthening of its management resources over the past 18 months that has included appointment of experienced Chief Marketing, Risk, Finance and Analytics officers and introduction of regional managers.

In accordance with the Issuer's and Holdco's articles of association and the relevant provisions of the Luxembourg law of August 10, 1915 on commercial companies, as amended from time to time (the "**Luxembourg Company Law**") governing public limited liability companies (*sociétés anonymes*), the respective management of the Issuer and Holdco are divided between the board of directors (*conseil d'administration*) and the sole shareholder (*actionnaire unique*), or, in the instance of there being more than one shareholder, the shareholders' general meeting (*assemblée générale des actionnaires*).

The board of directors of Holdco is supported by the Executive Committee, which is responsible for providing high-level advice on decisions and business matters ranging from strategic planning, policy formulation, investment planning and risk assessment.

A brief description (which is not intended to be exhaustive) of the composition, roles and functioning of each of these bodies is set forth below.

1. Management

Management of the Issuer

The share capital of the Issuer is entirely held by AS 4finance. The sole shareholder exercises the power granted by the Luxembourg Company Law including (i) appointing and removing the directors and the statutory or independent auditor of the Issuer as well as setting their remuneration, (ii) approving the annual financial statements of the Issuer, (iii) amending the articles of association of the Issuer, (iv) deciding on the dissolution and liquidation of the Issuer, and (v) changing the nationality of the Issuer.

The Issuer is managed by a board of directors whose members have been appointed by the shareholder, AS 4finance. In accordance with Luxembourg Company Law, each director may be removed at any time without cause (révocation ad nutum).

Meetings of the board of directors are convened upon request of the chairman of the board of directors or any two directors of the Issuer as often as the interest of the Issuer so requires. The board of directors' meetings are validly held and decisions are validly taken if a majority of the directors is present or represented (and with at least the presence or representation of one director of each category). Any director may represent one or more other directors at a board of directors' meeting. A decision of the board of directors may also be passed in writing. Such decision shall be signed by each and every director.

The articles of association of the Issuer further vest the chairman of the board of directors with a casting vote in case of votes resulting in a tie.

The board of directors of the Issuer may also delegate its power to conduct the daily management (gestion journalière) of the Issuer to one or more directors, i.e., the managing director(s) (administrateur(s) délégué(s)), commit the management of the affairs of the Issuer to one or more directors or give special powers for determined matters to one or more proxy holders.

Pursuant to its articles of association, where the Issuer is administrated by the board of directors comprising several categories of directors, it shall be bound by the joint signatures of one director of each category.

The Issuer is currently managed by a board of directors composed of two directors of category A and two directors of category B as set out below, elected pursuant to resolutions of AS 4finance (acting in its capacity as sole shareholder of the Issuer), for a term as set out below. The directors may be removed before the expiration of the term. Based on the articles of association of the Issuer, directors of each category are vested with the same individual powers and duties. Directors of category A are Luxembourg residents, whereas directors of category B are not Luxembourg residents and at the same time hold other positions within the Group.

Name	Year of Birth	Term until	Position
Kieran Donnelly.....	1965	the annual general meeting of the Issuer to be held in 2020	Category B director and chairman
Livio Gambardella	1975	the annual general meeting of the Issuer to be held in 2020	Category A director
Marc Chong Kan	1964	the annual general meeting of the Issuer to be held in 2020	Category A director
Mārtiņš Baumanis.....	1979	the annual general meeting of the Issuer to be held in 2020	Category B director

Kieran Donnelly was appointed as director (and chairman of the board of directors) of Holdco and the Issuer, Chairman of the board of directors of AS 4finance and CEO of the Group in 2014. Mr. Donnelly has held senior management positions in asset management and investment banking over the last 27 years. From 2012 to 2014, Mr. Donnelly served as Senior Vice President of the Finstar Financial Group in Russia, and was responsible for overseeing investments in the alternative finance sector, including the Group. From 2005 to 2012, he held various positions with Renaissance Group, a leading consumer finance and investment bank in Russia, including Managing Director and Head of Group Funding between 2009 and 2012, Advisory Board member of Renaissance Credit between 2009 and 2012 and Managing Director and Head of Debt Capital Markets until 2009. Between 2003 and 2005, Mr. Donnelly was Managing Director and Head of International Credit Sales at MDM Bank Moscow. From 1995 to 2003, Mr. Donnelly held various positions within the Standard Bank Group, including Global Head of Capital Markets Client Business and General Director at Standard Bank London Limited between 2000 and 2003, serving also on the ExCo, ALCo, Credit and KYC Committees. Between 1995 and 2000, he was Managing Director, Trader and Head of the Sales/Trading Bond desk in Standard Bank Group in New York. Between 1987 and 1995, Mr. Donnelly worked as a high yield analyst and portfolio manager at Deltec Asset Management New York and London. Mr. Donnelly holds a B.A. (*Magna Cum Laude*) from Fordham University in New York.

Livio Gambardella was appointed as director of the Issuer in 2014. He was also a director of Holdco from 2014 to early 2016. Since 2013, he has been employed as a Client Director at Capita Fiduciary S.A. in Luxembourg, also serving in Management, Business Development and Client Acceptance Committees. He was a Senior Audit Manager at PriceWaterhouseCoopers in Luxembourg between 2006 and 2013, and Audit Senior at Ernst & Young (Milan, Italy and Baltimore-Maryland, USA) between 2001 and 2006. He is a Chartered Public Accountant, a *Dottore Commericalista* (an Italian accounting and tax qualification), holds a degree (*Cum Laude*) in Economics and Business Administration from the University of Bari, Italy and a Master's degree in Business Administration from the Il Sole 24 Ore (Business School in Milan, Italy).

Marc Chong Kan was appointed as director of the Issuer in 2015. He was also a director of Holdco from 2015 to early 2016. Since 2012, Mr. Chong Kan has served as client director at Capita Fiduciary S.A. (Luxembourg). Mr. Chong Kan has 14 years of experience in the financial sector in the UK, between 1984 and 1998, holding various positions, including Financial Director and International Treasurer. Between 1998 and 2000, Mr. Chong Kan worked as Manager Treasury Accounts Controls with Templeton Global Strategic Services S.A. (Luxembourg). He served as Assistant Vice President/Client Group Manager with State Street Bank Luxembourg S.A. between 2002 and 2003. Mr. Chong Kan was Financial Director at TMF Management Luxembourg S.A. between 2003 and 2005. Mr. Chong Kan served as Director in Real Estate Funds with CB Richard Ellis Investors S.a.r.l. between 2005 and

2011, and as Consultant/ Special Relationship Manager with Orangefield Trust S.A. between 2011 and 2012. Mr. Chong Kan holds a Master's degree in Business Administration from the City University in London and Financial Studies Diploma from the Chartered Institute of Bankers (London).

Mārtiņš Baumanis was appointed as a director of the Issuer in 2015 and of Holdco in 2014. He is also the Executive Vice President Loans of the Group, responsible for global product strategy, key product specifications and best practice transfer to our markets, as well as new country launches and payment operations. Mr. Baumanis previously held the position of Chief Commercial Officer of the Group. Before joining the Group in 2011, between 2010 and 2011, he was acting Head of Finance Division of AS Citadele banka and was also serving on the Procurement, Efficiency Enhancement, Product Development, Employee Valuation and other committees of the bank. Between 2003 and 2010 Mr. Baumanis served as the Head of Finance Planning and Control Department at AS Parex banka. Mr. Baumanis has gained substantial experience in all aspects of auditing and accounting while working at PriceWaterhouseCoopers. Mr. Baumanis holds a Bachelor's degree in Economics and Business Administration from Stockholm School of Economics in Riga (Latvia) and a Master's degree from the University of Latvia in the same area. Mr. Baumanis is a member of the Association of Chartered Certified Accountants.

The principal outside activities of Livio Gambardella and Marc Chong Kan comprise their activity as employees of Capita Fiduciary S.A. in Luxembourg. In such capacity, they are also directors of other companies in Luxembourg. The directors of the Issuer confirm that, otherwise, there is no conflict of interest between their duties as a director of the Issuer and their principal and/or other outside activities.

Management of Holdco

General meeting of shareholders of Holdco

The general meeting of shareholders is the highest governance body of Holdco. The general shareholders' meeting must be held at least annually in relation to the approval of its annual accounts. The board of directors may convene any other extraordinary general shareholders' meeting on its own initiative or, in accordance with the Luxembourg Company Law, shareholder(s) holding in the aggregate not less than 10% of Holdco's share capital may convene an extraordinary general meeting. Each ordinary share issued by Holdco carries, in principle, the right to cast one vote at any general meeting. Holdco has also issued an insignificant amount of non-voting shares which are not entitled to vote except for cases and/or under circumstances provided in articles 44 to 46 of the Luxembourg Company Law.

In accordance with the Luxembourg Company Law and Holdco's articles of association, the general shareholders' meeting has the authority to: (i) appoint and remove Holdco's directors and statutory auditor as well as set their remuneration; (ii) approve Holdco's annual financial statements; (iii) approve the pledge, encumbrance or alienation of all or some of the shares that Holdco holds in its subsidiaries; (iv) amend the articles of association of Holdco; (v) dissolve and liquidate Holdco and (vi) change Holdco's domicile. Any resolutions relating to items (i) to (iii) must be adopted by a three-quarters majority of the shareholders authorized to vote and present or represented at a general meeting. Any resolutions relating to items (iv) and (v) must be adopted by a three-quarters majority of shareholders authorized to vote and present or represented at the general meeting, who represent at least three-quarters of the capital of Holdco (in case the quorum is not reached at the first general meeting, a second general meeting may be convened which shall validly deliberate regardless of the number of shares present or represented). Any resolutions relating to item (vi) must be passed by unanimous vote of the shareholders and/or the bondholders (as the case may be) of Holdco.

The board of directors of Holdco

In accordance with Holdco's articles of association, Holdco's board of directors comprises four directors appointed by the general meeting of shareholders. There are currently two categories of directors: category A directors and category B directors. Directors of each category are vested with the same individual powers and duties and directors may be elected for up to a maximum term of six years. Pursuant to the Luxembourg Company Law, any director of Holdco may be removed at any time without cause (*révocation ad nutum*). Meetings of the board of directors are convened upon request of the chairman of the board of directors or any two directors of Holdco. Meetings of the board of directors

are validly held and decisions are validly taken if a majority of the directors and at least one director in each category is present or represented. Any director may represent one or more other directors at any board meeting. Any decision taken by the board of directors requires a simple-majority vote of the directors present or represented including the vote of at least one director of category A and one director of category B. Holdco's articles of association vest the chairman of the board of directors with a casting vote in case of ties. A decision of the board of directors may also be passed in writing. Such decision shall be signed by each and every director.

Holdco's board of directors may also delegate its power to conduct the daily management (*gestion journalière*) of Holdco to one or more directors, *i.e.*, the managing director(s) (*administrateur(s) délégué(s)*), commit the management of the affairs of Holdco to one or more directors and give special powers for determined matters to one or more proxy holders.

In the event that Holdco is managed by several categories of directors, it is bound by the joint signatures of one director from each category.

Holdco is currently managed by a board of directors composed of two directors of category A and two directors of category B for the terms as set out below. The directors may be removed before the expiration of their term. The directors of category A are Luxembourg residents, whereas directors of category B are not Luxembourg residents and have other positions within the Group.

Name	Year of Birth	Term until	Position
Kieran Donnelly.....	1965	the annual general meeting of Holdco to be held in 2020	Category B director and chairman
Mārtiņš Baumanis.....	1979	the annual general meeting of Holdco to be held in 2020	Category B director
Stephane Sabella.....	1980	the annual general meeting of Holdco to be held in 2020	Category A director
Philip Pascual.....	1980	the annual general meeting of Holdco to be held in 2020	Category A director

Stephane Sabella was appointed a Category A director of 4finance Holding S.A. in 2016. He has been employed as Senior Manager - Legal at Capita Fiduciary S.A. since 2013. He has been employed as a Senior Manager at Fiducenter S.A. in Luxembourg between 2007 and 2013. He also worked as Attorney at law for four years at Law firm Felix&Machado in Luxembourg since 2003.

Philip Cesar Pascual was appointed a Category A director of 4finance Holding S.A. in 2016. He has been employed as IFRS Consolidation Manager at Capita Fiduciary S.A. in Luxembourg since 2015. He was Audit Manager at Ernst&Young (Luxembourg) for two years since 2012. He has also worked as Senior Auditor at Ernst&Young in Ireland in 2011. Previously he has worked also at PricewaterhouseCoopers as Senior Auditor between 2008 and 2010.

The principal outside activities of Stephane Sabella and Philip Cesar Pascual comprise their activity as employees of Capita Fiduciary S.A. in Luxembourg. In such capacity, they are also directors of other companies in Luxembourg. The directors of the Issuer confirm that, otherwise, there is no conflict of interest between their duties as a director of the Issuer and their principal and/or other outside activities.

For other directors' executive biographies, please see "—*Management of the Issuer*" above.

2. Corporate Governance

The Executive Committee

The Executive Committee, which was established in the first quarter of 2014, and reports directly to the board of directors of 4finance Group S.A. in its capacity as a top holding company of the Group and is responsible for providing the board of directors of Holdco, as well as other entities of the Group, with high-level advice on decisions and business matters including strategic planning, policy formulation, investment planning and risk assessment. The Executive Committee performs an advisory function within the Group and is not authorized to make investment or strategic planning decisions on behalf of Holdco. Executive Committee meetings are convened as necessary, but at least on a bi-weekly basis. At least once a month, country managers (the country managers in each of the jurisdictions where we have operations) participate in a meeting of the Executive Committee without voting rights, during which they report on country financial and operating performance, regulatory changes and other country-specific matters.

The current membership of the Executive Committee is set forth in the table below.

Name	Year of Birth	Position
George Georgakopoulos	1969	CEO of the Group, Chairman of the board of directors of AS 4finance
Mārtiņš Baumanis	1979	Executive Vice President Loans of the Group
Darren Cairns	1972	Chief Marketing Officer ("**CMO**") of the Group
Sanda Laicena.....	1972	Group Head of Legal and Compliance
Nick Philpott.....	1960	Chief Administrative Officer ("**CAO**") of the Group
George James Taylor	1964	Executive Vice President Strategy & Business Development of the Group
Stuart Watkins	1975	Chief Information Officer ("**CIO**") of the Group
Manu Panda	1970	Chief Risk Officer ("**CRO**") of the Group
Clemens Baader	1977	Chief Analytics Officer of the Group
Paul Goldfinch	1970	Chief Financial Officer ("**CFO**")

George Georgakopoulos was appointed as director (and chairman of the board of directors) of AS 4finance and CEO of the Group in 2016. In this capacity Mr. Georgakopoulos assumes operating control of all 4finance business lines. Mr. Georgakopoulos has over 20 years banking experience at the most senior management positions. From 2014 until joining 4finance Mr. Georgakopoulos served as CEO of Bancpost in Romania. Between 2011 and 2014 Mr. Georgakopulos Executive Vice-President of Bancpost the responsibilities of which included Household Lending sectors (consumer credits, mortgage credits, credit cards, debit cards, frauds). Prior to that Mr.Georgakopoulos worked at Barclays Bank and at Barclaycard with responsibilities for consumer and retail banking, wealth management and new business opportunities.

Mārtiņš Baumanis is a director and Executive Vice President Loans of the Group. He previously served as CFO and joined the Group in 2011. See "*—Management of the Issuer*," above, for Mr. Baumanis' biography.

Darren Cairns joined the Group in 2015 as CMO. Mr. Cairns has been an influential marketing figure for some of the largest international brands including Sony Computer Entertainment between 2006 and 2012, Yahoo! between 2004 and 2006, 3 between 2000 and 2004, and BT between 1997 and 2000, and consulted on innovation driven start-up acceleration, sharing his expertise on strategic marketing and business development. With a European Business Studies degree from the University of Wolverhampton, a Post-Graduate Diploma in Marketing from the Chartered Institute of Marketing and over 18 years of experience as a growth specialist, Mr. Cairns is an expert in delivering continued marketing transformation across multiple markets, regions and channels.

Sanda Laicēna has been the Head of Legal of AS 4finance since 2012 and was appointed the Group Head of Legal and Compliance in April 2014. From 2005 to 2010, she worked as Head of the Customer Service Legal Department and later as Deputy Head of the Legal Division at AS Parex banka

(known after its restructuring as AS Citadele banka). Ms. Laicena holds a LL.B. from the University of Latvia.

Nick Philpott joined the Group as Head of Tax in 2014 and was appointed the CAO of the Group in 2015. Mr. Philpott is a Chartered Accountant with over 25 years of experience in the financial sector and the accounting profession, working in London, Moscow and Paris. He has been a Managing Director at Credit Suisse and at Renaissance Capital, as well as a partner at Ernst & Young. Mr. Philpott has a BA in History from the University of York.

George James Taylor joined 4finance in 2014 as the Head of Development of the Group, until appointed as Executive Vice President Strategy & Business Development of the Group in September 2016. His responsibilities include new country openings and emerging products, as well as the support of newly acquired subsidiaries of the Group (including Friendly Finance OU and TBI Bank). Mr. Taylor has spent over 27 years in the Consumer Finance industry, covering major markets such as the UK, Russia, the Middle East and Africa. He started his career at NatWest before moving on to Cetelem (BNP Paribas), Renaissance Ukraine, RenCredit Africa and The Collinson Group. He has graduated from London University.

Stuart Watkins joined the Group as CIO in 2013. From 2011 to 2013, Mr. Watkins was CTO at CashPlay.Co where he was responsible for strategy, and from 2007 to 2009 served as IT Manager at Iflow Solutions. From 2002 to 2007, Mr. Watkins worked as CEO at C2D. Mr. Watkins holds a bachelor's degree in Business Information Technology from South Essex College.

Manu Panda was appointed CRO of the Group in 2015. With a broad background and over 23 years' experience in consumer lending and credit card industries, Mr. Panda'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 and Head of Decision Analytics for Experian covering 12 markets across Asia Pacific. Mr. Panda has an MBA from The University of Chicago Booth School of Business and a Masters in Management Studies from the Birla Institute of Technology & Science in India.

Clemens Baader was appointed Chief Analytics Officer of the Group in 2016. Prior to joining 4finance, he was the head of analytics, financial services at AlixPartners, a global management consulting firm. Before that Clemens worked for 10 years as financial derivatives trader for Goldman Sachs, Morgan Stanley and Deutsche Bank, in London and New York. Clemens holds an MSc in Data Science and BA in Business Administration.

Paul Goldfinch was appointed as the CFO of the Group in September 2016, with the responsibility for the finance fucation, including Investor Relations. Prior to joining 4finance, Mr. Goldfinch was the CFO of the Corporate and Investment Bank Divison of Sberbank, Russia's largest bank. Prior to that, Mr. Goldfinch held a number of senior roles at UBS, including EMEA Regional Head of Accounting and Controlling, and COO/CEO of UBS Bank Russia. He graduated from the University of Auckland in New Zealand and commenced his career with KPMG and Citibank before moving to Europe.

Audit committee

The audit committee oversees the Group's financial reporting process to ensure the transparency and integrity of published financial information, the effectiveness of our internal control and risk management system, the effectiveness of the internal audit function, the effectiveness of our independent audit process including recommending the appointment and assessing the performance of the external auditor, and the effectiveness of the process for monitoring compliance with laws and regulations affecting financial reporting and code of business conduct (where applicable).

The audit committee is established under AS 4finance (the first parent company of the Group) and provides its services to the Group as a whole. The audit committee consists of Edgars Dupats (Chairman), Alexander Kravchenko and Dmitry Kislyakov. The audit committee reports to the supervisory board of 4finance Group S.A., the main shareholder of Holdco. See "*—Management—Management of Holdco—The Board of Directors of Holdco*" above.

Remuneration committee

The remuneration committee oversees management remuneration and ensures that the remuneration arrangements are transparent, adequate (for supporting the Group's goals and recruiting, motivating and retaining top management) and in compliance with relevant regulatory and governance requirements and with the expectations of our shareholders.

The remuneration committee was initially established under AS 4finance as former parent of the Group. Now it is established under 4finance Group S.A. and provides its services to the Group as a whole. The remuneration committee consists of George Georgakopoulos (Chairman), Paul Goldfinch, Nick Philpott and Edgars Dupats. The remuneration committee reports directly to the board of 4finance Group S.A.. See "*—Management—Management of Holdco—The Board of Directors of Holdco*" above.

Executive remuneration committee

The executive remuneration committee develops and oversees the incentive plans for the top management and particular groups of employees of the Group and its entities. The committee ensures that incentive plans support the strategic aims of the Group's operations and enables recruitment, motivation and retention of the Group's top management. The committee also ensures compliance with the requirements of regulatory and governance bodies that the expectations of the shareholders are satisfied.

The executive remuneration committee was initially established under Holdco as former parent of the Group. Now it is established under 4finance Group S.A. and provides its services to the Group as a whole. The executive remuneration committee consists of George Georgakopoulos (Chairman), Edgars Dupats, Nick Philpott and Annie Jordan. The executive remuneration committee reports directly to the board of directors of 4finance Group S.A..

3. Compensation

The table below sets forth total remuneration of the members of the board of directors of Holdco for the periods indicated.

	Year ended December 31,	
	2015	**2014**
	(in thousands of EUR)	
Members of the board of directors of Holdco	3,712	1,123

All members of the Executive Committee are employed by AS 4finance, with the exception of the CIO, CMO and Chief Analytics Officer, who, being based in London, are employed by the London branch of SIA 4finance IT (another Latvian entity).

As of the date of this Prospectus, the aggregate amount of gross yearly salary of all members of the Executive Committee is EUR 1.85 million. In addition to their fixed salaries, Executive Committee members are entitled to an annual bonus based on performance results.

Each of the Executive Vice President Loans, CAO, CIO, the Head of Legal and Compliance and the CRO has agreed to a non-compete arrangement for a period of two years after termination of their respective employment. For that period, AS 4finance shall pay a monthly remuneration for the non-compete obligations corresponding to the average monthly earnings of each of the Executive Vice President Loans, CAO, CIO, the Head of Legal and Compliance and the CRO.

The CEO, Executive Vice President Loans, CRO, CMO, CIO and Head of Development have received awards under a Long Term Incentive Plan (LTIP) which is based on a percentage of the increase in

value of the Group over a specified starting value. The awards vary in terms of starting value, the percentage and the vesting date.

4. D&O Liability Insurance

We maintain a director and officer insurance policy with Allianz Global Corporate & Specialty SE. The policy stipulates a limitation of liability on all claims of EUR 20 million, with a liability cap of EUR 200,000 for non-executive directors. A standard set of exceptions apply, including for intentional criminal activity, unlawful profit, and pollution-related claims.

5. Interest of directors and officers

The indirect shareholder of Holdco is Tirona. Tirona was until recently part of the Finstar Financial Group, one of the largest private investment groups in Russia. Holdco is now ultimately owned by several individual persons. Three individual persons, Uldis Arnicāns, Edgars Dupats and Vera Boiko have a significant ultimate ownership of the Group, owning 25.5%, 25.5% and 49%, respectively, in Tirona. Vera Boiko is related to Oleg Boyko.

As of the date of this Prospectus, none of the members of the board of directors of the Issuer or Holdco has an ownership interest in the share capital of Holdco and, unless as otherwise disclosed elsewhere in this Prospectus, there are no other potential conflicts of interest between any duties of the board of directors of the Issuer or the board of directors of Holdco and their private interests and/or other duties.

6. Litigation statement about directors and officers

As of the date of this Prospectus, none of the members of the board of directors of the Issuer or Holdco:

- has had any convictions in relation to fraudulent offences; nor
- has held an executive function in the form of a senior manager or a member of the administrative management or supervisory bodies, of any company, or a partner in any partnership, at the time of or preceding any bankruptcy, receivership or liquidation; nor
- has been subject to any official public incrimination and/or sanction by any statutory or regulatory authority (including any designated professional body) nor has ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company.

XIV. PRINCIPAL SHAREHOLDERS

Shareholding structure of the Issuer

The share capital of the Issuer is EUR 100,000,000 and is divided into 100,000,000 ordinary shares with the nominal value of EUR 1 each. No preferred shares are issued, authorized or outstanding.

100% of the Issuer's issued shares are fully paid and duly registered. The holder(s) of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at general meetings of the Issuer. The share register of the Issuer is maintained by the Issuer and kept at its registered office. The Issuer is wholly owned by AS 4finance.

Shareholding structure of Holdco.

The share capital of Holdco is EUR 35,751,000 and is divided into 3,575,100,000 shares with the nominal value of EUR 0.01 each. 3,575,000,000 of these shares are ordinary shares and 100,000 are non-voting preferred shares.

100% of 4finance Holdco's issued shares are fully paid and duly registered. The holder(s) of non-voting preferred shares are entitled to receive a fixed preferential dividend as set out in article 29 of Holdco's articles of association but are not entitled to vote at general meetings of Holdco except as provided in articles 44 to 46 of the Luxembourg Company Law. In contrast, the holders of ordinary shares are entitled to receive the remaining profits (if any) as declared from time to time and are entitled to one vote per share at Holdco's general shareholders' meetings. Holdco's share register is maintained by Holdco and kept at its registered office.

The table below sets forth Holdco's shareholders as of the date of this Prospectus (based on the information available to Holdco).

Name of Shareholder	**Percentage of total issued share capital held and votes**
4finance Group S.A. (Luxembourg)[(1)]	99.997 %
AS 4finance (Latvia)	0.003 %
Total	100 %

Note:

(1) With a 100% shareholding in 4finance Group S.A., Tirona is the indirect controlling shareholder of the Group. Tirona was until early 2015 part of Finstar Financial Group, one of the largest private investment groups in Russia, which is ultimately beneficially owned by Mr. Oleg Boyko. The Group is now ultimately owned by several individuals. Three individuals, Uldis Arnicāns, Edgars Dupats and Vera Boiko (who is related to Oleg Boyko) have a significant ultimate ownership of the Group, through their ownership of 25.5%, 25.5% and 49%, respectively, of Tirona. See "*Business–Group Structure–Legal structure*."

We are not aware of any arrangements in existence as of the date of this Prospectus which could reasonably be expected to result in a change of control over the Group.

XV. TERMS AND CONDITIONS OF THE NOTES

§ 1 Definitions and Construction

(1) **Definitions.** In these terms and conditions (these "**Terms and Conditions**"):

"**Accounting Principles**" means the international financial reporting standards (IFRS) within the meaning of Regulation 1606/2002/EC (or as otherwise adopted or amended from time to time).

"**Additional Amounts**" means any deduction or withholding for, or on account of, any Taxes imposed or levied by or on behalf of any Relevant Taxing Jurisdiction on any payment by the Obligors of principal or interest or any other payment in relation to the Notes under the Finance Documents.

"**Additional Guarantor**" has the meaning set forth in Clause 10.10 (*Additional Guarantee*).

"**Advance Purchase Agreements**" means (a) an advance or deferred purchase agreement if the agreement is in respect of the supply of assets or services and payment is due not more than ninety (90) calendar days after the date of supply or (b) any other trade credit incurred in the ordinary course of business.

"**Affiliate**" means any other Person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified Person and/or any Person that is related in a straight line of descent with such specified Person or a brother or a sister of such specified Person (each a "**Related Person**") and/or any Person, directly or indirectly, controlled by such Related Person. For the purpose of this definition, "**control**" when used with respect to any Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "**controlling**" and "**controlled**" have meanings correlative to the foregoing.

"**Agent**" means the Holders' agent under these Terms and Conditions and, if relevant, the other Finance Documents, from time to time; initially hww hermann wienberg wilhelm Legal & Service Rechtsanwälte Partnerschaft, Bleichstraße 2, 60313 Frankfurt am Main,

"**Agent Agreement**" means the fee agreement entered into on or about the Existing Notes Issue Date between the Issuer and the Agent, or any replacement agent agreement entered into after the Existing Notes Issue Date between the Issuer and an Agent.

"**Bond Issue**" means the issuance of the Notes on the Issue Date.

"**Business Day**" means any day on which banking institutions are open for business in Frankfurt am Main and payments in Euro may be settled via the Trans-European Automated Real-time Gross settlement Express Transfer system 2 (TARGET 2). Saturdays, Christmas Eve (German: *Heiligabend*) and New Year's Eve (German: *Silvester*) shall for the purpose of this definition be deemed to be public holidays.

"**Business Day Convention**" means the first following day that is a Business Day.

"**Call Option Amount**" means:

(a) the Make Whole Amount if the Call Option is exercised before the First Call Date;

(b) 106.00 per cent. of the Nominal Amount if the call option is exercised on or after the First Call Date up to (but excluding) the date falling thirty (30) months after the Existing Notes Issue Date;

(c) 104.00 per cent. of the Nominal Amount if the call option is exercised on or after the date falling thirty (30) months after the Existing Notes Issue Date up to (but excluding) the Final Redemption Date.

"**Capital Lease Obligations**" means, at the time any determination is to be made, the amount of the liability in respect of a capital lease that would at that time be required to be capitalised on a balance sheet prepared in accordance with the Accounting Principles, and the scheduled maturity date thereof shall be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be prepaid by the lessee without payment of a penalty.

"**Capital Stock**" means:

(a) in the case of a corporation, corporate stock;

(b) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock;

(c) in the case of a partnership or limited liability company, partnership interests (whether general or limited) or membership interests; and

(d) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person, but excluding from all of the foregoing any debt securities convertible into Capital Stock, whether or not such debt securities include any right of participation with Capital Stock.

