UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

(Mark One)

x ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2015 or
TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to .

COMMISSION FILE NUMBER: 000-26489

ENCORE CAPITAL GROUP, INC.

(Exact name of registrant as specified in its charter)

Delaware	**48-1090909**
(State or other jurisdiction of incorporation or organization)	**(IRS Employer Identification No.)**
3111 Camino Del Rio North, Suite 103 San Diego, California	**92108**
(Address of principal executive offices)	**(Zip code)**

(877) 445-4581
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	**Name of Each Exchange on Which Registered**
Common Stock, $.01 Par Value Per Share	The NASDAQ Stock Market LLC

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes x No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No x

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. x

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer x	Accelerated filer ☐	Non-accelerated filer ☐	Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No x

The aggregate market value of the voting stock held by non-affiliates of the registrant totaling 23,525,676 shares was approximately $1,005,487,392 at June 30, 2015, based on the closing price of the common stock of $42.74 per share on such date, as reported by the NASDAQ Global Select Market.

The number of shares of our Common Stock outstanding at February 9, 2016, was 25,288,136.

Documents Incorporated by Reference

Portions of the registrant's proxy statement in connection with its annual meeting of stockholders to be held in 2016 are incorporated by reference in Items 10, 11, 12, 13, and 14 of Part III of this Annual Report on Form 10-K for the fiscal year ended December 31, 2015.

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PART I
Item 1—Business

An Overview of Our Business

Nature of Our Business

We are an international specialty finance company providing debt recovery solutions for consumers and property owners across a broad range of financial assets.

Portfolio Purchasing and Recovery Business

We purchase portfolios of defaulted consumer receivables at deep discounts to face value and manage them by working with individuals as they repay their obligations and work toward financial recovery. Defaulted receivables are consumers' unpaid financial commitments to credit originators, including banks, credit unions, consumer finance companies, commercial retailers, and telecommunication companies. Defaulted receivables may also include receivables subject to bankruptcy proceedings.

United States

Through certain subsidiaries, we are a market leader in portfolio purchasing and recovery in the United States, including Puerto Rico.

Europe

Through our controlling interest in United Kingdom-based Cabot Credit Management Limited ("Cabot"), we are a market leader in debt management in the United Kingdom and Ireland. Cabot specializes in collecting higher balance, "semi-performing" accounts (*i.e.*, debt portfolios in which over 50% of the accounts have received a payment in three of the last four months immediately prior to the portfolio purchase). In February 2014, Cabot acquired Marlin Financial Group Limited ("Marlin"), a leading acquirer of non-performing consumer debt in the United Kingdom. Marlin is differentiated by its use of litigation-enhanced collections for non-paying financial services receivables, which complements Cabot's management of semi-performing accounts. On June 1, 2015, Cabot continued to expand in the United Kingdom with its acquisition of Hillesden Securities Ltd and its subsidiaries ("dlc").

We own a majority ownership interest in Grove Holdings ("Grove"). Through its subsidiaries Grove is a leading specialty investment firm focused on consumer non-performing loans, including insolvencies in the United Kingdom (in particular, individual voluntary arrangements, or IVAs) and bank and non-bank receivables in Spain. To date, operating results from Grove have been immaterial to our total consolidated operating results. As a result, descriptions of our international operations in Part I - Item 1 of this Form 10-K will focus substantially on our combined Cabot operations and will not include a detailed discussion of Grove's operations.

Latin America

Through our majority ownership interest in Refinancia S.A. ("Refinancia"), we are a market leader in debt collection and management in Colombia and Peru. In addition to purchasing defaulted receivables, Refinancia offers portfolio management services to banks for non-performing loans. Refinancia also specializes in non-traditional niches in the geographic areas in which it operates, including providing financial solutions to individuals who have previously defaulted on their obligations. In addition to operations in Colombia and Peru, we evaluate and purchase non-performing loans in other countries in Latin America, including Mexico and Brazil. Beginning in December 2014, we began investing in non-performing secured residential mortgages in Latin America. To date, operating results from our Latin America operations have not been significant to our total consolidated operating results. As a result, descriptions of our international operations in Part 1 - Item 1 of this Form 10-K will not include a detailed discussion of our Latin American operations.

Asia Pacific

Through our majority ownership interest in Baycorp Holdings Pty Limited ("Baycorp"), acquired in October 2015, we are one of Australasia's leading debt resolution specialists. Baycorp specializes in the management of non-performing loans in Australia and New Zealand. In addition to purchasing defaulted receivables, Baycorp offers portfolio management services to banks for non-performing loans. To date, Baycorp's operating results have been immaterial to our total consolidated operating results. As a result, descriptions of our international operations in Part 1 - Item 1 of this Form 10-K will not include a detailed discussion of Baycorp's operations.

Accounts originated in the United States are serviced through our call centers in the United States, India and Costa Rica. Beginning in January 2014, our India call center also began to service Cabot's United Kingdom accounts. The balance of our accounts is serviced in the country of origin for such accounts. Throughout this Annual Report on Form 10-K, when we refer to our United States operations, we include accounts originated in the United States that are serviced through our call centers in

the United States, India and Costa Rica. When we refer to our international operations, we are referring to accounts originated outside of the United States.

Tax Lien Business

Through our subsidiary, Propel Acquisition, LLC and its subsidiaries and affiliates (collectively, “Propel”), we acquire and service residential and commercial tax liens on real property. To the extent permitted by local law, Propel works directly with property owners to structure affordable payment plans by paying delinquent property taxes on behalf of such property owners in exchange for payment agreements collateralized by tax liens on the related properties and purchases tax liens directly from taxing authorities in several states.

In order to improve our overall corporate invested capital returns, reduce our debt, provide liquidity, and allow us to tighten our focus on expanding our market leadership in debt buying and servicing in the U.S. and around the world, on February 19, 2016, we entered into an agreement with certain funds to sell 100% of our membership interests in Propel. The estimated sales price indicated that Propel’s fair value was less than its carrying value at December 31, 2015 and, as a result, goodwill at this reporting unit was impaired. Based on the estimated sales price, we recorded a goodwill impairment charge of $49.3 million for the year ended December 31, 2015. The goodwill impairment charge had no cash flow impact. Refer to Note 17, “Subsequent Event” and Note 15, “Goodwill and Identifiable Intangible Assets” to our consolidated financial statements for further information on the sale of Propel and the goodwill impairment.

During the course of our ownership, excluding the non-cash goodwill impairment charge discussed above, Propel contributed $20.6 million of earnings and $35.7 million of EBITDA through December 31, 2015. Including the effect of this non-cash goodwill impairment charge, the cumulative net loss after the benefit for income taxes amounted to approximately $10.5 million.

Keys to Success

The foundation of our success is our people, our organizational agility, and our integrity. This foundation supports strengths in four key areas, which we refer to as our pillars:

- **Superior Analytics**, including our extensive investments in data and behavioral science and our use of sophisticated predictive modeling techniques;
- **Operational Scale and Cost Leadership**, driven by our specialized call centers, efficient international operations, and the continuing expansion of our internal legal platform;
- **Strong Capital Stewardship**, underpinned by our disciplined ability to raise and deploy capital prudently; and
- **Extendable Business Model**, driven by our scalable platform that supports strategic investment opportunities in new asset classes and geographic areas.

Although we have enabled millions of consumers to retire a portion of their outstanding debt, one of the debt collection industry’s most formidable challenges is that many financially distressed consumers will never make a payment, much less retire their total debt obligation. In fact, we generate payments from less than one percent of our accounts every month. To address these challenges, we evaluate portfolios of receivables that are available for purchase using robust, account-level valuation methods, and we employ proprietary statistical and behavioral models across all our operations. We believe these business practices contribute to our ability to value portfolios accurately, avoid buying portfolios that are incompatible with our methods or goals, and align the accounts we purchase with our operational channels to maximize future collections. We also have one of the industry’s largest databases of financially distressed consumers. We believe that our specialized knowledge, along with our investments in data and analytic tools, have enabled us to realize significant returns from the receivables we have acquired. We maintain strong relationships with many of the largest credit providers in the United States. In addition, through our international subsidiaries, we maintain strong relationships with many of the largest credit providers in the European and the Latin American markets we serve.

Seasonality

United States

While seasonality does not have a material impact on our portfolio purchasing and recovery segment, collections are generally strongest in our first calendar quarter, slower in the second and third calendar quarters, and slowest in the fourth calendar quarter. Relatively higher collections in the first quarter could result in a lower cost-to-collect ratio compared to the other quarters, as our fixed costs are relatively constant and applied against a larger collection base. The seasonal impact on our business may also be influenced by our purchasing levels, the types of portfolios we purchase, and our operating strategies.

Collection seasonality with respect to our portfolio purchasing and recovery segment can also affect revenue as a percentage of collections, also referred to as our revenue recognition rate. Generally, revenue for each pool group declines steadily over time, whereas collections can fluctuate from quarter to quarter based on seasonality, as described above. In quarters with lower collections (*e.g.,* the fourth calendar quarter), the revenue recognition rate can be higher than in quarters with higher collections (*e.g.,* the first calendar quarter).

In addition, seasonality could have an impact on the relative level of quarterly earnings. In quarters with stronger collections, total costs are higher as a result of the additional efforts required to generate those collections. Since revenue for each pool group declines steadily over time, in quarters with higher collections and higher costs (*e.g.,* the first calendar quarter), all else being equal, earnings could be lower than in quarters with lower collections and lower costs (*e.g.,* the fourth calendar quarter). Additionally, in quarters where a greater percentage of collections come from our legal and agency outsourcing channels, cost to collect will be higher than if there were more collections from our internal collection sites.

International

While seasonality does not have a material impact on Cabot's operations, collections are generally strongest in the second and third calendar quarters and slower in the first and fourth quarters, largely driven by the impact of the December holiday season and the New Year holiday, and the related impact on customers' ability to repay their balances. This drives a higher level of plan defaults over this period, which are typically repaired across the first quarter of the following year. The August vacation season in the United Kingdom also has an unfavorable effect on the level of collections, but this is traditionally compensated for by higher collections in July and September.

Operating Segments

We conduct business through two reportable segments: portfolio purchasing and recovery, and tax lien business. Financial information regarding our operating segments and geographic operations is set forth in Note 14, "Segment Information" to our consolidated financial statements.

Company Information

We were incorporated in Delaware in 1999. Our headquarters is located at 3111 Camino Del Rio North, Suite 103, San Diego, California 92108 and our telephone number is (877) 445-4581. Investors wishing to obtain more information about us may access the Investors section of our Internet site at http://www.encorecapital.com. The site provides access, free of charge, to relevant investor related information, such as Securities and Exchange Commission ("SEC") filings, press releases, featured articles, an event calendar, and frequently asked questions. SEC filings are available on our Internet site as soon as reasonably practicable after being filed with, or furnished to, the SEC. Also available on our website are our Standards of Business Conduct and charters for the committees of our board of directors. We intend to disclose any amendment to, or waiver of, a provision of our Standards of Business Conduct on our website. The content of our Internet site is not incorporated by reference into this Annual Report on Form 10-K. Any materials that we filed with the SEC may also be read and copied at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC (http://www.sec.gov).

Our Competitive Advantages

Analytic Strength. We believe that success in our portfolio purchasing and recovery business depends on our ability to establish and maintain an information advantage. Leveraging an industry-leading financially distressed consumer database, our in-house team of statisticians, business analysts, and software programmers have developed, and continually enhance, proprietary behavioral and valuation models, custom software applications, and other business tools that guide our portfolio purchases. Moreover, our collection channels are informed by powerful statistical models specific to each collection activity, and each year we deploy significant capital to purchase credit bureau and customized consumer data that describe demographic, account level, and macroeconomic factors related to credit, savings, and payment behavior. Our recent international expansion has enabled us to collaborate across our operating subsidiaries to employ and enhance our statistical models throughout the markets we service.

Consumer Intelligence. At the core of our analytic approach is a focus on characterizing our consumers' willingness and ability to repay their financial obligations. In this effort, we apply tools and methods from statistics, psychology, economics, and management science across the full extent of our business. During portfolio valuation, we use an internally developed and proprietary family of statistical models that determines the likelihood and expected amount of payment for each consumer within a portfolio. Subsequently, the expectations for each account are aggregated to arrive at a portfolio-level liquidation solution and a valuation for the entire portfolio is determined. During the collection process, we apply a number of proprietary operational frameworks to match our collection approach to an individual consumer's payment behavior.

Cost Leadership. Cost efficiency is central to our collection and purchasing strategies. We experience considerable cost advantages, stemming from our operations in India and Costa Rica, our enterprise-wide, activity-level cost database, and the development and implementation of operational models that enhance profitability. We believe that we are the only company in our industry with a successful, late-stage collection platform in India. This cost-saving, first-mover advantage helps to reduce our call center variable cost-to-collect.

Principled Intent. Across the full extent of our operations, we strive to treat consumers with respect, compassion, and integrity. From discounts and payment plans to hardship solutions, we work with our consumers as they attempt to return to financial health. We are committed to dialogue that is honorable and constructive, and hope to play an important and positive role in our consumers' financial recovery. We believe that our interests, and those of the financial institutions from which we purchase portfolios, are closely aligned with the interests of government agencies seeking to protect consumer rights. In 2011, we unveiled the industry's first and only Consumer Bill of Rights, which codifies our commitment to respectful consumer treatment. We expect to continue investing in infrastructure and processes that support consumer advocacy and financial literacy while promoting an appropriate balance between corporate and consumer responsibility.

Our Strategy

We have implemented a business strategy that emphasizes the following three elements:

Continue to Invest in our Core Businesses. Our core domestic portfolio purchasing and recovery business remains critical to our success. Supply and demand dynamics within the United States have fluctuated over time and will likely continue to do so. To position ourselves to continue to generate strong risk-adjusted returns in this environment, we continue to make investments in analytics, technology, risk management, compliance, and initiatives to enhance our relationships with consumers and improve liquidation rates on our portfolios. We intend to continue to deploy a meaningful amount of capital in our core domestic markets. Our 2014 acquisition of Atlantic Credit & Finance, Inc. ("Atlantic") reflects a strategic decision to expand our core domestic portfolio purchasing and recovery presence. Atlantic is a market leader in buying and collecting on freshly charged-off debt, which was not an area of strength for us prior to our acquisition of Atlantic. Combined with our expertise in later stage collections, we believe Atlantic has positioned us to be more competitive in the market.

Expand into New Geographies. We believe we are well-positioned to take a leading role, worldwide, in the distressed debt and subprime consumer financial sectors. Our current footprint includes our industry-leading U.S. and U.K. core debt recovery businesses, our presence in Spain, our entrance into the Latin American and Australasian debt markets, and our international operations through our India and Costa Rica locations. In addition, we are constantly evaluating additional investments in, or acquisitions of, complementary businesses in order to expand into new geographic markets. For example, we have announced plans to commence portfolio purchasing and recovery operations in India. As portfolio prices fluctuate and the complexity of our industry continues to increase, we expect that our international operations will continue to provide a significant competitive advantage.

Explore Business Model Adjacencies and Expansion. We are working to leverage some of our core competencies, such as our knowledge of financially distressed consumers, in other areas or for new types of defaulted consumer receivables. We believe that our existing underwriting and collection processes can be extended to a variety of consumer receivables. These capabilities may allow us to develop and provide complementary products or services to specified financially distressed consumer segments.

Acquisition of Portfolio Purchasing and Recovery Receivables

We provide sellers of delinquent receivables liquidity and immediate value through the purchase of charged-off consumer receivables. We believe that we are an appealing partner for these sellers given our financial strength, focus on principled intent, and track record of financial success.

United States

Identify purchase opportunities. We maintain relationships with some of the largest credit originators and portfolio resellers of charged-off consumer receivables in the United States. We identify purchase opportunities and secure, where possible, exclusive negotiation rights. We believe that we are a valued partner for credit originators and portfolio resellers from whom we purchase portfolios, and our ability to secure exclusive negotiation rights is typically a result of our strong relationships and our purchasing scale. Receivable portfolios are sold either through a general auction, where the seller requests bids from market participants, or through an exclusive negotiation, where the seller and buyer negotiate a sale privately. The sale transaction can be either for a one-time spot purchase or for a "forward flow" contract. A "forward flow" contract is a commitment to purchase receivables over a duration that is typically three to twelve months with specifically defined volume, frequency, and pricing. Typically, these forward flow contracts have provisions that allow for early termination or price re-negotiation should the underlying quality of the portfolio deteriorate over time or if any particular month's delivery is materially different than the original portfolio used to price the forward flow contract. We generally attempt to secure forward

flow contracts for receivables because a consistent volume of receivables over a set duration can allow us more precision in forecasting and planning our operational needs.

Evaluate purchase opportunities using account-level analytics. Once a portfolio of interest is identified, we obtain detailed information regarding the portfolio's accounts, including certain information regarding the consumers themselves. We then purchase additional information for the consumers whose accounts we are contemplating purchasing, including credit, savings, or payment behavior. Our Decision Science team, responsible for asset valuation, statistical analysis, and forecasting, then analyzes this information to determine the expected value of each potential new consumer. Our collection expectations are based on these demographic data, account characteristics, and economic variables, which we use to predict a consumer's willingness and ability to repay his or her debt. The expected value of collections for each account is aggregated to calculate an overall value for the portfolio. Additional adjustments are made to account for qualitative factors that may affect the payment behavior of our consumers (such as prior collection activities, or the underwriting approach of the seller), and servicing related adjustments to ensure our valuations are aligned with our operations.

Formal approval process. Once we have determined the value of the portfolio and have completed our qualitative diligence, we present the purchase opportunity to our investment committee, which either sets the maximum purchase price for the portfolio based on a corporate Internal Rate of Return ("IRR") or other strategic objectives or declines to bid. Members of the investment committee include our Chief Executive Officer, Chief Financial Officer, other members of our senior management team, and experts, as needed.

We believe long-term success is best achieved by combining a diverse asset sourcing approach with an account-level scoring methodology and a disciplined evaluation process.

International

Through Cabot, we maintain strong relationships with many of the largest financial service providers in the United Kingdom. Cabot primarily acquires receivable portfolios in negotiated spot transactions, but it also participates in auctions on occasion. In addition, Cabot purchases a small number of portfolios by entering into forward flow agreements, although it has substantially moved away from these arrangements.

When Cabot identifies a portfolio of interest, it evaluates account-level information and performs due diligence to evaluate certain features of the portfolio. Cabot next applies its proprietary, highly automated portfolio pricing models to further evaluate the portfolio, using separate models depending on the type of account: a paying model for semi-performing accounts and a regression model for non-performing accounts. Using its substantial database of account holder information, Cabot carries out additional statistical analysis that is customized to evaluate specific repayment characteristics to further evaluate the accounts. The results of due diligence and the outputs of the pricing models and data analysis is presented to Cabot's pricing committee, which then decides whether to make an indicative bid for the portfolio. If, following the indicative bid, Cabot is short-listed by the vendor, it then conducts further due diligence on the portfolio and refines its analysis. Following this additional due diligence, the pricing committee decides whether to submit a final binding offer for the portfolio.

All purchases require approval by the pricing committee. Cabot's pricing committee includes its Chief Executive Officer, Financial Director and Chief Investment Officer. We believe that Cabot's significant industry and management experience enable it to make informed decisions about the portfolios we acquire through Cabot.

Portfolio Purchasing and Recovery Collection Approach

United States

We expand and build upon the insight developed during our purchase process when developing our account collection strategies for portfolios we have acquired. Our proprietary consumer-level collectability analysis is the primary determinant of whether an account is actively serviced post-purchase. Generally, we pursue collection activities on only a fraction of the accounts we purchase, through one or more of our collection channels. The channel identification process is analogous to a decision tree where we first differentiate those consumers who we believe are unable to pay from those who we believe are able to pay. Consumers who we believe are financially incapable of making any payments, or are facing extenuating circumstances or hardships that would prevent them from making payments, are excluded from our collection process. It is our practice to assess each consumer's willingness to pay through analytics, phone calls and/or letters. Despite our efforts to reach consumers and work out a settlement plan, only a small number of consumers who we contact choose to engage with us. Those who do are often offered discounts on their obligations or are presented with payment plans that are intended to suit their needs. However, the majority of consumers we contact do not respond to our calls or our letters and we must then make the decision about whether to pursue collections through legal action. Throughout our ownership period, we periodically refine our collection approach to determine the most effective collection strategy to pursue for each account. These strategies consist of:

- Inactive. We strive to use our financial resources judiciously and efficiently by not deploying resources on accounts where the prospects of collection are remote based on a consumer's situation.

- Direct Mail. We develop innovative, low-cost mail campaigns offering consumers appropriate discounts to encourage settlement of their accounts.

- Call Centers. We maintain domestic collection call centers in Phoenix, Arizona, St. Cloud, Minnesota, Warren, Michigan, and Roanoke, Virginia and international call centers in Gurgaon, India and San Jose, Costa Rica. Call centers generally consist of multiple collection departments. Account managers supervised by group managers are trained and divided into specialty teams. Account managers assess our consumers' willingness and capacity to pay. They attempt to work with consumers to evaluate sources and means of repayment to achieve a full or negotiated lump sum settlement or develop payment programs customized to the individual's ability to pay. In cases where a payment plan is developed, account managers encourage consumers to pay through automatic payment arrangements. During our new hire training period, we educate account managers to understand and apply applicable laws and policies that are relevant in the account manager's daily collection activities. Our ongoing training and monitoring efforts help ensure compliance with applicable laws and policies by account managers.

- Skip Tracing. If a consumer's phone number proves inaccurate when an account manager calls an account, or if current contact information for a consumer is not available at the time of account purchase, then the account could be routed to our skip tracing process. We currently use a number of different skip tracing companies to provide accurate phone numbers and addresses.

- Legal Action. We generally refer accounts for legal action where the consumer has not responded to our direct mail efforts or our calls and it appears the consumer is able, but unwilling, to pay his or her obligations. When we decide to pursue legal action, we place the account into our internal legal channel or refer them to our network of retained law firms. If placed to our internal legal channel, attorneys in that channel will evaluate the accounts and make the final determination whether to pursue legal action. If referred to our network of retained law firms, we rely on our law firms' expertise with respect to applicable debt collection laws to evaluate the accounts placed in that channel in order to make the decision about whether or not to pursue collection litigation. Prior to engaging an external collection firm, we evaluate the firm's compliance with consumer credit laws and regulations, operations, financial condition, and experience, among other key criteria. The law firms we have hired may also attempt to communicate with the consumers in an attempt to collect their debts prior to initiating litigation. We pay these law firms a contingent fee based on amounts they collect on our behalf.

- Third-Party Collection Agencies. We selectively employ a strategy that uses collection agencies. Collection agencies receive a contingent fee for each dollar collected. Generally, we use these agencies on accounts when we believe they can liquidate better or less expensively than we can or to supplement capacity in our internal call centers. We also use agencies to initially provide us a way to scale quickly when large purchases are made and as a challenge to our internal call center collection teams. Prior to engaging a collection agency, we evaluate, among other things, those aspects of the agency's business that we believe are relevant to its performance and compliance with consumer credit laws and regulations.

- Online. We offer an online payment portal that enhances consumer convenience by providing consumers the ability to make payments and submit inquiries online.

- Sale. We do not resell accounts to third parties in the ordinary course of our business.

International

Cabot uses insights developed during its purchasing process to build account collection strategies. Cabot's proprietary consumer-level collectability analysis is the primary determinant of how an account will be serviced post-purchase. Cabot continuously refines this analysis to determine the most effective collection strategy to pursue for each account it owns. In recent years, Cabot has concentrated on buying high-balance financial services debt, both paying and non-paying. Cabot will attempt to establish contact with these consumers in order to transfer payment arrangements and gauge the willingness of these consumers to pay. Consumers who Cabot believes are financially incapable of making any payments, those having negative disposable income, or those experiencing hardship (such as medical issues or mental incapacity), are handled outside of normal collections processes through dedicated and tailored strategies.

The remaining pool of accounts then receives further evaluation through the combined use of Cabot's and Marlin's data analytics. At that point, Cabot analyzes and determines a consumer's perceived willingness to pay. Based on that analysis, Cabot pursues collections through letters and/or phone calls to its consumers. Where contact is made and consumers indicate a willingness to pay, a patient approach of forbearance is applied using regulatory protocols within the United Kingdom to assess affordability and ensure that repayment plans are fair and balanced and therefore sustainable. Where the customer is unwilling to pay, Cabot refers the account to the appropriate escalation point in the collection process, which may include its internal debt

collection agency, a third-party collection agency or legal action. Cabot also has robust internal legal collection capabilities, allowing the organization to address consumers across the entire willingness to pay spectrum.

Tax Lien Business

Propel acquires and services residential and commercial tax liens on real property. These liens take priority over most other liens, including mortgage liens. To the extent permitted by local law, Propel works directly with property owners to structure affordable payment plans designed to allow them to keep their properties while paying their property tax obligations over time. In such cases, Propel pays their tax lien obligations to the taxing authority, and the property owners pay Propel at lower interest rates and/or over a longer period of time than the taxing authorities would ordinarily permit. Propel also purchases tax liens directly from taxing authorities in certain states. In many cases, these tax liens continue to be serviced by the taxing authorities. When a taxing authority receives payment for the outstanding taxes, it pays Propel the outstanding balance of the related lien plus interest, which is either established by statute, negotiated at the time of the purchase, or determined by the bid Propel submitted to acquire the tax lien.

On February 19, 2016, we entered into an agreement with certain funds to sell 100% of our membership interests in Propel. The estimated sales price indicated that Propel’s fair value was less than its carrying value at December 31, 2015 and, as a result, goodwill at this reporting unit was impaired. Based on the estimated sales price, we recorded a goodwill impairment charge of $49.3 million for the year ended December 31, 2015. Refer to Note 17, “Subsequent Event” and Note 15, “Goodwill and Identifiable Intangible Assets” to our consolidated financial statements for further information on the sale of Propel and the goodwill impairment.

Legal, Compliance and Enterprise Risk Management, Oversight

United States

Our legal and compliance oversight functions are divided between our legal, compliance and enterprise risk management departments. Our legal department manages regulatory oversight, litigation, corporate transactions, and compliance with our internal ethics policy, while our compliance department tests and monitors adherence to State and Federal regulations and enterprise risk management manages risk and internal audit.

The legal department is responsible for interpreting and administering our Standards of Business Conduct (the “Standards”), which apply to all of our directors, officers, and employees and outlines our commitment to a culture of professionalism and ethical behavior. The Standards promote honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships, compliance with applicable laws, rules and regulations, and full and fair disclosure in reports that we file with, or submit to, the SEC and in other public communications made by us. As described in the Standards, we have also established a toll-free Compliance Hotline to allow directors, officers, and employees to report any detected or suspected fraud, misappropriations, or other fiscal irregularities, any good faith concern about our accounting and/or auditing practices, or any other violations of the Standards.

We continually monitor applicable changes to laws governing statutes of limitations and disclosures to consumers. We maintain policies, system controls, and processes designed to ensure that accounts past the applicable statute of limitations do not get placed into legal collections. Additionally, in written and verbal communications with consumers, we provide disclosures to the consumer that the account is past its applicable statute of limitations and, therefore, we will not pursue collections through legal means.

The compliance department is responsible for promoting compliance with applicable laws and regulations. The compliance department facilitates oversight by our Board of Directors and management, assists in formulating policies and procedures, and engages in training, risk assessments, testing, monitoring and corrective action, complaint response, and compliance audits.

The enterprise risk management department is responsible for the development and administration of internal policies, procedures, periodic risk assessments and controls which apply to all of our business units and for performing internal audits to evaluate the level of compliance to both regulations, such as Sarbanes-Oxley 404, and standards of internal control for internal operations.

Beyond written policies, one of our core internal goals is the adherence to principled intent as it pertains to all consumer interactions. We believe that it is in our shareholders’ and our employees’ best interest to treat all consumers with the highest standards of integrity. Specifically, we have strict policies and a code of ethics, which guide all dealings with our consumers. To reinforce existing written policies, we have established a number of quality assurance procedures. Through our Quality Assurance program, our Fair Debt Collection Practices Act training for new account managers, our Fair Debt Collection Practices Act recertification program for continuing account managers, and our Consumer Support Services department, we take significant steps to ensure compliance with applicable laws and regulations and seek to promote consumer satisfaction. Our Quality Assurance team aims to enhance the skills of account managers and to drive compliance initiatives through active call monitoring, account manager coaching and mentoring, and the tracking and distribution of company-wide best

practices. Finally, our Consumer Support Services department works directly with consumers to seek to resolve incoming consumer inquiries and to respond to consumer disputes as they may arise.

International

Cabot has established a compliance framework, operational procedures, and governance structures to enable it to conduct business in accordance with applicable rules, regulations, and guidelines. Cabot's employees undergo comprehensive training on legal and regulatory compliance, and Cabot engages in regular call monitoring checks, data checks, performance reviews, and other operational reviews to ensure compliance with company guidelines. The laws and regulations under which Cabot operates have at their core the fair treatment of consumers, which is embedded within Cabot's processes and culture.

Information Technology

Technical Infrastructure. Our internal network has been configured to be redundant in all critical functions, at all sites. This redundancy has been implemented within the local area network switches and the data center network and includes fully redundant Multiprotocol Label Switching (MPLS) networks. We have the capability to handle high transaction volume in our server network architecture with scalability to meet and exceed our future growth plans. Redundancy, coupled with seamless scalability and our high performance infrastructure, will allow for rapid business transformation and growth.

Predictive Dialer Technology. Our call centers employ the use of upgraded predictive dialer technology. This technology allows additional call volume capacity and greater efficiency through shorter wait times and an increase in the number of live contacts. This technology helps maximize account manager productivity and further optimizes the yield on our portfolio purchases. Additionally, the use of predictive dialing technology helps us comply with applicable federal and state laws in the United States that restrict the time, place, and manner in which debt collectors can call consumers. Recognizing mobile phone dialing has a different set of legal restrictions, we utilize a distinctly different platform for non-consented mobile phones in order to comply with all laws while providing a framework for us to maximize contact with our consumers.

Computer Hardware. We have made significant improvements in our data centers, and now have redundancy in support of continued growth. We use a robust computer platform to perform our daily operations, including the collection efforts of our global workforce. Our custom software applications are integrated within our database server environment allowing us to process transaction loads with speed and efficiency. The computer platform offers us reliability and expansion opportunities. Furthermore, this hardware incorporates state of the art data security protection. We back up our data utilizing a tapeless configuration, and copies are replicated to a secure secondary data center. We also mirror our production data to a remote location to give us full protection in the event of the loss of our primary data center. To ensure the integrity and reliability of our computer platform, we periodically engage outside auditors specializing in information technology and cybersecurity to examine both our operating systems and disaster recovery plans.

Process Control. To provide assurance that our entire infrastructure continues to operate efficiently and securely, we have developed a strong process and control environment. These governance, risk management, and control protocols govern all areas of the enterprise: from physical security and cyber security, to change management, data protection, and segregation of duties.

Cybersecurity. We divide our cybersecurity and information security functions into the four core tenants that we believe make up a solid information security practice: (1) security strategy and architecture; (2) operational security; (3) vulnerability and threat management; and (4) IT governance, risk and controls. We invest in cybersecurity and advanced technologies, including next generation threat prevention and threat intelligence solutions, to protect our organization and consumer and proprietary data throughout its life cycle. Lastly, we believe that our adoption and implementation of leading security frameworks for the financial services industry and the regulatory environments and geographies in which we operate demonstrates our commitment to cybersecurity and information security.

Competition

United States

The consumer credit recovery industry is highly competitive. We compete with a wide range of collection and financial services companies. We also compete with traditional contingency collection agencies and in-house recovery departments. Competitive pressures affect the availability and pricing of receivable portfolios, as well as the availability and cost of qualified recovery personnel. In addition, some of our competitors may have signed forward flow contracts under which credit originators or portfolio resellers have agreed to transfer charged-off receivables to them in the future, which could restrict those credit originators or portfolio resellers from selling receivables to us. We believe some of our major competitors, which include companies that focus primarily on the purchase of charged-off receivable portfolios, have continued to diversify into third-party agency collections and into offering credit card and other financial services as part of their recovery strategy.

When purchasing receivables, we compete primarily on the basis of the price paid for receivable portfolios, the ease of negotiating and closing the prospective portfolio purchases with us, our ability to obtain funding, and our reputation with respect to the quality of services that we provide. We believe that our ability to compete effectively in this market is also dependent upon, among other things, our relationships with credit originators and portfolio resellers of charged-off consumer receivables, and our ability to provide quality collection strategies in compliance with applicable laws.

We believe that smaller competitors are facing difficulties in the portfolio purchasing market because of the higher cost to operate due to increased regulatory pressure and because sellers of charged-off consumer receivables are being more selective with buyers in the marketplace, resulting in consolidation within the portfolio purchasing and recovery industry. We believe this favors larger participants in this market, such as the Company, because the larger market participants are better able to adapt to these pressures. As smaller competitors limit their participation in or exit the market, it may provide additional opportunities for us to purchase receivables from competitors or to acquire competitors directly.

The tax lien industry is highly competitive and fragmented. In Texas, Propel competes primarily on the basis of interest rate, the ease of negotiating and closing the tax liens with the municipality and the consumer, and the reputation with respect to the quality of services that Propel provides. Outside of Texas, liens are usually sold individually or in bulk to the most competitive bidders, although sometimes the local governments consider non-monetary factors when awarding bulk liens.

International

When purchasing receivables in the United Kingdom market, Cabot competes on the basis of the price paid for receivable portfolios, the ease of negotiating and closing the prospective portfolio purchases with Cabot, its ability to obtain funding, and its reputation with respect to the quality of services it provides. We believe that Cabot's ability to compete effectively in this market is also dependent upon, among other things, Cabot's relationships with credit originators and financial services companies, its ability to segment portfolios effectively, its high level of compliance governance controls, and its ability to provide quality collection strategies in compliance with applicable laws.

Similar to certain trends we are observing in the United States, we believe that smaller competitors in the United Kingdom are facing difficulties in the portfolio purchasing market because of the higher cost to operate due to the increased regulatory environment and scrutiny applied by regulators, and also because sellers of charged-off consumer receivables are being more selective with buyers in the marketplace, resulting in consolidation within the portfolio purchasing and recovery industry and the exit of portfolio purchasing and recovery companies from the marketplace. As in the United States, we believe this favors larger participants in the market, such as Cabot, because the larger market participants are better able to adapt to these pressures. As smaller competitors limit their participation in or exit the market, it may provide additional opportunities for us to purchase receivables from competitors or to acquire competitors directly, as we did through Cabot's acquisition of Marlin in February 2014 and dlc in June 2015.

Government Regulation

United States

Our debt purchasing and collection activities are subject to federal, state, and municipal statutes, rules, regulations, and ordinances that establish specific guidelines and procedures that debt purchasers and collectors must follow when collecting consumer accounts. It is our policy to comply with the provisions of all applicable laws in all of our recovery activities. Our failure to comply with these laws could have a material adverse effect on us to the extent that they limit our recovery activities or subject us to fines or penalties in connection with such activities.

The federal Fair Debt Collection Practices Act ("FDCPA") and comparable state and local laws establish specific guidelines and procedures that debt collectors must follow when communicating with consumers, including the time, place and manner of the communications, and prohibit unfair, deceptive, or abusive debt collection practices. Until 2011, the Federal Trade Commission ("FTC") administered, and had primary responsibility for the enforcement of, the FDCPA. In July 2011, pursuant to the Dodd-Frank Wall Street Reform and Consumer Financial Protection Act of 2010 (the "Dodd-Frank Act"), Congress transferred the FTC's role of administering the FDCPA to the Consumer Financial Protection Bureau ("CFPB"), along with certain other federal statutes, and gave the CFPB authority to implement regulations under the FDCPA. The FTC and the CFPB share enforcement responsibilities under the FDCPA.

In addition to the FDCPA, the federal laws that apply to our business (including the regulations that implement these laws) include the following:

- Dodd-Frank Act, including the Consumer Financial Protection Act (Title X of the Dodd-Frank Act, “CFPA”)
- Electronic Fund Transfer Act
- Equal Credit Opportunity Act
- Fair Credit Billing Act
- Fair Credit Reporting Act (“FCRA”)
- Federal Trade Commission Act (“FTCA”)
- Gramm-Leach-Bliley Act
- Health Insurance Portability and Accountability Act
- Servicemembers’ Civil Relief Act
- Telephone Consumer Protection Act
- Truth In Lending Act
- U.S. Bankruptcy Code
- Wire Act
- Credit CARD Act
- Foreign Corrupt Practices Act

The Dodd-Frank Act was adopted to reform and strengthen regulation and supervision of the U.S. financial services industry. It contains comprehensive provisions governing the oversight of financial institutions, some of which apply to us. Among other things, the Dodd-Frank Act established the CFPB, which has broad authority to implement and enforce “federal consumer financial law,” as well as authority to examine financial institutions, including credit issuers that may be sellers of receivables and debt buyers and collectors such as us, for compliance with federal consumer financial law. The CFPB has authority to prevent unfair, deceptive, or abusive acts or practices by issuing regulations or by using its enforcement authority without first issuing regulations. The Dodd-Frank Act also authorizes state officials to enforce regulations issued by the CFPB and to enforce the CFPA general prohibition against unfair, deceptive, and abusive acts or practices.

The CFPB’s authorities include the ability to issue regulations under all significant federal statutes that affect the collection industry, including the FDCPA, FCRA, and others. On November 12, 2013, the CFPB published in the Federal Register an Advance Notice of Proposed Rulemaking seeking comments, data, and information from the public about debt collection practices to help it determine what rules and other CFPB actions, if any, would be useful under the FDCPA and the CFPA. The CFPB has indicated that it expects to move forward with the debt collection rulemaking in 2016, including the possible convening of a panel pursuant to the Small Business Regulatory Enforcement Fairness Act and issuing a Notice of Proposed Rulemaking.

The Dodd-Frank Act also gave the CFPB supervisory and examination authority over a variety of institutions that may engage in debt collection, including us. Accordingly, the CFPB is authorized to supervise and conduct examinations of our business practices. The prospect of supervision has increased the potential consequences of noncompliance with federal consumer financial law.

The CFPB can conduct hearings, adjudication proceedings, and investigations, either unilaterally or jointly with other state and federal regulators, to determine if federal consumer financial law has been violated. The CFPB has authority to impose monetary penalties for violations of applicable federal consumer financial laws (including the CFPA, FDCPA, and FCRA, among other consumer protection statutes), require remediation of practices, and pursue enforcement actions. The CFPB also has authority to obtain cease and desist orders (which can include orders for restitution or rescission of contracts, as well as other kinds of affirmative relief), costs, and monetary penalties ranging from $5,000 per day for ordinary violations of federal consumer financial laws to $25,000 per day for reckless violations and $1 million per day for knowing violations. In addition, where a company has violated Title X of the Dodd-Frank Act or CFPB regulations implemented under Title X of the Dodd-Frank Act, the Dodd-Frank Act empowers state Attorneys General and state regulators to bring civil actions to remedy violations of state law. The CFPB has been active in its supervision, examination and enforcement of financial services companies, including bringing enforcement actions, imposing fines and mandating large refunds to customers of several financial institutions for practices relating to debt collection practices.