"**Capitalisation Ratio**" means, for Holdco as of any date of determination, the result (expressed as a percentage) obtained by dividing (x) Consolidated Net Worth of Holdco (calculated as of the end of the Relevant Period ending on the last day of the period covered by the most recent Financial Report prior to the date of the transaction giving rise to the need to calculate Consolidated Net Worth) by (y) Net Loan Portfolio as of such date of determination.

"**Cash and Cash Equivalents**" means cash and cash equivalents in accordance with the Accounting Principles.

"**Change in Tax Law**" means (a) any change in, or amendment to, the law or treaties (or any regulations or rulings promulgated thereunder) of a Relevant Taxing Jurisdiction affecting taxation or (b) any change in, or amendment to, or the introduction of, an official position regarding the application, administration or interpretation of such laws, treaties, regulations or rulings (including a holding, judgment or order by a court of competent jurisdiction) of a Relevant Taxing Jurisdiction.

"**Change of Control Event**" means (a) the direct or indirect sale or other disposal, in one or a series of related transactions, of all or substantially all of the properties or assets of Holdco and the Restricted Subsidiaries taken as a whole to any Person other than Holdco, a Restricted Subsidiary or one or more Current Shareholders and (b) the occurrence of an event or series of events whereby one or more Persons, not being a Current Shareholder or a Group Company, acting together, acquire control over Holdco and where "**control**" means (i) acquiring or controlling, directly or indirectly, more than 50.00 per cent. of the shares or voting rights in Holdco (but where such Person is deemed to be acting together with a Current Shareholder, excluding that Current Shareholder's direct or indirect holding of shares or voting rights in Holdco) or (ii) the right to, directly or indirectly, appoint or remove the whole or a majority of the directors of the board of directors of Holdco, the Issuer or any of the Subsidiary Guarantors (but where such Person is deemed to be acting together with a Current Shareholder, any direct or indirect right (including through the exercise of voting rights) that such Current Shareholder has to appoint directors of Holdco, the Issuer or any of the Subsidiary Guarantors shall be disregarded).

"**Compliance Certificate**" means a certificate, in form and substance reasonably satisfactory to the Agent, signed by the Issuer certifying (a) that so far as it is aware no Event of Default is continuing or, if it is aware that such event is continuing, specifying the event and steps, if any, being taken to remedy it and (b) if provided in connection with an application of the Incurrence Test, that the Incurrence Test is met and including calculations and figures in respect of the Interest Coverage Ratio and the Capitalisation Ratio.

"**Consolidated Leverage**" means, as of any date of determination, the sum of the total amount of Financial Indebtedness, less the amount of Cash and Cash Equivalents of Holdco and the Restricted Subsidiaries on a consolidated basis.

"**Consolidated Leverage Ratio**" means the ratio of (x) the Consolidated Leverage as of the date of the declaration of the contemplated Permitted Payment to (y) the EBITDA for the Relevant Period ending on the last day of the period covered by the most recent Financial Report prior to such testing date. For purposes of calculating the EBITDA for such Relevant Period, entities acquired or disposed of by the Group during the Relevant Period, or after the end of the Relevant Period but before the relevant testing date, shall be included or excluded (as applicable), *pro forma*, for the entire Relevant Period.

"**Consolidated Net Worth**" means, for Holdco at any time, the sum of paid in capital, retained earnings and reserves of the Group as set forth on the consolidated balance sheet as of the Relevant Period ending on the last day of the period cov-

ered by the most recent Financial Report prepared in accordance with the Accounting Principles, less (without duplication) amounts attributable to Disqualified Stock of Holdco.

"**Consolidated Total Assets**" means the total assets of Holdco and the Restricted Subsidiaries as of the Relevant Period ending on the last day of the period covered by the most recent Financial Report, calculated on a consolidated basis in accordance with the Accounting Principles.

"**CSD**" means the Issuer's central securities depository and registrar in respect of the Notes from time to time; initially Clearstream Banking S.A., Luxembourg.

"**Current Shareholders**" means the shareholders of Holdco as of the Issue Date, being directly 4finance Group S.A. (99.997%) and AS 4finance (0.003%) and indirectly Tirona Limited and beneficial owners thereof and their Affiliates. 4finance Group S.A. is the direct shareholder of Holdco.

"**Derivative Transaction**" has the meaning set forth in item (g) of the definition "Permitted Debt" below.

"**Disqualified Stock**" means any Capital Stock that, by its terms (or by the terms of any security into which it is convertible, or for which it is exchangeable, in each case, at the option of the holder of the Capital Stock), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder of the Capital Stock, in whole or in part, on or prior to the date that is ninety-one (91) days after the date on which the Notes mature. Notwithstanding the preceding sentence, any Capital Stock that would constitute Disqualified Stock solely because the holders of the Capital Stock have the right to require Holdco to repurchase such Capital Stock upon the occurrence of a change of control or an asset sale will not constitute Disqualified Stock if the terms of such Capital Stock provide that Holdco may not repurchase or redeem any such Capital Stock pursuant to such provisions unless such repurchase or redemption complies with the restrictions set out in Clause 10.1 (*Distributions*). The amount of Disqualified Stock deemed to be outstanding at any time for purposes of these Terms and Conditions will be the maximum amount that Holdco and the Restricted Subsidiaries may become obligated to pay upon the maturity of, or pursuant to any mandatory redemption provisions of, such Disqualified Stock, exclusive of accrued dividends.

"**EBITDA**" means, in respect of the Relevant Period, the consolidated profit of the Group from ordinary activities according to the latest Financial Report:

(a) before deducting any amount of tax on profits, gains or income paid or payable by any Group Company;

(b) before deducting any Net Finance Charges;

(c) before taking into account any exceptional items which are not in line with the ordinary course of business;

(d) before taking into account any Transaction Costs;

(e) not including any accrued interest owing to any Group Company;

(f) before taking into account any unrealised gains or losses on any derivative instrument (other than any derivative instruments which is accounted for on a hedge account basis);

(g) after adding back or deducting, as the case may be, the amount of any loss or gain against book value arising on a disposal of any asset (other than in the ordinary course of trading) and any loss or gain arising from an upward or downward revaluation of any asset;

(h) after deducting the amount of any profit (or adding back the amount of any loss) of any Group Company which is attributable to minority interests;

(i) after adding back or deducting, as the case may be, the Group's share of the profits or losses of entities which are not part of the Group; and

(j) after adding back any amount attributable to the amortisation, depreciation or depletion of assets of Group Companies.

"**Equity Interest**" means Capital Stock and all warrants, options or other rights to acquire Capital Stock (but excluding any debt security that is convertible into, or exchangeable for, Capital Stock).

"**Equity Listing Event**" means an initial public offering of Capital Stock in Holdco or a Restricted Subsidiary, or any direct or indirect parent company of Holdco (the "**Listed Entity**"), from time to time, resulting in that such shares are quoted, listed, traded or otherwise admitted to trading on a Regulated Market or a recognised unregulated marketplace.

"**Equity Listing Market Capitalisation**" means an amount equal to (x) the total number of issued and outstanding shares of common stock or common equity interests of the Listed Entity at the time of closing of the Equity Listing Event multiplied by (y) the price per share at which such shares of common stock or common equity interests are sold in such Equity Listing Event.

"**EUR**" means the currency used by the institutions of the European Union and is the official currency of the Eurozone.

"**Event of Default**" means an event, circumstance or situation specified in Clause 11.1.

"**Existing Bonds**" means the (i) USD 200 million 11.75% senior unsecured notes due 2019 issued by the Issuer under an indenture dated 14 August 2014 between the Issuer, the Guarantors, TMF Trustee Limited as Trustee and Banque Internationale à Luxembourg S.A. as Transfer Agent, Paying Agent, Registrar and Authentication Agent, including the guarantees provided by the Guarantors under such indenture, and the (ii) SEK 375 million 11.75 % senior unsecured callable fixed rate notes due 2018, issued by the Issuer on 27 March 2015.

"**Existing Debt**" means all Financial Indebtedness of Holdco and the Restricted Subsidiaries in existence on the Issue Date, including without limitation Financial Indebtedness provided under the Existing Shareholders' Loan Agreement, the TKB Credit Line Agreement, the Existing Bonds and the guarantees provided by the

Guarantors in relation to the Existing Bonds, the Existing Notes and the guarantees provided by the Guarantors in relation to the Existing Notes.

"**Existing Notes Issue Date**" means 23 May 2016.

"**Existing Security**" means all Security provided by Holdco and the Restricted Subsidiaries in existence on the Issue Date, including without limitation the Security provided for the Financial Indebtedness under the TKB Credit Line Agreement.

"**Existing Shareholders' Loan Agreement**" means the revolving credit line agreement between AS 4finance and the Group's majority shareholder Tirona Limited dated 29 May 2012.

"**Final Redemption Date**" means 23 May 2021.

"**Finance Charges**" means, for the Relevant Period, the aggregate amount of the accrued interest, commission, fees, discounts, payment fees, premiums or charges and other finance payments in respect of Financial Indebtedness whether paid, payable or capitalised by any Group Company according to the latest Financial Report (calculated on a consolidated basis) without taking into account any (a) Transaction Costs, (b) unrealised gains or losses on any derivative instruments other than any derivative instruments which are accounted for on a hedge accounting basis, (c) losses arising on foreign currency revaluations of intercompany balances or (d) charges on pension balances.

"**Finance Documents**" means these Terms and Conditions, the Guarantees, the Agent Agreement, any Intercreditor Agreement and any other document designated by the Issuer and the Agent as a Finance Document.

"**Financial Indebtedness**" means any indebtedness in respect of:

(a) monies borrowed or raised, including Market Loans, Shareholder Loans, and shareholders' loans granted on arm lengths terms and conditions;

(b) any Capital Lease Obligation (for the avoidance of doubt, any leases treated as operating leases under the Accounting Principles as applicable on the Issue Date shall not, regardless of any subsequent changes or amendments of the Accounting Principles, be considered as Capital Lease Obligation);

(c) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);

(d) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing and treated as a borrowing under the Accounting Principles;

(e) any Derivative Transaction (and, when calculating the value of any derivative transaction, only the mark to market value shall be taken into account);

(f) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and

(g) (without double counting) any guarantee or other assurance against financial

loss in respect of a type referred to in the above items (a)–(f).

"**Financial Report**" means the annual audited consolidated financial statements of Holdco and the quarterly interim unaudited consolidated reports of Holdco, which shall be prepared and made available according to Clause 10.13.

"**First Call Date**" means the date falling twenty-four (24) months after the Existing Notes Issue Date or, to the extent such day is not a Business Day, the Business Day following from an application of the Business Day Convention.

"**German Government Bond Rate**" means the yield to maturity at the time of computation of direct obligations of Germany, acting through the Federal German Finance Agency (Ger. *Bundesrepublik Deutschland – Finanzagentur GmbH*) with a constant maturity (such yield to be the weekly average yield as officially compiled and published in the most recent financial statistics that has become publicly available at least two (2) Business Days (but not more than five (5) Business Days) prior to the relevant Redemption Date (or, if such financial statistics are not so published or available, any publicly available source of similar market data selected by the Issuer in good faith)) most nearly equal to the period from the relevant Redemption Date to the First Call Date; provided, however, that if the period from the relevant Redemption Date to the First Call Date is not equal to the constant maturity of a direct obligation of Sweden, acting through the Federal German Finance Agency for which a weekly average yield is given, the German Government Bond Rate shall be obtained by linear interpolation (calculated to the nearest one-twelfth (1/12) of a year) from the weekly average yields of direct obligations of Germany, acting through the Federal German Finance Agency, for which such yields are given, except that if the period from such Redemption Date to the First Call Date is less than one year, the weekly average yield on actually traded direct obligations of Germany, acting through the Federal German Finance Agency, adjusted to a constant maturity of one year shall be used.

"**Governmental Authority**" means any nation, sovereign or government, any state, province, territory or other political subdivision thereof, and any entity or authority exercising executive, legislative, judicial, regulatory, self-regulatory or administrative functions of or pertaining to government, including a central bank or stock exchange.

"**Group**" means the Issuer, Holdco and all its Subsidiaries from time to time. "**Group Company**" means the Issuer, Holdco or any of its Subsidiaries.

"**Guaranteed Obligations**" means all present and future obligations and liabilities (whether actual or contingent and whether owed jointly or severally or in any other capacity whatsoever) of each Obligor to the Holders and the Agent (or any of them) under each Finance Document, together with all costs, charges and expenses incurred by any Holder or the Agent in connection with the protection, preservation or enforcement of its respective rights under the Finance Documents, or any other document evidencing such liabilities.

"**Guarantee**" has the meaning set forth in Clause 4.

"**Guarantors**" means Holdco and the Subsidiary Guarantors.

"**Holdco**" means the indirect parent company of the Issuer, 4finance Holding S.A., a public limited liability company (*société anonyme*) incorporated and existing under the laws of Luxembourg, registered with the Luxembourg Trade and Companies Register (*Registre de Commerce et des Sociétés de Luxembourg*) under number B 171059, and with its registered office located at 9, Allée Scheffer, L-2520 Luxembourg, Luxembourg.

"**Holder**" means the Person who is registered on a Securities Account as direct registered owner (Ger: *Inhaber*) or nominee (Ger: *Treuhänder*) with respect to a Note.

"**Holders' Meeting**" means a noteholders' meeting among the Holders held in accordance with Clause 16.2 (*Holders' Meeting*).

"**Incurrence Test**" is met if:

(a) the Interest Coverage Ratio for the Relevant Period ending on the last day of the period covered by the most recent Financial Report (immediately preceding the date on which such additional Financial Indebtedness is incurred, such Disqualified Stock or such preferred stock is issued or such distribution, payment or merger is made, as the case may be) would have been at least 2.0 to 1.0, determined on a *pro forma* basis (including a *pro forma* application of any net proceeds therefrom), as if the additional Financial Indebtedness had been incurred, the Disqualified Stock or the preferred stock had been issued or the distribution, payment or merger had been made, as the case may be, at the beginning of such Relevant Period; and

(b) the Capitalisation Ratio of Holdco on a consolidated basis is greater than 20.00 per cent, determined on a *pro forma* basis (including a *pro forma* application of the net proceeds therefrom), at the time of and immediately after giving *pro forma* effect to such incurrence;

provided that the figures for calculating the Interest Coverage Ratio (including the figures for EBITDA, Finance Charges and Net Finance Charges) *pro forma* in accordance with the above shall (as applicable) be adjusted so that:

(i) any Financial Indebtedness that has been repaid, repurchased and cancelled by any Group Company during the Relevant Period, or after the end of the Relevant Period but before the relevant testing date, shall be excluded, *pro forma*, for the entire Relevant Period;
(ii) entities acquired or disposed of by the Group during the Relevant Period, or after the end of the Relevant Period but before the relevant testing date, shall be included or excluded (as applicable), *pro forma*, for the entire Relevant Period; and
(iii) any entity to be acquired with the proceeds from new Financial Indebtedness shall be included, *pro forma*, for the entire Relevant Period.

"**Intercreditor Agreement**" means an intercreditor agreement satisfactory to the Agent entered into by the Agent (on behalf of itself and the Holders) as senior creditor, any subordinated creditor and Holdco or any Restricted Subsidiary, as relevant, as borrower, on or about the Existing Notes Issue Date.

"**Interest**" means the interest on the Notes calculated in accordance with Clauses 5.1 to 5.3.

"**Interest Coverage Ratio**" means the ratio of EBITDA to Net Finance Charges.

"**Interest Payment Date**" means 23 May and 23 November of each year or, to the extent such day is not a Business Day, the Business Day following from an application of the Business Day Convention (with the first Interest Payment Date of the Existing Notes being on 23 November 2016, the first Interest Payment Date of the Notes being 23 May 2017 and the last Interest Payment Date being the Final Redemption Date).

"**Interest Period**" means, with respect to the Existing Notes, each period beginning on (and including) the Existing Notes Issue Date or any Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date (or a shorter period if relevant) and, in respect of the Notes or any notes subsequently issued, each period beginning on (and including) the Interest Payment Date falling immediately prior to its issuance and ending on (but excluding) the next succeeding Interest Payment Date (or a shorter period if relevant), in no case adjusted due to an application of the Business Day Convention.

"**Interest Rate**" means a fixed interest rate of 11.25 per cent per annum.

"**Issue Date**" means 23 November 2016.

"**Issuer**" means 4finance S.A., a public limited liability company (*société anonyme*) incorporated and existing under the laws of Luxembourg, registered with the Luxembourg Trade and Companies Register (*Registre de Commerce et des Sociétés de Luxembourg*) under number B 173403, and with its registered office located at 9 Allée Scheffer, L-2520 Luxembourg, Luxembourg.

"**Lead Manager**" means Wallich & Matthes B.V.

"**Listed Entity**" has the meaning set forth in the definition "Equity Listing Event" above.

"**Luxembourg**" means the Grand Duchy of Luxembourg and, when used in a geographical sense, means the territory of the Grand Duchy of Luxembourg.

"**Luxembourg Company Law**" means the Luxembourg law of 10 August 1915, on commercial companies, as amended from time to time.

"**Make Whole Amount**" means an amount equal to the sum of:

(x) the present value on the relevant Record Date of 106.00 per cent. of the Nominal Amount as if such payment originally should have taken place on the First Call Date; and

(y) the present value on the relevant Record Date of the remaining Interest payments (excluding accrued but unpaid Interest up to the relevant Redemption Date) up to and including the First Call Date;

both calculated by using a discount rate of fifty (50) basis points over the comparable German Government Bond Rate (*i.e*. comparable to the remaining duration of the Notes until the First Call Date).

"**Management Repurchase**" means the repurchase, redemption or other acquisition or retirement for value of any Equity Interest of Holdco or any Restricted Subsidiary held by any future, current or former officer, consultant, director or employee of Holdco or any Restricted Subsidiary (or any permitted transferee of such current or former officers, directors, consultants or employees) pursuant to any equity subscription agreement, stock option agreement, shareholders' agreement or similar agreement; provided that the aggregate price paid for all such repurchased redeemed, acquired or retired Equity Interest may not exceed EUR 5,000,000 in any fiscal year or EUR 10,000,000 in the aggregate; provided, further, that such amount in any fiscal year may be increased by (x) the cash proceeds of any key-man life insurance policies received by Holdco and the Restricted Subsidiaries and (y) an amount not to exceed the cash proceeds from the sale of Equity Interests of Holdco to members of management or directors of Holdco, any of the Restricted Subsidiaries or any of its direct or indirect parent companies to the extent the cash proceeds from the sale of Equity Interests have not otherwise been applied to the making of Restricted Payments.

"**Market Capitalisation**" means an amount equal to the total number of issued and outstanding shares of common stock or common equity interests of the Listed Entity on the date of the declaration of the contemplated Permitted Payment multiplied by the arithmetic mean of the closing prices per share of such common stock or common equity interests for the thirty (30) consecutive Business Days immediately preceding the date of declaration of such contemplated Permitted Payment.

"**Market Loan**" means any loan or other indebtedness where an entity issues commercial paper, certificates, convertibles, subordinated debentures, bonds or any other debt securities (including, for the avoidance of doubt, medium term note programmes and other market funding programmes), provided in each case that such instruments and securities are or can be subject to trade on Frankfurt Stock Exchange or any other Regulated Market or unregulated recognised market place.

"**Material Adverse Effect**" means a material adverse effect on (a) the business, financial condition or operations of the Group taken as a whole, (b) the Issuer's or the Guarantors' ability or willingness to perform and comply with its payment and other undertakings under the Finance Documents or (c) the validity or enforceability of the Finance Documents.

"**Material Group Company**" means Holdco, the Issuer and each Guarantor and any other Restricted Subsidiary representing more than 5.00 per cent. of either (a) the total assets of the Group on a consolidated basis (for the avoidance of doubt, ex-

cluding any intra-group transactions) or (b) the EBITDA of the Group on a consolidated basis according to the latest Financial Report.

"**Net Finance Charges**" means, for the Relevant Period, the Finance Charges according to the latest consolidated Financial Report, after deducting any interest payable for the relevant period to any Group Company and any interest income relating to Cash and Cash Equivalents investments of the Group (and excluding any (a) payment-in-kind interest capitalized on Shareholder Loans, (b) gains arising on foreign currency revaluations of intercompany balances or (c) income on pension balances).

"**Net Loan Portfolio**" means, as of any date of determination, the sum of loans, securities, investments, receivables and reserves minus allowances for loss of Holdco and the Restricted Subsidiaries as set forth on the consolidated balance sheet as of the Relevant Period ending on the last day of the period covered by the most recent Financial Report, prepared in accordance with the Accounting Principles.

"**Net Proceeds**" means the proceeds from the Bond Issue, after deduction has been made for the transaction costs payable by the Issuer to the Lead Manager for the services provided in relation to the placement and issuance of the Notes.

"**Nominal Amount**" has the meaning set forth in Clause 2.1.

"**Note**" means a debt instrument (Ger: *Schuldverschreibung*) for the Nominal Amount pursuant to Sec. 793 et seq. of the German Civil Code (Ger*: Bürgerliches Gesetzbuch*) and which are governed by and issued under these Terms and Conditions, including any Subsequent Bond.

"**Obligors**" means the Issuer and the Guarantors.

"**Permitted Basket**" has the meaning set forth in item (n) of the definition "Permitted Debt" below.

"**Permitted Business**" means any businesses, services or activities that are the same as, or reasonably related, ancillary or complementary to, any of the businesses, services or activities in which Holdco and its Restricted Subsidiaries are engaged on the Issue Date, and reasonable extensions, developments or expansions of such businesses, services or activities.

"**Permitted Debt**" means any Financial Indebtedness:

(a) incurred by Holdco or any of the Restricted Subsidiaries under the Finance Documents (including pursuant to any Subsequent Bond Issue, if such incurrence meets the Incurrence Test calculated on a *pro forma* basis as if such incurrence had been made at the beginning of the Relevant Period ending on the last day of the period covered by the most recent Financial Report);

(b) incurred by Holdco or any of the Restricted Subsidiaries under any Existing Debt;

(c) the incurrence by Holdco or any of the Restricted Subsidiaries of Financial In-

debtedness represented by Capital Lease Obligations, mortgage financings or purchase money obligations or other financings, in each case, incurred for the purpose of financing or refinancing all or any part of the purchase price or cost of design, development, construction, lease, installation or improvement of property, plant or equipment used in the business of Holdco or any of the Restricted Subsidiaries and including any reasonable related fees or expenses incurred in connection with such acquisition or development, in an aggregate principal amount not to exceed the greater of (i) EUR 5,000,000 and (ii) 2.00 per cent. of Consolidated Total Assets at any time outstanding;

(d) the incurrence by Holdco or any of the Restricted Subsidiaries of Financial Indebtedness (for the purpose of this definition, "**Refinancing Indebtedness**") issued in exchange for, or the net proceeds of which are used to renew, refund, refinance, replace, defease or discharge (for the purpose of this definition, "**Refinance**") any Financial Indebtedness, provided that: (i) the principal amount (or accreted value, if applicable) of the Refinancing Indebtedness does not exceed the principal amount (or accreted value, if applicable) of the Financial Indebtedness to be Refinanced; (ii) the tenor of the Refinancing Indebtedness expires at a later date than the tenor of the Financial Indebtedness to be Refinanced; (iii) if the Financial Indebtedness to be Refinanced is subordinated in right of payment to the Notes, such subordination shall apply also to the Refinancing Indebtedness; and (iv) the obligors (including the debtor, guarantors and entities providing security) under the Refinancing Indebtedness are the same as under the Financial Indebtedness to be refinanced;

(e) incurred by Holdco or any of the Restricted Subsidiaries as intercompany Financial Indebtedness provided by Holdco or a Restricted Subsidiary, provided, however, that: (i) if (A) the Issuer or any Guarantor is the obligor of any such Financial Indebtedness and (B) the payee is not the Issuer or a Guarantor, then such Financial Indebtedness must be unsecured and expressly subordinated to the prior payment in full in cash of all obligations then due under the Finance Documents; and (ii) (A) any subsequent issuance or transfer of Equity Interests that results in any Financial Indebtedness incurred under this clause being held by a Person other than Holdco or a Restricted Subsidiary of Holdco; and (B) any sale or other transfer of any Financial Indebtedness incurred under this clause to a Person that is not either Holdco or a Restricted Subsidiary of Holdco will be deemed, in each case, to constitute an incurrence of such Financial Indebtedness by Holdco or such Restricted Subsidiary, as the case may be, that was not permitted by this clause;

(f) the issuance by any Restricted Subsidiary to Holdco or another Restricted Subsidiary of shares of preferred stock; provided, however, that: (i) any subsequent issuance or transfer of Equity Interests that results in any such preferred stock being held by a Person other than Holdco or a Restricted Subsidiary of Holdco; and (ii) any sale or other transfer of any such preferred stock to a Person that is not either Holdco or a Restricted Subsidiary of Holdco, will be

deemed, in each case, to constitute an issuance of such preferred stock by such Restricted Subsidiary that was not permitted by this item (f);

(g) arising under a derivative transaction entered into by a Holdco or a Restricted Subsidiary in connection with protection against or benefit from fluctuation in any rate or price where such exposure arises in the ordinary course of business or in respect of payments to be made under these Terms and Conditions (excluding for the avoidance of doubt any derivative transaction which in itself is entered into for investment or speculative purposes) ("**Derivative Transaction**");

(h) the guarantee by Holdco or any Restricted Subsidiary of Financial Indebtedness of Holdco or a Restricted Subsidiary, to the extent that the guaranteed Financial Indebtedness was permitted to be incurred by another provision of these Terms and Conditions; provided that, if the Financial Indebtedness being guaranteed is subordinated to or *pari passu* with the Notes, then the Guarantee must be subordinated or *pari passu*, as applicable, to the same extent as the Financial Indebtedness guaranteed;

(i) incurred by Holdco or any of the Restricted Subsidiaries as a result from the honoring by a bank or other financial institution of a check, draft or similar instrument inadvertently drawn against insufficient funds, so long as such Financial Indebtedness is covered within five (5) Business Days;

(j) incurred as a result of Holdco or a Restricted Subsidiary acquiring or merging with another entity and which is due to the fact that such entity holds Financial Indebtedness, provided that: either (i) Holdco would be permitted to incur at least EUR 1.00 of additional Financial Indebtedness pursuant to the Incurrence Test (calculated on a *pro forma* basis including the acquired or merged entity, as the case may be, as if acquired or merged, as the case may be, at the beginning of the relevant Period ending on the last day of the period covered by the most recent Financial Report); or (ii) each of the Interest Coverage Ratio and the Capitalisation Ratio of Holdco and its Restricted Subsidiaries would not be lower than it was immediately prior to giving effect to such acquisition or merger (in each case calculated on a *pro forma* basis including the acquired or merged entity, as the case may be);

(k) incurred by Holdco or any of the Restricted Subsidiaries under a Shareholder Loan;

(l) incurred by Holdco or any of the Restricted Subsidiaries in the ordinary course of business (including Financial Indebtedness incurred under Advance Purchase Agreements, under any pension and tax liabilities and related to any agreements under which Holdco or a Restricted Subsidiary leases office space or other premises);

(m) Financial Indebtedness consisting of local lines of credit or working capital facilities not exceeding EUR 3,000,000 at any one time outstanding; and

(n) Financial Indebtedness in an aggregate principal amount (or accreted value, as applicable) which, when taken together with the principal amount of any other Financial Indebtedness incurred under this item (n) and outstanding will not exceed EUR 10,000,000; provided that the aggregate outstanding principal amount of Financial Indebtedness incurred under this item (n) by Restricted Subsidiaries that are not Guarantors does not exceed EUR 3,000,000 (all such Financial Indebtedness is together referred to as the "**Permitted Basket**").

"**Permitted Loans**" means:

(a) any loan granted by Holdco or any of the Restricted Subsidiaries as intercompany Financial Indebtedness to Holdco or a Restricted Subsidiary;

(b) any guarantee of Financial Indebtedness permitted to be incurred under Clause 10.4 (Financial Indebtedness and Disqualified Stock) and the definition "Permitted Debt" above;

(c) any loan arising under a Derivative Transaction;

(d) any loan existing on the Issue Date; provided that the amount of any such loan may be increased (i) as required by the terms of such loan (as in existence on the Issue Date) and (ii) as otherwise permitted under these Terms and Conditions;

(e) any loan acquired after the Issue Date as a result of the acquisition by Holdco or any Restricted Subsidiary or another Person (including by way of a merger, amalgamation or consolidation with or into Holdco or any Restricted Subsidiary) in a transaction that is permitted under these Terms and Conditions;

(f) any loan granted in the ordinary course of business (including accounts receivable, cash deposits, prepayments, supplier credit and consumer loans or participations therein arising in the ordinary course of business);

(g) loans or advances to employees made in the ordinary course of business of Holdco or any Restricted Subsidiary of Holdco in an aggregate principal amount not to exceed EUR 2,000,000 at any time outstanding;

(h) loans, advances or guarantees to directors, officers and employers of Holdco or any Restricted Subsidiary to cover, travel, entertainment or moving-related expenses enacted in the ordinary course of business; and

(i) loans to any Group Company or another entity in which a Group Company holds at least 10.00 per cent. Equity Interest which is engaged in a Permitted Business, provided that such loans shall not exceed the greater of EUR 5,000,000 and 2.00 per cent of Consolidated Total Assets.