On September 9, 2015, we entered into a consent order (the “Consent Order”) with the CFPB in which we settled allegations arising from our practices between 2011 and 2015. The Consent Order includes obligations on us to, among other things: (1) follow certain specified operational requirements, substantially all of which are already part of our current operations; (2) submit to the CFPB for review a comprehensive plan designed to ensure that our debt collection practices comply with all applicable federal consumer financial laws and the terms of the Consent Order; (3) pay redress to certain specified groups of consumers; and (4) pay a civil monetary penalty. We will continue to cooperate and engage with the CFPB and work to ensure compliance with the Consent Order. In addition, we are subject to ancillary state attorney general investigations related to similar debt collection practices.

We incurred a one-time, after-tax charge of approximately $43 million in the third quarter of 2015. We believe this charge will cover all related impacts of the Consent Order, including civil monetary penalties, restitution, any such ancillary state regulatory matters, legal expenses and portfolio allowance charges on several pool groups due to the impact on our current

estimated remaining collections related to our existing receivable portfolios. We anticipate that after this one-time charge, any future earnings impact will be immaterial.

In addition, the CFPB has issued guidance in the form of bulletins on debt collection and credit furnishing activities generally, including one that specifically addresses representations regarding credit reports and credit scores during the debt collection process, another that focuses on the application of the CFPA's prohibition of "unfair, deceptive, or abusive" acts or practices on debt collection and another that discusses the risks that in-person collection of consumer debt may create in violating the FDPCA and CFPA. The CFPB also accepts debt collection consumer complaints and released template letters for consumers to use when corresponding with debt collectors. The CFPB makes publicly available its data on consumer complaints. The Dodd-Frank Act also mandates the submission of multiple studies and reports to Congress by the CFPB, and CFPB staff regularly make speeches on topics related to credit and debt. All of these activities could trigger additional legislative or regulatory action. In addition, the CFPB has recently engaged in enforcement activity in sectors adjacent to our industry, impacting credit originators, collection firms, and payment processors, among others. The CFPB's enforcement activity in these spaces, especially in the absence of clear rules or regulatory expectations, can be disruptive to third parties as they attempt to define appropriate business practices. As a result, certain commercial relationships we maintain may be disrupted or impacted by changes in third-parties' business practices or perceptions of elevated risk relating to the debt collection industry.

Our activities are also subject to federal and state laws concerning identity theft, privacy, data security, the use of automated dialing equipment, and other laws related to consumers and consumer protection. In response to petitions filed by third parties, in July 2015, the Federal Communications Commission ("FCC") released a declaratory ruling interpreting the Telephone Consumer Protection Act ("TCPA"), which could impact the way consumers may be contacted on their cellular phones and could impact our operations and financial results.

In addition to the federal statutes detailed above, many states have general consumer protection statutes, laws, regulations, or court rules that apply to debt purchasing and collection. In a number of states and cities, we must maintain licenses to perform debt recovery services and must satisfy related bonding requirements. It is our policy to comply with all material licensing and bonding requirements. Our failure to comply with existing licensing requirements, changing interpretations of existing requirements, or adoption of new licensing requirements, could restrict our ability to collect in regions, subject us to increased regulation, increase our costs, or adversely affect our ability to collect our receivables.

State laws, among other things, also may limit the interest rate and the fees that a credit originator may impose on our consumers, limit the time in which we may file legal actions to enforce consumer accounts, and require specific account information for certain collection activities. By way of example, the California Fair Debt Buying Practices Act that directly applies to debt buyers, applies to accounts sold after January 1, 2014. The law requires debt buyers operating in the state to have in their possession specific account information before debt collection efforts can begin, among other requirements. Moreover, the New York State Department of Financial Services issued new debt collection regulations, which took effect in September 2015 and established new requirements for collecting debt in the state. In addition, other state and local requirements and court rulings in various jurisdictions may also affect our ability to collect.

The relationship between consumers and credit card issuers is also extensively regulated by federal and state consumer protection and related laws and regulations. These laws may affect some of our operations because the majority of our receivables originate through credit card transactions. The laws and regulations applicable to credit card issuers, among other things, impose disclosure requirements when a credit card account is advertised, when it is applied for and when it is opened, at the end of monthly billing cycles, and at year-end. Federal law requires, among other things, that credit card issuers disclose to consumers the interest rates, fees, grace periods, and balance calculation methods associated with their credit card accounts. Some laws prohibit discriminatory practices in connection with the extension of credit. If the originating institution fails to comply with applicable statutes, rules, and regulations, it could create claims and rights for consumers that would reduce or eliminate their obligations related to those receivables. When we acquire receivables, we generally require the credit originator or portfolio reseller to represent that they have complied with applicable statutes, rules, and regulations relating to the origination and collection of the receivables before they were sold to us.

Federal statutes further provide that, in some cases, consumers cannot be held liable for, or their liability is limited with respect to, charges to their credit card accounts that resulted from unauthorized use of their credit cards. These laws, among others, may give consumers a legal cause of action against us, or may limit our ability to recover amounts owing with respect to the receivables, whether or not we committed any wrongful act or omission in connection with the account.

These laws and regulations, and others similar to the ones listed above, as well as laws applicable to specific types of debt, impose requirements or restrictions on collection methods or our ability to enforce and recover certain of our receivables. Effects of the law, including those described above, and any new or changed laws, rules, or regulations, and reinterpretation of the same, may adversely affect our ability to recover amounts owing with respect to our receivables or the sale of receivables by creditors and resellers.

In June 2013, we completed our merger with Asset Acceptance Capital Corp. ("AACC"), another leading provider of debt recovery solutions in the United States. In January 2012, Asset Acceptance, LLC, a subsidiary of AACC, entered into a consent decree with the FTC. The consent decree ended an FTC investigation into Asset Acceptance, LLC's compliance with the FTCA, FDCPA, and FCRA. As part of the consent decree, Asset Acceptance, LLC agreed to undertake certain consumer protection practices, including, among other things, furnishing additional disclosures to consumers when collecting debt past the statute of limitations, and paid a civil penalty of $2,500,000. These practices continue to apply to the portfolios we purchased as a result of the merger with AACC. We do not expect compliance with the consent decree to have a material effect on our business.

In order to conduct the tax lien business in the State of Texas, Propel is subject to regulation and licensing by the State of Texas Office of Consumer Credit Commissioner. Propel is also subject to applicable laws governing the acquisition and servicing of tax liens and tax lien certificates, including but not limited to various consumer protection, privacy laws and regulations. There have been assertions that various provisions of the Truth in Lending Act and its implementing regulations apply to Propel's business operations in certain states, depending on the method by which the Tax Liens are acquired. Propel believes these assertions are without merit.

International

As we expand our international footprint, our operations are increasingly affected by foreign statutes, rules and regulations. It is our policy to comply with these laws in all of our recovery activities. For example, debt collection and debt purchase activities in the United Kingdom are highly regulated by a number of different governmental bodies.

The regulatory regime to which Cabot is subject is currently experiencing a number of substantial changes. The most significant changes include the transfer of responsibility for the regulation of consumer credit businesses in the United Kingdom from the Office of Fair Trading ("OFT") to the Financial Conduct Authority ("FCA") which occurred on April 1, 2014; the proposal to have a dedicated pre-action protocol before commencing debt recovery claims in court; and the proposal by the European Commission that substantial changes be made to the European Union data protection regime.

The FCA implemented an interim permission regime whereby businesses that held a consumer credit license were required to register with the FCA for interim permission before March 31, 2014 in order to continue consumer credit activities after April 1, 2014. The interim permission regime is expected to continue until April 1, 2017, and during this time businesses will be called upon at different intervals to apply for authorization to be fully regulated by the FCA. Cabot currently has all regulatory licenses, permissions, registrations, and authorizations in place with the relevant regulatory bodies in order to provide and continue debt purchase and collection activities, including holding interim permission with the FCA. In March 2015, Cabot applied for full authorization of its business with the FCA. The FCA typically has 12 months to consider an application for full authorization. Therefore, Cabot expects the final decision by the FCA regarding its application in March 2016. The FCA may take any one of the following actions with Cabot's application: (1) the FCA may authorize Cabot to continue debt purchasing, collecting and associated credit activities without further conditions; (2) the FCA may authorize Cabot subject to certain conditions, which will require Cabot to take certain actions to either remediate or comply with the FCA's conditions; (3) the FCA may require that certain improvements to Cabot's processes be made as a precursor to authorization, or appoint a skilled person elected by the FCA to investigate, examine and oversee Cabot's operations, at Cabot's cost; or (4) the FCA may decline to authorize Cabot. In addition to the application for full authorization of its business with the FCA, Cabot will be required to apply to the FCA to appoint certain individuals who have significant control or influence over the management of the business, known as "Approved Persons," and who will jointly and severally be liable for the acts and omissions of the company and its business affairs. Approved Persons will be subject to statements of principle and codes of practice established and enforced by the FCA. The FCA may take the following action in connection with the application for Approved Persons: (a) authorize the Approved Person without further conditions; (b) refuse to authorize the Approved Person; (c) request that the applicant undertake further qualifications before it authorizes a person to become an Approved Person; or (d) ban a person from acting as an Approved Person for a period of time or for life.

The FCA has adopted detailed rules relating to conducting consumer credit activities, in addition to putting in place high level principles and conditions to which it expects businesses and Approved Persons in the sector to adhere. The FCA has significantly greater powers than the OFT, including, but not limited to, the ability to impose significant fines, ban certain individuals from carrying on trade within the financial services industry, impose requirements on a firm's permission, and cease certain products from being collected upon.

Furthermore, the manner in which court claims are conducted in England and Wales in connection with the recovery of debt may be subject to significant changes. In September 2014, the Civil Procedure Rules Committee ("CPRC"), an advisory public body set up by statute and sponsored by the U.K. Ministry of Justice, issued a consultation on proposals to introduce a designated pre-action protocol for court claims for the recovery of debt. Due to the amount of responses from the industry against the introduction of a dedicated protocol, the CPRC created a dedicated sub-committee with industry and consumer group stakeholders. As a consequence, the CPRC issued an updated consultation in September 2015 in order to seek balance between the interests of the industry and consumer groups. If adopted in its current form, it would require all debt collection

entities and law firms instructed and acting on behalf of such entities to disclose significant amounts of information relating to the credit agreement and the state of such credit agreement to a consumer prior to being able to progress a claim to court. In some circumstances, issuers of debt may not be able to provide this information, and as neither Cabot nor its competitors currently maintain such documentation to satisfy such obligations, the protocol may limit Cabot's ability to commence Court proceedings to recover a debt. Certain other requirements are proposed, which may significantly increase costs and time in order to initiate a court claim. Cabot, together with other key industry representatives and trade bodies who are all affected by the proposals, have issued an updated response to the consultation, which is still under consideration. If the CPRC decides to release an updated protocol, it is anticipated that it will be released during 2016 or 2017.

In addition, the regulatory regime in the United Kingdom relating to the protection of consumers from unfair terms and practices is subject to change. In October 2015, the U.K. Parliament introduced new laws that reformed most of the previous U.K. consumer laws and was largely driven by the European Commission's Directive for Consumer Rights. The U.K. Consumer Rights Act 2015 introduced enhanced consumer measures that can be imposed on businesses and gives greater protection to U.K. consumers from unfair business practices and unfair terms in consumer agreements.

Additionally, the Consumer Credit Act of 1974 (and its related regulations) and the U.K. Consumer Rights Act 2015 set forth requirements for the entry into and ongoing management of consumer credit arrangements in the United Kingdom. A failure to comply with these requirements can make agreements unenforceable or can result in a requirement that charged and collected interest be repaid.

In addition to these regulations on debt collection and debt purchase activities, Cabot must comply with requirements established by the Data Protection Act of 1998 in relation to processing the personal data of its consumers.

The regulatory regime in the Republic of Ireland has been subject to significant changes. In July 2015, the Irish Parliament introduced the Consumer Protection (Regulation of Credit Servicing Firms) Act 2015, which requires credit servicing firms to be regulated by the Central Bank of Ireland to ensure regulatory protection for consumers following loan book sales was published in January 2015. The Consumer Protection (Regulation of Credit Servicing Firms) Act 2015 seeks to address concerns regarding the loss of regulatory protections for borrowers when portfolio of loans are sold and/or serviced to/by an unregulated entity. Cabot is registered with and regulated by the Central Bank of Ireland for credit servicing activities and its activities are subject to detailed rules on consumer protection. Cabot is undergoing the second stage of the authorization process in which it needs to provide its controls framework on how it ensures regulatory protection for consumers for debt portfolios it has acquired and manages. Cabot is already contractually obligated to ensure compliance with the relevant consumer protection codes through its debt sale and management agreements and is audited on a regular basis against such obligations.

In addition, the other markets in which we currently operate are subject to local laws and regulations, and we have implemented compliance programs to facilitate compliance with all applicable laws and regulations in those markets. Our operations outside the United States are subject to the U.S. Foreign Corrupt Practices Act, which prohibits U.S. companies and their agents and employees from providing anything of value to a foreign official for the purposes of influencing any act or decision of these individuals in order to obtain an unfair advantage, to help, obtain, or retain business.

Employees

As of December 31, 2015, we had approximately 6,700 employees worldwide. None of our employees is represented by a labor union. We believe that our relations with our employees are good.

Item 1A—Risk Factors

There are risks and uncertainties in our business that could cause our actual results to differ from those anticipated. We urge you to read these risk factors carefully in connection with evaluating our business and in connection with the forward-looking statements and other information contained in this Annual Report on Form 10-K. Any of the risks described herein could affect our business, financial condition, or future results and the actual outcome of matters as to which forward-looking statements are made. The list of risks is not intended to be exhaustive, and the order in which the risks appear is not intended as an indication of their relative weight or importance. Additional risks and uncertainties not currently known to us, or that we currently deem to be immaterial, also may adversely affect our business, financial condition and/or operating results.

Risks Related to Our Business and Industry

Financial and economic conditions affect the ability of consumers to pay their obligations, which could harm our financial results.

Economic conditions globally and locally directly affect unemployment, credit availability, and real estate values. Adverse conditions, economic changes, and financial disruptions place financial pressure on the consumer, which may reduce our ability to collect on our consumer receivable portfolios and may adversely affect the value of our consumer receivable

portfolios. Further, increased financial pressures on the financially distressed consumer may result in additional regulatory requirements or restrictions on our operations and increased litigation filed against us. These conditions could increase our costs and harm our business, financial condition, and operating results.

Our operating results may be affected by factors that could cause them to fluctuate significantly in the future.

Our operating results will likely vary in the future due to a variety of factors that could affect our revenues and operating expenses. We expect that our operating expenses as a percentage of collections will fluctuate in the future as we expand into new markets, increase our business development efforts, hire additional personnel, and incur increased insurance and regulatory compliance costs. In addition, our operating results have fluctuated and may continue to fluctuate as a result of the factors described below and elsewhere in this Annual Report on Form 10-K:

- the timing and ability of consumers to make payments, including the effects of seasonality and macroeconomic conditions on their ability to pay;
- any charge to earnings resulting from an allowance against the carrying value of our receivable portfolios;
- increases in operating expenses associated with the growth or change of our operations or compliance with increased regulatory and other legal requirements;
- the cost of credit; and
- the supply of receivables portfolios and tax liens for sale on acceptable terms.

Because we recognize revenue on the basis of projected collections on purchased portfolios, we may experience variations in quarterly revenue and earnings due to the timing of portfolio purchases.

We may not be able to purchase receivables at favorable prices, which could limit our growth or profitability.

Our ability to continue to operate profitably depends upon the continued availability of receivable portfolios that meet our purchasing standards and are cost-effective based upon projected collections exceeding our costs. Due, in part, to fluctuating prices for receivable portfolios and competition within the marketplace, there has been considerable variation in our purchasing volume and pricing from quarter to quarter and we expect that to continue. The volume of our portfolio purchases may be limited when prices are high, and may or may not increase when portfolio pricing is more favorable to us. Further, our rates of return may decline when portfolio prices are high. We do not know how long portfolios will be available for purchase on terms acceptable to us, or at all.

The availability of receivable portfolios at favorable prices depends on a number of factors, including:

- defaults in consumer debt;
- continued origination of loans by originating institutions at sufficient volumes;
- continued sale of receivable portfolios by originating institutions and portfolio resellers at sufficient volumes and acceptable price levels;
- competition in the marketplace;
- our ability to develop and maintain favorable relationships with key major credit originators and portfolio resellers;
- our ability to obtain adequate data from credit originators or portfolio resellers to appropriately evaluate the collectability of, estimate the value of, and collect on portfolios; and
- changes in laws and regulations governing consumer lending, bankruptcy, and collections.

In recent periods, portfolio prices have been elevated above historical levels, particularly for fresh portfolios, which are those portfolios transacted within six months of the consumers' accounts being charged off by the financial institution. We believe this elevated pricing is due to a reduction in the supply of charged-off accounts and continued strong demand in the marketplace. We believe that the reduction in supply is partially due to shifts in underwriting standards by financial institutions, which have resulted in lower volumes of charged-off accounts. We believe that this reduction in supply is also the result of certain financial institutions temporarily halting or curtailing their sales of charged-off accounts in response to increased regulatory pressure on financial institutions. Although we have seen moderation in certain instances, we expect pricing will remain at elevated levels for some period of time. We are unable to predict the extent to which these financial institutions will re-commence selling charged-off accounts. Financial institutions might not return to selling charged-off accounts at historical

levels and certain of them could elect to stop selling charged-off accounts permanently. We are taking measures to improve liquidation rates on our purchased portfolios so that we can achieve satisfactory returns on recently purchased portfolios despite their elevated prices. However, there can be no assurance that these measures will be effective in maintaining returns in line with historical levels, or at all.

In addition, because of the length of time involved in collecting charged-off consumer receivables on acquired portfolios and the volatility in the timing of our collections, we may not be able to identify trends and make changes in our purchasing strategies in a timely manner. Ultimately, if we are unable to continually purchase and collect on a sufficient volume of receivables to generate cash collections that exceed our costs or to generate satisfactory returns, our business, financial condition and operating results will be adversely affected.

We may experience losses on portfolios consisting of new types of receivables or receivables in new geographies due to our lack of collection experience with these receivables, which could harm our business, financial condition and operating results.

We continually look for opportunities to expand the classes of assets that make up the portfolios we acquire. Therefore, we may acquire portfolios consisting of assets with which we have little or no collection experience or portfolios of receivables in new geographies where we do not historically maintain an operational footprint. Our lack of experience with these assets may hinder our ability to generate expected levels of profits from these portfolios. Further, our existing methods of collections may prove ineffective for these new receivables, and we may not be able to collect on these portfolios. Our inexperience with these receivables may have an adverse effect on our business, financial condition and operating results.

We may purchase receivable portfolios that are unprofitable or we may not be able to collect sufficient amounts to recover our costs and to fund our operations.