"**Permitted Payments**" means:

(a) any Management Repurchase;

(b) so long as no Event of Default has occurred and is continuing (or would result therefrom), the declaration and payment of regularly scheduled or accrued dividends to holders of any class or series of Disqualified Stock of Holdco or any preferred stock of any Restricted Subsidiary issued on or after the Issue Date in accordance with these Terms and Conditions; and

(c) so long as no Event of Default has occurred and is continuing (or would result therefrom), the declaration and payment by Holdco or a Restricted Subsidiary of, or loans, advances, dividends or distributions to any parent company of Holdco or a Restricted Subsidiary to pay, dividends or distributions on, or repurchases, redemptions, acquisitions or retirements of, the common stock or common equity interests of Holdco or a Restricted Subsidiary or any direct or indirect parent company of Holdco or a Restricted Subsidiary following an Equity Listing Event of such common stock or common equity interests, in an amount not to exceed in any financial year the greater of:

(d) 6.00 per cent. of the net cash proceeds received from such Equity Listing Event by Holdco or a Restricted Subsidiary, or the net cash proceeds of any such Equity Listing Event of Capital Stock of any direct or indirect parent company of Holdco or a Restricted Subsidiary that are contributed in cash to Holdco's or the Restricted Subsidiary's equity (other than through the issuance of Disqualified Stock); and

(e) an amount equal to the greater of (A) 6.00 per cent. of the Market Capitalisation and (B) 6.00 per cent. of the Equity Listing Market Capitalisation; provided that in the case of this item (ii), after giving *pro forma* effect to any such contemplated Permitted Payment, the Consolidated Leverage Ratio of Holdco would not exceed 1.50 to 1.00.

"**Permitted Security**" means any Security:

(a) provided in accordance with the Finance Documents;

(b) which is an Existing Security;

(c) provided in relation to any agreement under which Holdco or a Restricted Subsidiary leases office space or other premises provided such lease constitutes Permitted Debt;

(d) arising by operation of law or in the ordinary course of business (including collateral or retention of title arrangements in connection with but, for the avoidance of doubt, not including guarantees or security in respect of any monies borrowed or raised);

(e) provided in relation to a Derivative Transaction and not consisting of security in-

terests in shares in Holdco or any Restricted Subsidiary;

(f) incurred as a result of Holdco or a Restricted Subsidiary acquiring another entity and which is due to that such acquired entity has provided security, provided that the debt secured with such security constitutes Permitted Debt in accordance with item (j) of the definition "Permitted Debt" above;

(g) provided to secure Financial Indebtedness permitted by item (c) of the definition "Permitted Debt" above, covering only the assets acquired with or financed by such Financial Indebtedness;

(h) provided to secure Financial Indebtedness permitted by item (d) of the definition "Permitted Debt" above, provided, however, (i) the new Security is limited to all or part of the same property and assets that secured the existing Financial Indebtedness or, under the written agreements pursuant to which the original Security arose, could secure the original Security (plus improvements and accessions to, such property or proceeds or distributions thereof); and (ii) the Financial Indebtedness secured by the new Security is not increased to any amount greater than the sum of (A) the outstanding principal amount, or, if greater, committed amount, of the Financial Indebtedness renewed, refunded, refinanced, replaced, defeased or discharged with such new Financial Indebtedness and (B) an amount necessary to pay any fees and expenses, including premiums, related to such renewal, refunding, refinancing, replacement, defeasance or discharge;

(i) provided to secure Financial Indebtedness permitted by item (m) of the definition "Permitted Debt" above;

(j) over assets or property of a Restricted Subsidiary that is not a Guarantor securing Financial Indebtedness of any Restricted Subsidiary that is not a Guarantor;

(k) over assets or property of Holdco or any Restricted Subsidiary securing Financial Indebtedness or other obligations of Holdco or such Restricted Subsidiary owing to Holdco or another Restricted Subsidiary, or Security in favour of Holdco or any Restricted Subsidiary; and

(l) provided in relation to the Permitted Basket and not consisting of security interests in shares in any Guarantor.

"**Person**" means any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust, unincorporated organisation, government, or any agency or political subdivision thereof, or any other entity, whether or not having a separate legal personality.

"**Record Date**" means the Business Day prior to (a) an Interest Payment Date, (b) a Redemption Date, (c) a date on which a payment to the Holders is to be made, (d) the date of a Holders' Meeting or (e) another relevant date, or in each case

such other Business Day falling prior to a relevant date if generally applicable on the German bond market.

"**Redemption Date**" means the date on which the relevant Notes are to be redeemed or repurchased in accordance with Clause 6 (*Maturity, Redemption, Early Redemption, Repurchase*).

"**Regulated Market**" means any regulated market (as defined in Directive 2004/39/EC on markets in financial instruments).

"**Relevant Period**" means each period of twelve (12) consecutive calendar months.

"**Restricted Payment**" has the meaning set forth in Clause 10.1 (Distributions).

"**Relevant Taxing Jurisdiction**" means (a) Latvia, Luxembourg or any political subdivision or Governmental Authority thereof or therein having power to tax, (b) any jurisdiction from or through which payment on any Note or Guarantee is made by the Issuer, any Guarantor or their agents, or any political subdivision or Governmental Authority thereof or therein having the power to tax or (c) any other jurisdiction in which the Issuer or Guarantors are incorporated or organised, resident for tax purposes.

"**Restricted Subsidiaries**" means any Subsidiary of Holdco, including the Issuer and the Subsidiary Guarantors that is not an Unrestricted Subsidiary.

"**SchVG**" means the German Act on Issues of Debt Securities (Ger: *Gesetz über Schuldverschreibungen aus Gesamtemissionen* – in short: *Schuldverschreibungsgesetz*)

"**Security**" has the meaning set forth in Clause 10.5 (*Negative pledge*).

"**Shareholder Loan**" means any loan raised by Holdco or a Restricted Subsidiary from its current or previous direct or indirect shareholders (excluding Holdco and other Restricted Subsidiaries), if such shareholder loan (a) according to its terms and pursuant to an Intercreditor Agreement, is subordinated to the obligations of the Obligors under the Finance Documents, (b) according to its terms have a final redemption date or, when applicable, early redemption dates or instalment dates which occur after the Final Redemption Date and according to its terms yield only payment-in-kind interest or where payment of principal and interest can only be made under Clause 10.1 (*Distributions*).

"**Subsidiary**" means, in relation to any person, any legal entity (whether incorporated or not), in respect of which such person, directly or indirectly, (a) owns shares or ownership rights representing more than 50.00 per cent. of the total number of votes held by the owners, (b) otherwise controls more than 50.00 per cent. of the total number of votes held by the owners or (c) has the power to appoint and remove all, or the majority of, the members of the board of directors or other governing body.

"**Subsidiary Guarantors**" means AS 4finance, 4finance ApS, UAB 4finance, 4finance Oy, 4finance AB, Vivus Finance Sp. z o.o., Vivus Finance S.A., UAB Credit Service and 4finance LLC, together with any Additional Guarantor.

"**Taxes**" means all present and future taxes, levies, imposts, deductions, charges, duties and withholdings and any charges of a similar nature (including, without limitation, interest, penalties and other liabilities with respect thereto) that are imposed by any government or other taxing authority.

"**Third Party**" means any Person other than Holdco or the Restricted Subsidiaries.

"**TKB Credit Line Agreement**" means the credit line agreement between AS 4finance and AS Trasta Komercbanka No.KL-11/2011 dated 17 May 2011.

"**Transaction Costs**" means all fees, costs and expenses incurred by a Group Company in connection with (a) the Bond Issue or a Subsequent Bond Issue and (b) the listing of the Notes on Frankfurt Stock Exchange.

"**Unrestricted Subsidiary**" means any Subsidiary of Holdco other than the Issuer or the Guarantors that is designated by the board of directors of Holdco as an Unrestricted Subsidiary pursuant to a resolution of the board of directors, but only to the extent that such Subsidiary:

(a) has no Financial Indebtedness other than Financial Indebtedness (i) as to which neither Holdco nor any of the Restricted Subsidiaries (A) provides credit support of any kind (including any undertaking, agreement or instrument that would constitute Financial Indebtedness) or (B) is directly or indirectly liable as a guarantor or otherwise and (ii) as to which the lenders have been notified in writing that they will not have any recourse to the stock or assets of Holdco or any of the Restricted Subsidiaries (other than the Equity Interests of an Unrestricted Subsidiary); except to the extent that Holdco or the relevant Restricted Subsidiary would be permitted to provide credit support, or be directly or indirectly liable as a guarantor or otherwise, pursuant to Clause 10.4 (*Financial Indebtedness* and Disqualified Stock);

(b) except as permitted under these Terms and Conditions, is not party to any agreement, contract, arrangement or understanding with Holdco or any Restricted Subsidiary unless the terms of any such agreement, contract, arrangement or understanding are no less favourable to Holdco or such Restricted Subsidiary than those that might be obtained at the time from Persons who are not Affiliates of Holdco;

(c) is a Person with respect to which neither Holdco nor any of the Restricted Subsidiaries has any direct or indirect obligation (i) to subscribe or additional Equity Interests or (ii) to maintain or preserve such Person's financial condition or to cause such Person to achieve any specified levels of operating results; and

(d) has not guaranteed or otherwise directly or indirectly provided credit support for any Financial Indebtedness of Holdco or any of the Restricted Subsidiaries.

"**Vote without Meeting**" means the written procedure for decision making among the Holders in accordance with Clause 16.3 (*Vote without Meeting*).

(2) **Construction**

(a) Unless a contrary indication appears, any reference in these Terms and Conditions to:

- "**assets**" includes present and future properties, revenues and rights of every description;
- any agreement or instrument is a reference to that agreement or instrument as supplemented, amended, novated, extended, restated or replaced from time to time;
- a "**regulation**" includes any regulation, rule or official directive (whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency or department;
- an Event of Default is continuing if it has not been remedied or waived;
- an "**enforcement**" of a Guarantee means making a demand for payment under a Guarantee;
- a provision of law is a reference to that provision as amended or re-enacted; and
- a time of day is a reference to Frankfurt/Main time.

(b) When ascertaining whether a limit or threshold specified in EUR has been attained or broken, an amount in another currency shall be counted on the basis of the rate of exchange for such currency against EUR for the previous Business Day, as published by the German Central Bank (Ger: *Deutsche Bundesbank*) on its website (www.bundesbank.de). If no such rate is available, the most recently published rate shall be used instead.

(c) A notice shall be deemed to be sent by way of press release if it is made available to the public within Germany promptly and in a non-discriminatory manner.

(d) No delay or omission of the Agent or of any Holder to exercise any right or remedy under these Terms and Conditions shall impair or operate as a waiver of any such right or remedy.

§ 2 Currency, Form, Principal Amount and Denomination, Global Certificate

(1) **Principal Amount, Currency and Denomination.** This issue of 4finance S.A., Luxembourg (the "**Issuer**"), in the aggregate principal amount of EUR 50,000,000.00 (in

words: fifty million Euros (the "**Issue Currency**")) is divided into notes (the "**Notes**") payable to the bearer and ranking *pari passu* among themselves in the denomination of EUR 1,000.00 (the "**Nominal Amount**") each, to be consolidated and form a single series with the existing EUR 100,000,000.00 (in words: one hundred million Euros) 11.25 % Senior Notes 2016/2021 with a term from 23 May 2016 until 22 May 2021 (the "**Existing Notes**") as from the Issue Date.

(2) The Notes are being issued in bearer form (German: "*Inhaberschuld-verschreibung*").

(3) **Global Certificate and Custody**. The Notes will initially be represented for the whole life of the Notes by a temporary global bearer certificate (the „**Temporary Global Note**") without interest coupons, which will be exchanged not earlier than 40 days and not later than 180 days after the Issue Date against a permanent global bearer certificate (the „**Permanent Global Note**") without interest coupons. Such exchange shall only be made upon delivery of certifications to the effect that the beneficial owner or owners of the Notes represented by the Temporary Global Note is not a U.S. person (other than certain financial institutions or certain persons holding Notes through such financial institutions) in accordance with the rules and operating procedures of the Clearing System. Payments of interest on Notes represented by a Temporary Global Note will be made only after delivery of such certifications. A separate certification shall be required in respect of each such payment of interest. Any such certification received on or after the 40th day after the date of issue of the Notes represented by the Temporary Global Note will be treated as a request to exchange such Temporary Global Note pursuant to this paragraph (2). Any securities delivered in exchange for the Temporary Global Note shall be delivered only outside of the United States.

(4) The Temporary Global Note and the Permanent Global Note shall only be valid if each bears the handwritten signature of representatives of the Issuer in a number required for the representation of the Issuer. Each such Temporary Global Note and Permanent Global Note will be deposited with, or on behalf of, a common depository and registered in the name of such nominee of the common depository for the accounts of Clearstream and Euroclear. The Temporary Global Note and the Permanent Global Note (both referred to as "**Global Certificate**") will be deposited with Clearstream Banking S.A. Luxembourg, business address 42, av. J.-F. Kennedy, L-1855 Luxembourg, together with any successor in such capacity (the „**Clearing System**") until all obligations of the Issuer under the Notes have been satisfied. The Holders have no right to require the issue of definitive Notes or interest coupons.

(5) **Delivery of Notes**. The holders of the Notes (the „**Holders**") are entitled to proportionate co-ownership shares regarding the Global Certificate, which shall be transferable pursuant to the rules of the Clearing System and, outside the Federal Republic of Germany, of Clearstream Banking S.A., Luxembourg („**Clearstream Luxembourg**"), and Euroclear Bank S.A/N.V., Brussels, as operator of the Euroclear system („**Euroclear**").

§ 3 Status of the Notes

(1) **Status.** The Notes constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu* with all general, direct, unconditional, unsubordinated and unsecured obligations of the Issuer and without any preference among themselves and at least *pari passu* with any present or future obligation which (i) is issued by the Issuer and the obligations under which rank or are expressed to rank *pari passu* with the Issuer's obligations under the Notes, or (ii) benefits from a guarantee or support agreement expressed to rank *pari passu* with its obligations under the Notes, save for certain mandatory exceptions provided by statutory law.

(2) **Guarantee.** Holdco and the Subsidiary Guarantors (the "**Guarantor(s)**") have given an unconditional and irrevocable guarantee (the "**Guarantee**") for the due and punctual payment of principal of, and interest on, and any other amounts payable under any Notes. The Guarantee constitutes an independent payment obligation (Ger: *selbständiges Zahlungsversprechen*) in the form of a contract for the benefit of the Holders from time to time as third party beneficiaries (Ger: *Vertrag zugunsten Dritter*) in accordance with section 328 paragraph 1 of the German Civil Code (*Bürgerliches Gesetzbuch*), giving rise to the right of each Holder to require performance of the Guarantee directly from the Guarantor and to enforce the Guarantee directly against the Guarantor, notwithstanding the possibility to enforce the Guarantee through the Agent under these Terms and Conditions. Copies of the Guarantee may be obtained free of charge at the specified office of the Agent.

§ 4 Guarantee

(1) **Status of the Guarantee.** The Guarantee will rank *pari passu* with all of the Guarantors' existing and future senior unsecured debt and senior to all of their existing and future subordinated debt, notwithstanding certain limitation under the laws of the relevant Guarantor's jurisdiction.

(2) **Limitations by Statutory Law.** The obligations and liabilities of and the guarantee issued by each Guarantor under the Guarantee shall be limited if required (but only if and to the extent required) under any applicable law or regulation in the respective jurisdiction in which each of the Guarantors are incorporated.

(3) In accordance with the Guarantee, and in addition to the payment guarantees described in Clause 4.1:

(a) Holdco shall undertake to comply and to procure that, to the extent applicable to the Issuer and/or the other Group Companies, the Issuer and each other Group Company complies with Clauses 10.1 (*Distributions*), 10.2 (*Listing of Notes*), 10.3 (*Nature of business*), 10.4 (*Financial Indebtedness and Disqualified Stock*), 10.5 (*Negative pledge*), 10.6 (*Loans out*), 10.7 (*Disposals of assets*), 10.8 (*Mergers*), 10.9 (*Dividend and other payment restrictions*), 10.10 (*Additional Guarantee*), 10.11 (*Dealings with related parties*), 10.12 (*Compliance with law*) and 10.13 (*Financial reporting and information*); and

(b) the Subsidiary Guarantors shall undertake to comply with Clauses 10.1 (*Distributions*), 10.3 (*Nature of business*), 10.4 (*Financial Indebtedness and Disqualified Stock*), 10.5 (*Negative pledge*), 10.6 (*Loans out*), 10.7 (*Disposals of assets*), 10.8 (*Mergers*), 10.9 (*Dividend and other payment restrictions*), 10.10 (*Additional Guarantee*), 10.11 (*Dealings with related parties*) and 10.12 (*Compliance with law*).

(4) Pursuant to the Guarantee the Issuer and Holdco shall procure that the Guarantees and all documents relating thereto are duly executed by the relevant Guarantor in favour of the Holders and that such documents are legally valid, enforceable and in full force and effect according to their terms. The Issuer shall procure the execution of such further documentation by the Guarantors as the Agent may reasonably require in order for the Holders to at all times maintain the guarantee position envisaged under these Terms and Conditions and the Guarantees.

(5) If a Holders' Meeting (Clause 16.2) has been convened, or a Vote without Meeting (Clause 16.3) instigated, to decide on the termination of the Notes and/or the enforcement of all or any of the Guarantees, the Agent is obligated, to take actions in accordance with the Holders' decision regarding the Guarantees. However, if the Notes are not terminated due to that the cause for termination has ceased or due to any other circumstance mentioned in these Terms and Conditions, the Agent shall not enforce any of the Guarantees. If the Holders, without any prior initiative from the Agent or the Issuer, have made a decision regarding termination of the Notes and enforcement of any of the Guarantees in accordance with the procedures set out in Clauses 16.2 (*Holders' Meeting*) and 16.3 (*Vote without Meeting*), the Agent shall promptly declare the Notes terminated and enforce the Guarantees. The Agent is however not liable to take action if the Agent considers cause for termination and/or acceleration not to be at hand, unless the instructing Holders in writing commit to holding the Agent indemnified and, at the Agent's own discretion, grant sufficient security for the obligation.

(6) For the purpose of exercising the rights of the Holders and the Agent under these Terms and Conditions and for the purpose of distributing any funds originating from the enforcement of any Guarantees, the Issuer irrevocably authorizes and empowers the Agent to act in the name of the Issuer, and on behalf of the Issuer, to instruct the CSD to arrange for payment to the Holders. To the extent permissible by law, the powers set out in this Clause 4.5 are irrevocable and shall be valid for as long as any Notes remain outstanding. The Issuer shall immediately upon request by the Agent provide the Agent with any such documents, including a written power of attorney (in form and substance to the Agent's satisfaction), which the Agent deems necessary for the purpose of carrying out its duties.

(7) The Agent shall, upon the Issuer's written request and expense, promptly release a Guarantor from its obligations under a Guarantee:

(a) except in the case of the Guarantees provided by Holdco or AS 4finance, in connection with (i) any sale or other disposal of Equity Interests whether by direct sale or sale of a holding company (other than Holdco or AS 4finance) of that Guarantor (other than Holdco or AS 4finance) or by way of merger, consolidation or otherwise or (ii) any sale or other disposal of all or substantially all of the as-

sets of that Guarantor (other than Holdco or AS 4finance); to a Person that is not (either before or after giving effect to such transaction) Holdco or a Restricted Subsidiary, provided however, that such sale or other disposal does not violate Clause 10.7 (*Disposals of assets*) or Clause 10.8 (*Mergers*) and the relevant

(b) Guarantor ceases to be a Restricted Subsidiary as a result of the sale or other disposition;

(c) in the case of any Additional Guarantor that after the Issue Date is required to provide a new Guarantee pursuant to Clause 10.10 (*Additional Guarantee*), upon the release or discharge of its guarantee of Financial Indebtedness which resulted in the obligation to provide such new Guarantee so long as no other Financial Indebtedness is at that time guaranteed by the Additional Guarantor that would result in the requirement to provide a new Guarantee pursuant to Clause 10.10 (*Additional Guarantee*); and

(d) when all the Guaranteed Obligations have been duly and irrevocably paid and discharged in full.

§ 5 Interest

(1) **Interest Rate and Interest Payment Dates.** The Notes shall bear interest at the rate of 11.25 % per annum on their Principal Amount from 23 November 2016 (the „**Interest Commencement Date**"). Interest shall be payable semi-annually in arrears on 23 May and 23 November of each year (each, an „**Interest Payment Date**"), commencing on 23 May 2017. Interest shall cease to accrue with the expiration of the day preceding the day of repayment.

(2) **Default Interest.** If the Issuer fails to redeem the Notes on the day on which they become due for redemption within five Business Days, default interest shall accrue on the overdue amount from, but excluding the due date up to and including the date of actual payment at a rate, which is 2 % higher than the Interest Rate.

(3) **Day Count Fraction.** Where interest is to be calculated in respect of a period which is shorter than or equal to a full Interest Period, the interest will be calculated on the basis of Rule 251 ICMA (ACT/ACT).

§ 6 Maturity, Redemption, Early Redemption, Repurchase

(1) **Redemption at maturity.** The Issuer shall redeem all, but not only some, of the Notes in full on the Final Redemption Date (or, to the extent such day is not a Business Day, on the Business Day following from an application of the Business Day Convention) with an amount per Note equal to the Nominal Amount together with accrued but unpaid Interest.

(2) **The Group Companies' purchase of Notes.** Any Group Company may, subject to applicable law, at any time and at any price purchase Notes. Notes held by a Group Company may at such Group Company's discretion be retained, sold or, if held by the Issuer, cancelled.

(3) **Early voluntary redemption by the Issuer (call option)**

(a) The Issuer may redeem all, but not only some, of the outstanding Notes in full on any Business Day before the Final Redemption Date at the applicable Call Option Amount together with accrued but unpaid Interest.

(b) Redemption in accordance with Clause 6.3 shall be made by the Issuer giving not less than fifteen (15) Business Days' notice to the Holders and the Agent. Any such notice shall state the Redemption Date and the relevant Record Date and is irrevocable but may, at the Issuer's discretion, contain one or more conditions precedent. Upon expiry of such notice and the fulfilment of the conditions precedent (if any), the Issuer is bound to redeem the Notes in full at the applicable amounts.

(4) **Mandatory repurchase due to a Change of Control Event (put option)**

(a) Upon a Change of Control Event occurring, each Holder shall have the right to request that all, or only some, of its Notes are repurchased (whereby the Issuer shall have the obligation to repurchase such Notes) at a price per Note equal to 101.00 per cent. of the Nominal Amount together with accrued but unpaid Interest; during a period of thirty (30) calendar days following a notice from the Issuer of the Change of Control Event pursuant to Clause 10.13. The thirty (30) calendar days' period may not start earlier than upon the occurrence of the Change of Control Event.

(b) The notice from the Issuer pursuant to Clause 10.13 shall specify the repurchase date and include instructions about the actions that a Holder needs to take if it wants Notes held by it to be repurchased. If a Holder has so requested, and acted in accordance with the instructions in the notice from the Issuer, the Issuer, or a Person designated by the Issuer, shall repurchase the relevant Notes and the repurchase amount shall fall due on the repurchase date specified in the notice given by the Issuer pursuant to Clause 10.13. The repurchase date must fall no later than twenty (20) Business Days after the end of the period referred to in Clause 6.4 a).

(c) The Issuer shall comply with the requirements of any applicable securities laws or regulations in connection with the repurchase of Notes. To the extent that the provisions of such laws and regulations conflict with the provisions in this Clause 6.4, the Issuer shall comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under this Clause 6.4 by virtue of the conflict.

(d) Any Notes repurchased by the Issuer pursuant to this Clause 6.4 may at the Issuer's discretion be retained, sold or cancelled in accordance with Clause 6.2 (*The Group Companies' purchase of Notes*).

(5) **Optional redemption for taxation reasons**

(a) If the Issuer or any Guarantor determines in good faith that, as a result of a Change in Tax Law, the Issuer or any Guarantor is, or on the next Interest Pay-

ment Date would be, required to pay any Additional Amounts, and such obligation cannot be avoided by taking reasonable measures available to the Issuer or the relevant Guarantor, the Issuer may, in its absolute discretion, decide to redeem all, but not only some, of the outstanding Notes in full on any Business Day before the Final Redemption Date. The Issuer shall give not less than twenty (20) and not more than forty (40) Business Days' notice of the redemption to the Agent and the Holders and the repayment per Bond shall be made at 100.00 per cent. of the Nominal Amount (together with accrued but unpaid Interest).

(b) The notice from the Issuer pursuant to Clause 6.5 a) shall not be given (a) earlier than ninety (90) calendar days prior to the earliest date on which the Issuer or the Guarantor, as the case may be, would be obliged to make the relevant payment of Additional Amounts if a payment in respect of the Notes were then due and (b) unless at the time such notice is given, such obligation to pay the relevant Additional Amounts remains in effect. Prior to giving any notice of redemption pursuant to the foregoing, the Issuer shall deliver to the Agent (i) a declaration in writing stating that it is entitled to effect such redemption and setting forth a statement of facts showing that a Change in Tax Law is at hand and that it would not be able to avoid the obligation to pay Additional Amounts by taking reasonable measures available to it and (ii) a written opinion of an independent tax counsel of recognised standing who is qualified to provide tax advice under the laws of the Relevant Taxing Jurisdiction to the effect that the Issuer or Guarantor has or have been or will become obligated to pay the relevant Additional Amounts as a result of a Change in Tax Law. The Agent shall accept such declaration and opinion as sufficient evidence that a Change in Tax Law is at hand without further inquiry, in which event it shall be conclusive and binding on the Holders.

(c) In the case of redemption due to withholding as a result of a Change in Tax Law such Change in Tax Law must become effective on or after the Issue Date.

(6) **Equity claw back.** Upon an Equity Listing Event, the Issuer may on one occasion repay up to 35.00 per cent. of the total Initial Nominal Amount (provided at least 65.00 per cent. of the total Initial Nominal Amount remains outstanding after such repayment), in which case all outstanding Notes shall be partially repaid by way of reducing the Nominal Amount of each Note *pro rata*. The repayment must occur on an Interest Payment Date within one hundred eighty (180) calendar days after such Equity Listing Event and be made with funds in an aggregate amount not exceeding the cash proceeds received by Holdco or the Restricted Subsidiaries as a result of such Equity Listing Event (net of fees, charges and commissions actually incurred in connection with such offering and net of taxes paid or payable as a result of such offering). The Issuer shall give not less than twenty (20) Business Days' notice of the repayment to the Agent and the Holders and the repayment per Note shall be made at 106.00 per cent of the Nominal Amount or at the relevant Call Option Amount, if such amount is lower (rounded down to the nearest EUR 100.00)

§ 7 Payments

(1) **Currency.** All payments on the Notes shall be made by the Issuer in Euro.

(2) **Payments.** Payments of principal, interest and all other cash payments payable on the Notes shall be made by the Issuer on the relevant due date to the Paying Agent (Clause 13), for on-payment to the Clearing System for credit to the accounts of the respective accountholders in the Clearing System. All payments made to the Clearing System or to its order shall discharge the liability of the Issuer under the Notes to the extent of the amounts so paid.

(3) **Payment Date/Due Date.** For the purposes of these Terms and Conditions, „**payment date**" means the day on which the payment is actually to be made, and „**due date**" means the payment date provided for herein, without taking account of such adjustment.

(4) **Depositing in Court.** The Issuer may deposit with the local court (*Amtsgericht*) in Frankfurt am Main any amounts payable on the Notes not claimed by Holders of the Notes. To the extent that the Issuer waives its right to withdraw such deposited amounts, the relevant claims of the Holders against the Issuer shall cease.

§ 8 Taxes

(1) **Withholding Tax.** All payments under Clauses 5, 6 and 7 in respect of the Notes will be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed (i) by the relevant tax authority or any political subdivision or any authority therein that has power to tax or (ii) pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code and any regulations or agreements thereunder or official interpretations thereof ("**FATCA**") or any law implementing an intergovernmental approach to FATCA, unless that withholding or deduction is required by law (including pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to FATCA or any law implementing an intergovernmental approach to FATCA). In that event, the Issuer will pay such additional amounts (the "**Additional Amounts**") as the Holders would have received if no such withholding or deduction had been required, except if such Additional Amounts:

(a) are payable by any person acting as custodian bank or collecting agent on behalf of a Holder, or otherwise in any manner which does not constitute a deduction or withholding by the Issuer from payments of principal or interest made by it under the Note; or

(b) are deducted or withheld pursuant to (i) the Savings Directive (2003/48/EC) or (ii) any provision of law implementing, or complying with, or introduced to conform with, the Savings Directive (2003/48/EC), or such treaty or understanding; or

(c) are payable by reason of a change in law that becomes effective more than 30 (thirty) days after the relevant payment becomes due, or is duly provided for and notice thereof is published in accordance with Clause 18 (Notices), whichever occurs later; or

(d) are required by reason of an agreement described in Section 1471(b) of the Code or otherwise required by FATCA or any law implementing an intergovernmental approach to FATCA.

(2) **Prepayment.** If, as a result of any change in, or amendment to, the laws or regulations prevailing in the relevant tax jurisdiction, which change or amendment becomes effective on or after the Issue Date or as a result of any application or official interpretation of such laws or regulations not generally known before that date, taxes or duties are or will be leviable on payments of principal or interest under the Notes and, by reason of the obligation to pay Additional Amounts as provided in the provision above or otherwise such taxes or duties are to be borne by the Issuer, Clause 6.5 (Optional Redemption for Taxation Reasons) applies.

§ 9 Agent

(1) **Role and Duties of the Agent**

(a) By subscribing for Notes, each initial Holder appoints the Agent to act as its agent in all matters relating to the Notes and the Finance Documents, and authorises the Agent to act on its behalf (without first having to obtain its consent, unless such consent is specifically required by these Terms and Conditions) in any legal or arbitration proceedings as well as certain legal acts as stipulated under these Terms and Conditions (*inter alia* information rights pursuant to Clause 10.13, termination rights pursuant to Clause 11) relating to the Notes held by such Holder. By acquiring Notes, each subsequent Holder confirms such appointment and authorisation for the Agent to act on its behalf. The Agent shall represent the Holders in accordance with the Finance Documents. However, the Agent is not responsible for the execution or enforceability of the Finance Documents. The Agent shall keep the latest version of these Terms and Conditions (including any document amending these Terms and Conditions) available upon request of any Holder.

(b) The Issuer shall promptly upon request provide the Agent with any documents and other assistance (in form and substance satisfactory to the Agent), that the Agent deems necessary for the purpose of exercising its rights and/or carrying out its duties under the Finance Documents.

(c) The Agent is entitled to fees for its work and to be indemnified for costs, losses and liabilities on the terms set out in the Finance Documents and the Agent's obligations as agent and security agent under the Finance Documents are conditioned upon the due payment of such fees and indemnifications.

(d) The Agent may act as agent and/or security trustee for several issues of securities issued by or relating to the Issuer and other Group Companies notwithstanding potential conflicts of interest.

(e) The Issuer appoints the Agent also as noteholders' representative (Ger: *Gemeinsamer Vertreter*) for the Holders in accordance with § 7 et seq. of the German Act on Issues of Debt Securities (*Schuldverschreibungsgesetz - SchVG*) (as amended from time to time).

(f) The Agent is entitled to engage external experts when carrying out its duties under the Finance Documents. The Issuer shall on demand by the Agent pay all costs for external experts engaged (a) after the occurrence of an Event of Default, (b) for the purpose of investigating or considering an event which the Agent reasonably believes is or may lead to an Event of Default or a matter relating to the Issuer which the Agent reasonably believes may be detrimental to the interests of the Holders under the Finance Documents or (c) when the Agent is to make a determination under the Finance Documents.

(2) **Limited liability for the Agent**

(a) The Agent will only be liable to the Holders for damage or loss caused by any action taken or omitted by it under or in connection with any Finance Document and such liability being limited to an amount which corresponds to the tenfold amount of its annual fees, unless any damages are directly caused by gross negligence or wilful misconduct.

(b) The Agent shall not be considered to have acted negligently if it has acted in accordance with advice from or opinions of reputable external experts engaged by the Agent or if the Agent has acted with reasonable care in a situation when the Agent considers that it is detrimental to the interests of the Holders to delay the action in order to first obtain instructions from the Holders.

(c) The Agent shall not be liable for any delay (or any related consequences) in crediting an account with an amount required pursuant to the Finance Documents to be paid by the Agent to the Holders, provided that the Agent has taken all necessary steps as soon as reasonably practicable to comply with the regulations or operating procedures of any recognised clearing or settlement system used by the Agent for that purpose.

(d) The Agent shall have no liability to the Holders for damage caused by the Agent acting in accordance with instructions of the Holders given in accordance with Clause 16 (*Passing of Resolutions, Holders' Meeting, Vote without Meeting*).

(3) **Replacement of the Agent**

(a) The Agent may resign by giving notice to the Issuer and the Holders, in which case the Holders shall appoint a successor Agent at a Holders' Meeting convened by the retiring Agent or the Issuer or by way of Written Procedure initiated by the retiring Agent or the Issuer.

(b) For the replacement of the Agent by appointment of a successor Agent pursuant to Clause 9.3 (a), the provisions under Clause 16 (*Passing of Resolutions, Holders' Meeting, Vote without Meeting*) and Clause 17 (*Appointment of Noteholders' Representative*) apply as well as the statutory provisions of the German SchVG.

§ 10 Special Undertakings

So long as any Note remains outstanding, the Issuer undertakes to comply with the special undertakings set forth in this Clause 10.

(1) **Distributions**

(a) The Issuer shall not, and Holdco and the Subsidiary Guarantors have undertaken in the Guarantee not to, directly or indirectly, (a) pay any dividend or make any other payment or distribution on its respective Equity Interests or make any other similar distribution or transfers of value to Holdco's or the Restricted Subsidiaries' direct or indirect shareholders or the Affiliates of such direct and indirect shareholders (other than dividend or distributions payable in Equity Interests (other than Disqualified Stock) of Holdco), (b) repurchase or redeem any of its respective Equity Interest or the Equity Interest of Holdco or any direct or indirect parent of Holdco (including repurchase and redemption with payment to shareholders) or (c) repay principal or pay cash interest under any Shareholder Loans, (items (a)–(c) above are together and individually referred to as a "**Restricted Payment**"); provided, however, that, if such Restricted Payment is permitted by law and no Event of Default is continuing or would result from such Restricted Payment, any such Restricted Payment can be made (i) by Holdco or any Restricted Subsidiary if such Restricted Payment is made to Holdco or another Restricted Subsidiary and, if made by any Restricted Subsidiary which is not directly or indirectly wholly-owned by Holdco, to other Persons on a *pro rata* basis and (ii) by Holdco or any Restricted Subsidiary, provided that Holdco would, at the time of such Restricted Payment, have been permitted to incur at least EUR 1.00 of additional Financial Indebtedness pursuant to the Incurrence Test (calculated on a *pro forma* basis including the relevant Restricted Payment as if the Restricted Payment had been made at the beginning of the Relevant Period ending on the last day of the period covered by the most recent Financial Report); and (B) (1) the aggregate amount of all Restricted Payments (including the Restricted Payment in question but excluding any Restricted Payment made in accordance with item (i) above and any Permitted Payment) of the Group made in a financial year does not exceed 50.00 per cent. of the Group's consolidated net income according to the annual audited financial statements for the previous financial year of Holdco; or (2) if an Equity Listing Event has occurred, the aggregate amount of all

Restricted Payments (including the Restricted Payment in question but excluding any Restricted Payment made in accordance with item (i) above and any Permitted Payment) of the Group made during the period from and including the date of such Equity Listing Event up to and including the date of the Restricted Payment in question, does not exceed 50.00 per cent. of the Group's accumulated consolidated net income according to the annual audited financial statements for the financial year(s) of Holdco ended during such period.

(b) As long as no Event of Default has occurred and is continuing (or would result therefrom), the restrictions under Clause 10.1 a) shall not prohibit Permitted Payments.

(2) **Listing of Notes.** The Issuer shall ensure (a) within ten (10) Business Days after the Issue Date that the Notes are admitted to trading on a Regulated Market (presumably Prime Standard for Corporate Bonds of Frankfurt Stock Exchange, but also any other Regulated Market) at Frankfurt Stock Exchange or another comparable trading segment within the EU, continue being listed thereon (however, taking into account the rules and regulations of the relevant Regulated Market) and the CSD (as amended from time to time) preventing trading in the Notes in close connection to the redemption of the Notes) and (b) that, upon any further issues of Notes pursuant to Clause 14, the volume of Notes listed on the relevant Regulated Market promptly, and not later than ten (10) Business Days after the relevant issue date, is increased accordingly.

(3) **Nature of business.** Holdco and the Subsidiary Guarantors have undertaken in the Guarantee that no substantial change is made to the general nature of the business as carried out by Holdco or any of the Restricted Subsidiaries on the Issue Date.

(4) **Financial Indebtedness and Disqualified Stock**

(a) The Issuer shall not, and Holdco and the Subsidiary Guarantors have undertaken in the Guarantee not to, directly or indirectly, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable, contingently or otherwise, with respect to (collectively for the purpose of this Clause 10.4 "**incur**") any Financial Indebtedness or issue any Disqualified Stock and shall procure that Holdco does not permit any of the Restricted Subsidiaries to issue any shares of preferred stock, provided, however, that Holdco may incur Financial Indebtedness or issue Disqualified Stock, the Issuer may incur Financial Indebtedness and the Subsidiary Guarantors may incur Financial Indebtedness and issue preferred stock if: (a) the Incurrence Test is met (calculated on a *pro forma* basis as if the additional Financial Indebtedness had been incurred or the Disqualified Stock or the preferred stock had been issued, as the case may be, at the beginning of the Relevant Period ending on the last day of the period covered by the most recent Financial Report); and, if a Financial Indebtedness is to be incurred, (b) such Financial Indebtedness ranks *pari passu* with or is unsecured or is subordinated to the obligations of the Issuer or the Guarantors under the Finance Documents. The foregoing shall not prohibit the incurrence of any Permitted Debt.

(b) The Issuer shall not incur, and Holdco and the Subsidiary Guarantors have undertaken in the Guarantee not to incur, any Financial Indebtedness (including Permitted Debt) that is contractually subordinated in right of payment to any other Financial Indebtedness of the Issuer or such Guarantor unless such Financial Indebtedness is also contractually subordinated in right of payment under the Finance Documents on substantially identical terms; provided, however, that no Financial Indebtedness shall be deemed to be contractually subordinated in right of payment to any other Financial Indebtedness of the Issuer or any Guarantor solely by virtue of being unsecured or by virtue of being secured on a junior priority basis.

(5) **Negative pledge** The Issuer shall not, and Holdco and the Subsidiary Guarantors have undertaken in the Guarantee not to, directly or indirectly, create or allow to subsist, retain, provide, prolong or renew any security of any kind (including any mortgage, lien, pledge, charge, security interest or encumbrance) ("**Security**") over any of their assets (present or future) to secure any Financial Indebtedness, provided, however, that Holdco and the Restricted Subsidiaries have a right to create or allow to subsist, retain, provide, prolong and renew (a) any Permitted Security and (b) Security, other than Permitted Security, over any of their assets (present or future) (for the purpose of this Clause 10.5 "**New Security Assets**") to secure Financial Indebtedness of any Person (for the purpose of this Clause 10.5 the "**New Security Beneficiary**"), provided (i) that the New Security Assets are also granted as security for the full and punctual payment by the Obligors of the Guaranteed Obligations for as long as the Financial Indebtedness provided by the New Security Beneficiary is so secured and (ii) that such Security ranks *pari passu* with, or prior to in case of subordinated Financial Indebtedness, with the Security of the New Security Beneficiary.

(6) **Loans out.** The Issuer shall not, and Holdco and the Subsidiary Guarantors have undertaken in the Guarantee not to, except for Permitted Loans, be the creditor or guarantor of any Financial Indebtedness.

(7) **Disposals of assets**

(a) The Issuer shall not, and Holdco and the Subsidiary Guarantors have undertaken in the Guarantee not to, sell or otherwise dispose of Equity Interest in any Restricted Subsidiary or of all or substantially all of Holdco's or any Restricted Subsidiary's assets or operations to any Person (including Holdco and the Restricted Subsidiaries). The above shall not prevent the following transactions:

- the sale or other disposal of Equity Interest in any Restricted Subsidiary, other than the Issuer and the Subsidiary Guarantors, or of all or substantially all of the assets or operations of any Restricted Subsidiary, other than the Issuer and the Subsidiary Guarantors, (i) to Holdco or the Restricted Subsidiaries and (ii) to a Person other than Holdco and the Restricted Subsidiaries provided that the transaction is carried out at fair market value and on terms and conditions customary for such transaction and provided that it does not have a Material Adverse Effect;

- the sale or other disposal of Equity Interest in the Issuer or in any of the Subsidiary Guarantors or of all or substantially all of the assets or operations of the Issuer or any Guarantor to the Issuer or a Guarantor;

- the sale or other disposal of Equity Interest in any Subsidiary Guarantor (other than AS 4finance) to a Person other than the Issuer and the Guarantors provided that: (i) the seller of the Equity Interest in the Subsidiary Guarantor (other than AS 4finance) is the Issuer or a Guarantor and that the proceeds from the sale are paid to the Issuer or a Guarantor, as applicable; (ii) the transaction is carried out at fair market value and on terms and conditions customary for such transactions; and (iii) such transaction does not have a Material Adverse Effect; and

- the sale or other disposal of all or substantially all of the assets or operations of any Subsidiary Guarantor (other than AS 4finance), to a Person other than the Issuer or a Guarantor provided that: (i) the proceeds from the sale or other disposal are paid to the Issuer or a Guarantor, as applicable; (ii) the transaction is carried out at fair market value and on terms and conditions customary for such transactions; and (iii) such transaction does not have a Material Adverse Effect.

(b) For the avoidance of doubt, the sale or disposal of all or substantially all of the assets or operations in Holdco and the Restricted Subsidiaries taken as a whole shall be governed by Clause 6.4 (*Mandatory repurchase due to a Change of Control Event (put option)*).

(8) **Mergers.** The Issuer shall not, and Holdco and the Subsidiary Guarantors have undertaken in the Guarantee not to, directly or indirectly, consolidate or merge with or into another Person. The above shall not prevent the following mergers, provided that they do not have a Material Adverse Effect:

- mergers between or among Restricted Subsidiaries, other than the Issuer and the Subsidiary Guarantors;

- mergers of the Restricted Subsidiaries into Holdco;

- mergers between or among the Issuer or a Subsidiary Guarantor and other Subsidiary Guarantors;

- mergers between or among the Restricted Subsidiaries (including the Issuer and the Subsidiary Guarantors), provided, in the case of a merger of the Issuer or a Subsidiary Guarantor, that the Person formed by or surviving any such merger (if other than the Issuer or a Subsidiary Guarantor, as the case may be) assumes all the obligations of the Issuer or the Subsidiary Guarantor, as the case may be, under these Terms and Conditions and the Guarantee (as applicable) pursuant to accession agreements reasonably satisfactory to the Agent;

- mergers of Holdco or a Restricted Subsidiary on the one side and a Third Party on the other side, provided that: (i) Holdco or the Restricted Subsidiary, as applicable, is the surviving Person; and (ii) Holdco would, on the date of the merger, have been permitted to incur at least EUR 1.00 of additional Financial Indebtedness pursuant to the Incurrence Test (calculated on a *pro forma* basis as if the merger had been made at the beginning of the Relevant Period ending on the last day of the period covered by the most recent Financial Report) or have, both an Interest Coverage Ratio and a Capitalisation Ratio not lower than it was immediately prior to giving effect to such transaction;

- mergers of a Restricted Subsidiary, other than the Issuer or the Subsidiary Guarantors, on the one side and a Third Party on the other side, where the Person formed by or surviving such merger is the Third Party, provided that: (i) the shares in the surviving entity received as consideration and any other consideration will be held by the Group Company that held the shares of the Restricted Subsidiary previous to the merger; and (ii) the merger is carried out at fair market value and on terms and conditions customary for such mergers; and

- mergers of a Subsidiary Guarantor (other than AS 4finance) on the one side and a Third Party on the other side, where the Person formed by or surviving such merger is the Third Party, provided that: (i) the shares in the surviving entity received as consideration and any other consideration are held by the Issuer or a Guarantor, as applicable, post the merger; and (ii) the merger is carried out at fair market value and on terms and conditions customary for such mergers.

(9) **Dividend and other payment restrictions.** The Issuer shall not, and Holdco and the Subsidiary Guarantors have undertaken in the Guarantee not to create or permit to exist or become effective any consensual encumbrance or restriction on the ability of any Restricted Subsidiary to: (a) pay dividends or make any other distributions on its Capital Stock to Holdco or any of the Restricted Subsidiaries, or with respect to any other interest or participation in, or measured by, its profits, or pay any Financial Indebtedness owed to Holdco or any of the Restricted Subsidiaries; (b) make loans or advances to Holdco or any of the Restricted Subsidiaries; or (c) sell, lease or transfer any of its properties or assets to Holdco or any of the Restricted Subsidiaries; in each case, only if such encumbrance or restriction result in a Material Adverse Effect and unless such encumbrance or restriction is contained in or related to Financial Indebtedness constituting a Permitted Debt, Permitted Security or Permitted Loan or is otherwise permitted to be incurred under these Terms and Conditions and the terms and conditions for the Existing Bonds.

(10) **Additional Guarantee.** The Issuer shall not, and Holdco and the Subsidiary Guarantors have undertaken in the Guarantee not to, directly or indirectly, guarantee any Financial Indebtedness of Holdco or any Restricted Subsidiary, and any refinancing

thereof in whole or in part, unless such Restricted Subsidiary becomes a guarantor of the Notes (an "**Additional Guarantor**") on the date on which such other guarantee is incurred and, if applicable, executes and delivers to the Agent a Guarantee, substantially in the same form as the Subsidiary Guarantors' Guarantees pursuant to which such Additional Guarantor will provide a Guarantee, which will be senior to or *pari passu* with its guarantee of such other Financial Indebtedness. Such Additional Guarantor shall be a "Subsidiary Guarantor" and such new Guarantee shall be a "Subsidiary Guarantor Guarantee" for the purpose of these Terms and Conditions. Notwithstanding the foregoing, Holdco shall not be obligated to cause such Restricted Subsidiary to guarantee the Notes to the extent that such new Guarantee by such Restricted Subsidiary would reasonably be expected to give rise to or result in a violation of applicable law which, in any case, cannot be prevented or otherwise avoided through measures reasonably available to Holdco or the Restricted Subsidiary or any liability for the officers, directors or shareholders of such Restricted Subsidiary.

(11) **Dealings with related parties.** The Issuer shall, and Holdco and the Subsidiary Guarantors have undertaken in the Guarantee to conduct all dealings with the direct and indirect shareholders of the Group Companies (excluding other Group Companies) and/or any Affiliates of such direct and indirect shareholders at arm's length terms.

(12) **Compliance with laws.** The Issuer shall, and Holdco and the Subsidiary Guarantors have undertaken in the Guarantee to (a) comply in all material respects with all laws and regulations applicable from time to time and (b) obtain, maintain, and in all material respects comply with, the terms and conditions of any authorisation, approval, licence or other permit required for the business carried out by a Group Company.

(13) **Financial reporting and information**

(a) The Issuer shall and/or Holdco has undertaken in the Guarantee:

- to prepare and make available the annual audited unconsolidated and consolidated financial statements of Holdco, including a profit and loss account, a balance sheet, a cash flow statement and management commentary or report from Holdco's board of directors, to the Agent and on its website not later than four (4) months after the expiry of each financial year;

- to prepare and make available the quarterly interim unaudited consolidated reports of Holdco, including a profit and loss account, a balance sheet, a cash flow statement and management commentary or report from Holdco's board of directors, to the Agent and on its website not later than two (2) months after the expiry of each relevant interim period;

- to issue a Compliance Certificate to the Agent (i) in connection with the incurrence of Financial Indebtedness, the issuance of Disqualified Stock or preferred stock, the payment or distribution of any Restricted Payment and a merger under Clause 10.8 (*Mergers*) which requires that the Incurrence Test is met, (ii) in connection with the Financial Reports being made available

and (iii) at the Agent's request, within twenty (20) calendar days from such request;

- to keep the latest version of these Terms and Conditions (including documents amending these Terms and Conditions) available on its website; and

- to promptly notify the Agent (and, as regards a Change of Control Event, the Holders) upon becoming aware of the occurrence of (i) a Change of Control Event or an Equity Listing Event, (ii) an Event of Default or (iii) a default or an event of default, howsoever described, under the Existing Bonds, and shall provide the Agent with such further information as the Agent may request (acting reasonably) following receipt of such notice.

(b) The Issuer shall notify the Agent of any transaction referred to in Clause 10.7 (*Disposals of assets*) and shall, upon request by the Agent, provide the Agent with (a) any information relating to the transaction which the Agent deems necessary (acting reasonably) and, if applicable, (b) a determination from the Issuer which states whether the transaction is carried out at fair market value and on terms and conditions customary for such transaction and whether it has a Material Adverse Effect or not. The Agent may assume that any information provided by the Issuer is correct, and the Agent shall not be responsible or liable for the adequacy, accuracy or completeness of such information. The Agent is not responsible for assessing if the transaction is carried out at fair market value and on terms and conditions customary for such transaction and whether it has a Material Adverse Effect, but is not bound by the Issuer's determination under item (b) above.

(c) The Issuer shall notify the Agent of any merger referred to in Clause 10.8 (*Mergers*) and shall, upon request by the Agent, provide the Agent with (a) any information relating to the merger which the Agent deems necessary (acting reasonably), including, in case of a merger where the Issuer or a Subsidiary Guarantor is not the surviving entity pursuant to Clause 10.8 an opinion by legal counsel, that the accession agreement executed in connection therewith, these Terms and Conditions and/or the Guarantee are legally valid and binding obligations of the successor Person in accordance with their terms.

(14) **Agent Agreement**

(a) The Issuer shall, in accordance with the Agent Agreement:

- pay fees to the Agent;

- indemnify the Agent for costs, losses and liabilities;

- furnish to the Agent all information reasonably requested by or otherwise required to be delivered to the Agent; and

- not act in a way which would give the Agent a legal or contractual right to terminate the Agent Agreement.

(b) The Issuer and the Agent shall not agree to amend any provisions of the Agent Agreement without the prior consent of the Holders if the amendment would be detrimental to the interests of the Holders.

§ 11 Termination of the Notes

(1) The Agent is entitled, on behalf of the Holders, to terminate the Notes and to declare all, but not only some, of the Notes due for payment immediately or at such later date as the Agent determines (such later date not falling later than twenty (20) Business Days from the date on which the Agent made such declaration), if:

(a) **Non-payment:** any Obligor fails to pay an amount on the date it is due in accordance with the Finance Documents unless its failure to pay is due to technical or administrative error and is remedied within ten (10) Business Days of the due date;

(b) **Other obligations:** the Issuer or any other Group Company does not comply with the Finance Documents in any other way than as set out under item (a) (Non- payment) above, unless the non-compliance (i) is capable of being remedied and (ii) is remedied within fifteen (15) Business Days of the earlier of the Agent giving notice and the Issuer becoming aware of the non-compliance (if the failure or violation is not capable of being remedied, the Agent may declare the Notes payable without such prior written request);

(c) **Cross-default and cross-acceleration:**

- an event of default, howsoever described, occurs under the Existing Bonds;
- any Financial Indebtedness of any Material Group Company is not paid when due nor within any originally applicable grace period or is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default howsoever described under any document relating to Financial Indebtedness of any Material Group Company; or
- any security interest securing Financial Indebtedness over any asset of any Material Group Company is enforced;

provided however that the amount of Financial Indebtedness referred to under item(ii) and/or (iii) above, individually or in the aggregate exceeds an amount corresponding to EUR 10,000,000 (or its equivalent in any other currency) and provided that it does not apply to any Financial Indebtedness owed to a Group Company;

(d) **Insolvency:**

- any Material Group Company is unable or admits inability to pay its debts as they fall due or is declared to be unable to pay its debts under applicable law, suspends making payments on its debts generally or, by reason of actual or anticipated financial difficulties, commences negotiations with its creditors

(other than under these Terms and Conditions) with a view to rescheduling its Financial Indebtedness other than the Notes; or

- a moratorium is declared in respect of the Financial Indebtedness of any Material Group Company;

(e) **Insolvency proceedings:** any corporate action, legal proceedings or other procedures are taken (other than (i) proceedings or petitions which are being disputed in good faith and are discharged, stayed or dismissed within thirty (30) calendar days of commencement or, if earlier, the date on which it is advertised and (ii), in relation to the Group Companies other than the Issuer or the Guarantors, solvent liquidations) in relation to:

- the suspension of payments, winding-up, dissolution, administration or reorganisation (by way of voluntary agreement, scheme of arrangement or otherwise) of any Material Group Company;

- the appointment of a liquidator, receiver, administrator, administrative receiver, compulsory manager or other similar officer in respect of any Material Group Company or any of its assets; or

- any analogous procedure or step is taken in any jurisdiction in respect of any Material Group Company;

(f) **Mergers and demergers:** unless allowed under Clause 10.8 (*Mergers*), the Issuer or any Guarantor merges with a Person other than the Issuer or a Guarantor, or is subject to a demerger, with the effect that the Issuer or the Guarantor is not the surviving entity;

(g) **Creditors' process:** any expropriation, attachment, sequestration, distress or execution or any analogous process in any jurisdiction affects any asset or assets of any Material Group Company having an aggregate value equal to or exceeding EUR 10,000,000 (or its equivalent in any other currency) and where such process (i) is not discharged within thirty (30) calendar days or (ii) is being made in bad faith by the claimant, as evidenced by the Issuer to the Agent (such evidence to be accepted or dismissed by the Agent in its sole discretion);

(h) **Impossibility or illegality:** it is or becomes impossible or unlawful for the Issuer or the Guarantors to fulfil or perform any of the provisions of the Finance Documents or if the obligations under the Finance Documents are not, or cease to be, legal, valid, binding and enforceable; or

(i) **Continuation of the business:** any Material Group Company ceases to carry on its business (except if due to a merger or a disposal of assets as permitted under Clauses 10.7 (*Disposals of assets*) and 10.8 (*Mergers*).

(2) Termination for payment prematurely may only occur if the cause of termination is continuing at the time of the Agent's declaration. However, if a moratorium occurs, the ending of that moratorium will not prevent termination for payment prematurely on the ground mentioned in Clause 11.1 d) (*Insolvency*).

(3) If the right to terminate the Notes is based upon a decision of a court of law or a government authority, it is not necessary that the decision has become enforceable under law or that the period of appeal has expired in order for cause of termination to be deemed to exist.

(4) The Issuer is obligated to inform the Agent immediately if any circumstance of the type specified in Clause 11.1 should occur. Should the Agent not receive such information, the Agent is entitled to assume that no such circumstance exists or can be expected to occur, provided that the Agent does not have knowledge of such circumstance. The Agent is under no obligations to make any investigations relating to the circumstances specified in Clause 11.1. The Issuer shall further, at the request of the Agent, provide the Agent with details of any circumstances referred to in Clause 11.1 and provide the Agent with all documents that may be of significance for the application of this Clause 11.

(5) The Issuer is only obligated to inform the Agent according to Clause 11.4 if informing the Agent would not conflict with any statute or the Issuer's registration contract with Frankfurt Stock Exchange (or any other Regulated Market, as applicable). If such a conflict would exist pursuant to the listing contract with the relevant Regulated Market or otherwise, the Issuer shall however be obligated to either seek the approval from the relevant Regulated Market or undertake other reasonable measures, including entering into a non-disclosure agreement with the Agent, in order to be able to timely inform the Agent according to Clause 11.4.

(6) If the Agent has been notified by the Issuer or has otherwise determined that there is a default under these Terms and Conditions according to Clause 11.1, the Agent shall decide, within twenty (20) Business Days of the day of notification or determination, if the Notes shall be declared terminated. If the Agent has decided not to terminate the Notes, the Agent shall, at the earliest possible date, notify the Holders that there exists a right of termination and obtain instructions from the Holders according to the provisions in Clause 16 (*Passing of Resolutions, Holders' Meeting, Vote without Meeting*). If the Holders vote in favor of termination and instruct the Agent to terminate the Notes, the Agent shall promptly declare the Notes terminated. However, if the cause for termination according to the Agent's appraisal has ceased before the termination, the Agent shall not terminate the Notes. The Agent shall in such case, at the earliest possible date, notify the Holders that the cause for termination has ceased. The Agent shall always be entitled to take the time necessary to consider whether an occurred event constitutes an Event of Default and whether such event has a Material Adverse Effect.

(7) If the Holders, without any prior initiative to decision from the Agent or the Issuer, have made a decision regarding termination in accordance with Clause 16 (*Passing of Resolutions, Holders' Meeting, Vote without Meeting*), the Agent shall promptly declare the Notes terminated. The Agent is however not liable to take action if the Agent considers cause for termination not to be at hand, unless the instructing Holders agree in writing to indemnify and hold the Agent harmless from any loss or liability and, if requested by the Agent in its discretion, grant sufficient security for such indemnity.

(8) If the Notes are declared due and payable in accordance with the provisions in this Clause 11, the Agent shall take every reasonable measure necessary to recover the amounts outstanding under the Notes.

(9) For the avoidance of doubt, the Notes cannot be terminated and become due for payment prematurely according to this Clause 11 without relevant decision by the Agent or following instructions from the Holders' pursuant to Clause 16 (*Passing of Resolutions, Holders' Meeting, Vote without Meeting*).

(10) If the Notes are declared due and payable in accordance with the provisions in this Clause 11, the Issuer shall redeem all Notes with an amount per Note equal to the applicable Call Option Amount.

§ 12 Presentation Period

Term for Presentation. The term for presentation of the Notes with respect to principal as set forth in Sec. 801 para. (1) sentence 1 of the German Civil Code (Ger: *Bürgerliches Gesetzbuch*) shall be reduced to ten years. The term for presentation of the Notes with respect to interest shall be four years after the date on which payment thereof first becomes due and payable.

§ 13 Paying Agent

(1) **Paying Agent**. The Issuer has appointed Banque Internationale à Luxembourg, to act as paying agent (the „**Paying Agent**"). The Paying Agent is exempt from the restrictions of Sec. 181 of the German Civil Code (Ger: *Bürgerliches Gesetzbuch*). Changes of address shall be notified in accordance with Clause 18. In no event will the specified office of the Paying Agent be within the United States or its possessions.

(2) **Calculation Agent.** The Issuer has appointed Banque Internationale à Luxembourg, to act as calculation agent (the „**Calculation Agent**"). The Calculation Agent is exempt from the restrictions of Sec 181 of the German Civil Code (Ger: *Bürgerliches Gesetzbuch*). Changes of address shall be published in accordance with § 18 (*Notices*). In no event will the specified office of the Calculation Agent be within the United States or its possessions.