We acquire and service charged-off receivables that the obligors have failed to pay and the sellers have deemed uncollectible and have written off. The originating institutions and/or portfolio resellers generally make numerous attempts to recover on these nonperforming receivables, often using a combination of their in-house collection and legal departments, as well as third-party collection agencies. In order to operate profitably over the long term, we must continually purchase and collect on a sufficient volume of charged-off receivables to generate revenue that exceeds our costs. These receivables are difficult to collect, and we may not be successful in collecting amounts sufficient to cover the costs associated with purchasing the receivables and funding our operations. If we are not able to collect on these receivables, collect sufficient amounts to cover our costs or to generate satisfactory returns, this may adversely affect our business, financial condition and operating results.

Sellers may deliver portfolios that contain accounts that do not meet our account collection criteria and cannot be returned, which could have an adverse effect on our cash flows and our operations.

In the normal course of portfolio acquisitions, some accounts may be included in the portfolios that fail to conform to the terms of the purchase agreements and we may seek to return these accounts to the sellers for refund. However, we generally have a limited time in which to return these accounts to the sellers under the terms of our purchase agreements. In addition, sellers may not be able to meet their contractual obligations to us. Accounts that we are unable to return to sellers may yield no return. If sellers deliver portfolios containing too many accounts that do not conform to the terms of the purchase agreements, we may be unable to collect a sufficient amount and the portfolio purchase could generate lower returns or be unprofitable, which would have an adverse effect on our cash flows and our operations. If cash flows from operations are less than anticipated, our ability to satisfy our debt obligations and purchase new portfolios and, correspondingly, our business, financial condition and operating results, may be adversely affected.

A significant portion of our portfolio purchases during any period may be concentrated with a small number of sellers or resellers, which could adversely affect our volume and timing of purchases.

A significant percentage of our portfolio purchases for any given fiscal quarter or year may be concentrated with a few large sellers, some of which may also involve forward flow arrangements. We cannot be certain that any of our significant sellers will continue to sell charged-off receivables to us on terms or in quantities acceptable to us, or that we would be able to replace these purchases with purchases from other sellers.

A significant decrease in the volume of purchases available from any of our principal sellers on terms acceptable to us would force us to seek alternative sources of charged-off receivables. Further, we have historically complemented our portfolio purchases from credit originators by purchasing portfolios from resellers or through the acquisition of portfolios from competitors looking to exit the market. As consolidation in the market continues, there may be fewer competitors to acquire on favorable terms. In addition, as the regulatory market continues to evolve, increased documentation requirements for collecting on portfolios may make purchasing accounts through resellers more difficult. Several larger issuers have also begun to prohibit resale of portfolios.

We may be unable to find alternative sources from which to purchase charged-off receivables, and even if we could successfully replace these purchases, the search could take time and the receivables could be of lower quality, cost more, or both, any of which could adversely affect our business, financial condition and operating results.

We face intense competition that could impair our ability to maintain or grow our purchasing volumes.

The charged-off receivables purchasing market is highly competitive and fragmented. We compete with a wide range of other purchasers of charged-off consumer receivables. To the extent our competitors are able to better maximize recoveries on their assets or are willing to accept lower rates of return, we may not be able to grow or sustain our purchasing volumes or we may be forced to acquire portfolios at expected rates of return lower than our historical rates of return. Some of our competitors may obtain alternative sources of financing at more favorable rates than those available to us, the proceeds from which may be used to fund expansion and to increase the amount of charged-off receivables they purchase.

Barriers to entry into the consumer debt collection industry have traditionally been low. More recently, increased regulatory standards have made entry into the market more difficult and have resulted in sellers of charged-off consumer receivables being more selective with buyers in the marketplace. Companies with greater financial resources than we have may elect at a future date to enter the market for charged-off consumer receivables. We believe that the entrance of new market participants in our industry could lead to additional upward pricing pressure on charged-off consumer receivables as a result of increased demand, but also because new purchasers may pay higher prices for the portfolios than more experienced purchasers would due to a lack of experience, data and analytics necessary to properly assess risks and return potential of the portfolios or a desire to add size to their existing operations.

We face bidding competition in our acquisition of charged-off consumer receivables. We believe that successful bids are predominantly awarded based on price and, to a lesser extent, based on service, reputation, and relationships with the sellers of charged-off receivables. Some of our current competitors, and potential new competitors, may have more effective pricing and collection models, greater adaptability to changing market needs, and more established relationships in our industry than we do. Moreover, our competitors may elect to pay prices for portfolios that we determine are not economically sustainable and, in that event, we may not be able to continue to offer competitive bids for charged-off receivables.

If we are unable to develop and expand our business or to adapt to changing market needs as well as our current or future competitors, we may experience reduced access to portfolios of charged-off consumer receivables in sufficient face value amounts at appropriate prices, which could adversely affect our business, financial condition and operating results.

The statistical models we use to project remaining cash flows from our receivable portfolios may prove to be inaccurate and, if so, our financial results may be adversely affected.

For our U.S. accounts, we use our internally developed statistical models to project the remaining cash flows from our receivable portfolios. These models consider known data about our consumers' accounts, including, among other things, our collection experience and changes in external consumer factors, in addition to data known when we acquired the accounts. However, we may not be able to achieve the collections forecasted by our models. For our accounts serviced by Cabot, we use Cabot's internally developed models to project the remaining cash flows from its receivable portfolios. If we are not able to achieve the levels of forecasted collection, our revenues will be reduced or we may be required to record an allowance charge, which may adversely affect our business, financial condition and operating results.

We may incur allowance charges based on the authoritative accounting guidance for loans and debt securities acquired with deteriorated credit quality.

We account for our portfolio revenue in accordance with the authoritative accounting guidance for loans and debt securities acquired with deteriorated credit quality. The authoritative guidance limits the revenue that may be accrued to the excess of the estimate of expected future cash flows over a portfolio's initial cost and requires that the excess of the contractual cash flows over the expected cash flows not be recognized as an adjustment of revenue, expense, or on the balance sheet. The authoritative accounting guidance also freezes the IRR originally estimated when the receivable portfolios are purchased and, rather than lower the estimated IRR if the expected future cash flow estimates are decreased, the carrying value of our receivable portfolios would be written down to maintain the then-current IRR. Increases in expected future cash flows would be recognized prospectively through an upward adjustment of the IRR over a portfolio's remaining life. Any increased yield then becomes the new benchmark for allowance testing. Since the authoritative accounting guidance does not permit yields to be lowered, there is an increased probability of us having to incur allowance charges in the future, which would adversely affect our business, financial condition and operating results.

If our goodwill or amortizable intangible assets become impaired we may be required to record a significant charge to earnings.

As of December 31, 2015, we carry approximately $924.8 million in goodwill and approximately $16.2 million in amortizable intangible assets. Under authoritative guidance, we review our goodwill for potential impairment at least annually,

and review our amortizable intangible assets for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors that may indicate that the carrying value of our goodwill or amortizable intangible assets may not be recoverable include adverse changes in estimated future cash flows, growth rates and discount rates. We may be required to record a significant charge in our financial statements during the period in which any impairment of our goodwill or amortizable intangible assets is determined, which could adversely affect our business, financial condition and operating results.

Our business is subject to extensive laws and regulations, which have increased and may continue to increase.

As noted in detail in “Item 1 - Part 1 - Business - Government Regulation” of this Annual Report on Form 10-K, extensive laws and regulations directly apply to key portions of our business. Our failure or the failure of third-party agencies and attorneys, or the credit originators or portfolio resellers selling receivables to us, to comply with existing or new laws, rules, or regulations could limit our ability to recover on receivables, affect the willingness of financial institutions to sell portfolios to us, cause us to pay damages to consumers or result in fines or penalties, which could reduce our revenues, or increase our expenses, and consequently adversely affect our business, financial condition and operating results.

We sometimes purchase accounts in asset classes that are subject to industry-specific and/or issuer-specific restrictions that limit the collection methods that we can use on those accounts. Further, we have seen a trend in laws, rules and regulations requiring increased availability of historic information about receivables in order to collect. If credit originators or portfolio resellers are unable or unwilling to meet these evolving requirements, we may be unable to collect on certain accounts. Our inability to collect sufficient amounts from these accounts, through available collections methods, could adversely affect our business, financial condition and operating results.

In addition, the CFPB has recently engaged in enforcement activity in sectors adjacent to our industry, impacting credit originators, collection firms, and payment processors, among others. Enforcement activity in these spaces by the CFPB or others, especially in the absence of clear rules or regulatory expectations, may be disruptive to third parties as they attempt to define appropriate business practices. As a result, certain commercial relationships we maintain may be disrupted or impacted by changes in third-parties’ business practices or perceptions of elevated risk relating to the debt collection industry, which could reduce our revenues, or increase our expenses, and consequently adversely affect our business, financial condition and operating results.

Additional consumer protection or privacy laws, rules and regulations may be enacted, or existing laws, rules or regulations may be reinterpreted or enforced in a different manner, imposing additional restrictions or requirements on the collection of receivables or the facilitation of tax liens. For example, there have been assertions that various provisions of the Truth in Lending Act and its implementing regulations apply to Propel’s business operations in certain states, depending on the method by which the Tax Liens are acquired. While Propel believes these assertions are without merit, a determination that the Truth in Lending Act applies to any of Propel’s operations would subject Propel to new regulatory requirements, which could adversely affect Propel’s business, financial condition and operating results.

The implementation of the Dodd-Frank Wall Street Reform and Consumer Protection Act has subjected and will continue to subject us to substantial additional federal regulation, and we cannot predict the effect of this regulation on our business, financial condition and operating results.

Federal and state consumer protection, privacy, and related laws and regulations extensively regulate the relationship between debt collectors and consumers. In addition, federal and state laws may limit our ability to purchase or recover on our consumer receivables regardless of any act or omission on our part. On July 21, 2010, the Dodd-Frank Act was enacted. Title X of the Dodd-Frank Act (also referred to as the Consumer Financial Protection act or “CFPA”) established the CFPB. Pursuant to the Dodd-Frank Act, the CFPB has rulemaking, supervisory, enforcement, and other authorities relating to consumer financial products and services, including debt collection. We generally are subject to the CFPB’s rulemaking, supervisory, and enforcement authority.

Given the uncertainty associated with how provisions of the Dodd-Frank Act will be implemented and enforced by the CFPB and various regulatory agencies, the full extent of the impact that these requirements will have on us is unclear. Changes resulting from the Dodd-Frank Act may affect the profitability of business activities, require changes to certain business practices, or otherwise adversely affect our business. In particular, we expect an increase in the cost of operating due to greater regulatory oversight, supervision, and compliance with consumer debt servicing and collection practices.

Subject to the provisions of the Dodd-Frank Act, the CFPB has responsibility to implement and enforce “federal consumer financial law,” and to examine regulated entities for compliance with such law Those laws include, among others, (1) Title X itself, which prohibits unfair, deceptive, or abusive acts or practices in connection with consumer financial products and services, and (2) “enumerated consumer laws” (and their implementing regulations), which include the FDCPA, the FCRA, and others.

The CFPB's authorities include the ability to issue regulations under various federal statutes that affect the collection industry, including the FDCPA, FCRA, and others. This means, for example, that the CFPB has the ability to adopt rules that interpret any of the provisions of the FDCPA, potentially affecting all facets of debt collection, and our activities. On November 12, 2013, the CFPB published in the Federal Register an Advance Notice of Proposed Rulemaking seeking comments, data, and information from the public about debt collection practices to help it determine what rules and other CFPB actions, if any, would be useful under the FDCPA and the Dodd-Frank Act's general prohibition against unfair, deceptive, and abusive acts or practices.

In addition, the CFPB has issued guidance in the form of bulletins on debt collection and credit furnishing activities generally, including one that specifically addresses representations regarding credit reports and credit scores during the debt collection process, and another that focuses on the application of the CFPA's prohibition of "unfair, deceptive, or abusive" acts or practices on debt collection. The CFPB also accepts debt collection consumer complaints and released template letters for consumers to use when corresponding with debt collectors. The CFPB makes publicly available its data on consumer complaints, and consumer complaints against us could result in reputational damage to us. The Dodd-Frank Act also mandates the submission of multiple studies and reports to Congress by the CFPB, and CFPB staff regularly make speeches on topics related to credit and debt. All of these activities could trigger additional legislative or regulatory action.

The CFPB is authorized to supervise and conduct examinations of our business practices. The prospect of supervision has increased the potential consequences of noncompliance with federal consumer financial law. The CFPB can also conduct hearings and adjudication proceedings, conduct investigations, either unilaterally or jointly with other state and federal regulators, to determine if federal consumer financial law has been violated. The CFPB has authority to impose monetary penalties for violations of applicable federal consumer financial laws (including Title X of the Dodd-Frank Act, FDCPA, and FCRA, among other consumer protection statutes), require remediation of practices, and pursue enforcement actions. The CFPB also has authority to obtain cease and desist orders (which can include orders for restitution or rescission of contracts, as well as other kinds of affirmative relief), costs, and monetary penalties ranging from $5,000 per day for ordinary violations of federal consumer financial laws to $25,000 per day for reckless violations and $1 million per day for knowing violations. In addition, where a company has violated Title X of the Dodd-Frank Act or CFPB regulations implemented under Title X of the Dodd-Frank Act, the Dodd-Frank Act empowers state Attorneys General and state regulators to bring civil actions to remedy violations of state law. The CFPB has been active in its supervision, examination and enforcement of financial services companies, including bringing enforcement actions imposing fines and mandating large refunds to customers of several financial institutions for practices relating to debt collection practices.

On September 9, 2015, we entered into a consent order (the "Consent Order") with the CFPB in which we settled allegations arising from our practices between 2011 and 2015. The Consent Order includes obligations on us to, among other things: (1) follow certain specified operational requirements, substantially all of which are already part of our current operations; (2) submit to the CFPB for review a comprehensive plan designed to ensure that our debt collection practices comply with all applicable federal consumer financial laws and the terms of the Consent Order; (3) pay redress to certain specified groups of consumers; and (4) pay a civil monetary penalty. We will continue to cooperate and engage with the CFPB and work to ensure compliance with the Consent Order. In addition, we are subject to ancillary state attorney general investigations related to similar debt collection practices.

We incurred a one-time, after-tax charge of approximately $43 million in the third quarter of 2015. We believe this charge will cover all related impacts of the Consent Order, including civil monetary penalties, restitution, any such ancillary state regulatory matters, legal expenses and portfolio allowance charges on several pool groups due to the impact on our current estimated remaining collections related to our existing receivable portfolios. We anticipate that after this one-time charge, any future earnings impact will be immaterial.

If the CFPB, the FTC, acting under the FTCA or other applicable statute such as the FDCPA, or one or more state Attorneys General or state regulators believe that we have violated any of the applicable laws or regulations, they could exercise their enforcement powers in ways that could have an adverse effect on our business, financial condition and operating results.

We expect that we will be required to invest significant management attention and resources to continue to evaluate, develop, and make any changes to our policies and procedures necessary to comply with new statutory and regulatory requirements under the Dodd-Frank Act or other applicable laws, which may negatively affect our results of operations, cash flows, and our financial condition. However, we cannot predict the scope and substance of the regulations, guidance, and policies ultimately adopted by the CFPB related to our activities. The CFPB continues to initiate rulemakings, issue regulatory guidance and bulletins, and exercise its supervisory and enforcement authority. It is therefore unclear at this time what effect these regulations will have on financial markets generally, original creditors, or our business and service providers; the additional costs associated with compliance with these regulations; or what changes, if any, to our operations may be necessary to comply with the CFPB's expectations or the Dodd-Frank Act. Any of these factors could have an adverse effect on our business, financial condition and operating results.

Failure to comply with government regulation could result in the suspension or termination of our ability to conduct business, may require the payment of significant fines and penalties, or require other significant expenditures.

The collections industry is heavily regulated under various federal, state, and local laws, rules, and regulations. Many states and several cities require that we be licensed as a debt collection company. The CFPB, FTC, state Attorneys General and other regulatory bodies have the authority to investigate a variety of matters, including consumer complaints against debt collection companies, and can bring enforcement actions and seek monetary penalties, consumer restitution, and injunctive relief. If we, or our third-party collection agencies or law firms fail to comply with applicable laws, rules, and regulations, including, but not limited to, identity theft, privacy, data security, the use of automated dialing equipment, laws related to consumer protection, debt collection, and laws applicable to specific types of debt, it could result in the suspension or termination of our ability to conduct collection operations, which would adversely affect us. Further, our ability to collect our receivables may be affected by state laws, which require that certain types of account documentation be presented prior to the institution of any collection activities. In addition, new federal, state or local laws or regulations, or changes in the ways these rules or laws are interpreted or enforced, could limit our activities in the future and/or significantly increase the cost of regulatory compliance. Finally, our operations outside the United States are subject to foreign and U.S. laws and regulations that apply to our international operations, including the Foreign Corrupt Practices Act, the U.K. Bribery Act and other local laws prohibiting corrupt payments to government officials. Violations of these laws and regulations could result in fines and penalties, criminal sanctions, prohibitions on the conduct of our business and reputational damage. Any of the foregoing could have an adverse effect on our business, financial condition and operating results.

Investigations or enforcement actions by governmental authorities may result in changes to our business practices, negatively affect our portfolio purchasing volume, make collections more difficult or expose us to the risk of fines, penalties, restitution payments and litigation.

Our business practices may be subject to review from time to time by various governmental authorities. These reviews may involve governmental authority consideration of individual consumer complaints, or could involve a broader review of our debt collection policies and practices. These investigations could lead to assertions by governmental authorities that we are not complying with applicable laws or regulations, in which case authorities may request or seek to impose a range of remedies that could involve potential compensatory or punitive damage claims, fines, restitutionary payments, sanctions or injunctive relief. Government authorities could also request, or we may agree to change, practices that we believe are compliant with applicable law and regulations in order to respond to the concerns of governmental authorities. In addition, negative publicity relating to investigations or proceedings brought by governmental authorities could have an adverse effect on our reputation, could impair our relationships with industry participants, and could result in financial institutions reducing or eliminating sales of portfolios to us. Further, responding to governmental inquiries and investigations and defending lawsuits or other proceedings could require significant expenditures and could divert management's attention from our business operations. Any of the foregoing could have an adverse effect on our business, financial condition and operating results.

Changes to the regulatory regime to which Cabot is subject may adversely affect our business, financial condition and operating results.

Cabot's operations are subject to substantial regulations, and the regulatory regime to which it is subject may experience changes. The Financial Conduct Authority ("FCA") implemented an interim permission regime whereby businesses that held a consumer credit license were required to register with the FCA for interim permission before March 31, 2014 in order to continue consumer credit activities after April 1, 2014. The interim permission regime is expected to continue until April 1, 2017, and during this time businesses will be called upon at different intervals to apply for authorization to be fully regulated by the FCA. Cabot currently has all regulatory licenses, permissions, registrations and authorizations in place with the relevant regulatory bodies in order to provide and continue debt purchase and collection activities, including holding interim permission with the FCA.

Cabot applied for full authorization of its business with the FCA in March 2015. The FCA typically has 12 months to consider an application for full authorization. Therefore, Cabot expects the final decision by the FCA regarding its application in March 2016. The FCA may take any one of the following actions with Cabot's application: (1) the FCA may authorize Cabot to continue debt purchasing, collecting and associated credit activities without further conditions; (2) the FCA may authorize Cabot subject to certain conditions, which will require Cabot to take certain actions to either remediate or comply with the FCA's conditions; (3) the FCA may require that certain improvements to Cabot's processes be made as a precursor to authorization, or appoint a skilled person elected by the FCA to investigate, examine and oversee Cabot's operations, at Cabot's cost; or (4) the FCA may decline to authorize Cabot. In addition to the application for full authorization of its business with the FCA, Cabot will be required to apply to the FCA to appoint certain individuals who have significant control or influence over the management of the business, known as "Approved Persons," and who will jointly and severally be liable for the acts and omissions of the company and its business affairs. Approved Persons will be subject to statements of principle and codes of practice established and enforced by the FCA. The FCA may take the following action in connection with the application for

Approved Persons: (a) authorize the Approved Person without further conditions; (b) refuse to authorize the Approved Person; (c) request that the applicant undertake further qualifications before it authorizes a person to become an Approved Person; or (d) ban a person from acting as an Approved Person for a period of time or for life.

The FCA has adopted detailed rules relating to conducting consumer credit activities, in addition to putting in place high level principles and conditions to which it expects businesses and Approved Persons in the sector to adhere. The FCA has significantly greater powers than the OFT, including, but not limited to, the ability to impose significant fines, ban certain individuals from carrying on trade within the financial services industry, impose requirements on a firm's permission, and cease certain products from being collected upon.

Furthermore, the regulatory regime in the United Kingdom relating to the protection of consumers from unfair terms and practices has also undergone changes. In October 2015, the U.K. Parliament introduced new laws, which reformed most of the previous U.K. consumer laws and was largely driven by the European Commission's Directive for Consumer Rights. The U.K. Consumer Rights Act 2015 provides for enhanced consumer measures that can be imposed on businesses and gives greater protection to U.K. consumers from unfair business practices and unfair terms in consumer agreements.

Finally, the manner in which court claims are conducted in England and Wales in connection with the recovery of debt may be subject to significant changes. In September 2014, the Civil Procedure Rules Committee ("CPRC"), an advisory public body set up by statute and sponsored by the U.K. Ministry of Justice, issued a consultation on proposals to introduce a designated pre-action protocol for court claims for the recovery of debt. Due to the amount of responses from the industry against the introduction of a dedicated protocol, the CPRC created a dedicated sub-committee with industry and consumer group stakeholders. As a consequence, the CPRC issued an updated consultation in September 2015 in order to seek balance between the interests of the industry and consumer groups. If adopted in its current form, the consultation would require all debt collection entities and law firms instructed and acting on behalf of such entities to disclose significant amounts of information relating to the credit agreement and the state of such credit agreement to a consumer prior to being able to progress a claim to court. In some circumstances, issuers of debt may not be able to provide this information and, as neither Cabot nor its competitors currently maintain documentation to satisfy such obligations, the protocol may limit Cabot's ability to commence court proceedings to recover a debt. Certain other requirements are proposed, which may significantly increase the costs and time to initiate a court claim. Cabot, together with other key industry representatives and trade bodies that are all affected by the proposals, has issued an updated response to the consultation, which is still under consideration. If the CPRC decide to release an updated protocol, it is anticipated that such protocol will be released during 2016 or 2017.

It is not yet possible to predict the precise impact that the above-referenced changes will have on Cabot. It is likely that the rules and regulations applicable to Cabot, and the burden of regulatory scrutiny to which Cabot is subject, will continue to increase. The FCA's imposition of additional requirements on Cabot's operations or failure to authorize Cabot's collection activities, the addition, reinterpretation or enforcement of any laws, rules, regulations, or protocols , or increased enforcement of existing consumer protection or privacy laws, rules and regulations, may adversely affect our ability to collect on receivables and may increase our costs associated with regulatory compliance, which could adversely affect our business, financial condition and operating results.

Our business, financial condition and operating results may be adversely affected if consumer bankruptcy filings increase or if bankruptcy laws change.

Our business model may be uniquely vulnerable to an economic recession, which typically results in an increase in the amount of defaulted consumer receivables, thereby contributing to an increase in the amount of personal bankruptcy filings. Under certain bankruptcy filings, a consumer's assets are sold to repay credit originators, with priority given to holders of secured debt. Since the defaulted consumer receivables we purchase are generally unsecured, we often are not able to collect on those receivables. In addition, since we purchase receivables that may have been delinquent for a long period of time, this may be an indication that many of the consumers from whom we collect will be unable to pay their debts going forward and are more likely to file for bankruptcy in an economic recession. Furthermore, potential changes to existing bankruptcy laws could contribute to an increase in consumer bankruptcy filings. We cannot be certain that our collection experience would not decline with an increase in consumer bankruptcy filings. If our actual collection experience with respect to a defaulted consumer receivable portfolio is significantly lower than we projected when we purchased the portfolio, our business, financial condition and operating results could be adversely affected.

We are dependent upon third parties to service a substantial portion of our consumer receivable portfolios.

We use outside collection services to collect a substantial portion of our charged-off receivables. We are dependent upon the efforts of third-party collection agencies and attorneys to help service and collect our charged-off receivables. Our third-party collection agencies and attorneys could fail to perform collection services for us adequately, remit those collections to us or otherwise perform their obligations adequately. In addition, one or more of those third-party collection agencies or attorneys could cease operations abruptly or become insolvent, or our relationships with such collection agencies or attorneys may otherwise change adversely. Further, we might not able to secure replacement third-party collection agencies or attorneys or

promptly transfer account information to our new third-party collection agencies, attorneys or in-house in the event our agreements with our third-party collection agencies and attorneys were terminated. Any of the foregoing factors could cause our business, financial condition and operating results to be adversely affected.

Increases in costs associated with our collections through collection litigation can raise our costs associated with our collection strategies and the individual lawsuits brought against consumers to collect on judgments in our favor.

We hire in-house counsel and contract with a nationwide network of attorneys that specialize in collection matters. In connection with collection litigation, we advance certain out-of-pocket court costs, which we refer to as deferred court costs. These court costs may be difficult or impossible to collect, and we may not be successful in collecting amounts sufficient to cover the amounts deferred in our financial statements. If we are not able to recover these court costs, our business, financial condition and operating results may be adversely affected.

Further, we have substantial collection activity through our legal channel and, as a consequence, increases in deferred court costs, increases in costs related to counterclaims, and an increase in other court costs may increase our costs in collecting on these accounts, which may have an adverse effect on our business, financial condition and operating results.

Our network of third-party agencies and attorneys may not utilize amounts collected on our behalf or amounts we advance for court costs in the manner for which they were intended.

In the normal course of operations, our third-party collection agencies and attorneys collect funds on our behalf. These third parties may fail to remit amounts owed to us in a timely manner or at all. Additionally, we advance court costs to our third-party attorneys, which are intended for their use in filing lawsuits on our behalf. These third-party attorneys may misuse some or all of the funds we advance to them. Our ability to recoup our funds may be diminished if these third parties become insolvent or enter into bankruptcy proceedings. If we are not able to recover these funds, our business, financial condition and operating results may be adversely affected.

A significant portion of our collections relies upon our success in individual lawsuits brought against consumers and our ability to collect on judgments in our favor.

We generate a significant portion of our revenue by collecting on judgments that are granted by courts in lawsuits filed against consumers. A decrease in the willingness of courts to grant these judgments, a change in the requirements for filing these cases or obtaining these judgments, or a decrease in our ability to collect on these judgments could have an adverse effect on our business, financial condition and operating results. As we increase our use of the legal channel for collections, our short-term margins may decrease as a result of an increase in upfront court costs and costs related to counter claims. We may not be able to collect on certain aged accounts because of applicable statutes of limitations and we may be subject to adverse effects of regulatory changes. Further, courts in certain jurisdictions require that a copy of the account statements or applications be attached to the pleadings in order to obtain a judgment against consumers. If we are unable to produce those account documents, these courts could deny our claims, and our business, financial condition and operating results may be adversely affected.

We are subject to ongoing risks of regulatory investigations and litigation, including individual and class action lawsuits, under consumer credit, consumer protection, theft, privacy, collections, and other laws, and we may be subject to awards of substantial damages or be required to make other expenditures or change our business practices as a result.

We operate in an extremely litigious climate and currently are, and may in the future be, named as defendants in litigation, including individual and class action lawsuits under consumer credit, consumer protection, theft, privacy, data security, automated dialing equipment, debt collections, and other laws. Many of these cases present novel issues on which there is no clear legal precedent, which increases the difficulty in predicting both the potential outcomes and costs of defending these cases. We are subject to ongoing risks of regulatory investigations, inquiries, litigation, and other actions by the CFPB, FTC, state Attorneys General, or other governmental bodies relating to our activities. These litigation and regulatory actions involve potential compensatory or punitive damage claims, fines, costs, sanctions, civil monetary penalties, consumer restitution, or injunctive relief, as well as other forms of relief, that could require us to pay damages, make other expenditures or result in changes to our business practices. Any changes to our business practices could result in lower collections, increased cost to collect or reductions in estimated remaining collections. Actual losses incurred by us in connection with judgments or settlements of these matters may be more than our associated reserves. Further, defending lawsuits and responding to governmental inquiries or investigations, regardless of their merit, could be costly and divert management’s attention from the operation of our business. All of these factors could have an adverse effect on our business, financial condition and operating results.

Negative publicity associated with litigation, governmental investigations, regulatory actions, and other public statements could damage our reputation.

From time to time there are negative news stories about our industry or company, especially with respect to alleged conduct in collecting debt from consumers. These stories may follow the announcements of litigation or regulatory actions involving us or others in our industry. Negative publicity about our alleged or actual debt collection practices or about the debt collection industry in general could adversely affect our stock price, our position in the marketplace in which we compete, and our ability to purchase charged-off receivables, any of which could have an adverse effect on our business, financial condition and operating results.

We may make acquisitions that prove unsuccessful or our time spent on mergers, acquisitions or joint venture activities may strain or divert our resources.

From time to time, we may make acquisitions of, or otherwise invest in, other companies that could complement our business, including the acquisition of entities in diverse geographic regions and entities offering greater access to businesses and markets that we do not currently serve. We may not be able to successfully acquire other businesses and the acquisitions we make may be unprofitable or may take some time to achieve profitability. In addition, we may not successfully operate the businesses that we acquire, or may not successfully integrate these businesses with our own, which may result in our inability to maintain our goals, objectives, standards, controls, policies, culture, or profitability. Also, minority shareholders in certain entities that we have acquired have the right, at certain times, to require us to acquire their ownership interest in those entities at fair value, while others have the right to force a sale of the entity if we choose not to purchase their interests at fair value, which could result in additional constraints on our resources. Through acquisitions, we may enter markets in which we have limited or no experience. Any acquisition may result in a potentially dilutive issuance of equity securities, and the incurrence of additional debt which could reduce our profitability. In addition, our time spent on mergers and acquisitions activities and integrating acquired businesses may place additional constraints on our resources and divert the attention of our management from other business concerns, which may adversely affect our business, financial condition and operating results.

We are dependent on our management team for the adoption and implementation of our strategies and the loss of its services could have an adverse effect on our business.

Our management team has considerable experience in finance, banking, consumer collections, and other industries. We believe that the expertise of our executives obtained by managing businesses across numerous other industries has been critical to the enhancement of our operations. Our management team has created a culture of new ideas and progressive thinking, coupled with increased use of technology and statistical analysis. The management teams at each of our operating subsidiaries are also important to the success of their respective operations. The loss of the services of one or more key members of management could disrupt our collective operations and seriously impair our ability to continue to acquire or collect on portfolios of charged-off receivables and to manage and expand our business, any of which could have an adverse effect on business, financial condition and operating results.

Regulatory, political, and economic conditions in the foreign countries in which we operate or may operate in the future expose us to risk, including loss of business.

A significant element of our business strategy is to continue to develop and expand operations in countries outside of the United States. While wage costs in certain countries in which we operate or may operate in the future are significantly lower than in the United States, the United Kingdom and other industrialized countries for comparably skilled workers, wages are increasing at a faster rate than in the United States or the United Kingdom, and we experience or may experience higher employee turnover in operations in those countries than is typical in our U.S. or U.K. locations. The continuation of these trends could reduce the cost savings we sought to achieve by establishing a portion of our operations outside of the United States. We may be adversely affected by changes in inflation, exchange rate fluctuations, interest rates, tax provisions, social stability or other political, economic or diplomatic developments in or affecting these countries in the future. Changes in the business or regulatory climate of these countries could have an adverse effect on our business, financial condition and operating results.

We may not be able to manage our growth effectively, including the expansion of our foreign operations.

We have expanded significantly in recent years. Continued growth will place additional demands on our resources, and we cannot be sure that we will be able to manage our growth effectively. For example, continued growth could place strains on our management, operations, and financial resources that our infrastructure, facilities, and personnel may not be able to adequately support. In addition, the recent expansion of our foreign operations subjects us to a number of additional risks and uncertainties, including:

- compliance with and changes in international laws, including regulatory and compliance requirements that could affect our business;

- increased exposure to U.S. laws that apply abroad, such as the Foreign Corrupt Practices Act and the U.K .Bribery Act;
- social, political and economic instability or recessions;
- fluctuations in foreign economies and currency exchange rates;
- difficulty in hiring, staffing and managing qualified and proficient local employees and advisors to run international operations;
- the difficulty of managing and operating an international enterprise, including difficulties in maintaining effective communications with employees due to distance, language, and cultural barriers;
- difficulties implementing and maintaining effective internal controls and risk management and compliance initiatives;
- potential disagreements with our joint venture business partners;
- differing labor regulations and business practices; and
- foreign tax consequences.

To support our growth and improve our international operations, we continue to make investments in infrastructure, facilities, and personnel in our operations; however, these additional investments may not be successful or our investments may not produce profitable results. If we cannot manage our growth effectively, our business, financial condition and operating results may be adversely affected.

If our technology and telecommunications systems were to fail, or if we are not able to successfully anticipate, invest in, or adopt technological advances within our industry, it could have an adverse effect on our operations.

Our success depends in large part on sophisticated computer and telecommunications systems. The temporary or permanent loss of our computer and telecommunications equipment and software systems, through casualty, operating malfunction, software virus, or service provider failure, could disrupt our operations. In the normal course of our business, we must record and process significant amounts of data quickly and accurately to properly bid on prospective acquisitions of receivable portfolios and to access, maintain, and expand the databases we use for our collection activities. Any simultaneous failure of our information systems and their backup systems would interrupt our business operations.

In addition, our business relies on computer and telecommunications technologies, and our ability to integrate new technologies into our business is essential to our competitive position and our success. We may not be successful in anticipating, investing in, or adopting technological changes on a timely or cost-effective basis. Computer and telecommunications technologies are evolving rapidly and are characterized by short product life cycles.

We continue to make significant modifications to our information systems to ensure that they continue to be adequate for our current and foreseeable demands and continued expansion, and our future growth may require additional investment in these systems. These system modifications may exceed our cost or time estimates for completion or may be unsuccessful. If we cannot update our information systems effectively, our business, financial condition and operating results may be adversely affected.

In the event of a cyber security breach or similar incident, our business and operations could suffer.

We rely on information technology networks and systems to process and store electronic information. We collect and store sensitive data, including personally identifiable information of our consumers, on our information technology networks. Despite the implementation of security measures, our information technology networks and systems may be vulnerable to disruptions and shutdowns due to attacks by hackers or breaches due to malfeasance by contractors, employees and others who have access to our networks and systems. The occurrence of any of these cyber security events could compromise our networks and the information stored on our networks could be accessed. Any such access could disrupt our operations or result in legal claims, liability, reputational damage or regulatory penalties under laws protecting the privacy of personal information, any of which could adversely affect our business, financial condition and operating results.

We rely on third parties to provide us with services in connection with certain aspects of our business, and any failure by these third parties to perform their obligations, or our inability to arrange for alternative third party providers for such services, could have an adverse effect on our business, financial condition and operating results.

We have entered into agreements with third parties to provide us with services in connection with our business, including payment processing, credit card authorization and processing, payroll processing, record keeping for retirement and benefit plans and certain information technology functions. Any failure by a third party to provide us with contracted services on a timely basis or within service level expectations and performance standards may have an adverse effect on our business, financial condition and operating results. In addition, we may be unable to find, or enter into agreements with, suitable replacement third party providers for such services, which could adversely affect our business, financial condition and operating results.

We may not be able to adequately protect the intellectual property rights upon which we rely and, as a result, any lack of protection may diminish our competitive advantage.

We rely on proprietary software programs and valuation and collection processes and techniques, and we believe that these assets provide us with a competitive advantage. We consider our proprietary software, processes, and techniques to be trade secrets, but they are not protected by patent or registered copyright. We may not be able to protect our technology and data resources adequately, which may diminish our competitive advantage, which may, in turn, adversely affect our business, financial condition and operating results.

Exchange rate fluctuations could adversely affect our business, financial condition and operating results.

Because we conduct some business in currencies other than U.S. dollars but report our financial results in U.S. dollars, we face exposure to fluctuations in currency exchange rates upon translation of these business results into U.S. dollars. In the normal course of business, we employ various strategies to manage these risks, including the use of derivative instruments. These strategies may not be effective in protecting us against the effects of fluctuations from movements in foreign exchange rates. Fluctuations in the foreign currency exchange rates could adversely affect our business, financial condition and operating results.

Taxes could adversely affect our results of operations, cash flows and financial condition.

We are subject to taxes in the United States and, increasingly, in foreign jurisdictions. Significant judgment is required in determining our worldwide provision for taxes. We regularly are under audit by tax authorities, and economic and political pressures to increase tax revenues in various jurisdictions may make resolving tax disputes more difficult. The final determination of tax audits and any related litigation could be different from our historical income tax provisions and accruals. In addition, potential adverse tax consequences could limit our ability to repatriate funds held in jurisdictions outside of the United States. Moreover, there may be unfavorable changes in the tax laws (or in the interpretation thereof) in the future. Accordingly, taxes could have an adverse effect on our results of operations, cash flows and financial condition.

Risks Related to Our Indebtedness and Common Stock

Our significant indebtedness could adversely affect our financial health and could harm our ability to react to changes to our business.

As described in greater detail in Note 9, “Debt” to our consolidated financial statements, as of December 31, 2015, our total long-term indebtedness outstanding was approximately $3.2 billion, which includes $1.7 billion of debt at our Cabot subsidiary. Our substantial indebtedness could have important consequences to investors. For example, it could:

- increase our vulnerability to general economic downturns and industry conditions;
- require us to dedicate a substantial portion of our cash flow from operations to payments on our indebtedness, thereby reducing the availability of our cash flow to fund working capital, capital expenditures and other general corporate requirements;
- limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;
- place us at a competitive disadvantage compared to competitors that have less debt;
- increase our exposure to market and regulatory changes that could diminish the amount and value of our inventory that we borrow against under our secured credit facilities; and
- limit, along with the financial and other restrictive covenants contained in the documents governing our indebtedness, our ability to borrow additional funds, make investments and incur liens, among other things.

Any of these factors could adversely affect our business, financial condition and operating results. If we do not have sufficient earnings to service our debt, we may be required to refinance all or part of our existing debt, sell assets, borrow more money, or sell securities, none of which we can guarantee we will be able to do.

Servicing our indebtedness requires a significant amount of cash, and we may not have sufficient cash flow from our business to pay our substantial indebtedness.

Our ability to make scheduled payments of the principal of, to pay interest on or to refinance our indebtedness or to make cash payments in connection with any conversion of our convertible notes depends on our future performance, which is subject to economic, financial, competitive and other factors beyond our control. Our business may not continue to generate cash flow from operations in the future sufficient to service our indebtedness and make necessary capital expenditures. If we are unable to generate adequate cash flow, we may be required to adopt one or more alternatives, such as selling assets, restructuring indebtedness or obtaining additional equity capital on terms that may be onerous or highly dilutive. Our ability to refinance our indebtedness will depend on the capital markets and our financial condition at that time. We may not be able to engage in any of these activities or engage in these activities on desirable terms, which could result in a default on our debt obligations which could, in turn, adversely affect our business, financial condition and operating results.