(3) **Substitution**. The Issuer will procure that there will at all times be a paying agent as well as a calculation agent. The Issuer may at any time, by giving not less than 30 days' notice appoint another bank of good reputation as Paying Agent. Furthermore, the Issuer is entitled to terminate the appointment of any bank as Paying Agent. In the event of such termination or any of such bank being unable or unwilling to continue to act as Agent in the relevant capacity, the Issuer will appoint another bank of good reputation as Agent in the relevant capacity. Such appointment or termination will be published without undue delay in accordance with Clause 18 (*Notices*), or, should this not be possible, be published in another appropriate manner.

(4) **Binding Determinations**. All determinations, calculations and adjustments made by any Agent will be made in conjunction with the Issuer and will, in the absence of manifest error, be conclusive in all respects and binding upon the Issuer and all Holders.

§ 14 Further Issues

The Issuer reserves the right to issue from time to time, without the consent of the Holders, additional notes with substantially identical terms as the Notes (as the case may be, except for the issue date, interest, commencement date and/or issue price), including in a manner that the same can be consolidated to form a single series of notes and increase the aggregate principal amount of the Notes. The term "**Note**" will, in the event of such consolidation, also comprise such additionally issued notes. The issuer shall, however, not be limited in issuing additional notes, which are not consolidated with the Notes and which provide for different terms, as well as in issuing any other debt securities.

§ 15 Amendments to the Terms and Conditions

(1) **Amendments to the Terms and Conditions.** The Issuer may agree with the Holders on Amendments to the Terms and Conditions or on other matters by virtue of a majority resolution of the Holders pursuant to § 5 et seq. of the German Act on Issues of Debt Securities (*Schuldverschreibungsgesetz – SchVG*) as amended from time to time. In particular, the Holders may consent to amendments which materially change the substance of the Terms and Conditions, including such measures as provided for under § 5(3) of the SchVG, by resolutions passed by qualified majority of the votes of the Holders as stated under Clause 16 below. A duly passed majority resolution shall be binding equally upon all Holders.

(2) **Majority/Qualified Majority.** Except as provided by the following sentence and provided that the quorum requirements (Clause 16.4) are being met, the Holders may pass resolutions by simple majority of the voting rights participating in the vote. Resolutions which materially change the substance of the Terms and Conditions, in particular in the cases of § 5 (3) No. 1 - 9 of the SchVG, or relating to material other matters may only be passed by a majority of at least 75 % of the voting rights participating in the vote (a „**Qualified Majority**“). Pursuant to § 5 (3) No. 1 – 9 of the SchVG, the following matters are deemed as material, requiring the Qualified Majority:

- Amendments to the principal claim (due date, amount, currency, rank, debtors, object of performance);
- Amendment to ancillary claims (due date, amount, exclusion, currency, rank, debtors, object of performance);
- Amendments to or removal of ancillary conditions of the Notes;
- Modification or waiver of a right of termination and removal of the effect of the collective right of termination;

- Substitution and release of a security, unless provided for in the Terms and Conditions;

- Conversion of the Notes into shares, other securities or other obligations.

The matters deemed material by § 5 (3) No. 1 – 9 of the SchVG is not conclusive and other matters which materially change the substance of the Terms and Conditions – particularly if detrimental to the Holders – require a Qualified Majority.

§ 16 Passing of Resolutions, Holders' Meeting, Vote without Meeting

(1) **Passing of Resolutions**. The Holders can pass resolutions in a meeting (Ger: *Gläubigerversammlung*) in accordance with § 5 et seq. of the SchVG ("**Holders' Meeting**") or by means of a vote without a meeting (Ger: *Abstimmung ohne Versammlung*) in accordance with § 18 and § 5 et seq. of the SchVG ("**Vote without Meeting**").

(2) **Holders' Meeting**. If resolutions of the Holders shall be made by means of a meeting, the convening notice (Ger: *Einberufung*) will provide for further details relating to the resolutions and the voting procedure. The subject matter of the vote as well as the proposed resolutions shall be notified to the Holders together with the convening notice. Attendance at the meeting and exercise of voting rights is subject to the Holders' registration. Any such registration must be received at the address stated in the convening notice no later than the third day preceding the meeting. As part of the registration, Holders must demonstrate their eligibility to participate in the vote by means of a special confirmation of the Depository Bank in accordance with Clause 19.4 of these Terms and Conditions in text form and by submission of a blocking instruction by the Depository Bank stating that the relevant notes are not transferrable from and including the day such registration has been sent until and including the stated end of the meeting.

(3) **Vote without Meeting**. If resolutions of the Holders shall be made by means of a Vote without Meeting, the request for voting (Ger: *Aufforderung zur Stimmabgabe*) will provide for further details relating to the resolutions and the voting procedure. The subject matter of the vote as well as the proposed resolutions shall be notified to the Holders together with a request for voting. The exercise of voting rights is subject to the Holders' registration. The registration must be received at the address stated in the request for voting no later than the third day preceding beginning of the voting period. As part of the registration, Holders demonstrate their eligibility to participate in the vote by means of a special confirmation of the Depository Bank in accordance with Clause 19.4 of these Terms and Conditions in text form and by submission of a blocking instruction by the Depository Bank stating that the relevant notes are not transferrable from and including the day such registration has been sent until and including the day the voting period ends.

(4) **Quorum**. A resolution in a Holders' Meeting as well as a resolution by way of Vote without Meeting each can only be passed if a quorum of at least 50 % of the outstanding aggregate and in principal amount of the Notes is represented either in the meeting

or in case of a Vote without Meeting if a quorum of at least 50 % of the outstanding Notes by value participates in the vote during the voting period.

(5) **Second Meeting**. If it is ascertained, that no quorum exists for the Holders' Meeting pursuant to Clause 16.2 or the Vote without Meeting pursuant to Clause 16.3, in case of a Holders' Meeting, the chairman (Ger: *Vorsitzender*) may convene a second meeting in accordance with § 15 (3) sentence 2 of the SchVG or in case of a Vote without Meeting, the scrutineer (Ger: *Abstimmungsleiter*) may convene a second meeting within the meaning of § 15 (3) sentence 3 of the SchVG. Attendance at the second meeting and exercise of voting rights are subject to the Holders' registration. The registration must be received at the address stated in the convening notice no later than the third day preceding the second meeting. As part of the registration, Holders must demonstrate their eligibility to participate in the vote by means of a special confirmation of the Depository Bank in accordance with Clause 19.4 of these Terms and Conditions in text form and by submission of a blocking instruction by the Depository Bank stating that the relevant Notes are not transferrable from and including the day such registration has been sent until and including the day the voting period ends.

§ 17 Appointment of Noteholders' Representative

(1) The Holders may by majority resolution provide for the dismissal of the Agent who acts pursuant to Clause 9.1 e) also as noteholders' representative (Ger: *Gemeinsamer Vertreter*) and shall provide by majority resolution for the appointment of another noteholders' representative. Such appointment of the noteholders' representative may at the same time also include the appointment as agent under Clause 9. In the event that such noteholders' representative/Agent is to be authorized to consent to a material change in the substance of the Terms and Conditions or other material matters, the appointment may only be passed by a Qualified Majority.

(2) If the noteholders' representative is also appointed in its capacity as Agent pursuant to Clause 9, the provisions of Clause 9 apply to such appointed noteholders' representative and Agent.

§ 18 Notices

(1) Any notice or other communication to be made under or in connection with these Terms and Conditions:

(a) if to the Agent, shall be given at the address Bleichstraße 2-4, 60313 Frankfurt am Main, Germany on the Business Day prior to dispatch or, if sent by email by the Issuer, to such email address as notified by the Agent to the Issuer from time to time;

(b) if to the Issuer, shall be given at the address 9, Allée Scheffer, L-2520 Luxembourg, Luxembourg or such address notified by the Issuer to the Agent from time to time or, if sent by email by the Agent, to such email address as notified by the Issuer to the Agent from time to time;

(c) if to a Guarantor, shall be given to the address stated in the Guarantee or such address notified by the Guarantor to the Agent from time to time or, if sent by email by the Agent, to such email address as notified by the Guarantor to the Agent from time to time; and

(d) if to the Holders, shall be published in the electronical Federal Gazette (*Bundesanzeiger*), on the Issuer's website and/or otherwise in accordance with the provisions of legal regulations. A notice will be deemed to be made on the day of its publication (in case of more than one publication, on the day of the first publication). The Issuer is also entitled to make notifications to the clearing system for communication by the clearing system to the Holders or directly to the Holders, provided this complies with the rules of the stock exchange on which the Notes are listed. Notifications vis-à-vis the clearing system will be deemed to be effected seven (7) days after the notification of the clearing system, direct notifications of the Holders will be deemed to be effected upon their receipt.

(2) Any notice or other communication made by one Person to another under or in connection with these Terms and Conditions shall be sent by way of courier, personal delivery or letter (and, if between the Agent and the Issuer, by email) and will only be effective, in case of courier or personal delivery, when it has been left at the address specified in Clause 18.1 or, in case of letter, three (3) Business Days after being deposited postage prepaid in an envelope addressed to the address specified in Clause 18.1 or, in case of email to the Agent or the Issuer, when received in legible form by the email address specified in Clause 18.1.

(3) Failure to send a notice or other communication to a Holder or any defect in it shall not affect its sufficiency with respect to other Holders.

§ 19 Applicable Law, Place of Jurisdiction; Enforcement

(1) **Governing Law.** The Notes, with regard to both form and content, as well as all rights and obligations arising from these Terms and Conditions for the Holders and the Issuer shall in all respects be governed by the laws of the Federal Republic of Germany. The provisions of articles 86 to 94-8 of the Luxembourg Company Law shall not apply.

(2) **Place of Performance.** Place of performance shall be Frankfurt am Main, Federal Republic of Germany.

(3) **Place of Jurisdiction.** The place of jurisdiction for all proceedings arising from matters provided for in these Terms and Conditions shall, to the extent legally permitted, be Frankfurt am Main, Germany.

(4) **Enforcement of claims**. Any Holder may in any proceedings against the Issuer or to which the Holder and the Issuer are parties protect and enforce in its own name its rights arising under its Notes by submitting the following documents: a certificate issued by its Depository Bank (i) stating the full name and address of the Holder and (ii) specifying an aggregate principal amount of Notes credited on the date of such statement to such Holders' securities deposit account maintained with such Depository

Bank. For purposes of the foregoing, „**Depository Bank**“ means any bank or other financial institution authorized to engage in securities deposit business with which the Holder maintains a securities deposit account in respect of any Notes, and includes the Clearing System, Clearstream Luxembourg and Euroclear.

XVI. GUARANTEE

Guarantee Agreement

between

4finance Holding S.A. 6, rue Guillaume Schneider, L-2522 Luxembourg

- "**Holdco**" -

AS 4finance, Latvia

4finance ApS, Denmark

UAB 4finance, Lithuania

4finance Oy, Finland

4finance AB, Sweden

Vivus Finance Sp. z o.o., Poland

Vivus Finance S.A., Spain

UAB Credit Service, Lithuania

4finance LLC, Georgia

together the "**Subsidiary Guarantors**",
their addresses being listed in Appendix 1,

and

4finance S.A., 9, Allée Scheffer, L-2520 Luxembourg

the - "**Issuer**" -

1 Date of guarantee

This guarantee (the "**Guarantee**") is issued on the Issue Date (23 May 2016).

2 Definition and interpretation

2.1 Definitions

In this Guarantee the following capitalized terms shall have the meanings set forth below.

"Agent"	means hww hermann wienberg wilhelm Legal & Service Rechtsanwälte Partnerschaft
"Guarantors"	means Holdco and Subsidiary Guarantors (each a "**Guarantor**")
"Obligor"	means the Issuer and each Guarantor.
"Guaranteed Documents"	mean the Finance Documents as defined in the Terms and Conditions
"Secured Parties"	mean the Holders.
"Terms and Conditions"	means the terms and conditions for the EUR 150 million 11,25 % Senior Notes 2016/2021 issued by 4finance S.A. on 23 May 2016.

Affiliate"	means any affiliated company within the meaning of Section 15 et seq. German Stock Corporation Act.

2.1.2 Terms defined in the Terms and Conditions have the same meaning when used in this Guarantee unless otherwise defined in this Guarantee.

2.2 Interpretation

2.2.1 Save where the contrary intention appears, a reference in this Guarantee to any of the Guaranteed Documents or any other document shall be construed as a reference to such Guaranteed Document or such other documents as amended, varied, novated assigned, supplemented or restated from time to time, as the case may be, in accordance with its terms.

2.2.2 Save where the contrary intention appears, a reference in this Guarantee to any person or entity shall include any successor, assignee or transferee of such person or entity.

3 Guarantee

3.1 The Guarantors hereby unconditionally and irrevocably guarantees by way of an independent payment obligation to each holder of the Notes (the "**Holders**") the due and punctual payment of principal of, and interest on, and any other amounts payable under the relevant Notes (the "**Guaranteed Obligations**"). This Guarantee shall be separate and independent from the obligations of the Issuer and shall exist irrespective of the validity and enforceability of the obligations of the Issuer. The Guarantee constitutes an independent payment obligation (German: *Selbständiges Zahlungsversprechen*) in the form of a contract for the benefit of the Holders from time to time as third party beneficiaries (German: *Vertrag zu Gunsten Dritter*) in accordance with § 328 (1) of the German Civil Code (*Bürgerliches Gesetzbuch – BGB*), giving rise to the right of each Holder to require performance of the Guarantee directly from the Guarantor and to enforce the Guarantee directly against the Guarantor, notwithstanding the possibility to enforce the Guarantee through the Agent under the Terms and Conditions.

3.2 The intent and purpose of this Guarantee is to ensure that the Holders under all circumstances, whether factual or legal, and regardless of the validity and enforceability of the obligations of the Issuer or of any other grounds on the basis of which the Issuer may fail to effect payment, shall receive the amounts payable as principal, interest and other amounts to the Holders pursuant to the Terms and Conditions on due dates as provided in the Terms and Conditions.

3.3 The Guarantee will rank pari passu with all of the Guarantors' existing and future senior unsecured debt and senior to all of their existing and future subordinated debt, notwithstanding certain limitation under the laws of the relevant Guarantor's jurisdiction.

3.4 The Guarantors hereby explicitly waive any personal defenses of the Issuer (German: *Einreden des Hauptschuldners*) as well as any defenses arising out of the Issuer's right of revocation (German: *Anfechtbarkeit*) or set-off (German: *Aufrechenbarkeit*) with respect to the Notes. This waiver shall not apply to any defenses relating to any rights of set-off with counterclaims that are (i) uncontested (German: *unbestritten*) or (ii) based on and uncontestable court decision (German: *rechtskräftig festgestellt*).

3.5 The Guarantors expressly consent to the Guarantee being independent from any other security granted in connection with the Notes and waives any right which might result from the release of any such other security.

3.6 The Guarantors' payment obligations under this Guarantee become automatically due and payable if and when the Issuer does not make a payment with respect to the Notes when such payment is due and payable pursuant to the Terms and Conditions.

3.7 The Guarantors shall ensure that, so long as any of the Notes are outstanding, but only up to the time all amounts of principal and interest have been placed at the disposal of the Paying Agent, the Issuer is at all times an Affiliate of the Guarantors.

4 Guarantee Limitations

The obligations and liabilities of and the guarantee issued by each Guarantor under this Guarantee shall be limited if required (but only if and to the extent required) under any applicable law or regulation in the respective jurisdiction in which each of the Guarantors are incorporated, including but not limited to the provisions set forth in Appendix 2.

5 Payment

5.1 Each Guarantor shall immediately upon demand by the Agent or by a Holder make any payment due under this Guarantee to the Agent as representative for the Secured Parties.

5.2 All moneys received by the Agent, or its designee, in exercise of the rights under this Guarantee shall be applied by the Agent in discharge of the Guaranteed Obligations in accordance with the terms of the Terms and Conditions.

5.3 All payments by a Guarantor under this Guarantee must be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed (i) by the relevant tax authority or any political subdivision or any authority therein that has power to tax or (ii) pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code and any regulations or agreements thereunder or official interpretations thereof ("**FATCA**") or any law implementing an intergovernmental approach to FATCA, unless that withholding or deduction is required by law (including pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to FATCA or any law implementing an intergovernmental approach to FATCA). In that event, the Guarantor will pay such additional amounts (the "**Additional Amounts**") as the Holders would have received if no such withholding or deduction had been required, except if such Additional Amounts:

a) are payable by any person acting as custodian bank or collecting agent on behalf of a Holder, or otherwise in any manner which does not constitute a deduction or withholding by the Guarantor from payments of principal or interest made by it under the Note; or

b) are deducted or withheld pursuant to (i) the Savings Directive (2003/48/EC) or (ii) any provision of law implementing, or complying with, or introduced to conform with, the Savings Directive (2003/48/EC), or such treaty or understanding; or

c) are payable by reason of a change in law that becomes effective more than 30 (thirty) days after the relevant payment becomes due, or is duly provided for and notice thereof is published in accordance with the Terms and Conditions, whichever occurs later; or

d) are required by reason of an agreement described in Section 1471(b) of the Code or otherwise required by FATCA or any law implementing an intergovernmental approach to FATCA.

6 Special Undertakings

6.1 Holdco hereby undertakes to comply and to procure that, to the extent applicable to the Issuer and/or the other Group Companies, the Issuer and each other Group Company complies with the special undertakings set out in the clauses 10.1 (Distributions), 10.2 (Listing of Notes), 10.3 (Nature of business), 10.4 (Financial Indebtedness and Disqualified Stock), 10.5 (Negative pledge), 10.6 (Loans out), 10.7 (Disposals of assets), 10.8 (Mergers), 10.9 (Dividend and other payment restrictions), 10.10 (Additional Guarantee), 10.11 (Dealings with related parties), 10.12 (Compliance with laws), 10.13 (Financial reporting and information) of the Terms and Conditions.

6.2 Each Subsidiary Guarantor hereby undertakes to comply with the special undertakings set out in the clauses 10.1 (Distributions), 10.3 (Nature of business), 10.4 (Financial Indebtedness and Disqualified Stock), 10.5 (Negative pledge), 10.6 (Loans out), 10.7 (Disposals of assets), 10.8 (Mergers), 10.9 (Dividend and other payment restrictions), 10.10 (Additional Guarantee), 10.11 (Dealings with related parties), 10.12 (Compliance with laws) of the Terms and Conditions.

7 Continuing Guarantee

7.1 Subject to Clause 10, this Guarantee shall be a continuing guarantee and shall not be affected in any way by any variation, extension, waiver, compromise, release or discharge in whole or in part of the Guaranteed Obligations, any Guaranteed Document or of any security or guarantee from time to time therefore. To the extent it can be avoided by any action of the relevant Guarantor or otherwise, this Guarantee shall not be affected by any change in the laws, rules or regulations of any jurisdiction or by any present or future action of any governmental authority or court.

7.2 This Guarantee shall be in addition to and independent of any other guarantee, pledge or other security given or held by any other Secured Party in respect of the Guaranteed Obligations.

8 Immediate Recourse

Each Guarantor waives any right it may have of first requiring any Secured Party (or any trustee or agent on its behalf) to proceed against or enforce any other rights or security or claim payment from any person before claiming from the Guarantors under this Guarantee. This waiver applies irrespective of any law or any provision of a Guaranteed Document to the contrary.

9 Waiver

Until the Guaranteed Obligations have been irrevocably paid in full, each Guarantor undertakes not to exercise any right:

(a) of recourse or subrogation;

(b) to be indemnified by an Obligor; or

(c) to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights of the Secured Parties or of any Secured Party,

it may have by reason of performance of its obligations under this Guarantee.

10 Release

When all the Guaranteed Obligations have been duly and irrevocably paid and discharged in full or if the release of this Guarantee is otherwise required under the Terms and Conditions, the Agent shall, upon the Issuer's written request and expense, promptly release each Guarantor from its obligations under this Guarantee. However, if any of the Guaranteed Obligations was only temporarily satisfied or maybe set aside by a insolvency administrator or may otherwise be avoidable, the Guarantee shall continue in full force and effect.

11 Costs and Expenses

All costs and expenses (including legal fees and other out of pocket expenses and value added tax or other similar tax thereon) reasonably incurred by the Agent in connection with (i) the execution, preservation or enforcement of this Guarantee, and (ii) any amendment, consent, suspension or release of rights (or any proposal for the same) requested by a Guarantor relating to this Guarantee shall be borne by the relevant Guarantor and each Guarantor shall upon demand indemnify and hold the Agent harmless in respect of such reasonable costs and expenses.

12 Assignments

12.1 The Agent may assign and transfer all or a part of its rights and obligations under this Guarantee to any assignee or successor appointed in accordance with the Terms and Conditions.

12.2 For the avoidance of doubt, any assignment or transfer of all rights and obligations under the Guaranteed Documents made by the Agent or any other Secured Party in accordance with such Guaranteed Documents shall take effect as an assignment and assumption and transfer of all such Secured Party's rights and obligations under this Guarantee.

12.3 No Guarantor may assign or transfer any part of its rights, benefits or obligation under this Guarantee.

13 Notice

13.1 All notices and communications to be made under or in connection with this Guarantee shall be made in accordance with the terms of the Terms and Conditions and this Clause.

13.2 The address and email address (and the department or officer, if any, for whose attention the communication is to be made) of each party to this Guarantee in respect of any notice and communications under this Guarantee is the one specified for each Subsidiary Guarantor in Appendix 1 and for Holdco and the Agent below:

Holdco: 4finance Holding S.A.
6, rue Guillaume Schneider, L-2522 Luxembourg
Attention: Sanda Laicēna, Janis Bogdasarovs

Agent: hww hermann wienberg wilhelm Legal & Service Rechtsanwälte Partnerschaft
Bleichstraße 2-4, 60313 Frankfurt am Main, Germany
Attention: Martin Schoebe

Or any substitute address, email address or department or officer as one party may notify to the other from time to time.

13.3 Any notice or other communication made by one party to another under or in connection with this Guarantee will only be effective:

(a) in case of courier personal delivery, when it has been left at the address specified in this Guarantee;

(b) in case of letter, three (3) Business Days after being deposited postage prepaid in an envelope addressed to the address specified in this Guarantee; or

(c) in case of email, when received in legible form by the email address specified in this Guarantee.

14 Miscellaneous

14.1 No delay or omission in exercising any powers or privileges under this Guarantee shall be construed as a waiver thereof. Any exercise of any part of the rights shall not preclude subsequent enforcement of any such rights which have not, or have not fully, been exercised.

14.2 No amendment to this Guarantee shall be effective against any party unless made in writing and signed by each of the parties hereto, notwithstanding any decision by the Holders changing or amending the Terms and Conditions with regard to this Guarantee.

14.3 An original copy of this Guarantee Agreement is kept by the Agent at all times.

15 Governing Law and Jurisdiction

15.1 This Guarantee shall be governed by and construed in accordance with German law without giving effect to the principles of conflict of laws.

15.2 Subject to Clause 15.3, the courts of Germany shall have exclusive jurisdiction over matters arising out of or in connection with this Guarantee. As far as legally permissible, the District Court (Landgericht) of Frankfurt am Main shall be the court of first instance.

15.3 The submission to the jurisdiction of the German courts shall not limit the right of the Agent or any court which may otherwise exercise jurisdiction over the relevant Guarantor or any of its assets.

_____	_____
Place, Date	**4finance Holding S.A.**
_____	_____
Place, Date	**4finance S.A.**
_____	_____
Place, Date	**AS 4finance** (*Latvia*)
_____	_____
Place, Date	**4finance ApS** (*Denmark*)

_____	_____
Place, Date	**4finance UAB** (*Lithuania*)
_____	_____
Place, Date	**4finance Oy** (*Finland*)
_____	_____
Place, Date	**4finance AB** (*Sweden*)

Appendix 1 – Subsidiary Guarantors

Name	**Reg. No.**	**Notice details**
AS 4finance (*Latvia*)	40003991692	Address: Lielirbes iela 17A-8, Riga, LV-1046, Latvia
4finance ApS (*Denmark*)	32557864	Address: Vesterbrogade 1L, 4., 1620 København, Denmark
UAB 4finance (*Lithuania*)	301881644	Address: Jonavos str. 254a, LT-44132 Kaunas, Lithuania
UAB Credit Service	302431575	Address: Raugyklos str. 15A, LT-01140 Vilnius, Lithuania
4finance Oy (*Finland*)	2257545-4	Address: Mikonkatu 15 A 00100 Helsinki, Filand
4finance AB (*Sweden*)	556790-4189	Address: Hammarby Allé 47, SE-120 30 Stockholm, Sweden
Vivus Finance Sp. z o.o. (*Poland*)	0000418977	Address: ul. 17 Stycznia 56, 02-146 Warsaw, Poland
Vivus Finance S.A. (*Spain*)	0000418977	Address: C/Principe de Vergara, Numero 37, 7ª Planta Madrid 28001-Madrid, Spain
4finance LLC (*Georgia*)	401978605	Address: T. Dadiani str. N7, commercial unit N b506, Tbilisi, Georgia

1. Limitations for Luxembourg Guarantors

1.1. The obligations and liabilities of and the guarantee issued by a Guarantor incorporated in Luxembourg (each a "**Luxembourg Guarantor**") under this Guarantee shall be limited at, any time, to an aggregate amount not exceeding ninety-five (95) per cent of the greater of:

a) an amount equal to the sum of the Luxembourg Guarantor's Net Assets and its subordinated debt (*dettes subordonnées*), as reflected in the financial information of the Luxembourg Guarantor available to the Agent as at the date of this Guarantee, including, without limitation, its most recently and duly approved financial statements (*comptes annuels*) and any (unaudited) interim financial statements signed by its board of directors (*conseil d'administation*); and

b) an amount equal to the sum of the Luxembourg Guarantor's Net Assets and its subordinated debt ((*dettes subordonnées*), as reflected in the financial information of the Luxembourg Guarantor available to the Agent as at the date the guarantee is called, including, without limitation, its most recently and duly approved financial statements (*comptes annuels*) and any (unaudited) interim financial statement signed by its board of directors *conseil d'administation*).

1.2. For the purpose of paragraphs d) and e) above, "Net Assets" shall mean all the assets (*actifs*) of the Luxembourg Guarantor minus its liabilities (*provisions et dettes*) as valued either (i) at the fair market value determined by an independent third party appointed by the Agent, or (ii) if no such market value has been determined, in accordance with Luxembourg generally accepted accounting principles or IFRS, as applicable, and the relevant provisions of the Luxembourg law of 19 December 2002 on the register of commerce and companies, on accounting and on annual accounts of the companies, as amended.

1.3. The Guaranteed Obligations guaranteed under this Guarantee by a Luxembourg Guarantor will not extend to include any obligations or liabilities if this would constitute (i) a breach of the financial assistance prohibitions contained in article 49-6 of the Luxembourg law of 10 August 1915 on commercial companies, as amended form time to time (the "**Luxembourg Company Law**") or (ii) a misuse of corporate assets (*abus de biens sociaux*) as defined at article 171-1 of the Luxembourg Company Law.

2. Limitations for Latvian Guarantors

The obligations and liabilities of and the guarantee issued by a Guarantor incorporated

in Latvia (each a "**Latvian Guarantor**") under this Guarantee shall be limited at, any time, if (and only if) required and to the extent that this Guarantee would otherwise be illegal or

prejudice any limitations required under applicable mandatory provisions of Latvian law.

3. Limitations for Danish Guarantors

The obligations and liabilities of and the guarantee issued by a Guarantor incorporated in Denmark (each a "**Danish Guarantor**") under this Guarantee shall be limited at, any time, to an amount equivalent to the sum of all amounts of the Net Proceeds (as defined in the Terms and Conditions) borrowed by such Danish Guarantor and/or put at the disposal of such Danish Guarantor by the Issuer by way of an intercompany loan, provided always that any payment made by the Danish Guarantor under this Guarantee in respect of such obligations shall reduce *pro tanto* the outstanding amount of such intercompany loan owing by the Danish Guarantor and vice versa.

4. Limitations for Lithuanian Guarantors

The obligations and liabilities of and the guarantee issued by a Guarantor incorporated in Lithuania (each a "**Lithuanian Guarantor**") under this Guarantee shall be limited at, any time, if (and only if) required and to the extent that this Guarantee would otherwise be illegal or constitute unlawful financial assistance within the meaning of Article 45² Paragraph 1 of the Law on Companies of the Republic of Lithuania or prejudice any limitations required under applicable mandatory provisions of Lithuanian law, to an aggregate amount not exceeding EUR 150,000,000.00.

5. Limitations for Finnish Guarantors

The obligations and liabilities of and the guarantee issued by a Guarantor incorporated in Finland (each a "**Finnish Guarantor**") under this Guarantee shall be limited at, any time, to the extent granting such guarantee would:

a) constitute unlawful financial assistance within the meaning of Chapter 13 Section 10 of the Finnish Companies Act (*Osakeyhtiölaki, 624/2006*), as amended or re-enacted form time to time;

b) constitute unlawful distribution of assets within the meaning of Chapter 13 Section 1 of the Finnish Companies Act; or

c) be against the corporate benefit requirements within the meaning of Chapter 1 Section 5 and Chapter 13 Section 1 of the Finnish Companies Act.

6. Limitation for Polish Guarantors

In relation to Vivus Finance sp. z o.o. and any Guarantor incorporated in Poland (4finance Poland and such Guarantors being the "Polish Guarantors"):

6.1. The obligations of each Polish Guarantor under this Guarantee shall be limited to the extent required so that such obligations do not and cannot result in:

(a) a reduction of the assets required for the full coverage of the total share capital as defined in, or a repayment of capital as prohibited under, Article 189 of the Polish Commercial Companies Code of 15 September 2000 (Journal of Laws No. 94, no. 1037, as amended) (the "**Polish Commercial Companies Code**"); and

(b) a repayment of capital as prohibited under Article 344 § 1 of the Polish Commercial Companies Code;

(c) in direct, or indirect, financing (within the meaning of Article 345 § 1 of the Polish Commercial Companies Code) in respect of the acquisition of shares issued by such Polish Guarantor being a Polish joint – stock company to the extent the requirements under Article 345 of the Polish Commercial Companies Code have not been satisfied; and

(d) insolvency (*niewypłacalność*) as defined by Article 11 sec.2 of the Polish Insolvency Act of 28 February 2003 (Journal of Laws of 2015, item 233, as amended) (the "**Polish Bankruptcy Law**").

6.2. The limitation in paragraph 6.1. (d) above will not apply if one or more of the following circumstances occurs:

(a) an Event of Default under § 11(1)(a) (*Non-Payment*) of Terms and Conditions occurs and is continuing; and/or

(b) an Event of Default other than specified in sub-clause 6.2. (a) above occurs and is continuing for more than 30 days,

(c) irrespective of whether such Event of Default occurs before or after any Polish Guarantor becomes insolvent (*niewypłacalny*) within the meaning of Article 11 sec. 2 of the Polish Bankruptcy Law (and for avoidance of any doubt if an Event of Default triggering the application of sub-clause 6.2. (a) is remedied or waived, the limitation set out in clause 6.1. (d) shall apply until another Event of Default under § 11(1)(a) (*Non-Payment*) of Terms and Conditions occurs and is continuing and/or other Event of Default occurs and is continuing for more than 30 days, respectively); or

(d) the liabilities (*zobowiązania*) of each Polish Guarantor (other than those under the Guarantee) result in its insolvency within the meaning of Article 11 sec. 2 of the Polish Bankruptcy Law; or

(e) Polish law is amended in such a manner that the insolvency of a debtor within the meaning of Article 11 sec. 2 of the Polish Bankruptcy Law (as in force on the date of this Guarantee) no longer gives grounds for the declaration of its bankruptcy (*ogłoszenie upadłości*) or no longer obliges the representatives of any Polish Guarantor to file for the declaration of its bankruptcy.

7. Limitations for Swedish Guarantors

The obligations and liabilities of and the guarantee issued by a Guarantor incorporated in Sweden (each a "**Swedish Guarantor**") under this Guarantee shall be limited if (and only if) required by the provisions of the Swedish Companies Act (*aktiebolagslagen (2005:551)*) regulating value transfers (Chapter 17, Section 1-4) and prohibited loans and security (Chapter 21, Section 1,3 and 5). It is understood that the obligations and liabilities of and the guarantee issued by a Swedish Guarantor under this Guarantee only apply to the extent permitted by the above mentioned provisions of the Swedish Companies Act.

8. Limitations for Spanish Guarantors

The obligations and liabilities of and the guarantee issued by a Guarantor incorporated in Spain under this Guarantee shall be limited at, any time, if (and only if) required and to the extent that this Guarantee would otherwise be illegal, unenforceable or prejudice any limitations required under applicable mandatory provisions of Spanish law.

9. Limitations for Georgian Guarantors

The obligations and liabilities of and the guarantee issued by a Guarantor incorporated in Georgia (each a "**Georgian Guarantor**") under this Guarantee shall be limited at, any time, if (and only if) required and to the extent that this Guarantee would otherwise be illegal, unenforceable or prejudice any limitations required under applicable mandatory provisions of Georgian law, to an aggregate amount not exceeding EUR 150,000,000.00.

XVII. TAXATION

The following section is a description of certain tax consequences under the tax laws of Germany and Luxembourg with regard to the acquisition, ownership and sale of the Notes. The following description of the German and Luxembourg tax situations is not intended to provide exhaustive information that might be necessary for an individual purchase decision regarding the Notes offered. Only the essential regulations of income taxation are described in an outline. The Issuer points out that the specific tax consequences depend on the personal circumstances of the investors and may be affected by future changes in tax legislation, case law and/or the instructions of the fiscal authority. The description is based on the fiscal law applicable in Germany and Luxembourg at the time the prospectus is being produced. These laws may change with retroactive effect as well. The specific tax treatment of the purchase, ownership or sale of the Notes is thus only governed by the tax laws applicable in the individual case at any time in the respective interpretation by the fiscal authority and the fiscal courts. It cannot be ruled out that the interpretation by a tax authority or a fiscal court is different from the explanations shown here. Although the following explanations reflect the assessment by the Issuer, they may not be misinterpreted as tax advice or a guarantee. Tax advice cannot be replaced by these explanations and is therefore strongly recommended.

1. Taxation in the Federal Republic of Germany

Tax Residents

Persons (individuals and corporate entities) who are tax resident in Germany (in particular, persons whose residence, habitual abode, statutory seat or place of management is located in Germany) are subject to unlimited taxation (income tax or corporate income tax, in each case plus solidarity surcharge on the (corporate) income tax plus church tax and/or trade tax, if applicable). The unlimited tax liability applies to the worldwide income, regardless of its source, including interest on capital claims of any kind and, in general, capital gains. However, contrary provisions in German double taxation treaties may allocate a taxation right to another country.

Taxation if the Notes are held as private assets

Should the Notes be held as private assets by a domestic tax-resident individual investor, the interest paid on the Notes and capital gains from the sale or redemption of the Notes or the separate sale or redemption of interest claims are taxable at a uniform tax rate of 25 % (26,675 % including solidarity surcharge plus church tax, if applicable, the rate of which varies depending on the province). Capital gains/losses realised upon the sale or redemption of the Notes are computed as the difference between the proceeds from the disposition or redemption (after deduction of actual expenses directly related thereto) and the issue or purchase price of the Notes. If the respective income is paid through the banking system, which is the case if the Notes are held in a custodial account which the owner of the Notes maintains with a domestic branch of a German or non-German bank, a financial services institution, a domestic securities trading business or a domestic securities trading bank, the tax will be withheld at source, generally as a final burden. If the income is paid from elsewhere, e.g., from a foreign bank, and therefore no tax is withheld at source, the taxpayer must report the respective income in his tax return. The uniform tax rate charge will then be levied by assessment, independently of all other features of the taxpayer's situation. In certain cases, the investor may apply to be assessed on the basis of its actual personal tax rate if such rate is lower than the uniform tax rate of 25 %. However, within the scope of the withholding tax, a deduction of the actual income-related expenses (in excess of a lump-sum amount of 801 EUR or EUR 1,602 for married couples assessed together) is excluded. Losses from the sale of Notes can only be offset against other capital gains income and, if there is not sufficient other positive capital gains income, carried forward in subsequent assessment periods. Losses, which have been subject to withholding tax as set out above can only be offset or carried forward if the disbursing agent issues a corresponding (loss) certificate pursuant to Sec. 43a para. 3 sentence 4, Sec. 45a para. 2 of the German Income Tax Act (*Einkommensteuergesetz; EStG*).

No German withholding tax will be levied if the investor has filed a withholding tax exemption certificate with the respective German disbursing agent, but only to the extent that the paid interest or the capital

gain does not exceed the lump-sum amount as described above. Similarly no withholding tax will be levied, if the relevant investor has submitted a non-assessment certificate issued by the relevant local tax office

Taxation if the Notes are held as business assets

For German tax resident corporations and domestic commercial investors, holding the Notes as business assets, interest payments and capital gains will be subject to (corporate) income tax and, if applicable, trade tax. Business expenses related to the Notes generally are deductible.

The corporate income tax rate including the solidarity surcharge amounts to 15,825 %. Com-mercial investors not being subject to corporate income tax are taxed at their personal income tax rate which amounts up to 45 %. The trade tax rate for businesses being subject to German trade tax, depends on the municipality where the business is located. Furthermore, in the case of individuals, church tax may be levied.

For these investors, only the interest paid on Notes is generally subject to the provisions re-garding German withholding tax as set out above. No withholding tax is levied in the case of the sale or redemption of the Notes or the separate sale or redemption of interest claims if the investor is a German corporation subject to unlimited taxation or the proceeds from the Notes qualify as income of a domestic business and the investor notifies this to the German disbursing agent by use of the officially required form However, levied withholding tax has no settling effect, i.e. any tax withheld is credited as prepayment against the German (corporate) income taxamount.

Non-residents

Persons who are not tax resident in Germany are not subject to tax with regard to income derived from the Notes. This does not apply, if (i) the Notes are held as business assets of a German permanent establishment or are attributable to a permanent representative of such person or (ii) the income from the Notes is subject to German limited taxation for other reasons (e.g. the Notes are, irrespective of certain exceptions, directly or indirectly secured by German real property or domestic rights subject to the real estate provisions of German civil law).

If a non-resident person is subject to tax with its income from the Notes, similar rules apply as set out above with regard to German tax resident persons.

Application of the German withholding tax regime on the Issuer

The Issuer is not obliged under German tax law to levy German withholding tax in respect of payments on the Notes. Therefore, the Issuer assumes no responsibility for the withholding of taxes at the source.

Investors are also advised to seek the reliable advice of their own tax advisor regarding the specific fiscal implications of the investment. Such advice cannot be replaced by the above explanations.

German Inheritance and Gift Tax

Generally German inheritance or gift taxes with respect to the Notes will arise, if, in the case of inheritance tax, either the decedent or the beneficiary, or, in the case of gift tax, either the donor or the heir, is a resident of Germany or such Note is attributable to a domestic business for which a permanent establishment is maintained or a permanent representative is appointed. This applies also to certain German citizens who previously maintained a residence in Germany.

2. Taxation Grand Duchy of Luxembourg

Non-resident Holders of the Notes

Under Luxembourg tax laws currently in force and subject to the application of the laws of 21 June 2005, asamended (the "**21 June 2005 Laws**") implementing the Council Directive 2003/48/EC of 3

June, 2003 in Luxembourg on taxation of savings income in the form of interest payments (the "**EU Savings Directive**") into Luxembourg and certain dependent and associated territories of EU Member States, there is no withholding tax on payments of principal, premium or interest made to non-resident holders of the Notes, nor on accrued but unpaid interest in respect of Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of the Notes held by non-resident holders of the Notes.

Non-resident Noteholders should note that the 21 June 2005 Laws have recently changed and that as from 1 January 2015, a Luxembourg based paying agent is required to provide the Luxembourg tax administration with details of the relevant payments of interest and similar income paid by it to (or to the benefit of) an individual or a residual entity (within the meaning of the EU Savings Directive) unless the beneficiary of such income has (in the case of an individual Noteholder) provided a tax exemption certificate from his/her fiscal authority in the format required by law to the relevant paying agent. The Luxembourg tax administration then communicates such information to the competent authority of such EU Member State.

On 24 March 2014, the Council of the European Union adopted a Council Directive which, *inter alia*, amends and broadens the scope of the EU Savings Directive to include notably (i) payments made through certain intermediate structures (whether or not established in a EU Member State) for the ultimate benefit of an European Union resident individual, and (ii) a wider range of income similar to interest.

On 9 December 2014, the Council of the European Union adopted Directive 2014/107/EU amending Directive 2011/16/EU of 15 February 2011 on administrative cooperation in the field of taxation. The adoption of the aforementioned directive implements the OECD Common Reporting Standard and generalizes the automatic exchange of information within the European Union as of 1 January 2016 and EU Member States will begin exchanging the information required by the end of September 2017. Austria will apply the Directive 2014/107/EU a year later than other EU Member States. The Directive 2014/107/EU extended the scope of the automatic exchange of information between tax administrations to include interest, dividends and other types of income.

As Directive 2014/107/EU overlaps the EU Savings Directive and is generally broader in scope than the aforementioned directive, the Council of the European Union has repealed on 10 November 2015 the EU Savings Directive.

Resident Holders of the Notes

The terms "interest" and "paying agent" used hereafter have the same meaning as in the 21 June 2005 Laws.

Under Luxembourg general tax laws currently in force and subject to the law of 23 December 2005, as amended (the "**23 December 2005 Law**"), there is no withholding tax on payments of principal, premium or interest made to Luxembourg resident holders of the Notes, nor on accrued but unpaid interest in respect of the Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of the Notes held by Luxembourg resident holders of the Notes.

Under the 23 December 2005 Law, payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the benefit of an individual beneficial owner who is resident of Luxembourg will be subject to a withholding tax of 10 per cent.

If the individual Holder holds the Notes in the course of the management of his or her private wealth, the aforementioned 10 per cent withholding tax will operate a full discharge of income tax due on such payments.

Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Notes coming within the scope of the 23 December 2005 Law would be subject to withholding tax of 10 per cent.

A holder of a Note who is a resident of Luxembourg for tax purposes or who has a permanent establishment or a fixed place of business in Luxembourg, to which the Notes are attributable, is subject to Luxembourg income tax in respect of the interest paid or accrued on, or any other income derived from, the Notes, except if the holder is acting in the course of the management of his/her private wealth and the 10 per cent withholding tax has been levied on such payments in accordance with the 23 December 2005 Law.

Under Luxembourg domestic tax law, gains realised by an individual holder of the Notes, who acts in the course of the management of his private wealth and who is a resident of Luxembourg for tax purposes, on the sale or disposal, in any form whatsoever, of the Notes are not subject to Luxembourg income tax, provided this sale or disposal took place at least six months after the acquisition of the Notes. An individual holders of the Notes, who acts in the course of the management of his private wealth and who is a resident of Luxembourg for tax purposes, must however include the portion of the gain corresponding to accrued but unpaid interest in respect of the Notes in his taxable income, except if: (a) withholding tax has been levied on such payments in accordance with the 23 December 2005 Law; or (b) the individual holders of the Notes has opted for the application of a 10 per cent tax in full discharge of income tax in accordance with the 23 December 2005 Law, which applies if a payment of interest has been made or ascribed by a paying agent established in an EU Member State (other than Luxembourg), or in a Member State of the European Economic Area (other than an EU Member State), or in a state that has entered into a treaty with Luxembourg relating to the EU Savings Directive.

Gains realised by a corporate holder of the Notes or by an individual holder of the Notes, who acts in the course of the management of a professional or business undertaking, who is a resident of Luxembourg for tax purposes or who has a permanent establishment or a fixed place of business in Luxembourg, to which the Notes are attributable, on the sale or disposal, in any form whatsoever, of the Notes are subject to Luxembourg income tax and municipal business tax.

A Luxembourg holder of the Notes that is governed by the law of 11 May 2007 on family estate companies, as amended, by the law of 17 December 2010 on undertakings for collective investment, as amended, or by the law of 13 February 2007 on specialised investment funds, as amended, will not be subject to any Luxembourg corporation taxes in respect of interest received or accrued on the Notes, or on gains realised on the sale or disposal, in any form whatsoever, of the Notes.

Holders of the Notes will not be deemed to be resident, domiciled or carrying on business in Luxembourg solely by reason of holding, execution, performance, delivery, exchange and/or enforcement of the Notes.

Gains realised by a non-resident holder of the Notes, who does not have a permanent establishment or fixed place of business in Luxembourg, to which the Notes are attributable, on the sale or disposal of the Notes are not subject to Luxembourg income tax.

Net Wealth Tax

A corporate holder of the Notes, whether resident of Luxembourg for tax purposes or main-taining a permanent establishment or a permanent representative in Luxembourg to which the Notes are attributable, is subject to Luxembourg wealth tax on the Notes, except if the holder of the Notes is governed by the law of 11 May 2007 on family estate companies, as amended, by the law of 17 December 2010 on undertakings for collective investment, as amended, by the law of 13 February 2007 on specialised investment funds, as amended, or is a securitisation company governed by the law of 22 March 2004 on securitisation, as amended, or a capital company governed by the law of 15 June 2004 on venture capital vehicles, as amended.

As of 1 January 2016, (i) securitization companies governed by the amended law of 22 March 2004 on securitization, (ii) investment companies in risk capital (SICAR) governed by the law of 15 June 2004, (iii) variable capital pension savings companies (SEPCAV) and (iv) pension savings associations (ASSEP) will be subject to an annual minimum net wealth tax.

An individual holder of the Notes, whether he/she is resident of Luxembourg or not, is not subject to Luxembourg wealth tax on the Notes.

Other Taxes

There is no Luxembourg registration tax, stamp duty or any other similar tax or duty payable in Luxembourg by the holders of the Notes as a consequence of the issuance of the Notes, nor will any of these taxes be payable as a consequence of a subsequent transfer, repurchase or redemption of the Notes. Proceedings in a Luxembourg court or the presentation of documents relating to the notes, other than the notes themselves, to an "*autorité constituée*" may require registration of the documents, in which case the documents will be subject to registration duties depending on the nature of the documents.

There is no Luxembourg value added tax payable in respect of payments in consideration for the issuance of the Notes or in respect of the payment of interest or principal under the notes or the transfer of the Notes. Luxembourg value added tax may, however, be payable in respect of fees charged for cer-

tain services rendered to the Issuer, if for Luxembourg value added tax purposes such services are rendered or are deemed to be rendered in Luxembourg and an exemption from Luxembourg value added tax does not apply with respect to such services.

Under present Luxembourg tax law, in the case where a holder of the Notes is a resident for tax purposes of Luxembourg at the time of his death, the Notes are included in his taxable estate, for inheritance tax purposes and gift tax may be due on a gift or donation of the Notes, if the gift is recorded in a Luxembourg deed.

3. EU Savings Tax Directive

Under the EU Savings Directive each Member State is required to provide the competent tax authorities of another Member State with details of interest payments paid by a person within its jurisdiction to an individual resident or certain limited types of entity established in that other Member State.

The Council of the European Union formally adopted a Council Directive amending the Directive on 24 March 2014 (the "Amending Directive"). Member States have until 1 January 2016 to adopt the national legislation necessary to comply with the Amending Directive. The Amending Directive broadens the scope of the requirements described above. The changes made under the Amending Directive include extending the scope of the Directive to payments made to, or collected for, certain other entities and legal arrangements. They also broaden the definition of "interest payment" to cover income that is equivalent to interest.

On 9 December 2014, the Council of the European Union adopted Directive 2014/107/EU amending Directive 2011/16/EU of 15 February 2011 on administrative cooperation in the field of taxation. The adoption of the aforementioned directive implements the OECD Common Reporting Standard and generalizes the automatic exchange of information within the European Union as of 1 January 2016 and EU Member States will begin exchanging the information required by the end of September 2017. Austria will apply the Directive 2014/107/EU a year later than other EU Member States. The Directive 2014/107/EU extended the scope of the automatic exchange of information between tax administrations to include interest, dividends and other types of income.

As Directive 2014/107/EU overlaps the EU Savings Directive and is generally broader in scope than the aforementioned directive, the Council of the European Union has repealed on 10 November 2015 the EU Savings Directive.

Germany

The primary Directive was implemented in Germany in accordance with the German Interest Information Regulation of 26 January 2004 which reflects the wording of the Directive almost completely. The provisions apply from 1 July 2005. An administrative decree of the German Federal Ministry of Finance dated 30 January 2008 (Federal Tax Gazette I 2008 p. 320) contains information on the definition of "beneficial owner", the definition of interest as well as the notification procedure.

Luxembourg

See “ – Taxation Grand Duchy of Luxembourg – Non-resident Holders of the Notes”.

XVIII. LIMITATIONS ON VALIDITY AND ENFORCEABILITY OF THE GUARANTEES AND THE NOTES AND CERTAIN INSOLVENCY CONSIDERATIONS

Set out below is a summary of certain limitations on the enforceability of the Notes and Guarantees in each of the jurisdictions in which the Issuer and the Guarantors are organized or incorporated. It is a summary only, and bankruptcy proceedings, restructuring proceedings, insolvency proceedings or other similar proceedings could be initiated in any of these jurisdictions and in the jurisdiction of organization of a future guarantor of the Notes. In addition, as further described below, the COMI of the Issuer or a Guarantor may be determined to be different than its jurisdiction of incorporation. See "Risk Factors—Risk Factors Relating to the Notes—Relevant insolvency and administrative laws may not be as favorable to creditors, including Noteholders, as insolvency laws of the jurisdictions in which you are familiar and may limit your ability to enforce your rights under the Notes and the Guarantees and the Issuer and the Guarantors are subject to risks relating to the location of their center of main interest ("COMI")." The application of these various laws in multiple jurisdictions could trigger disputes over which jurisdiction's law should apply and could adversely affect your ability to enforce your rights and to collect payment in full under the Notes and the Guarantees. Also set forth below is a brief description of certain aspects of insolvency laws in the jurisdictions of incorporation of the Issuer and the Guarantors.

EUROPEAN UNION

Several of the Guarantors are organized under the laws of EU Member States.

Pursuant to Council Regulation (EC) no. 1346/2000 on insolvency proceedings, as amended (the "EU Insolvency Regulation"), the court which shall have jurisdiction to open insolvency proceedings in relation to a company is the court of the EU Member State (other than Denmark) where the company concerned has its "center of main interests" (as that term is used in Article 3(1) of the EU Insolvency Regulation). The determination of where any such company has its "center of main interests" is a question of fact on which the courts of the different EU Member States may have differing and even conflicting views.

The term "center of main interests" is not a static concept and may change from time to time. See "Risk Factors—Risk Factors Relating to the Notes—Relevant insolvency and administrative laws may not be as favorable to creditors, including Noteholders, as insolvency laws of the jurisdictions in which you are familiar and may limit your ability to enforce your rights under the Notes and the Guarantees and the Issuer and the Guarantors are subject to risks relating to the location of their center of main interest ("COMI")." Although there is a rebuttable presumption under Article 3(1) of the EU Insolvency Regulation that any such company has its "center of main interests" in the EU Member State in which it has its registered office, Preamble 13 of the EU Insolvency Regulation states that the "center of main interests" of a debtor should correspond to the place where the debtor conducts the administration of its interests on a regular basis and "is therefore ascertainable by third parties." In that respect, factors such as where board meetings are held, the location where the company conducts the majority of its business and the location where the large majority of the company's creditors are established may all be relevant in the determination of the place where the company has its "center of main interests," with the company's "center of main interests" at the time of initiation of the relevant insolvency proceedings being not only decisive for the international jurisdiction of the courts of a certain Member State, but also for the insolvency laws applicable to these insolvency proceedings as each court would, subject to certain exemptions, apply its local insolvency laws (lex fori concursus).

If the "center of main interests" of a company is and will remain located in the state in which it has its registered office, the main insolvency proceedings in respect of the company under the EU Insolvency Regulation would be commenced in such jurisdiction and accordingly a court in such jurisdiction would be entitled to commence the types of insolvency proceedings referred to in Annex A to the EU Insolvency Regulation. Insolvency proceedings opened in one EU Member State under the EU Insolvency Regulation are to be recognized in the other EU Member States (other than Denmark), although secondary proceedings may be opened in another EU Member State. If the "center of main interests" of a debtor is in one EU Member State (other than Denmark) under Article 3(2) of the EU Insolvency Regulation, the courts of another EU Member State (other than Denmark) have jurisdiction to open "territorial proceedings" only in the event that such debtor has an "establishment" in the territory of such other EU Member State. The effects of those territorial proceedings are restricted to the assets of the debtor situated in the territory of such other EU Member State. If the company does not have an establish-

ment in any other EU Member State, no court of any other EU Member State has jurisdiction to open territorial proceedings in respect of such company under the EU Insolvency Regulation. Irrespective of whether the insolvency proceedings are main or territorial proceedings, such proceedings will always, subject to certain exemptions, be governed by the *lex fori concursus*, *i.e.*, the local insolvency law of the court which has assumed jurisdiction for the insolvency proceedings of the debtor.

In the event that the Issuer or any provider of collateral experiences financial difficulty, it is not possible to predict with certainty in which jurisdiction or jurisdictions insolvency or similar proceedings will be commenced, or the outcome of such proceedings. Applicable insolvency laws may affect the enforceability of the obligations of the Issuer and Guarantors and the collateral provided by the Issuer or any other company. The insolvency, administration and other laws of the jurisdictions in which the respective companies are organized or operate may be materially different from, or conflict with, each other and there is no assurance as to how the insolvency laws of the potentially involved jurisdictions will be applied in relation to one another.

LUXEMBOURG

Insolvency

In the event that the Issuer and/or Holdco becomes insolvent, insolvency proceedings (e.g., in particular, bankruptcy proceedings (faillite), controlled management proceedings (gestion contrôlée) and composition proceedings with creditors (concordat préventif de faillite)) may be opened in Luxembourg to the extent that the Issuer and/or Holdco has its center of main interest located in Luxembourg or an establishment in Luxembourg within the meaning the EU Insolvency Regulation (in relation to secondary proceedings assuming in this case that the center of main interests is located in a jurisdiction where the EU Insolvency Regulation is applicable). If a Luxembourg court having jurisdiction commences bankruptcy proceedings against the Issuer and/or Holdco, all enforcement measures against such companies will be suspended, except, subject to certain limited exceptions, for enforcement by secured creditors. Noteholders will thus not be able to enforce the Guarantee once bankruptcy proceedings have commenced.

In addition, the Noteholders' ability to receive payment on the Notes or under the Holdco Guarantee may be affected by a decision of a Luxembourg court to grant a stay on payments (sursis de paiement) as provided by articles 593 et seq of the Luxembourg Code of Commerce or to put the relevant Issuer and/or Holdco into judicial liquidation (liquidation judiciaire) pursuant to article 203 of Luxembourg Company Law. Judicial liquidation proceedings may be opened at the request of the public prosecutor against companies pursuing an activity violating criminal laws or that are in serious breach or violation of the Luxembourg Code of Commerce or of the laws governing commercial companies, including Luxembourg Company Law and those laws governing authorization to do business.

Liability of the Issuer in respect of the Notes or Holdco in respect of its Holdco Guarantee will, in each case, in the event of a liquidation of the relevant company following bankruptcy or judicial liquidation proceedings, only rank after the cost of liquidation (including any debt incurred for the purpose of such liquidation) and those other debts that are entitled to priority under Luxembourg law.

Preferential debts under Luxembourg law include, among others:

- certain amounts owed to the Luxembourg Revenue Office;
- value-added tax and other taxes and duties owed to the Luxembourg Customs and Excise Agency;
- social security contributions; and
- remuneration owed to employees.

Luxembourg insolvency laws may also affect transactions entered into or payments made by the relevant Luxembourg company during the period before bankruptcy, the so-called "hardening period" (période suspecte) which is a maximum of six months (and ten days, depending on the transaction in question) preceding the judgment declaring bankruptcy, except that in certain specific situations the court may set the start of the hardening period at an earlier date pursuant to article 613 of the Luxembourg Code of Commerce.

In addition to the above, it should be noted that on February 1, 2013, the Luxembourg government has filed a bill to reorganize the Luxembourg insolvency proceedings. However, it cannot be foreseen when

such bill will be passed by the Luxembourg Parliament and become law. As the bill may be substantially amended during the legislative process, the impact of the new law on the liability of the Issuer in respect of the Notes or Holdco in respect of its Holdco Guarantee cannot be foreseen at the present time.

Corporate Benefit

In addition to insolvency issues, certain corporate benefit issues may arise when an entity incorporated under the laws of Luxembourg grants a guarantee securing the indebtedness of a subsidiary. Although there is no Luxembourg legislation or published authoritative court precedent which specifically regulates this matter, there is a general consensus among Luxembourg authors and practitioners that the granting of such a downstream guarantee is likely to raise no particular concerns but is still subject to specific limitations and requirements relating to corporate purpose (objet social) and corporate benefit (intérêt social) considerations.

The granting of a guarantee by a Luxembourg entity must be within its corporate power and authority and in its corporate interest. A court could thus subordinate or void the Holdco Guarantee if it finds that one of the above conditions is missing and, in particular, if it considers that Holdco does not derive an overall corporate benefit from the transaction involving the grant of the Holdco Guarantee, as a whole. The existence of corporate benefit is a factual matter which is not defined by law and must be determined on a case by case basis. Based on current French and Belgian case law (to which Luxembourg courts are likely to refer in this context), and provided that the granting of guarantee(s) to or in favor of companies within the group of which the guarantor belongs is within the corporate purpose of the Luxembourg guarantor and has been properly approved by a decision of its representative body(ies), it is generally understood that a Luxembourg entity may assist other group companies if:

- the Luxembourg entity and the entity(ies) whose obligations are being guaranteed belong to a structured group of companies operating under a common strategy and having real common economic purposes and policy;
- the guarantee and the transaction to which it relates are entered into in furtherance of the common economic, social or financial interest of the group, determined in accordance with policies applicable to the entire group;
- the liability under the guarantee is commensurate with the group's benefit;
- it can be demonstrated that the Luxembourg guarantor derives a direct or indirect benefit, advantage or consideration from the issuance of the guarantee; and
- the assistance is not, in terms of the amounts involved, disproportionate to the Luxembourg guarantor's financial capability and/or the direct or indirect benefits derived from granting the assistance.

A guarantee that substantially exceeds the guarantor's ability to meet its commitments towards the beneficiary(ies) of the guarantee would expose the guarantor's directors to personal liability and could, *inter alia*, be declared null and void based on the concept of illegal cause (*cause illicite*). The Holdco Guarantee granted by Holdco includes in this regard general limitation language limiting the financial exposure of Holdco to a certain percentage of, among other things, the amount of its net assets (*capitaux propres*) and its subordinated debt (*dettes subordonnées*) as reflected in the financial information of Holdco.

If a court decides either that the Holdco Guarantee was a fraudulent conveyance and voids it, or holds it unenforceable for any other reason, you may cease to have any claim in respect of the Holdco Guarantee and would be a creditor solely of the Issuer.

DENMARK

In Denmark, a court could void a guarantee made by a Danish Guarantor and/or reverse payments made under such guarantee if it found that: (i) the guarantee is void (e.g., if the guarantee was incurred with the intent to defraud any present or future creditor); or (ii) the guarantee was held not be in the best interest or not to be for the corporate benefit of the Danish guarantor.