Despite our current indebtedness levels, we may still incur substantially more indebtedness or take other actions which would intensify the risks discussed above.

Despite our current consolidated indebtedness levels, we and our subsidiaries may be able to incur substantial additional indebtedness in the future, some of which may be secured indebtedness under our Second Amended and Restated Credit Agreement (as amended, the "Restated Credit Agreement"), subject to the restrictions contained in our debt instruments. We are not restricted under the terms of the indentures governing our convertible notes from incurring additional indebtedness, securing existing or future indebtedness, recapitalizing our indebtedness or taking a number of other actions that could have the effect of diminishing our ability to make payments on our indebtedness. Although the Restated Credit Agreement and some of our other existing debt currently limit the ability of us and certain of our subsidiaries to incur additional indebtedness, these restrictions are subject to a number of qualifications and exceptions and, under certain circumstances, additional indebtedness incurred in compliance with these restrictions, including additional secured indebtedness, could be substantial. Also, these restrictions will not prevent us from incurring obligations that do not constitute indebtedness. To the extent new indebtedness or other new obligations are added to our current levels, the risks described above could intensify. Moreover, if the facilities under the Restated Credit Agreement are repaid or mature, we may not be subject to similar restrictions under the terms of any subsequent indebtedness.

We may not be able to continue to satisfy the covenants in our debt agreements.

Our debt agreements impose a number of covenants, including restrictive covenants on how we operate our business. Failure to satisfy any one of these covenants could result in negative consequences including the following, each of which could have an adverse effect on our business, financial condition and operating results:

- acceleration of outstanding indebtedness;
- exercise by our lenders of rights with respect to the collateral pledged under certain of our outstanding indebtedness;
- our inability to continue to purchase receivables needed to operate our business; or
- our inability to secure alternative financing on favorable terms, if at all.

Increases in interest rates could adversely affect our business, financial condition and operating results.

Portions of our outstanding debt bear interest at a variable rate. Increases in interest rates could increase our interest expense which would, in turn, lower our earnings. We may periodically evaluate whether to enter into derivative financial instruments, such as interest rate swap agreements, to reduce our exposure to fluctuations in interest rates on variable interest rate debt and their impact on earnings and cash flows. These strategies may not be effective in protecting us against the effects of fluctuations from movements in interest rates. Increases in interest rates could adversely affect our business, financial condition and operating results.

Propel may be unable to securitize additional tax lien assets.

On May 6, 2014, Propel, through its subsidiaries, completed the securitization of a pool of approximately $141.5 million in payment agreements and contracts relating to unpaid real property taxes, assessments, and other charges secured by liens on real property located in the State of Texas (the "Texas Tax Liens"). In connection with the securitization, investors purchased approximately $134.0 million in aggregate principal amount of 1.44% notes collateralized by the Texas Tax Liens.

The transaction provided capital to Propel at a lower cost than other available financing alternatives. Market conditions or other factors may dictate an inability for Propel to securitize additional tax lien assets in the future, in which case Propel may need to resort to other, more costly, sources of capital to fund its operations which could, in turn, adversely affect Propel's business, financial condition and operating results.

Our common stock price may be subject to significant fluctuations and volatility.

The market price of our common stock has been subject to significant fluctuations. Since the beginning of fiscal year 2015, our stock price has ranged from a low of $28.17 on December 14, 2015 to a high of $44.66 on January 2, 2015. More recently, on January 19, 2016 we reached a low of $16.09. These fluctuations could continue. Among the factors that could affect our stock price are:

- our operating and financial performance and prospects;
- our ability to repay our debt;
- our access to financial and capital markets to refinance our debt;
- investor perceptions of us and the industry and markets in which we operate;
- future sales of equity or equity-related securities;
- changes in earnings estimates or buy/sell recommendations by analysts;
- changes in the supply of, demand for or price of portfolios;
- our acquisition activity, including our expansion into new markets;
- regulatory changes affecting our industry generally or our business and operations;
- general financial, domestic, international, economic and other market conditions; and
- the number of short positions on our stock at any particular time.

The stock market in recent years has experienced significant price and volume fluctuations that have often been unrelated to the operating performance of companies. The market price of our common stock could fluctuate significantly for many reasons, including in response to the risks described in this Annual Report on Form 10-K, elsewhere in our filings with the SEC from time to time or for reasons unrelated to our operations, such as reports by industry analysts, investor perceptions or negative announcements by our customers, competitors or suppliers regarding their own performance, as well as industry conditions and general financial, economic and political instability.

The price of our common stock could also be affected by possible sales of our common stock by investors who view our convertible notes as a more attractive means of equity participation in us and by hedging or arbitrage trading activity that we expect to develop involving our common stock.

If securities or industry analysts have a negative outlook regarding our stock or our industry, or our operating results do not meet their expectations, our stock price could decline. The trading market for our common stock is influenced by the research and reports that industry or securities analysts publish about us. If one or more of the analysts who cover our company downgrade our stock or if our operating results do not meet their expectations, our stock price could decline.

Future sales of our common stock or the issuance of other equity securities may adversely affect the market price of our common stock.

In the future, we may sell additional shares of our common stock or other equity or equity-related securities to raise capital or issue equity securities to finance acquisitions. In addition, a substantial number of shares of our common stock are reserved for issuance upon the exercise of stock options or vesting of restricted stock awards, upon conversion of our convertible notes and the warrant transactions entered into in connection with our convertible senior notes due 2017. We are not restricted from issuing additional common stock, including securities that are convertible into or exchangeable for, or that represent the right to receive, common stock.

The liquidity and trading volume of our common stock is limited. For the three months ended December 31, 2015, the average daily trading volume of our common stock was approximately 318,000 shares. The issuance or sale of substantial amounts of our common stock or other equity or equity-related securities (or the perception that such issuances or sales may occur) could adversely affect the market price of our common stock as well as our ability to raise capital through the sale of additional equity or equity-related securities. We cannot predict the effect that future issuances or sales of our common stock or

other equity or equity-related securities would have on the market price of our common stock.

We may not have the ability to raise the funds necessary to repurchase our convertible notes upon a fundamental change or to settle conversions in cash, and our future indebtedness may contain limitations on our ability to pay cash upon conversion of our convertible notes.

Holders of our convertible notes will have the right to require us to repurchase their convertible notes upon the occurrence of a fundamental change at a repurchase price equal to 100% of their principal amount, plus accrued and unpaid interest, if any. In addition, upon a conversion of convertible notes, unless we elect to deliver solely shares of our common stock to settle the conversion (other than paying cash in lieu of delivering any fractional shares of our common stock), we will be required to make cash payments for each $1,000 in principal amount of convertible notes converted of at least the lesser of $1,000 and the sum of certain daily conversion values. However, we may not have enough available cash or be able to obtain financing at the time we are required to make repurchases of convertible notes surrendered therefor or to settle conversions in cash. In addition, our Restated Credit Agreement contains certain restrictive covenants that limit our ability to engage in specified types of transactions, which may affect our ability to repurchase our convertible notes. Further, our ability to repurchase our convertible notes or to pay cash upon conversion may be limited by law, by regulatory authority or by agreements governing our future indebtedness. Our failure to repurchase convertible notes or to pay cash upon conversion of the convertible notes at a time when the repurchase or cash payment upon conversion is required by any indenture pursuant to which the convertible notes were offered would constitute a default under the relevant indenture. Such default could constitute a default under another indenture, our Restated Credit Agreement or other agreements governing our future indebtedness. If the repayment of any indebtedness were to be accelerated, we may not have sufficient funds to repay such indebtedness and repurchase the convertible notes.

The conditional conversion feature of our convertible notes, if triggered, may adversely affect our financial condition and operating results.

In the event the conditional conversion feature of any of our convertible notes is triggered, holders of those convertible notes will be entitled to convert the convertible notes at any time during specified periods at their option. Even if holders do not elect to convert their convertible notes, we could be required under applicable accounting rules to reclassify all or a portion of the outstanding principal of the relevant series of convertible notes as a current rather than long-term liability, which would result in a material reduction of our net working capital.

The accounting method for convertible debt securities that may be settled in cash, such as our convertible notes, could have a material effect on our reported financial results.

Under U.S. generally accepted accounting principles, or GAAP, an entity must separately account for the debt component and the embedded conversion option of convertible debt instruments that may be settled entirely or partially in cash upon conversion, such as our convertible notes, in a manner that reflects the issuer’s economic interest cost. The effect of the accounting treatment for such instruments is that the value of such embedded conversion option would be treated as original issue discount for purposes of accounting for the debt component of the convertible notes, and that original issue discount is amortized into interest expense over the term of the convertible notes using an effective yield method. As a result, we will be required to record a greater amount of non-cash interest expense as a consequence of the amortization of the original issue discount to face amount of the convertible notes over the respective terms of the convertible notes and as a consequence of the amortization of the debt issuance costs. Accordingly, we will report lower net income in our financial results because of the recognition of both the current period’s amortization of the debt discount and the coupon interest of the convertible notes, which could adversely affect our reported or future financial results and the trading price of our common stock.

Under certain circumstances, convertible debt instruments (such as our convertible notes) that may be settled entirely or partially in cash are evaluated for their impact on earnings per share utilizing the treasury stock method, the effect of which is that any shares issuable upon conversion of the convertible notes are not included in the calculation of diluted earnings per share except to the extent that the conversion value of the convertible notes exceeds their respective principal amount. Under the treasury stock method, for diluted earnings per share purposes, the convertible debt instrument is accounted for as if the number of shares of common stock that would be necessary to settle such excess, if we elected to settle such excess in shares, are issued. We cannot be certain that the accounting standards in the future will continue to permit the use of the treasury stock method, as is currently the case with our convertible notes. If we are unable to use the treasury stock method in accounting for any shares issuable upon conversion of our convertible notes, then our diluted earnings per share could be further adversely affected. In addition, if the conditional conversion feature of our convertible notes is triggered, even if holders of such notes do not elect to convert their notes, we could be required under applicable accounting rules to reclassify all or a portion of the outstanding principal of such notes as a current rather than long-term liability, which could result in a reduction of our net working capital.

Provisions in our charter documents and Delaware law may delay or prevent acquisition of us, which could decrease the value of shares of our common stock.

Our certificate of incorporation and bylaws and Delaware law contain provisions that could make it more difficult for a third party to acquire us without the consent of our Board of Directors. These provisions include advance notice provisions, limitations on actions by our stockholders by written consent and special approval requirements for transactions involving interested stockholders. We are authorized to issue up to five million shares of preferred stock, the relative rights and preferences of which may be fixed by our Board of Directors, subject to the provisions of our articles of incorporation, without stockholder approval. The issuance of preferred stock could be used to dilute the stock ownership of a potential hostile acquirer. The provisions that discourage potential acquisitions of us and adversely affect the voting power of the holders of common stock may adversely affect the price of our common stock and the value of the Convertible Notes.

We do not intend to pay dividends on our common stock for the foreseeable future.

We have never declared or paid cash dividends on our common stock. In addition, we must comply with the covenants in our credit facilities if we want to pay cash dividends. We currently intend to retain our future earnings, if any, to finance the further development and expansion of our business and do not intend to pay cash dividends in the foreseeable future. Any future determination to pay dividends will be at the discretion of our Board of Directors and will depend upon our financial condition, operating results, capital requirements, restrictions contained in current or future financing instruments and such other factors as our Board of Directors deems relevant. As a result, receiving a return on an investment in Encore's common stock may only occur if the trading price of our common stock increases.

Item 1B—Unresolved Staff Comments

None.

Item 2—Properties

We lease the following properties with more than 30,000 square feet:

Location	Primary use	Approximate square footage
San Diego, CA	Corporate headquarters, internal legal and consumer support services	118,000
Phoenix, AZ	Call center and administrative offices	31,000
St. Cloud, MN	Call center	155,000
Gurgaon, India	Call center and administrative offices	138,000
Warren, MI	Call center and internal legal	100,000
Roanoke, VA	Call center and administrative offices	40,000
San Jose, Costa Rica	Call center and administrative offices	32,000
United Kingdom	Cabot corporate office, call center, internal legal and consumer support services	364,000
Spain	Call center	40,000
Australia	Baycorp corporate office, call center, and administrative offices	31,000

The properties listed in the table above are our principal properties and are primarily used in our portfolio purchasing and recovery business. We also lease other immaterial office space in the United States, Ireland, Colombia, Peru, New Zealand, and the Philippines.

We believe that our current leased facilities are generally well maintained and in good operating condition. We believe that these facilities are suitable and sufficient for our operational needs. Our policy is to improve, replace, and supplement the facilities as considered appropriate to meet the needs of our operations.

Item 3—Legal Proceedings

Information with respect to this item may be found in Note 13, "Commitments and Contingencies" to the consolidated financial statements in Item 8, which is incorporated herein by reference.

Item 4—Mine Safety Disclosures

Not applicable.

PART II

Item 5—Market for the Registrant’s Common Equity Securities, Related Stockholder Matters and Issuer Purchases of Equity Securities

Our common stock is traded on the NASDAQ Global Select Market under the symbol “ECPG.”

The high and low sales prices of our common stock, as reported by NASDAQ Global Select Market for each quarter during our two most recent fiscal years, are reported below:

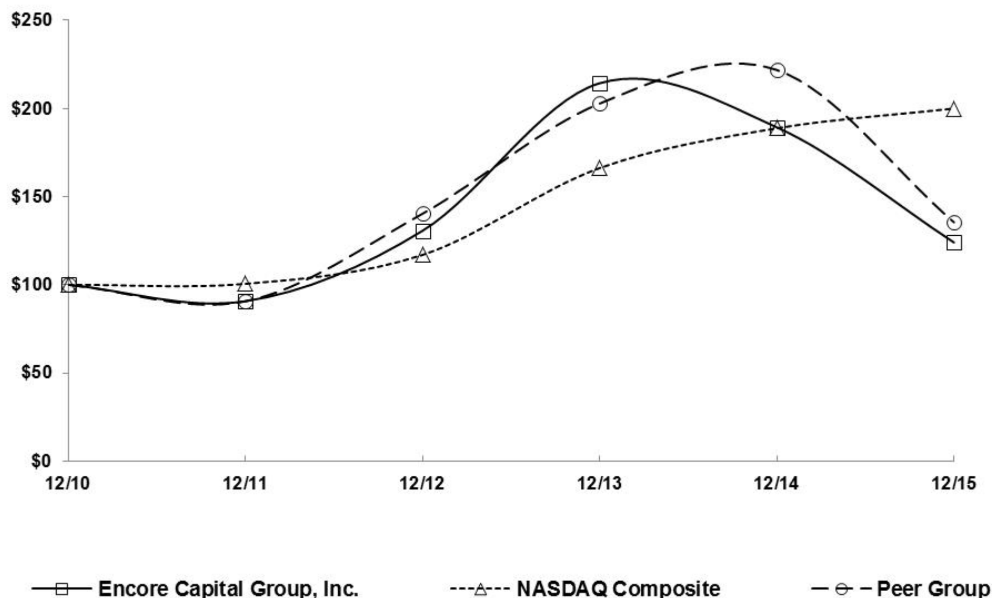
	Market Price	
	High	Low
Fiscal Year 2015		
First Quarter	$ 44.66	$ 36.40
Second Quarter	44.61	37.89
Third Quarter	44.43	35.31
Fourth Quarter	41.44	28.17
Fiscal Year 2014		
First Quarter	$ 51.31	$ 45.05
Second Quarter	46.78	40.62
Third Quarter	46.40	42.04
Fourth Quarter	46.18	39.62

The closing price of our common stock on February 9, 2016, was $19.91 per share and there were 10 stockholders of record. Because many of our shares of common stock are held by brokers and other institutions on behalf of stockholders, we are unable to estimate the total number of beneficial owners of our stock represented by these stockholders of record.

Performance Graph

The following performance graph and related information shall not be deemed “soliciting material” or “filed” with the SEC, nor shall such information be incorporated by reference into any future filing under the Securities Act of 1933 or Securities Exchange Act of 1934, each, as amended, except to the extent that we specifically incorporate it by reference into such filing.

The following graph compares the total cumulative stockholder return on our common stock for the period from December 31, 2010 through December 31, 2015, with the cumulative total return of (a) the NASDAQ Composite Index and (b) Asta Funding, Inc. and PRA Group, Inc., which we believe are comparable companies. The comparison assumes that $100 was invested on December 31, 2010, in our common stock and in each of the comparison indices (including reinvestment of dividends). The stock price performance reflected in the following graph is not necessarily indicative of future stock price performance.



	12/10	12/11	12/12	12/13	12/14	12/15
Encore Capital Group, Inc.	**$ 100.00**	**$ 90.66**	**$ 130.58**	**$ 214.33**	**$ 189.34**	**$ 124.01**
NASDAQ Composite Index	**$ 100.00**	**$ 100.53**	**$ 116.92**	**$ 166.19**	**$ 188.78**	**$ 199.95**
Peer Group	**$ 100.00**	**$ 90.61**	**$ 140.30**	**$ 202.76**	**$ 221.83**	**$ 135.43**

Dividend Policy

As a public company, we have never declared or paid dividends on our common stock. However, the declaration, payment, and amount of future dividends, if any, is subject to the discretion of our board of directors, which may review our dividend policy from time to time in light of the then existing relevant facts and circumstances. Under the terms of our revolving credit facility, we are permitted to declare and pay dividends in an amount not to exceed, during any fiscal year, 20% of our audited consolidated net income for the then most recently completed fiscal year, so long as no default or unmatured default under the facility has occurred and is continuing or would arise as a result of the dividend payment. We may also be subject to additional dividend restrictions under future debt agreements or the terms of securities we may issue in the future.

Share Repurchases

On April 24, 2014, our Board of Directors approved a $50.0 million share repurchase program. During the year ended December 31, 2015, we repurchased 839,295 shares of our common stock for approximately $33.2 million, which represented the remaining amount allowed under the share repurchase program.

On August 12, 2015, our Board of Directors approved a new $50.0 million share repurchase program. Repurchases under this program are expected to be made with cash on hand and may be made from time to time, subject to market conditions and other factors, in the open market, through private transactions, block transactions, or other methods as determined by the management and our Board of Directors, and in accordance with market conditions, other corporate considerations, and applicable regulatory requirements. The program does not obligate the Company to acquire any particular amount of common stock, and it may be modified or suspended at any time at the Company's discretion. We did not make any repurchases under the new share repurchase program during the year ended December 31, 2015.