Corporate benefit

Pursuant to the Danish corporate benefit doctrine, acts taken by the management on behalf of a limited liability company must be in the interest of the company. This means that the management of the Danish Guarantor may not enter into any transaction if it is clearly capable of providing certain shareholders (or others) with an undue preference over the other shareholders, the Danish Guarantor itself or its creditors. Furthermore, an act will not be binding on the Danish Guarantor if it materially adversely affects the interests of the Danish Guarantor.

In order to demonstrate corporate benefit, the relevant act must be in the interest of the Danish Guarantor. In terms of providing a Guarantee, corporate benefit will be present if the Danish Guarantor receives proceeds, commission or some other benefit but whether the corporate benefit is sufficient will depend on the actual trade-off between rewards and possible risks.

The interests of the Danish Guarantor are key and the general view is that guaranteeing the debt of a group company (other than the parent) is unlikely to be in the interest of the Danish Guarantor.

In the case at hand where it is not anticipated that the Danish Guarantor will receive any proceeds, commission or other immediate benefits in return for providing the Guarantee it is highly unlikely that the management of the Danish Guarantor will be able to demonstrate sufficient corporate benefit.

Furthermore, the issuance of the Guarantee must not be unsound in terms of the financial position of the Danish Guarantor and the interests and rights of the creditors of the Danish Guarantor must not be improperly impaired as a result of the Guarantee. The board of directors and the executive management must therefore ensure that the financial resources of the Danish Guarantor are adequate at all times, and that the Danish Guarantor has sufficient liquidity to meet its current and future liabilities.

To comply with these requirements the management must assess the risk of the Guarantee being called as well as the financial impact on the Danish Guarantor should the risk materialize. If these requirements are not met the directors of the Danish Guarantor could face potential liability.

It should be noted that these requirements are in addition to the requirement to demonstrate corporate benefit and limiting the Guarantee will not excuse the management from being able to demonstrate corporate benefit. However, the more limited the Guarantee is, the easier it will be to demonstrate sufficient corporate benefit.

Pursuant to the terms of the Guarantee granted by any Danish Guarantor, each Danish Guarantor's liability under the Guarantee is limited to an amount equal to the amount of any part of the proceeds of the Offering from time to time made available (and outstanding) to that Danish Guarantor.

Insolvency

In the case of reconstruction or bankruptcy of a Danish Guarantor, a court could void the Guarantee and/or reverse payments made under the Guarantee if it found that: (i) payments have been effected after the reference date determined in accordance with the Danish Bankruptcy Act (this will usually be the day on which a petition for bankruptcy or reconstruction was filed); (ii) payments have been effected by unusual means of payment, before the due date for payment or in amounts which have substantially impaired the Danish Guarantor's ability to pay its debts; or (iii) it is a transaction whereby the Danish Guarantor fraudulently prefers one creditor over another creditor, withholds the Danish Guarantor's property from serving to satisfy creditors or the Danish Guarantor's debts are increased to the detriment of the creditors, provided that the creditor was or became insolvent as a consequence of the transaction and the preferred party knew or should have known of the Danish Guarantor's insolvency and the circumstances causing the transaction to be fraudulent. The primary aim is to void certain transactions carried out during a specific time leading up to the bankruptcy or reconstruction. The legal effects depend on the rule applied. Either the preferred party is obliged to surrender the advantage it has obtained, provided that it does not exceed the loss incurred in the estate, or the party that has been awarded preferential treatment shall be liable to pay compensation in accordance with general legal principles. Under Danish law, an entity would be considered insolvent if it could not pay its debts as they become due and such inability to pay is not merely of a temporary nature.

Creditor priority in bankruptcy

A statutory ranking of claims is set out in the Bankruptcy Act and claims are paid in the following order: (i) pre-preferential claims (costs and administration of the bankruptcy estate), (ii) preferential creditors (costs and expenses incurred in connection with a collective arrangement of the debtor's finances by a

reorganization, composition or similar), (iii) privileged creditors (employees' salaries) (iv) ordinary claims (other claims apart from deferred claims e.g., unsecured loans) and (v) deferred claims (claims for interest accrued after the reference date, fines and gift promises).

Only unsecured creditors are ranked. However, to the extent that security is enforced and exhausted without the creditor being fully repaid, the secured party will be unsecured for that amount and rank as an ordinary creditor. The secured creditor will thus be competing on a pari passu level with all other unsecured creditors of the debtor for the remaining unencumbered assets (if any).

Cross-border insolvency

Denmark participates in the Nordic Bankruptcy Convention together with Sweden, Norway, Finland and Iceland. Consequently, there is full recognition between the five countries of bankruptcy decrees and a bankruptcy opened in one of the Nordic countries will comprise all assets and liabilities belonging to the debtor in the other Nordic countries.

Denmark has not adopted the UNCITRAL Model Law on Cross-Border Insolvency and the EU Insolvency Regulation is not binding on and does not apply in Denmark. Thus, a foreign insolvency order from another country, except from one of the other Nordic countries, will not be recognized in Denmark.

FINLAND

Applicable insolvency law

There are two primary insolvency regimes under Finnish law. The first, company restructuring (yrityssaneeraus), is intended to investigate whether the business has a reasonable possibility and sufficient resources to continue and, if so, to rehabilitate the company's viable business, ensure its continued viability and make arrangements with creditors. The second, bankruptcy (konkurssi), is primarily designed to liquidate and distribute the assets of a debtor to its creditors.

Under the Finnish bankruptcy regime, creditors are entitled to be paid proceeds out of the bankruptcy estate in proportion to the amount of their claims, unless otherwise provided by law. According to the Finnish Act on Order of Payment of the Creditors (1578/1992, laki velkojien maksunsaantijärjestyksestä), the following creditors have priority over unsecured creditors: (i) secured creditors and holders of retention rights (having a priority to payment out of the proceeds of the relevant secured or privileged asset); (ii) the administrative expenses of the bankruptcy estate (including costs of liquidation, administrator's costs and final salaries of the employees), claims on the basis of contracts that the bankruptcy estate (rather than the debtor) has entered into, any liabilities for which the bankruptcy estate is responsible by operation of law and a debt that has arisen between the commencement and discontinuation of restructuring proceedings; and (iii) claims secured by a business mortgage up to 50 % of the liquidation value of the mortgaged assets. The rights of the above-mentioned preferred creditors may adversely affect the interests of holders in the Notes, and the bankruptcy of the Finnish Guarantor may result in holders of the Notes recovering considerably less than they would have otherwise been entitled to recover. See "Risk Factors–The Notes will be effectively subordinated to our and our Guarantors' secured indebtedness to the extent of the value of the collateral securing such indebtedness."

Pursuant to the Recovery Act (758/1991, laki takasinsaannista konkurssipesään), certain acts and payments carried out by a debtor towards a single creditor can be revoked if those acts and payments result in unequal treatment of other creditors. According to the Finnish Restructuring Act and the Finnish Enforcement Code (705/2007, Ulosottokaari), the grounds for recovery set forth in the Recovery Act are also to be applied in the context of company reorganizations and enforcement proceedings.

The bankruptcy estate administrator, the administrator in a company restructuring and certain creditors may seek to recover assets of the debtor in connection with bankruptcy, company restructuring or enforcement proceedings. The administrator or the creditors may, within a specified time, either file an action for recovery against the debtor's counterparty in a separate court proceeding or file an objection. In bankruptcy, this period to file an action is one year from the commencement of the bankruptcy proceedings or three months from the moment that the bankruptcy estate has discovered or should have discovered grounds for recovery. In the case of a company restructuring program, the administrator must file an action within six months from the commencement of the restructuring proceedings or within three months from the moment that the administrator has discovered or should have discovered grounds for recovery.

Certain general rules for recovery apply to all transactions between an insolvent debtor and the counterparty of the debtor. A transaction concluded within five years prior to the date when the petition for bankruptcy, company restructuring or enforcement is filed with the court or relevant authority (as well as transactions performed after such date) may be recovered if: (i) the transaction, either by itself or together with other transactions, improperly (a) favors a creditor at the expense of other creditors, (b) places property beyond the reach of creditors or (c) increases debts to the detriment of the creditors; (ii) the debtor, at the time of the transaction, was, or partly due to the transaction became, insolvent or, in case of a transaction considered to be a gift or a contract with the characteristics of a gift, over-indebted; (iii) the counterparty knew or should have known of the insolvency or over-indebtedness, or the relevance of the transaction to the debtor's economic situation; and (iv) the counterparty knew or should have known the facts mentioned above in clause (i), on the basis of which the transaction is considered improper. The grounds for recovery under Section 5 of the Recovery Act, which covers all transactions concluded between the debtor and a counterparty, are thus applicable only if the counterparty has qualified or should have had qualified knowledge of all the issues described above in (i) and (ii). Transactions between the debtor and certain (natural or legal) persons within the debtor's sphere of interest (as defined in the Recovery Act) may be recovered regardless of the date of the transaction.

In addition, pursuant to the Recovery Act, certain transactions can, under certain circumstances be recovered regardless of the good faith of the counterparty and regardless of the solvency of the debtor at the time of the transaction. Such transactions include, among other things: (i) payments received through enforcement; (ii) the payment of debts; and (iii) the granting of security. Any debt paid later than three months prior to the date when the petition for bankruptcy, company restructuring or enforcement is filed with the court or relevant authority (or, in the event that the beneficiary is a person within the debtor's sphere of interest, within two years) may be recovered if: (i) unusual means of payment have been used; (ii) the payment was premature; or (iii) the amount of payment was considerable in comparison to the assets of the debtor (according to Finnish case law, an amount over 10% of the assets of the debtor at the moment of bankruptcy is deemed to be "considerable"). However, a payment may not be recovered if it, when all circumstances are taken into consideration, is deemed customary. Security given later than three months prior to the date when the petition for bankruptcy, company restructuring or enforcement is filed with the court or the relevant authority (or, in the event that the beneficiary is a person within the debtor's sphere of interest, within two years) may be recovered if: (i) the parties had not agreed upon the security in connection with the granting of the credit; or (ii) the possession of the security had not been transferred, or any similar act perfecting the security had not been taken without unjustified delay after the granting of the credit. When a transaction is recovered, the property received from the debtor is returned to the debtor bankruptcy estate if the debtor is in bankruptcy, and the creditor subject to recovery will get a right to a corresponding receivable (and eventually a distributive portion) from the bankruptcy estate.

Accordingly, the validity of the Finnish Guarantee or any payment made thereunder may in certain situations described above be challenged, and it is possible that such a challenge would be successful. If the Finnish Guarantee is successfully challenged, holders of the Notes may lose the benefit of the Finnish Guarantee through nullification of the Finnish guarantee, and the value of any consideration that the holders of the Notes had already received under that guarantee could be recovered from the holders of the Notes.

Limitations

A Finnish company may only distribute its assets in ways specified in the Finnish Companies Act. Other transactions that reduce the assets of the company or increase its liabilities without a sound business reason may constitute an unlawful distribution of assets. Therefore, there must be a sound business reason, i.e., corporate benefit, for granting a guarantee. The business justification for granting a guarantee is assessed on a company-level and on a stand-alone basis, without regard to any group benefit, although synergies can be taken into account to the extent they create direct benefits, such as cost savings, to the company.

For the reasons stated above, the Guarantee provided by the Finnish Guarantor is limited to the extent granting such Guarantee would:

(i) constitute unlawful financial assistance within the meaning of Chapter 13 Section 10 of the Finnish Companies Act, as amended or re- enacted from time to time; or

(ii) constitute an unlawful distribution of assets within the meaning of Chapter 13 Section 1 of the Finnish Companies Act.

In addition to the corporate benefit requirement, the granting of the Guarantee must be within the limits of the company's business purpose as set out in its articles of association.

GEORGIA

Under Georgian law, the validity of a guarantee depends on the enforceability of the underlying obligation it secures. Therefore, the Guarantee given by the Georgian Guarantor can be enforced to the extent that the Notes are valid and enforceable. The Georgian Guarantee can be enforced up to the maximum amount specified in the Guarantee. In certain cases under Georgian law, including inter alia, the release of the Issuer or other Guarantors from their respective obligations under the Notes and the Guarantees may result in partial or full revocation of the Georgian Guarantee.

The enforceability of the Georgian Guarantee may be affected by the commencement of insolvency proceedings against the Georgian Guarantor. In this circumstance, all payment of debts, accrual of interest and any involuntary enforcement against the Guarantor, including enforcement of the Guarantee, will be suspended. In case of insolvency, all creditors of the Guarantor, including the Noteholders, will be satisfied subject to applicable statutory ranking and availability of the proceeds/assets that can be distributed among the creditors. In addition, the Georgian Guarantee can be removed from the insolvency proceedings, if it qualifies as a transaction detrimental to other creditors, as defined under Georgian law.

LATVIA

Applicable insolvency law

AS 4finance is incorporated under the laws of the Republic of Latvia.Its registered office along with its centre of management and supervision is in Riga, Latvia. As such, any insolvency proceedings applicable to AS 4finance would be primarily governed by Latvian law.

Rehabilitation proceedings

Pursuant to Latvian insolvency law, a company experiencing financial distress problems may apply for legal protection proceedings. Once the court has initiated such proceedings, creditor action against the company in question is stayed and accrual of any contractually agreed creditors' interest in excess of either: (i) the statutory interest rate, or (ii) the main refinancing operation rate published by the European Central Bank (whichever is higher) is discontinued. Within two months of the proceedings having commenced, the company is required to draft and approve with a simple majority of non-secured creditors and qualified majority of secured creditors a plan to restore the company to solvency which may provide for, inter alia, postponement of fulfillment of payment obligations or reduction of the company's debt. The plan has legal effect upon the provision of a written opinion by the company's insolvency administrator and approval of such plan by the court. The measures provided in the court approved plan are binding on all the creditors irrespective of whether they have accepted the plan or not. Once approved, the plan will be operational and binding on the creditors for not more than two years with an extension for another two years contingent upon approval by the company's creditors.

Further, Latvian insolvency law provides for so called out of court legal protection proceedings. A plan to restore the company to solvency is drafted by the company and approved by the creditors before the court has initiated any formal proceedings. The plan has no legal effect until the court approves it, which approval is contingent upon the court being provided with a written opinion by the company's insolvency administrator. Once it has been approved, the legal consequences of out of court legal protection proceedings upon creditors of a company are identical to those in legal protection proceedings initiated by the court.

Bankruptcy proceedings

Generally, if a company is unable to settle its debt that has fallen due for a time period that exceeds two months, it must apply to the court for a declaration of insolvency. An insolvency application may also be filed by any unsecured creditor of the company if the amount of the company's overdue debt owing to such creditor is in excess of EUR 4,268 and the creditor has given notice to the company of its intention to apply for a declaration of insolvency against the company and the debt has not been repaid within three weeks since the date of the notice.

Within one month following the publication of a declaration of insolvency of the company in the Latvian Insolvency Registry, the company's creditors are required to file their claims for verification with an administrator appointed by the court. Claims can also be filed after the one month period (although, not later than the earlier of: (i) the date which is six months following the publication of the declaration of insolvency, or (ii) the date on which the insolvency administrator prepares the plan for settlement of creditors' claims), however, such creditors' claims will have no voting rights within insolvency proceedings. To the extent that claims are not filed within this period, creditors will lose their right to receive funds and proceeds from the sale of the company's assets when distributed to the company's creditors.

The proceeds from sale of the company's assets are distributed among creditors according to the ranking of the creditors. If it is not possible to fully satisfy the total amount of claims of all creditors in a particular class, claims are satisfied proportionately on a *pro rata* basis. Proceeds from the sale of any pledged or mortgaged asset are used first of all to satisfy the claims secured by such pledge or mortgage.

Possible limitations on the enforceability of guarantees

Under Latvian law and court practice, a Latvian company may offer collateral or issue a guarantee to secure fulfillment of a third party's liabilities, provided there is a corporate benefit for such Latvian company to do so.

It is prohibited for a Latvian company to provide collateral or issue a guarantee securing the financing granted for the acquisition of shares in such company.

In addition, there is a risk that the guarantee may be declared null and void if insolvency proceedings of the guarantor are initiated. The insolvency administrator is obliged to examine agreements entered into by an insolvent company in order to establish whether these transactions have been detrimental to the interests of the company and its creditors. If the administrator finds that the agreement in question has caused loss to the company (e.g., sale of assets under market value or granting certain rights without consideration), the administrator is entitled to dispute such agreement. In insolvency proceedings, the Latvian courts have declared guarantees null and void in circumstances where the guarantee secured the private loan of a shareholder (natural person) or a loan that has been used for the purchase of shares in the company which was the guarantor.

There is little practice in Latvian courts in regard to disputing intra-group guarantees. Usually intra-group transactions have a different effect than agreements among non-related parties because they provide indirect benefit to the guarantor. Thus, there is a risk that a guarantee under Latvian law may be declared null and void if the guarantor does not receive at least some benefit as a result of the guarantee.

LITHUANIA

Lithuanian law does not provide that commencement of insolvency proceedings may render the security void. As a general rule, all transactions entered into prior to the commencement of insolvency proceedings are treated as valid. Nevertheless, the transactions could be challenged following the general rules on transaction voidability.

Bankruptcy proceedings

Bankruptcy proceedings in the Republic of Lithuania are regulated by the Enterprise Bankruptcy Law of the Republic of Lithuania as of March 20, 2001, No. IX-216 as further amended. Council regulation (EC) No. 1346/2000 as of May 29, 2000 on insolvency proceedings is also applicable.

The ability to receive payments on the Notes under any guarantee issued by a Lithuanian entity may be negatively affected by the insolvency or bankruptcy of a guarantor. The receipt of payment under a guarantee is limited in certain circumstances if the guarantor is in bankruptcy proceedings. After the decision of the court or creditors' meeting to institute out-of-court bankruptcy proceedings becomes effective, a discharge of financial obligations not discharged prior to the institution of bankruptcy proceedings, including the payment of interest or payment under a guarantee is in certain circumstances prohibited.

After the commencement of bankruptcy proceedings, the bankruptcy administrator must examine all transactions entered into not less than 36 months before the initiation of bankruptcy proceedings, and bring actions for declaring the transactions that are contrary to the objectives of the company's activi-

ties (and/or which could have led to the disability of the company to settle with creditors) as null and void. If the court establishes that bankruptcy is deliberate, the administrator must review all transactions concluded during the period of five years prior to the initiation of bankruptcy proceedings. The bankruptcy administrator may challenge any transaction that was contrary to the objectives of the company's activities and/or had an impact on the company's ability to settle with its creditors.

The bankruptcy administrator may also challenge transactions on the basis of actio Pauliana, which entitles the creditor to challenge the transactions executed by a debtor where the debtor was not obliged to execute them and where they violate the rights of the creditor, while the debtor knew or should have known that the creditor's rights would be prejudiced. The transaction is deemed as violating the creditor's rights where (i) the debtor becomes insolvent due to such transaction; (ii) the debtor, being insolvent, grants preference to another creditor; and (iii) the creditor's rights are infringed in any other way. It is only possible to make a claim on the basis of actio Pauliana where the counterparty to the transaction was acting in bad faith, i.e. they knew that the transaction would violate the rights of the creditors.

During the bankruptcy process, secured claims take priority, followed by unsecured claims. The claims of unsecured creditors are satisfied in two stages:

In the first stage, creditors' claims excluding interest and penalties are satisfied, while in the second stage the remaining part of the creditors' claims (interest and penalties) are settled. All creditors' claims are settled in the following sequence prescribed by the Lithuanian bankruptcy laws:

(i) employee claims arising from employment, occupational injuries or death and other circumstances;

(ii) tax claims, charges for compulsory state social insurance and health insurance, and certain other categories; and

(iii) all other claims of creditors.

In the case of a guarantor's bankruptcy, the claims under a guarantee not secured by pledge/mortgage, such as the guarantee issued by the Lithuanian Guarantor would fall into the third category above. Claims of the lower priority creditors are settled only after the claims of the higher priority creditors are satisfied.

Restructuring proceedings

The ability to receive payments on the Notes under the Guarantee issued by a Lithuanian entity may be negatively affected if restructuring proceedings are started against the Guarantor. The restructuring proceedings aim to allow companies with financial difficulties, and which have not yet discontinued their economic and commercial activities, to maintain and develop these activities, settle their debts and avoid bankruptcy. The restructuring process may be commenced provided certain conditions under Lithuanian law are met. After the restructuring is commenced and until the approval of the restructuring plan. The company being restructured may not perform any liabilities or obligations that arose before the commencement of the restructuring proceedings, including the transfer of assets or the payment under a guarantee, among others. Payments made after adoption of the restructuring are effected according to the restructuring plan (that is approved by the creditors) which must comply with rules set out in law. The law sets out the same order of sequencing the payments as in bankruptcy proceedings, as discussed above. The restructuring plan must be implemented during the period not longer than four years (with a possibility to extend it by one more year with the court's approval) although the debtor need not fully settle with all the creditors during this period.

Limitations for granting guarantees and sureties

A Lithuanian company may offer collateral or issue a guarantee or surety to secure the fulfillment of a third person's liabilities provided a corporate benefit exists for that Lithuanian company. Guarantees with no corporate benefit for the guarantor may be declared void by the courts. In the case of a subsidiary granting security instruments for the benefit of the parent, the benefit is construed on an ad hoc basis, i.e., an indirect benefit is possible if the subsidiary indeed receives some advantage from the received funding (e.g., the subsidiary is granted access to the financing of the group). Moreover, intra-group transactions, including those granting the security to parent companies, subsidiaries or affiliated companies have to be concluded on an arm's length basis.

The Law on Companies of the Republic of Lithuania (No. VIII-1835, Akciniu bendroviu istatymas) prohibits limited liability companies incorporated in Lithuania from providing guarantees or granting securi-

ty or other credit support for obligations of any person where such obligations are being incurred for the purpose of facilitating an acquisition of shares in the company itself (restriction on financial assistance).

Any creditor may also challenge a transaction made by a debtor on the basis of actio Pauliana if the debtor was not obliged to enter into it and such transaction violates the rights of the creditor and the debtor knew or ought to have known of such circumstances. The creditor's rights were considered violated if (a) as a result of such a transaction, the debtor became insolvent, (b) the debtor, being insolvent, granted preference to another creditor, or (c) the rights of the creditor were infringed in any other way.

A an ultra vires transaction entered into by the management bodies of a company may be declared void only if it is proved that the counterparty acted in bad faith, *i.e.*, such party knew or should have known that the management bodies were acting *ultra vires*.

Distinction between a guarantee and a surety

Lithuanian law draws a distinction between a guarantee and a surety. The liability of a guarantor under a guarantee may not depend on the validity of the principal secured obligation (despite that the latter is indicated in the guarantee) and is limited to the amount indicated in the guarantee. The guarantor's obligation to pay under the guarantee arises in accordance with the terms of the guarantee. The guarantor's liability is several, and the guarantor is obligated to pay under the guarantee only if, and to the extent that, the debtor fails to fulfill its obligations. The liability of the surety provider under the surety may be either joint and several or several. In the case of several liability, the enforcement must firstly be sought from the original debtor, and only if the original debtor is not able to settle the debts can the enforcement be sought from the surety provider. In case of joint and several liability, the enforcement may be sought from either the original debtor or the surety provider or both. The obligations under the Guarantees may be enforced only if the obligations under the Notes have matured. Therefore, if the Lithuanian Guarantor goes bankrupt and the Issuer has not yet become obligated to fulfill under the Notes, enforcement of the Guarantee in respect of that Guarantor becomes limited under Lithuanian law.

POLAND

Limitations on enforcement resulting from insolvency laws and general corporate laws

The obligations under the Guarantee granted by the Polish entity are subject to limitations resulting from the application of laws on bankruptcy and insolvency, and the laws on rehabilitation proceedings, as set out in the Polish Act – Bankruptcy Law of February 28, 2003, as amended (the "Polish Bankruptcy Act") and the Polish Act – Rehabilitation Law of May 15, 2015 (the "Polish Rehabilitation Act"). Given certain legal controversies regarding the application of rules specifying the grounds for the declaration of bankruptcy, and in order to mitigate the possibility that a Polish guarantor could be declared bankrupt under the Polish Bankruptcy Act, the liability of a guarantor incorporated under Polish law on account of payments under a Guarantee shall be limited to the equivalent of the Polish guarantor's assets (except for assets which do not form part of the estate subject to bankruptcy) less its liabilities (other than the liabilities arising under the Guarantee).

In accordance with Article 189 sec. 2 of the Polish Commercial Companies Code, shareholders may not receive payments out of a company's assets which are necessary for the initial capital to be fully paid up. More generally, Art. 189 sec. 1 prohibits the return of capital to such shareholders. In relation to a Polish joint-stock company (spółka akcyjna), Art. 344 sec. 1 of the Polish Commercial Companies Code stipulates that no payments for shares may be reimbursed to a shareholder, either fully or partially, except as allowed by the law for the duration of the company's existence. When the financial standing of a company entering into a transaction is poor and the shareholder of such a company benefits from a transaction, under certain interpretations of Polish law, it may constitute the return of capital to the shareholder. A breach of those rules results in the shareholders' obligation to return the payments up to the amount of the share capital. Therefore, there is a risk that a guarantee of any guarantor incorporated under Polish law will be affected, or could be set aside, to the extent it would result in a reduction of its assets necessary to fully cover its share capital.

Finally, in respect of joint-stock companies, Article 345 of the Polish Commercial Companies Code stipulates certain conditions for granting financial assistance by a joint-stock company for the acquisition of its shares. If these strict conditions are not met, then the financial assistance is unlawful and all the payments are invalid. Moreover, financial assistance is interpreted broadly to include the provision

by a company, directly or indirectly, of any financing for the purposes of the acquisition of shares issued by that company, *inter alia*, by granting of credit, loan, guarantee or security. Therefore, the Guarantee granted by the Polish Guarantor states that it does not apply to any liability of any guarantor incorporated under Polish law in the form of a joint stock company (*spółka akcyjna*) to the extent that it would result in the Guarantee constituting unlawful financial assistance within the meaning of Article 345 of the Polish Commercial Companies Code.

Insolvency and threat of insolvency

If a guarantor's center of main business activity is in Poland, then pursuant to Polish Bankruptcy Act, Polish Rehabilitation Act and EU Regulation 1346/2000 on insolvency proceedings, bankruptcy proceedings and rehabilitation proceedings of the guarantor should be conducted before a Polish court. Consequently, in the event of the insolvency of such guarantor, bankruptcy proceedings would be governed by Polish law. Similarly, in the event of such guarantor's insolvency or its threat, rehabilitation proceedings would also be subject to Polish law.

According to the Polish Bankruptcy Act, a Polish Guarantor, as a debtor, will be insolvent: (i) if it has lost its ability to fulfill its due pecuniary liabilities when they fall due (presumed to arise, if the delay in fulfilling pecuniary obligations exceeds three months), or (ii) its pecuniary liabilities (except for future liabilities and those to shareholders relating to loans and legal acts of similar effect, granted within five years before the declaration of bankruptcy) exceed the total value of its assets (except for assets not constituting the bankruptcy estate) and such situation persists for longer than 24 months (even if all pecuniary obligations are fulfilled when they fall due). It is presumed that the pecuniary liabilities of the debtor exceed its assets if, according to the balance sheet, its liabilities (except for reserves for liabilities and liabilities to affiliates) exceed the value of its assets and such situation persists beyond 24 months.

Each individual entitled to represent a Polish Guarantor (whether alone or with others) and to run its affairs must file a motion to declare the Polish Guarantor bankrupt within thirty days from when the grounds for the declaration have been met. In practice, it is difficult to determine the day from which the 30 day time-limit for filing the motion should run. In addition, each personal creditor of the Polish Guarantor may file for its bankruptcy.

According to the Polish Rehabilitation Act, a Polish guarantor as debtor will be threatened with insolvency, if its commercial position shows that it may become insolvent within a short period of time.

If a Polish guarantor is insolvent or endangered by insolvency, it may file a rehabilitation motion. If a motion for declaration of bankruptcy and motion for rehabilitation have both been filed, the court should first decide on the rehabilitation motion and suspend the proceedings on the motion for bankruptcy (unless the suspension would be against the interests of all creditors). The debtor cannot be declared bankrupt during rehabilitation proceedings.

Bankruptcy proceedings

The principal aim of bankruptcy proceedings is the satisfaction of the creditors from the proceeds obtained after sale of the debtor's assets (bankruptcy proceedings would result in dissolution of the debtor's company unless otherwise permitted by law). In the event of bankruptcy proceedings, the court appoints a bankruptcy receiver (syndyk) who takes over the management of the bankrupt's assets. From this moment on, the debtor–bankrupt entity is replaced by an official receiver who administers the bankrupt entity's assets and represents the bankrupt entity. The bankrupt entity's assets become bankruptcy assets which will be liquidated to pay off creditors. The composition of bankruptcy assets is determined during preparation of the inventory list and creditors' receivables list which are prepared by the receiver. A motion for approval of the terms of sale of the debtor's enterprise or its organized part, or substantial part of its assets, may be appended to the petition to commence bankruptcy proceedings (pre-packaged liquidation).

Upon the bankruptcy declaration all of the debtor's debts become due and payable. Interest may be paid from the bankruptcy estate only for the period up to the date of the declaration of bankruptcy, unless they are secured by mortgages, pledges, registered pledges, treasury pledges and/or maritime pledges, and satisfied from the security assets' proceeds.