Item 6—Selected Financial Data

This table presents selected historical financial data of Encore Capital Group, Inc. and its consolidated subsidiaries. This information should be carefully considered in conjunction with the consolidated financial statements and notes thereto appearing elsewhere in this Annual Report on Form 10-K, including the acquisitions described therein that materially affected our results. The selected financial data in this section are not intended to replace the consolidated financial statements. The selected financial data (except for "Selected Operating Data") in the table below, as of December 31, 2013, 2012 and 2011 and for the years ended December 31, 2012 and 2011, were derived from our audited consolidated financial statements not included in this Annual Report on Form 10-K. The selected financial data as of December 31, 2015, and 2014 and for the years ended December 31, 2015, 2014, and 2013, were derived from our audited consolidated financial statements included elsewhere in this Annual Report on Form 10-K. The Selected Operating Data were derived from our books and records *(in thousands, except per share data):*

	As of and For The Year Ended December 31,				
	2015	2014	2013	2012	2011
Revenues					
Revenue from receivable portfolios, net[1]	$ 1,072,436	$ 992,832	$ 744,870	$ 545,412	$ 448,714
Other revenues	60,696	51,988	12,588	905	32
Net interest income	28,440	27,969	15,906	10,460	—
Total revenues	1,161,572	1,072,789	773,364	556,777	448,746
Operating expenses					
Salaries and employee benefits	270,334	246,247	165,040	101,084	77,805
Cost of legal collections	229,847	205,661	186,959	168,703	157,050
Other operating expenses	98,182	93,859	66,649	48,939	35,708
Collection agency commissions	37,858	33,343	33,097	15,332	14,162
General and administrative expenses	196,827	146,286	109,713	61,798	39,760
Depreciation and amortization	33,945	27,949	13,547	5,840	4,081
Goodwill impairment	49,277	—	—	—	—
Total operating expenses	916,270	753,345	575,005	401,696	328,566
Income from operations	245,302	319,444	198,359	155,081	120,180
Other (expense) income					
Interest expense	(186,556)	(166,942)	(73,269)	(25,564)	(21,116)
Other income (expense)	2,235	113	(4,222)	808	(395)
Total other expense	(184,321)	(166,829)	(77,491)	(24,756)	(21,511)
Income from continuing operations before income taxes	60,981	152,615	120,868	130,325	98,669
Provision for income taxes	(13,597)	(52,725)	(45,388)	(51,754)	(38,076)
Income from continuing operations	47,384	99,890	75,480	78,571	60,593
(Loss) income from discontinued operations, net of tax	—	(1,612)	(1,740)	(9,094)	365
Net income	47,384	98,278	73,740	69,477	60,958
Net (income) loss attributable to noncontrolling interest	(2,249)	5,448	1,559	—	—
Net income attributable to Encore Capital Group, Inc. stockholders	$ 45,135	$ 103,726	$ 75,299	$ 69,477	$ 60,958
Amounts attributable to Encore Capital Group, Inc.:					
Income from continuing operations	45,135	105,338	77,039	78,571	60,593
(Loss) income from discontinued operations, net of tax	—	(1,612)	(1,740)	(9,094)	365
Net income	$ 45,135	$ 103,726	$ 75,299	$ 69,477	$ 60,958

	As of and For The Year Ended December 31,				
	2015	2014	2013	2012	2011
Earnings (loss) per share attributable to Encore Capital Group, Inc.:					
Basic earnings (loss) per share from:					
Continuing operations	$ 1.75	$ 4.07	$ 3.12	$ 3.16	$ 2.47
Discontinued operations	$ —	$ (0.06)	$ (0.07)	$ (0.36)	$ 0.01
Net basic earnings per share	$ 1.75	$ 4.01	$ 3.05	$ 2.80	$ 2.48
Diluted earnings (loss) per share from:					
Continuing operations	$ 1.69	$ 3.83	$ 2.94	$ 3.04	$ 2.36
Discontinued operations	$ —	$ (0.06)	$ (0.07)	$ (0.35)	$ 0.01
Net diluted earnings per share	$ 1.69	$ 3.77	$ 2.87	$ 2.69	$ 2.37
Weighted-average shares outstanding:					
Basic	25,722	25,853	24,659	24,855	24,572
Diluted	26,647	27,495	26,204	25,836	25,690
Selected operating data:					
Purchases of receivable portfolios, at cost	$ 1,023,722	$ 1,251,360	$ 1,204,779	$ 562,335	$ 386,850
Gross collections for the period	1,700,725	1,607,497	1,279,506	948,055	761,158
Consolidated statements of financial condition data:					
Cash and cash equivalents	$ 153,593	$ 124,163	$ 126,213	$ 17,510	$ 8,047
Investment in receivable portfolios, net	2,440,669	2,143,560	1,590,249	873,119	716,454
Total assets	4,219,852	3,750,135	2,685,274	1,171,340	812,483
Total debt	3,216,572	2,773,554	1,850,431	706,036	388,950
Total liabilities	3,571,364	3,085,196	2,082,803	765,524	440,948
Total Encore equity	596,453	623,000	571,897	405,816	371,535

(1) Includes net allowance reversal of $6.8 million, $17.4 million, $12.2 million and $4.2 million for the years ended December 31, 2015, 2014, 2013 and 2012, respectively, and net allowance charges of $10.8 million for the year ended December 31, 2011.

Item 7—Management's Discussion and Analysis of Financial Condition and Results of Operations

This Annual Report on Form 10-K contains "forward-looking statements" relating to Encore Capital Group, Inc. ("Encore") and its subsidiaries (which we may collectively refer to as the "Company," "we," "our" or "us") within the meaning of the securities laws. The words "believe," "expect," "anticipate," "estimate," "project," "intend," "plan," "will," "may," and similar expressions often characterize forward-looking statements. These statements may include, but are not limited to, projections of collections, revenues, income or loss, estimates of capital expenditures, plans for future operations, products or services, and financing needs or plans, as well as assumptions relating to these matters. Although we believe that the expectations reflected in these forward-looking statements are reasonable, we caution that these expectations or predictions may not prove to be correct or we may not achieve the financial results, savings or other benefits anticipated in the forward-looking statements. These forward-looking statements are necessarily estimates reflecting the best judgment of our senior management and involve a number of risks and uncertainties, some of which may be beyond our control or cannot be predicted or quantified, that could cause actual results to differ materially from those suggested by the forward-looking statements. Many factors, including but not limited to, those set forth in this Annual Report on Form 10-K under "Part I, Item 1A. Risk Factors," could cause our actual results, performance, achievements, or industry results to be very different from the results, performance, achievements or industry results expressed or implied by these forward-looking statements. Our business, financial condition, or results of operations could also be materially and adversely affected by other factors besides those listed. Forward-looking statements speak only as of the date the statements were made. We do not undertake any obligation to update or revise any forward-looking statements to reflect new information or future events, or for any other reason, even if experience or future events make it clear that any expected results expressed or implied by these forward-looking statements will not be realized. In addition, it is generally our policy not to make any specific projections as to future earnings, and we do not endorse projections regarding future performance that may be made by third parties.

Our Business and Operating Segments

We are an international specialty finance company providing debt recovery solutions for consumers and property owners across a broad range of financial assets. We purchase portfolios of defaulted consumer receivables at deep discounts to face value and manage them by working with individuals as they repay their obligations and work toward financial recovery. Defaulted receivables are consumers' unpaid financial commitments to credit originators, including banks, credit unions, consumer finance companies, commercial retailers, and telecommunication companies. Defaulted receivables may also include receivables subject to bankruptcy proceedings. Through certain subsidiaries, we are a market leader in portfolio purchasing and recovery in the United States, including Puerto Rico. Our subsidiary, Janus Holdings Luxembourg S.a.r.l. ("Janus Holdings"), through its indirectly held U.K.-based subsidiary, Cabot Credit Management Limited and its subsidiaries (collectively, "Cabot"), is a market leader in credit management services in the United Kingdom, historically specializing in portfolios consisting of higher balance, semi-performing accounts (*i.e.*, debt portfolios in which over 50% of the accounts have received a payment in three of the last four months immediately prior to the portfolio purchase). Cabot's acquisition of Marlin Financial Group Limited ("Marlin"), in February 2014, provides Cabot with substantial litigation-enhanced collection capabilities for non-performing accounts. Cabot continued to expand in the United Kingdom with its acquisition of Hillesden Securities Ltd and its subsidiaries ("dlc") in June 2015. Our majority-owned subsidiary, Grove Holdings ("Grove"), is a U.K.-based leading specialty investment firm focused on consumer non-performing loans, including insolvencies (in particular, individual voluntary arrangements, or "IVAs") in the United Kingdom and bank and non-bank receivables in Spain. Our majority-owned subsidiary, Refinancia S.A. ("Refinancia"), through its subsidiaries, is a market leader in debt collection and management in Colombia and Peru. In addition, through our subsidiary, Propel Acquisition, LLC and its subsidiaries and affiliates (collectively, "Propel"), we assist property owners who are delinquent on their property taxes by structuring affordable monthly payment plans and purchase delinquent tax liens directly from taxing authorities. In October 2015, we completed the acquisition of a controlling stake in Baycorp Holdings Pty Limited ("Baycorp"), one of Australasia's leading debt resolution specialists. The acquisition of Baycorp expands our operations into Australia and New Zealand and our global reach into 13 countries.

We conduct business through two reportable segments: portfolio purchasing and recovery, and tax lien business. Our long-term growth strategy involves continuing to invest in our core portfolio purchasing and recovery and tax lien businesses, expanding into new geographies, and leveraging our core competencies to explore expansion into adjacent asset classes.

Government Regulation

As discussed in more detail under "Part I - Item1 - Business" in this Annual Report on Form 10-K, our U.S. debt purchasing business and collection activities are subject to federal, state and municipal statutes, rules, regulations and ordinances that establish specific guidelines and procedures that debt purchasers and collectors must follow when collecting consumer accounts, including among others, specific guidelines and procedures for communicating with consumers and prohibitions on unfair, deceptive or abusive debt collection practices. These rules, regulations, guidelines and procedures are

modified from time to time by the relevant authorities charged with their administration which could affect the way we conduct our business.

For example, the Consumer Finance Protection Bureau (“CFPB”) may adopt new regulations that may affect our industry and our business. Additionally, the CFPB has supervisory, examination and enforcement authority over our business and is currently examining the collection practices of participants in the consumer debt buying industry. The CFPB has also recently engaged in enforcement activity in sectors adjacent to our industry, impacting credit originators, collection firms, and payment processors, among others. The CFPB’s enforcement activity in these spaces, especially in the absence of clear rules or regulatory expectations, can be disruptive as industry participants attempt to define appropriate business practices. Similarly, in response to petitions filed by third parties, in July 2015, the Federal Communications Commission (“FCC”) released a declaratory ruling interpreting the Telephone Consumer Protection Act (“TCPA”), which could impact the way consumers may be contacted on their cellular phones and could impact our operations and financial results. As a result of the current regulatory environment, certain current practices or commercial relationships we maintain may be disrupted or impacted by changes in our or third-parties’ business practices or perceptions of elevated risk.

On September 9, 2015, we entered into a consent order (the “Consent Order”) with the CFPB in which we settled allegations arising from our practices between 2011 and 2015. The Consent Order includes obligations on us to, among other things: (1) follow certain specified operational requirements, substantially all of which are already part of our current operations; (2) submit to the CFPB for review a comprehensive plan designed to ensure that our debt collection practices comply with all applicable federal consumer financial laws and the terms of the Consent Order; (3) pay redress to certain specified groups of consumers; and (4) pay a civil monetary penalty. We will continue to cooperate and engage with the CFPB and work to ensure compliance with the Consent Order. In addition, we are subject to ancillary state attorney general investigations related to similar debt collection practices.

We incurred a one-time, after-tax charge of approximately $43 million in the third quarter of 2015. We believe this charge will cover all related impacts of the Consent Order, including civil monetary penalties, restitution, any such ancillary state regulatory matters, legal expenses and portfolio allowance charges on several pool groups due to the impact on our current estimated remaining collections related to our existing receivable portfolios. We anticipate that after this one-time charge, any future earnings impact will be immaterial.

Portfolio Purchasing and Recovery

United States

Our portfolio purchasing and recovery segment purchases receivables based on robust, account-level valuation methods and employs proprietary statistical and behavioral models across our U.S. operations. These methods and models allow us to value portfolios accurately (and limit the risk of overpaying), avoid buying portfolios that are incompatible with our methods or goals and align the accounts we purchase with our business channels to maximize future collections. As a result, we have been able to realize significant returns from the receivables we acquire. We maintain strong relationships with many of the largest financial service providers in the United States.

While seasonality does not have a material impact on our portfolio purchasing and recovery segment, collections are generally strongest in our first calendar quarter, slower in the second and third calendar quarters, and slowest in the fourth calendar quarter. Relatively higher collections in the first quarter could result in a lower cost-to-collect ratio compared to the other quarters, as our fixed costs are relatively constant and applied against a larger collection base. The seasonal impact on our business may also be influenced by our purchasing levels, the types of portfolios we purchase, and our operating strategies.

Collection seasonality with respect to our portfolio purchasing and recovery segment can also affect revenue as a percentage of collections, also referred to as our revenue recognition rate. Generally, revenue for each pool group declines steadily over time, whereas collections can fluctuate from quarter to quarter based on seasonality, as described above. In quarters with lower collections (*e.g.,* the fourth calendar quarter), the revenue recognition rate can be higher than in quarters with higher collections (*e.g.,* the first calendar quarter).

In addition, seasonality could have an impact on the relative level of quarterly earnings. In quarters with stronger collections, total costs are higher as a result of the additional efforts required to generate those collections. Since revenue for each pool group declines steadily over time, in quarters with higher collections and higher costs (*e.g.,* the first calendar quarter), all else being equal, earnings could be lower than in quarters with lower collections and lower costs (*e.g.,* the fourth calendar quarter). Additionally, in quarters where a greater percentage of collections come from our legal and agency outsourcing channels, cost to collect will be higher than if there were more collections from our internal collection sites.

On August 6, 2014, we acquired all of the outstanding equity interests of Atlantic Credit & Finance, Inc. (“Atlantic”) pursuant to a stock purchase agreement (the “Atlantic Acquisition”). Atlantic acquires and liquidates fresh consumer finance receivables originated and charged off by U.S. financial institutions.

Europe

Cabot: Through Cabot, we purchase paying and non-paying receivable portfolios using a proprietary pricing model that utilizes account-level statistical and behavioral data. This model allows Cabot to value portfolios with a high degree of accuracy and quantify portfolio performance in order to maximize future collections. As a result, Cabot has been able to realize significant returns from the assets it has acquired. Cabot maintains strong relationships with many of the largest financial services providers in the United Kingdom.

While seasonality does not have a material impact on Cabot’s operations, collections are generally strongest in the second and third calendar quarters and slower in the first and fourth quarters, largely driven by the impact of the December holiday season and the New Year holiday, and the related impact on its customers’ ability to repay their balances. This drives a higher level of plan defaults over this period, which are typically repaired across the first quarter of the following year. The August vacation season in the United Kingdom also has an unfavorable effect on the level of collections, but this is traditionally compensated for by higher collections in July and September.

On February 7, 2014, Cabot acquired Marlin (the “Marlin Acquisition”), a leading acquirer of non-performing consumer debt in the United Kingdom. Marlin is differentiated by its proven competitive advantage in the use of litigation-enhanced collections for non-paying financial services receivables. Marlin’s litigation capabilities have benefited and will continue to benefit Cabot’s existing portfolio of non-performing accounts. Similarly, we have experienced synergies by applying Cabot’s collection models to Marlin’s portfolio since the acquisition. Cabot continued to expand in the United Kingdom with its acquisition of dlc in June 2015 (the “dlc Acquisition”).

Grove: On April 1, 2014, we completed the acquisition of a controlling equity ownership interest in Grove. Grove, through its subsidiaries and affiliates, is a leading specialty investment firm focused on consumer non-performing loans, including insolvencies (in particular, IVAs) in the United Kingdom and bank and non-bank receivables in Spain. Grove purchases portfolio receivables using a proprietary pricing model. This model allows Grove to value portfolios with a high degree of accuracy and quantify portfolio performance in order to maximize future collections.

Latin America

In December 2013, we acquired a majority ownership interest in Refinancia, a market leader in debt collection and management in Colombia and Peru. In addition to purchasing defaulted receivables, Refinancia offers portfolio management services to banks for non-performing loans. Refinancia also specializes in non-traditional niches in the geographic areas in which it operates, including providing financial solutions to individuals who have previously defaulted on their credit obligations. In addition to operations in Colombia and Peru, we evaluate and purchase non-performing loans in other countries in Latin America, including Mexico and Brazil. Beginning in December 2014 we began investing in non-performing secured residential mortgages in Latin America.

Asia Pacific

Through our acquisition of a majority ownership interest in Baycorp in October 2015 (the “Baycorp Acquisition”), we are one of Australia’s leading debt resolution specialists. Baycorp specializes in the management of non-performing loans in Australia and New Zealand. In addition to purchasing defaulted receivables, Baycorp offers portfolio management services to banks for non-performing loans.

Tax Lien Business

Our tax lien business segment focuses on the property tax financing industry. Propel acquires and services residential and commercial tax liens on real property. These liens take priority over most other liens, including mortgage liens. To the extent permitted by local law, Propel works directly with property owners to structure affordable payment plans designed to allow them to keep their properties while paying their property tax obligations over time. In such cases, Propel pays their tax lien obligations to the taxing authorities, and the property owners pay Propel at lower interest rates or over a longer period of time than the taxing authorities would ordinarily permit. Propel also purchases tax liens directly from taxing authorities in certain states. In many cases, these tax liens continue to be serviced by the taxing authorities. When a taxing authority receives payment for the outstanding taxes, it pays Propel the outstanding balance of the related lien plus interest, which is either established by statute, negotiated at the time of the purchase, or determined by the bid Propel submitted to acquire the tax lien.

On February 19, 2016, we entered into an agreement to sell 100% of our membership interests in Propel at a price that is lower than Propel's book value at December 31, 2015. This development, subsequent to year end, indicated that Propel's fair value was less than its carrying value at December 31, 2015 and, as a result, goodwill at this reporting unit was impaired. Based on the estimated sales price, we recorded a goodwill impairment charge of $49.3 million for the year ended December 31, 2015. The goodwill impairment charge had no cash flow impact. Refer to Note 17, "Subsequent Event" and Note 15, "Goodwill and Identifiable Intangible Assets" to our consolidated financial statements for further information on the sale of Propel and the goodwill impairment.

Revenue from our tax lien business segment comprised 3%, 3%, and 2% of total consolidated revenues for each of the years ended December 31, 2015, 2014, and 2013, respectively. Excluding the goodwill impairment charge of $49.3 million discussed above, operating income from our tax lien business segment comprised 4%, 3%, and 2% of our total consolidated operating income for each of the years ended December 31, 2015, 2014, and 2013, respectively.

Purchases and Collections

Portfolio Pricing, Supply and Demand

<u>United States</u>

Prices for portfolios offered for sale directly from credit issuers continued to remain elevated during 2015, especially for fresh portfolios. Fresh portfolios are portfolios that are generally transacted within six months of the consumer's account being charged-off by the financial institution. We believe this elevated pricing is due to a reduction in the supply of charged-off accounts and continued demand in the marketplace. We believe that the reduction in supply is partially due to shifts in underwriting standards by financial institutions, which have resulted in lower volumes of charged-off accounts. We believe that this reduction in supply is also the result of certain financial institutions temporarily halting their sales of charged-off accounts. Although we have seen moderation in certain instances, we expect pricing will remain at elevated levels for some period of time.

We believe that smaller competitors continue to face difficulties in the portfolio purchasing market because of the high cost to operate due to regulatory pressure and because issuers are being more selective with buyers in the marketplace, resulting in consolidation within the portfolio purchasing and recovery industry. We believe this favors larger participants in this market, such as Encore, because the larger market participants are better able to adapt to these pressures. Furthermore, as smaller competitors limit their participation in or exit the market, it may provide additional opportunities for Encore to purchase portfolios from competitors or to acquire competitors directly.