In bankruptcy proceedings, the claims of creditors under a guarantee will be satisfied from the proceeds obtained from the sale of the Polish guarantor's assets, unless an arrangement with creditors is concluded.

As a rule, a Polish guarantor's debts are divided into four categories and creditors whose receivables are ranked in a lower category cannot be satisfied before all the debts in the higher category have been fully satisfied. The first category principally includes payments to the state or employees (remuneration, health benefit payments and social security obligations, etc.) or related to the rehabilitation proceedings (including arising under a credit facility, loan, bonds, guarantees or letters of credit, or other form of financing envisaged in the arrangement concluded in the rehabilitation proceedings and provided in connection with the arrangement's performance). Most unsecured commercial debts, tax and other public dues are listed in the second category. The third category encompasses interest on debts in the first and second categories (in the order in which the principal is satisfied), court or administrative penalties, donations etc. The fourth category concerns debts to direct and certain indirect shareholders relating to loans and legal acts of similar effect that were granted within five years prior to the declaration of bankruptcy. Within a category, each creditor's receivable is satisfied pro rata to the total value of receivables listed in that category. Before satisfying any claims, the official receiver covers the costs of bankruptcy proceedings.

Also, Polish law does not require a court receiver (syndyk) to give effect to intercreditor arrangements such as subordination agreements. Although the law does not preclude creditors from attempting to enforce such rights in separate proceedings based on their entitlements arising from respective contracts, such proceedings are conducted outside of and following bankruptcy proceedings. Therefore, the claims of all unsecured creditors may be paid on a pari passu basis in a bankruptcy proceeding.

Under Polish bankruptcy law, any debt payable in a currency other than Zloty (such as Euro), if being put on the list of debts, must be converted into Zloty at the National Bank of Poland's average exchange rate prevailing on the date the bankruptcy court issues a decision on the debtor's bankruptcy (and regardless of whether the debt has fallen due or not). Accordingly, in the event of a bankruptcy of the company, holders of the Notes may be subject to exchange rate risk between the date of bankruptcy and the date of receipt of any amounts following a bankruptcy proceeding.

If an asset owned by the bankrupt entity is secured with a mortgage, pledge, registry pledge, treasury pledge or a maritime lien, then a creditor has the right to receive proceeds from that asset before other creditors (with few exceptions such as, for instance, a certain portion of employee salaries). Where a number of mortgages have been established on a real estate which considerably exceed its value, creditors are repaid from such real estate according to their priority.

In the course of the bankruptcy proceedings, an arrangement can be voted on and approved by the creditors. In such case after the approval by the court, the provisions of the arrangement determine the manner of satisfaction of creditors' receivables.

Rehabilitation proceedings

Rehabilitation proceedings essentially aim to avoid the debtor's bankruptcy through restructuring by settlement with creditors and, in the event of reorganization proceedings (*postępowanie sanacyjne*), also through reorganization steps, while securing the justified rights of creditors.

Rehabilitation proceedings may be initiated by a debtor's motion, or, in case of reorganization proceedings (*postępownie sanacyjne*) also on creditor's motion, if the debtor is insolvent or endangered by insolvency. The court will refuse rehabilitation proceedings, if they are detrimental to creditors, or if the debtor's ability to fund the costs of such proceedings and obligations arising after the date of opening of the proceedings cannot be substantiated.

The debtor may request the commencement of one of the following rehabilitation proceedings: (i) arrangement approval proceedings, (ii) accelerated arrangement proceedings; (iii) arrangement proceedings and (iv) reorganization proceedings (*postępowanie sanacyjne*).

In the case of arrangement approval proceedings, the debtor solicits votes from creditors on a proposed arrangement without participation of the court. Once creditors have cast a sufficient number of votes, the debtor may apply to the court for approval of the arrangement.

Accelerated arrangement proceedings are designed to allow a debtor to conclude an arrangement with the creditors following the preparation of a list of creditors' receivables and its approval by a judge–commissioner in simplified proceedings. At the opening of accelerated arrangement proceedings, the debtor's assets constitute the arrangement estate. The arrangement estate is administered by the debtor, unless the court decides that an administrator should be appointed (e.g. if the debtor fails to perform the instructions of the judge–commissioner or the court supervisor). From the opening of ac-

celerated arrangement proceedings, the debtor or administrator (if appointed) cannot satisfy any creditors' receivable which is covered by the arrangement, by operation of law.

In arrangement proceedings, an arrangement may be concluded following the preparation of the list of creditors' receivables and its approval by a judge-commissioner in ordinary proceedings. As in accelerated arrangement proceedings, the assets of the debtor form the arrangement estate, which is administered by the debtor or administrator (if appointed). The debtor, or administrator (if appointed) also may not satisfy any debt which is covered by the arrangement, by operation of law.

Reorganization proceedings allow a debtor to conclude an arrangement with creditors and undertake a reorganization. At the opening of reorganization proceedings, the debtor is deprived of its right to administer its assets (from the opening of proceedings they constitute the reorganization estate) and the assets are administered by a court-appointed administrator (unless the court allows the debtor to retain the right to administer the reorganization estate). The administrator can undertake a number of restructuring steps, including renouncing a not performed mutual agreement, or challenging the effectiveness of certain acts undertaken by the debtor before filing the motion to open reorganization proceedings.

If creditors vote in favor of an arrangement, the arrangement is accepted and then approved by the court. The court's decision approving the arrangement may be appealed against. An approved arrangement is binding on (affects) all creditors, whose receivables are covered by the arrangement. Certain receivables are not covered (affected) by the arrangement. These include, among other things: (i) receivables secured with mortgages, pledges, registered pledges, treasury pledges and/or maritime pledges, however only up to the value of the collateral (to the extent they can be satisfied from the security assets on which such security was established); a creditor whose claims are so secured may, however, consent to being subject to arrangement, (ii) receivables under derivative or repo transactions, and (iii) receivables under employment contracts. The arrangement may also concern only certain types of receivables (partial arrangement). In such case, the arrangement is binding on (affects) all creditors who have receivables of such type. In a partial arrangement, there are several exceptions to the general rule that receivables secured by mortgages, pledges, registered pledges, treasury pledges and/or maritime pledges are not covered by the arrangement, without the consent of the creditor, up to the value of the collateral. The consent of the creditor is not required, if the arrangement's initial proposals envisage full satisfaction of the creditor within the timeframe specified in the arrangement, or if they envisage satisfaction to an extent not less than may be expected from the collateral.

If the repayment of receivables arising under a guarantee are covered by the arrangement, there is a possibility that such receivables may be decreased on the basis of a decision of the creditors (such decisions would be subject to certain mandatory rules of the Polish Rehabilitation Act).

Effectiveness of the Guarantee

Under the Polish Bankruptcy Act, a guarantee may be declared ineffective or deemed to be ineffective in certain situations. In particular, the enforceability of the receivables arising under the guarantee in insolvency proceedings depends on whether the guarantee was granted at least six months before the filing of the motion for bankruptcy of the Polish guarantor and, furthermore, whether the receivables are due and payable. Pursuant to Polish bankruptcy law, if the debt secured by the guarantee is not due and the guarantee was granted within six months before the filing of the motion for bankruptcy, then the guarantee will be deemed ineffective. However, in such case, the creditor may bring an action or charge in order to seek the recognition of the guarantee as effective if at the time when the same were granted the creditor was unaware of the existence of grounds for declaration of bankruptcy.

Furthermore, if the guarantee is granted within six months preceding the date of the filing of the motion for bankruptcy, it will be determined whether the guarantee was performed with a related company. If so, the guarantee will be declared ineffective towards the bankruptcy estate, unless the other side proves that creditors were not disadvantaged.

The Guarantee granted within one year before the filing of the motion for bankruptcy will also be deemed ineffective towards the bankruptcy estate if the value of the guarantee significantly exceeded consideration for the Polish guarantor or there was no consideration for the Polish guarantor.

Also mortgages or pledges established in the year preceding the bankruptcy declaration may be challenged if the bankrupt entity was not a personal debtor of the creditor (e.g., a guarantor) and did not obtain any benefit in connection with such security interest. This rule shall apply respectively in situations where an encumbrance was established in exchange for a manifestly low (niewspolmiernie niskie) consideration. Regardless of the value of the consideration received by the bankrupt, the judge-

commissioner will declare encumbrances ineffective towards the bankruptcy estate if they secure debts of the bankrupt company's partners or shareholders, their representatives or spouses of the same, or affiliates, their partners or shareholders, representatives, or spouses of the same as well as with another company, in the event of either being the controlling company or in the event the same company is a controlling company with respect to the bankrupt company and such other company.

Under the Polish Rehabilitation Act, the guarantee may be declared ineffective or deemed ineffective in certain situations. Pursuant to the Polish Rehabilitation Act, if: (i) the guarantee was granted within one year before the filing of the motion for opening reorganization proceedings; and (ii) the guarantee was not granted directly in connection with consideration received by the guarantor, then the guarantee will be ineffective towards the reorganization estate. This will also occur, if the guarantee was granted within one year before the filing of the motion for opening reorganization proceedings and the value of the consideration received by the Polish guarantor, or stipulated for the Polish guarantor or third party, is significantly lower than the value of the Polish guarantor's guarantee.

The guarantee will be ineffective towards the reorganization estate in the part in which it exceeds (as of the date of granting the guarantee) the value of the secured claim together with ancillary claims specified in the document establishing the guarantee by more than a half, and provided that the guarantee was granted within a year before the filing of the motion for opening reorganization proceedings.

Under the Polish civil law code, a creditor (or, if the debtor is declared bankrupt, the relevant bankruptcy officer) may request that the relevant Polish court declare a given legal act (e.g., the granting of a guarantee) ineffective towards such creditor, and the court will do so if it finds that granting a guarantee constituted a transaction effected by a debtor to the detriment of its creditors (i.e., where the debtor became insolvent or became insolvent to a greater extent as a result of the transaction) while a third party has gained a benefit, and provided that (i) the debtor consciously acted to the creditors' detriment, and (ii) the third party knew or, had it acted with due diligence, could have known that the debtor was acting to the detriment of its other creditors (and the third party's knowledge that the debtor consciously acted to the creditors' detriment is presumed if the entrepreneur who received the benefit as a result of the transaction with the debtor remained in a permanent economic relationship with such debtor) or gave no consideration for the benefit obtained in such transaction.

In addition, if a subsidiary guarantor's entering into a given agreement made it wholly or partially impossible to satisfy a third party's claim, such third party may request that the court declare such an agreement ineffective towards that party, provided the subsidiary guarantor and the other party to the agreement knew of the third party's claim or if the agreement was for no consideration.

Furthermore, if a Polish guarantor is declared a subject of bankruptcy proceedings, its debts arising under the guarantee will become immediately due and payable.

SPAIN

The validity of a guarantee in Spain may be challenged upon a declaration of insolvency of the guarantor.

Spanish insolvency law 22/2003, as amended (the "Spanish Insolvency Law"), governs certain out-of court restructurings or refinancings and court insolvency proceedings. This section summarizes the main aspects of the Spanish Insolvency Law affecting corporations, and not individuals, as there are certain specific rules applying to the insolvency of individuals.

In Spain, insolvency proceedings, which are known as "concurso de acreedores", are only triggered in the event of a debtor's current insolvency (insolvencia actual) or imminent insolvency (insolvencia inminente). Under the Spanish Insolvency Law, a debtor is insolvent when it becomes unable to regularly meet its obligations as they become due or when it expects that it will shortly be unable to do so. The filing of a declaration of insolvency may be requested by the debtor, by any creditor thereof (provided that it has not acquired the credit within the six months prior to the filing of the petition for insolvency, for inter vivos acts, on a singular basis and once the credit was mature) and by certain interested third parties.

Under the Spanish Insolvency Law, to be considered insolvent, a debtor must file a petition for insolvency within two months of the date on which the debtor becomes aware, or should have become aware, of the insolvency. Any creditor thereof or any other interested third party can also file a petition for insolvency of the debtor. If filed by the debtor, the insolvency is deemed "voluntary" (concurso voluntario) and, if filed by a third party, the insolvency is deemed "compulsory" (concurso necesario). In

the case of voluntary insolvency, as a general rule, the debtor retains the management and full powers of disposal over its assets, although it is subject to the intervention (intervención) of the insolvency administrators. In the case of compulsory insolvency, as a general rule, the debtor's management rights are suspended and such powers, such as the ability to dispose of assets, is conferred solely upon the insolvency administrators.

Notwithstanding the foregoing, the general obligation to file for insolvency within two months from the date of being in a situation of current insolvency does not apply if the debtor notifies the competent court that it has initiated negotiations with its creditors to obtain accessions to an anticipated Composition Agreement (as defined below) or to reach a refinancing agreement set out in article 71 bis or in the Fourth Additional Disposition of the Spanish Insolvency Law (the so-called 5 bis communication). In fact, by means of such notice (i.e., the 5 bis communication), in addition to these two months, the debtor gains an additional three month period to achieve an agreement with its creditors or to obtain accessions to an anticipated Composition Agreement and one further month to file for insolvency.

Under Spanish Insolvency Law, upon declaration of insolvency, acts proven detrimental (perjudiciales) to the debtor's estate that occur during the two years prior to the date the insolvency is declared may be rescinded, regardless of fraudulent intention. Acts for which no consideration is received for a disposed asset and acts which result in the early repayment of obligations which would have become due after the declaration of insolvency (with certain exceptions) are presumed detrimental. In addition, a disposal made in favor of a "related person or entity" (as defined under "—related parties under insolvency proceedings" below), payments guaranteed by mortgage or pledge and whose maturity date was later than the date of declaration of the insolvency proceedings, and the creation of a security interest securing a pre-existing obligation or a new obligation that replaces an existing one, are presumed to be detrimental to the debtor's estate unless proven otherwise by the insolvent company or the relevant creditor of the affected debt. For other claims, the party petitioning for the annulment of a particular transaction must provide evidence of the damage caused by such transaction to the debtor's estate. Transactions made in the ordinary course of business at arm's length may generally not be rescinded.

Related parties under insolvency proceedings

Under Spanish law, a "related person or entity" of a company includes (i) shareholders with 5% of the share capital (for a listed company) and 10% (for a non-listed company), (ii) the administrators or directors of the insolvent party (including the insolvent company's directors and administrators in the two years preceding the insolvency), (iii) members of the same group of companies and their shareholders (per the same shareholding requirements described) and (iv) any assignee or acquirer of credits held by the aforementioned persons and entities transferred in the two years preceding the insolvency. Pursuant to Article 92 of the Spanish Insolvency Law, any loans or credits or instruments similar to loans and credits held between related parties (such as those arising between the Issuer and the Spanish Guarantor) may be considered subordinated debts. Subordinated debt shall only be paid once the privileged and ordinary credits have been paid in full and may not be upgraded to the category of specially privileged credits as a consequence of the enforcement of a security interest or a guarantee created in favor of a third- party creditor.

Pursuant to the rebuttable presumption mentioned under (ii) above, a disposal by a Spanish guarantor to a "related person or entity" (such as by the Spanish Guarantor to the Issuer) may give rise to the claim of being detrimental to the debtor's estate in which case the parties who took part in the transaction must prove that the transaction did not damage the debtor's estate or prejudice creditor interests.

Spanish Insolvency Law also makes a distinction between general debts under insolvency proceedings and debts against the insolvency estate. Debts against the insolvency estate, such as certain amounts of the employee payroll and costs and expenses of the insolvency proceedings, are not considered part of the debtor's general debt and are paid before other debts under insolvency proceedings and at their respective maturities. However, in case the insolvency estate is insufficient to meet the payment of all claims against the estate, then a particular ranking among these types of claims would be applicable for payment. The following is the order in which creditor's claims are ranked:

- claims against the insolvency estate, including, among others, claims for salaries relating to the 30 days prior to the declaration of insolvency in an amount that does not exceed twice the Spanish minimum statutory salary (*salario mínimo interprofesional*), claims for salaries and credits that result from obligations validly incurred during the insolvency proceeding by

the insolvent party; and up to 50% of the fresh money generated in an out- of-court formal refinancing agreement in accordance with the conditions of Article 71.6 SIL;

- credits with a special privilege, including, among others, those holding claims secured by a legal or voluntary mortgage, moveable mortgage or pledge without displacement of possession over the mortgaged or pledged assets; claims secured by securities; and claims secured by a possessory pledge executed in a public document over the goods or rights in possession of the creditor or a third party and pledges securing future credit rights provided that the pledge has been duly registered in a public registry prior to the declaration of insolvency (pursuant to the literal wording of Article 90.1.6° of the Spanish Insolvency Law. However, it should be noted that a number of opinions—which may not be considered unreasonable—consider that notwithstanding the referred literal wording of the law, what the legislator meant was to consider as privileged claims the "pledges over future credit rights provided that the pledge has been duly registered in a public registry prior to the declaration of insolvency" and that the referred Article should be interpreted in this sense). In these cases, the privilege extends only to the secured asset;
- credits with a general privilege, including claims for salaries that do not have a special privilege (up to a limited amount), severance payments and indemnities for the termination of employment agreements, indemnities owed for labor accidents or sickness and surcharges on dues owed for unpaid labor health duties accrued prior to the declaration of insolvency; amounts relating to unpaid withholding taxes, and social security contributions up to 50% of the aggregate amount; claims for non-contractual liabilities; up to 50% of the fresh money generated in an out-of-court formal refinancing agreement in accordance with the conditions of Article 71.6 SIL that are not recognized as claims against the estate (*creditos contra la masa*), and up to 50% of the aggregate amount of the claims of the creditor (excluding those claims that are subordinated) that has requested the insolvency declaration;
- credits (other than subordinated credits) not classified in any of the above categories will rank *pari passu* and be paid pro rata; and
- subordinated credits, including, among others, (i) late or incorrect claims, (ii) contractually subordinated claims, (iii) non-secured interests (such as accrued and unpaid interest due on the Notes at the commencement of the insolvency proceeding (concurso), (iv) fines, (v) claims of "related parties" creditors of related persons or entities with certain qualifications or features but always when the claim relates to loans or similar acts (such as those related to the Spanish Guarantor, (vi) detrimental claims against the debtor (such as the Issuer) where a Spanish court has determined that a relevant creditor has acted in bad faith (rescisión concursal); and (vii) credits derived from contracts including reciprocal commitments, in case the court attests that the creditor repeatedly hinders the performance against the interest of the insolvent debtor. In case of liquidation, subordinated credits shall be paid in the above mentioned order *pro rata* within each class.

SWEDEN

Applicable Insolvency Law

The Swedish Guarantor is incorporated under the laws of Sweden and as such any insolvency proceedings applicable to it may be governed by Swedish insolvency law.

Insolvency Proceedings

Pursuant to the Swedish Bankruptcy Act (Sw. *konkurslagen (1987:672)*), if a company is unable to pay its debts when due and such inability is not merely temporary, it is deemed insolvent and can be declared bankrupt following a bankruptcy petition filed with the court by (i) the company or (ii) by a creditor of the company.

In the event of bankruptcy the court will appoint a receiver in bankruptcy who will work in the interest of all creditors with the objective of realising the company's assets and distribute the proceeds among the creditors.

The purpose of bankruptcy proceedings is to wind up the company in such a way that the company's creditors receive as high a proportion of their claims as possible. The receiver in bankruptcy is required to safeguard the assets and can decide to continue the business or to close it down, depending on

what is best for all creditors. In general, the receiver in bankruptcy is required to sell the assets of the company as soon as possible and to distribute the proceeds. In the interim, the receiver will take over the management and control of the company and the company's directors and/or managing director will no longer be entitled to represent the company or dispose of the company's assets.

When distributing the proceeds, the receiver must follow the mandatory provisions of the Swedish Rights of Priority Act (Sw. *förmånsrättslagen (1970:979)*), as amended from time to time, that states the order in which creditors have a right to be paid. As a general principle, in bankruptcy proceedings competing claims have equal right to payment in relation to the size of the amount claimed from the company's assets. However, preferential or secured creditors have the benefit of payment before other creditors. In addition a claim may be subordinated by way of agreement between the creditors and the company.

In case of enforcement outside bankruptcy, an enforcement process is initiated by the creditor obtaining an enforcement order from the Swedish Enforcement Authority or the court. Upon obtaining an enforcement order against a company, a creditor may apply to the Swedish Enforcement Authority for enforcement of its claim.

Priority of Certain Creditors

As a general principle, under Swedish insolvency law competing claims have equal right to payment in relation to the size of the amount claimed from the company's assets. However, some preferential and secured creditors, where such preference or security may arise as a consequence of law, have the benefit of payment before other creditors. There are two types of preferential rights: specific and general preferential rights. Specific preferential rights apply to certain specific property and give the creditor a right to payment from such property. General preferential rights cover all property belonging to the insolvent company's estate in bankruptcy, which is not covered by specific preferential rights, and give the creditor a right to payment from such property. Claims that do not carry any of the above mentioned preferential rights or exceed the value of the security provided for such claim (to the extent of such excess), are non-preferential and are of equal standing as against each other.

Limitations on the Value of a Guarantee

A Swedish limited liability company may not provide a guarantee for the obligations of a parent or sister company, unless they belong to the same group of companies and the parent company of that group is domiciled within the European Economic Area. Furthermore, if a Swedish limited liability company provides any guarantee without receiving sufficient corporate benefit in return, such guarantee will, in whole or in part, be considered a distribution of assets, which will be lawful only (i) to the extent there is sufficient coverage for the restricted equity capital of the Swedish limited liability company after the distribution, i.e., at the time the guarantee is provided; and (ii) if considered prudent by the Swedish limited liability company to undertake such distribution after having taken into consideration the equity requirements imposed by the nature, scope and risks relating to the Swedish limited liability company's business or the Swedish limited liability company's need to strengthen its balance sheet, liquidity or financial position in general. Where the Swedish limited liability company is a parent company, the latter assessment is made also on a group level.

A guarantee granted for another party's obligation may also be deemed to constitute a distribution of assets if, at the time the guarantee is provided, the obligor of the secured obligation could be deemed unable to fulfill its obligation to indemnify the Swedish limited liability company if the guarantee is called upon and provided that the guarantor does not otherwise receive sufficient corporate benefit.

It should also be noted that laws relating to financial assistance in Sweden prohibit limited liability companies incorporated in Sweden from providing guarantees or other credit support for obligations of any person where such obligations are being incurred for the purpose of acquiring shares in the company itself or in any other structurally superior member of the same Swedish group of companies.

The Guarantees of the Guarantor incorporated in Sweden are limited in accordance with the above restrictions relating to prohibited security and the distribution of assets and financial assistance and are subject to limitation language limiting the liability of such entities thereunder to the extent required by the above restrictions.

Limitations on the Validity of Certain Transactions

In bankruptcy and company reorganisation proceedings, transactions can (in certain circumstances and subject to a time limit) be reversed and the goods or money can then be returned to the bankrupt-

cy estate or the company subject to company reorganisation. Broadly, these transactions include, among others, situations where the company has conveyed property fraudulently or preferentially to one creditor to the detriment of its other creditors before the initiation of the relevant insolvency proceedings, granting a Guarantee that was either not stipulated at the time when the obligation arose or not perfected without delay after such time and the delay is not considered to be ordinary, or paid a debt that is not due or that is considerable compared to the value of the company's assets or if the payment is made by using unusual means of payment. In the majority of situations, a claim for recovery can be made concerning actions that were made during the three months preceding the commencement of the relevant insolvency proceedings. In certain situations, longer time limits apply and in others there are no time limits. These include, among others, situations where the other party to an agreement or other arrangement is deemed to be a closely related party to the company such as a subsidiary or parent company.

The Swedish Reorganisation Act (*Sw. lag (1996:764) om företagsrekonstruktion*) provides companies facing difficulty in meeting their payment obligations with an opportunity to resolve these without being declared bankrupt. A petition for company reorganisation may be presented by (i) the company or (ii) a creditor of the company. Corporate reorganisation proceedings shall, as a main rule, terminate within three months from commencement but may under certain conditions be extended for up to one year.

An administrator is appointed by the court and supervises the day-to-day activities and safeguards the interests of creditors as well as the company. However, the company remains in full possession of the business except that, for important decisions such as paying a debt that has fallen due prior to the order of reorganisation, granting security for a debt that arose prior to the order, undertaking new obligations or transferring, pledging or granting rights in respect of assets of a substantial value for the business, the consent of the administrator is required.

The making of an order under the Swedish Reorganisation Act does not have the effect of terminating contracts with the company and, during the reorganisation procedure, the company's business activities continue in the ordinary course of business. However, the procedure includes a suspension of payments to creditors and the company cannot pay a debt that fell due prior to the order without the consent of the administrator and such consent may only be granted should there be exceptional reasons for doing so and any petition for bankruptcy in respect of the company will be stayed. A moratorium also applies to execution in respect of a claim or enforcement of security during corporate reorganisation proceedings unless the security assets are in the physical possession of the secured creditor or any agent acting on behalf of such creditor, which is the case with a Swedish law pledge over the shares in a Swedish limited liability company where the share certificates of such company has been delivered to the agent.

The company may apply to the court requesting public composition proceedings (offentligt ackord) which means that the amount of a creditor's claim may be reduced. The proposal for a public composition must meet certain requirements such as (i) that a sufficient proportion of the creditors which are allowed to vote and (ii) that such creditors represent a sufficient proportion of the total outstanding claims, vote in favour of such public composition proposal. Creditors with set-off rights and secured creditors will not participate in the composition unless they wholly or partly waive their set-off rights or priority rights. Should the security not cover a secured creditor's full claim, the remaining claim will, however, be part of a composition. A creditors' meeting is convened to vote on the proposed composition. The public composition is binding proceedings.

Effect of Bankruptcy on the Bankruptcy Company's Contracts

The declaration of bankruptcy does not automatically terminate existing contracts and instead the receiver may in its discretion choose to have the bankruptcy estate itself become party to any such existing contracts. If the estate enters into the contract and performance by the creditor is due, the creditor may demand that the estate performs its obligations as well or, if a grace period has been granted, request that the estate, without unreasonable delay, provides acceptable security for its performance. If performance by the creditor is not due, the creditor may request security where this is necessary in order to protect against loss. If the estate does not enter into the contract within a reasonable time after the creditor's demand or if it does not comply with the creditor's request to provide security, the creditor may terminate the contract.

Foreign Currency

Swedish courts may award judgements in currencies other than Swedish kronor, but the judgement company has the right to pay the judgement debt, even though denominated in a foreign currency, in Swedish kronor at the rate of exchange prevailing at the date of payment.

XIX. DOCUMENTS INCORPORATED BY REFERENCE

The following documents have been incorporated by reference to this Prospectus. They are published on the Issuer's website at www.4finance.com. The information incorporated by reference that is not included in the cross-reference list, is considered as additional information and is not required by the relevant schedules of Commission Regulation (EC) No. 809/2004.

1. Annual Report 2015 containing the audited consolidated financial statements of 4finance Holding S.A. as of and for the fiscal year ended 31 December 2015 prepared in accordance with IFRS and with regulations governing the preparation of the financial statements and the report of the Board of Directors in Luxembourg

• Consolidated Statement of Comprehensive Income	Annual Report 2015 page 7
• Consolidated Statement of Financial Position	Annual Report 2015 page 8
• Consolidated Statement of Cash Flow	Annual Report 2015 page 9
• Consolidated Statement of Changes in Equity	Annual Report 2015 page 11
• Notes to the Consolidated Financial Statements	Annual Report 2015 page 12
• Independent Auditors' Report	Annual Report 2015 page 68

2. Annual Report 2014 containing the audited consolidated financial statements of 4finance Holding S.A. as of and for the fiscal year ended 31 December 2014 prepared in accordance with IFRS and with regulations governing the preparation of the financial statements and the report of the Board of Directors in Luxembourg

• Consolidated Statement of Comprehensive Income	Annual Report 2014 page 6
• Consolidated Statement of Financial Position	Annual Report 2014 page 7
• Consolidated Statement of Cash Flow	Annual Report 2014 page 8
• Consolidated Statement of Changes in Equity	Annual Report 2014 page 10
• Notes to the Consolidated Financial Statements	Annual Report 2014 page 11
• Independent Auditors' Report	Annual Report 2014 page 57

3. Annual Report 2015 containing the audited stand-alone annual accounts of 4finance S.A. as of and for the fiscal year ended 31 December 2015 prepared in accordance with Luxembourg legal and regulatory requirements.

• Balance Sheet	Annual Report 2015 page 7
• Profit and loss account	Annual Report 2015 page 14
• Notes to the annual accounts	Annual Report 2015 page 17
• Independent Auditors' Report	Annual Report 2015 page 24

4. Annual Report 2014 containing the audited stand-alone annual accounts of 4finance S.A. as of and for the fiscal year ended 31 December 2014 prepared in accordance with Luxembourg legal and regulatory requirements.

• Balance Sheet	Annual Report 2014 page 3
• Profit and loss account	Annual Report 2014 page 9
• Notes to the annual accounts	Annual Report 2014 page 12
• Independent Auditors' Report	Annual Report 2015 page 19

5. Quarterly Report 2016 containing the consolidated results for the nine month period ending 30 September 2016.

• Income Statement	Quarterly Report 2016 page 3
• Balance Sheet	Quarterly Report 2016 page 6
• Condensed Consolidated Statement of Cash Flows for the Period	Quarterly Report 2016 page 9

6. Quarterly Report 2015 containing the consolidated results for the nine month period ending 30 September 2015.

• Consolidated Statement of Comprehensive Income	Quarterly Report 2015 page 3
• Balance Sheet	Quarterly Report 2015 page 6
• Condensed Consolidated Statement of Cash Flows for the Period	Quarterly Report 2015 page 9