<u>Europe</u>

The U.K. market for charged-off portfolios has grown significantly in recent years driven by a consolidation of sellers and a material backlog of portfolio coming to market from credit issuers who are selling an increasing proportion of their non-performing loans. Prices for portfolios offered for sale directly from credit issuers remain at levels higher than historical averages. We expect that as a result of an increase in available funding to industry participants, and lower return requirements for certain debt purchasers, pricing will remain elevated.

The U.K. insolvency market has seen historically low sales volumes from banks in 2015. We expect there will be increased purchasing opportunities once large retail banks start to sell their insolvency portfolios.

The Spanish consumer and small and medium enterprise non-performing loan market remains significant, with most of the major banks selling portfolios in 2015. Competition remains strong in large banking trades, but there remains an opportunity for incumbent buyers. 2015 has seen multiple complex sales from consolidated regional banks trading at more favorable returns, as portfolio sale sizes and asset nuances reduce competition.

Although pricing has been elevated, we believe that as our U.K. businesses increase in scale and expand to other European markets, and with anticipated improvements in liquidation and improved efficiencies in collections, our margins will remain competitive. Additionally, the acquisition of Marlin resulted in a new liquidation channel for the Company through litigation, which is enabling Cabot to collect from consumers who have the ability to pay, but have so far been unwilling to do so.

Purchases by Type and Geographic Location

The following table summarizes the types and geographic locations of consumer receivable portfolios we purchased during the periods presented *(in thousands):*

	Year Ended December 31,		
	2015	2014	2013
United States:			
Credit card	$ 481,759	$ 525,813	$ 495,473
Consumer bankruptcy receivables	24,373	—	39,897
Telecom	—	—	18,876
Subtotal	506,132	525,813	554,246
Europe:			
Credit card	402,424	622,419	620,900
IVA	12,680	8,015	—
Telecom	8,460	1,822	—
Subtotal	423,564	632,256	620,900
Other geographies:			
Credit card	88,586	36,537	29,633
Mortgages[(1)]	5,440	56,754	—
Subtotal	94,026	93,291	29,633
Total purchases	$ 1,023,722	$ 1,251,360	$ 1,204,779

(1) Beginning in December 2014 we began investing in non-performing secured residential mortgages in Latin America.

During the year ended December 31, 2015, we invested $1.0 billion to acquire portfolios, primarily charged-off credit card portfolios, with face values aggregating $12.7 billion, for an average purchase price of 8.0% of face value. Purchases of charged-off credit card portfolios in Europe include $216.0 million of receivables acquired in connection with the dlc Acquisition. Purchases of charged-off credit card portfolios in other geographies include $60.3 million acquired in connection with the Baycorp Acquisition.

During the year ended December 31, 2014, we invested $1.3 billion to acquire portfolios, primarily charged-off credit card portfolios, with face values aggregating $13.8 billion, for an average purchase price of 9.1% of face value. Purchases of charged-off credit card portfolios in the United States include $105.4 million acquired in connection with the Atlantic Acquisition. Purchases of charged-off credit card portfolios in Europe include $208.5 million in connection with the Marlin Acquisition.

During the year ended December 31, 2013, we invested $1.2 billion to acquire portfolios, primarily charged-off credit card portfolios, with face values aggregating $84.9 billion, for an average purchase price of 1.4% of face value. Purchases of consumer portfolio receivables in the United States include $383.4 million ($347.7 million for charged-off credit card portfolios and $35.7 million for consumer bankruptcy receivables) acquired in connection with the merger (the "AACC Merger") with Asset Acceptance Capital Corp. ("AACC"). Purchases of charged-off credit card portfolios in Europe include $559.0 million in connection with our acquisition of a controlling interest in Janus Holdings (the "Cabot Acquisition").

The average purchase price, as a percentage of face value, varies from period to period depending on, among other things, the quality of the accounts purchased and the length of time from charge-off to the time we purchase the portfolios. The $384.3 million of portfolios we acquired through the AACC Merger significantly drove down the purchase price as a percentage of face value for portfolios acquired during the year ended December 31, 2013. The lower purchase rate for the AACC portfolios was due to our acquisition of all accounts owned by AACC, including accounts where we ascribed no value and where we are unlikely to attempt to collect. Accounts with no perceived value would typically not be included in a portfolio purchase transaction, as the sellers would remove them from the accounts being sold to us prior to sale.

Collections by Channel and Geographic Location

We currently utilize various business channels for the collection of our receivables. The following table summarizes the total collections by collection channel and geographic areas *(in thousands)*:

	Year Ended December 31,		
	2015	2014	2013
United States:			
Legal collections	$ 633,166	$ 610,285	$ 564,645
Collection sites	480,485	502,829	465,974
Collection agencies[1]	68,283	79,699	104,163
Subtotal	1,181,934	1,192,813	1,134,782
Europe:			
Collection sites	234,904	221,771	74,916
Legal collections	92,464	42,456	—
Collection agencies	148,758	120,629	59,343
Subtotal	476,126	384,856	134,259
Other geographies:			
Collection sites	38,334	29,828	—
Legal collections	1,145	—	—
Collection agencies	3,186	—	10,465
Subtotal	42,665	29,828	10,465
Total collections	$ 1,700,725	$ 1,607,497	$ 1,279,506

(1) Collections through our collection agency channel in the United States include accounts subject to bankruptcy filings collected by others. Additionally, collection agency collections often include accounts purchased from a competitor where we maintain the collection agency servicing until the accounts can be recalled and placed in our collection channels.

Gross collections increased $93.2 million, or 5.8%, to $1.7 billion during the year ended December 31, 2015, from $1.6 billion during the year ended December 31, 2014. Gross collections increased $328.0 million, or 25.6%, to $1.6 billion during the year ended December 31, 2014, from $1.3 billion during the year ended December 31, 2013. The increases in gross collections were primarily due to increased portfolio purchases in the current and prior years and additional collections from our recently acquired subsidiaries.

Results of Operations

Results of operations, in dollars and as a percentage of total revenue, were as follows *(in thousands, except percentages)*:

	Year Ended December 31,					
	2015		2014		2013	
Revenues						
Revenue from receivable portfolios, net	$ 1,072,436	92.3 %	$ 992,832	92.5 %	$ 744,870	96.3 %
Other revenues	60,696	5.2 %	51,988	4.9 %	12,588	1.6 %
Net interest income	28,440	2.5 %	27,969	2.6 %	15,906	2.1 %
Total revenues	1,161,572	100.0 %	1,072,789	100.0 %	773,364	100.0 %
Operating expenses						
Salaries and employee benefits	270,334	23.3 %	246,247	23.0 %	165,040	21.3 %
Cost of legal collections	229,847	19.8 %	205,661	19.2 %	186,959	24.2 %
Other operating expenses	98,182	8.5 %	93,859	8.7 %	66,649	8.6 %
Collection agency commissions	37,858	3.3 %	33,343	3.1 %	33,097	4.3 %
General and administrative expenses	196,827	16.9 %	146,286	13.6 %	109,713	14.2 %
Depreciation and amortization	33,945	2.9 %	27,949	2.6 %	13,547	1.8 %
Goodwill impairment	49,277	4.2 %	—	0.0 %	—	0.0 %
Total operating expenses	916,270	78.9 %	753,345	70.2 %	575,005	74.4 %
Income from operations	245,302	21.1 %	319,444	29.8 %	198,359	25.6 %
Other (expense) income						
Interest expense	(186,556)	(16.1)%	(166,942)	(15.6)%	(73,269)	(9.5)%
Other income (expense)	2,235	0.2 %	113	0.0 %	(4,222)	(0.5)%
Total other expense	(184,321)	(15.9)%	(166,829)	(15.6)%	(77,491)	(10.0)%
Income from continuing operations before income taxes	60,981	5.2 %	152,615	14.2 %	120,868	15.6 %
Provision for income taxes	(13,597)	(1.1)%	(52,725)	(4.9)%	(45,388)	(5.9)%
Income from continuing operations	47,384	4.1 %	99,890	9.3 %	75,480	9.7 %
Loss from discontinued operations, net of tax	—	0.0 %	(1,612)	(0.1)%	(1,740)	(0.2)%
Net income	47,384	4.1 %	98,278	9.2 %	73,740	9.5 %
Net (income) loss attributable to noncontrolling interest	(2,249)	(0.2)%	5,448	0.5 %	1,559	0.2 %
Net income attributable to Encore Capital Group, Inc. stockholders	$ 45,135	3.9 %	$ 103,726	9.7 %	$ 75,299	9.7 %

Results of Operations—Cabot

The following tables summarize the operating results contributed by Cabot during the periods presented *(in thousands)*:

	Year Ended December 31, 2015		
	Janus Holdings	Encore Europe [1]	Consolidated
Total revenues	$ 349,379	$ —	$ 349,379
Total operating expenses	(188,296)	—	(188,296)
Income from operations	161,083	—	161,083
Interest expense-non-PEC	(106,318)	—	(106,318)
PEC interest (expense) income	(48,013)	23,529	(24,484)
Other income	591	—	591
Income before income taxes	7,343	23,529	30,872
Benefit for income taxes	1,294	—	1,294
Net income	8,637	23,529	32,166
Net income attributable to noncontrolling interests	(1,211)	(3,705)	(4,916)
Net income attributable to Encore	$ 7,426	$ 19,824	$ 27,250

	Year Ended December 31, 2014		
	Janus Holdings	Encore Europe[1]	Consolidated
Total revenues	$ 286,630	$ —	$ 286,630
Total operating expenses	(150,349)	—	(150,349)
Income from operations	136,281	—	136,281
Interest expense-non-PEC	(96,419)	—	(96,419)
PEC interest (expense) income	(43,630)	21,201	(22,429)
Other expense	(646)	—	(646)
(Loss) income before income taxes	(4,414)	21,201	16,787
Provision for income taxes	(3,241)	—	(3,241)
Net (loss) income	(7,655)	21,201	13,546
Net loss attributable to noncontrolling interests	1,108	3,267	4,375
Net (loss) income attributable to Encore	$ (6,547)	$ 24,468	$ 17,921

	Year Ended December 31, 2013		
	Janus Holdings	Encore Europe[(1)]	Consolidated
Total revenues	$ 95,491	$ —	$ 95,491
Total operating expenses	(48,890)	—	(48,890)
Income from operations	46,601	—	46,601
Interest expense-non-PEC	(26,265)	—	(26,265)
PEC interest (expense) income	(21,616)	10,235	(11,381)
Other income	98	—	98
(Loss) income before income taxes	(1,182)	10,235	9,053
Provision for income taxes	(1,574)	—	(1,574)
Net (loss) income	(2,756)	10,235	7,479
Net loss attributable to noncontrolling interests	392	1,167	1,559
Net (loss) income attributable to Encore	$ (2,364)	$ 11,402	$ 9,038

(1) Includes only the results of operations related to Janus Holdings and therefore does not represent the complete financial performance of Encore Europe.

For all periods presented, Janus Holdings recognized all interest expense related to the outstanding preferred equity certificates (“PECs”) owed to Encore and other minority shareholders, while the interest income from PECs owed to Encore was recognized at Janus Holdings’ parent company, Encore Europe Holdings, S.a.r.l. (“Encore Europe”), which is a wholly-owned subsidiary of Encore. Additionally, the net loss recognized at Janus Holdings during the year ended December 31, 2014 was due to Cabot incurring acquisition and integration related charges related to Cabot’s acquisition of Marlin in February 2014.

Non-GAAP Disclosure

In addition to the financial information prepared in conformity with Generally Accepted Accounting Principles (“GAAP”), we provide historical non-GAAP financial information. Management believes that the presentation of such non-GAAP financial information is meaningful and useful in understanding the activities and business metrics of our operations. Management believes that these non-GAAP financial measures reflect an additional way of viewing aspects of our business that, when viewed with our GAAP results, provide a more complete understanding of factors and trends affecting our business.

Management believes that the presentation of these measures provides investors with greater transparency and facilitates comparison of operating results across a broad spectrum of companies with varying capital structures, compensation strategies, derivative instruments, and amortization methods, which provide a more complete understanding of our financial performance, competitive position, and prospects for the future. Readers should consider the information in addition to, but not instead of, our financial statements prepared in accordance with GAAP. This non-GAAP financial information may be determined or calculated differently by other companies, limiting the usefulness of these measures for comparative purposes.

Adjusted Income from Continuing Operations Per Share. Management uses non-GAAP adjusted income from continuing operations attributable to Encore and adjusted income from continuing operations per share (which we also refer to from time to time as adjusted earnings per share), to assess operating performance, in order to highlight trends in our business that may not otherwise be apparent when relying on financial measures calculated in accordance with GAAP. Adjusted income from continuing operations attributable to Encore excludes non-cash interest and issuance cost amortization relating to our convertible notes, one-time charges, acquisition, integration and restructuring related expenses, and non-cash goodwill impairment charges, all net of tax. The following table provides a reconciliation between income from continuing operations and diluted income from continuing operations per share attributable to Encore calculated in accordance with GAAP to adjusted income from continuing operations and adjusted income from continuing operations per share attributable to Encore, respectively. GAAP diluted earnings per share for the years ended December 31, 2015, 2014, and 2013, includes the effect of approximately 0.7 million, 1.1 million, and 0.6 million, respectively, common shares that are issuable upon conversion of certain convertible senior notes because the average stock price during the respective periods exceeded the conversion price of these notes. However, as described in Note 9, “Debt—Encore Convertible Notes,” in the notes to our consolidated financial statements, we have certain hedging transactions in place that have the effect of increasing the effective conversion price of these notes. Accordingly, while these common shares are included in our diluted earnings per share, the hedge transactions will offset the impact of this dilution and no shares will be issued unless our stock price exceeds the effective conversion price, thereby creating a discrepancy between the accounting effect of those notes under GAAP and their economic impact. We have

presented the following metrics both including and excluding the dilutive effect of these convertible senior notes to better illustrate the economic impact of those notes and the related hedging transactions to shareholders, with the GAAP item under the "Per Diluted Share-Accounting" and "Per Diluted Share-Economic" (non-GAAP) columns, respectively *(in thousands, except per share data):*

	Year Ended December 31,								
	2015			2014			2013		
	$	Per Diluted Share—Accounting	Per Diluted Share—Economic	$	Per Diluted Share—Accounting	Per Diluted Share—Economic	$	Per Diluted Share—Accounting	Per Diluted Share—Economic
GAAP net income from continuing operations attributable to Encore, as reported	$ 45,135	$ 1.69	$ 1.74	$ 105,338	$ 3.83	$ 3.99	$ 77,039	$ 2.94	$ 3.01
Adjustments:									
Convertible notes non-cash interest and issuance cost amortization, net of tax	6,896	0.26	0.26	6,413	0.23	0.24	3,274	0.12	0.13
Acquisition, integration and restructuring related expenses, net of tax	8,063	0.30	0.31	9,898	0.36	0.37	18,483	0.71	0.72
CFPB / regulatory one-time charges, net of tax	42,554	1.60	1.64	—	—	—	—	—	—
Goodwill impairment, net of tax	31,187	1.17	1.20	—	—	—	—	—	—
Net effect of non-recurring tax adjustments	—	—	—	(2,291)	(0.08)	(0.08)	—	—	—
Adjusted income from continuing operations attributable to Encore	$ 133,835	$ 5.02	$ 5.15	$ 119,358	$ 4.34	$ 4.52	$ 98,796	$ 3.77	$ 3.86

Adjusted EBITDA. Management utilizes adjusted EBITDA (defined as net income before interest, taxes, depreciation and amortization, stock-based compensation expenses, portfolio amortization, one-time charges, acquisition, integration and restructuring related expenses, and non-cash goodwill impairment charges), which is materially similar to a financial measure contained in covenants used in the Encore revolving credit and term loan facility, in the evaluation of our operations and believes that this measure is a useful indicator of our ability to generate cash collections in excess of operating expenses through the liquidation of our receivable portfolios. Adjusted EBITDA for the periods presented is as follows *(in thousands):*

	Year Ended December 31,		
	2015	2014	2013
GAAP net income, as reported	$ 47,384	$ 98,278	$ 73,740
Adjustments:			
Loss from discontinued operations, net of tax	—	1,612	1,740
Interest expense	186,556	166,942	73,269
Provision for income taxes	13,597	52,725	45,388
Depreciation and amortization	33,945	27,949	13,547
Amount applied to principal on receivable portfolios	628,289	614,665	534,654
Stock-based compensation expense	22,008	17,181	12,649
Acquisition, integration and restructuring related expenses	15,553	19,299	29,321
CFPB / regulatory one-time charges	63,019	—	—
Goodwill impairment	49,277	—	—
Adjusted EBITDA	$ 1,059,628	$ 998,651	$ 784,308

Adjusted Operating Expenses. Management utilizes adjusted operating expenses in order to facilitate a comparison of approximate cash costs to cash collections for our portfolio purchasing and recovery business. Adjusted operating expenses for our portfolio purchasing and recovery business are calculated by starting with GAAP total operating expenses and backing out stock-based compensation expense, operating expenses related to non-portfolio purchasing and recovery business, one-time charges, and acquisition, integration and restructuring related operating expenses. Operating expenses related to non-portfolio purchasing and recovery business include operating expenses from our tax lien business and other non-reportable operating segments, as well as corporate overhead not related to our portfolio purchasing and recovery business. Adjusted operating expenses related to our portfolio purchasing and recovery business for the periods presented are as follows *(in thousands):*

	Year Ended December 31,		
	2015	2014	2013
GAAP total operating expenses, as reported	$ 916,270	$ 753,345	$ 575,005
Adjustments:			
Stock-based compensation expense	(22,008)	(17,181)	(12,649)
Operating expenses related to non-portfolio purchasing and recovery business	(157,080)	(97,165)	(36,511)
Acquisition, integration and restructuring related operating expenses	(15,553)	(19,299)	(25,691)
Operating expenses related to CFPB / regulatory one-time charges	(54,697)	—	—
Adjusted operating expenses related to portfolio purchasing and recovery business	$ 666,932	$ 619,700	$ 500,154

Comparison of Results of Operations

Year Ended December 31, 2015 Compared to Year Ended December 31, 2014

Revenues

Our revenues consist primarily of portfolio revenue, contingent fee income, and net interest income from our tax lien business.

Portfolio revenue consists of accretion revenue and zero basis revenue. Accretion revenue represents revenue derived from pools (quarterly groupings of purchased receivable portfolios) with a cost basis that has not been fully amortized. Revenue from pools with a remaining unamortized cost basis is accrued based on each pool's effective interest rate applied to each pool's remaining unamortized cost basis. The cost basis of each pool is increased by revenue earned and decreased by gross collections and portfolio allowances. The effective interest rate is the internal rate of return ("IRR") derived from the

timing and amounts of actual cash received and anticipated future cash flow projections for each pool. All collections realized after the net book value of a portfolio has been fully recovered, or Zero Basis Portfolios (“ZBA”), are recorded as revenue, or Zero Basis Revenue. We account for our investment in receivable portfolios utilizing the interest method in accordance with the authoritative guidance for loans and debt securities acquired with deteriorated credit quality. We incur allowance charges when actual cash flows from our receivable portfolios underperform compared to our expectations. Factors that may contribute to underperformance and to the recording of valuation allowances may include both internal as well as external factors. Internal factors that may have an impact on our collections include operational activities such as the productivity of our collection staff. External factors that may have an impact on our collections include new laws or regulations, new interpretations of existing laws or regulations, and the overall condition of the economy. We record allowance reversals on pool groups which have historic allowance reserves when actual cash flows from these receivable portfolios outperform our expectations. Allowance reversals are included in portfolio revenue.

Interest income, net of related interest expense represents net interest income on receivables secured by property tax liens.

Total revenues were $1.2 billion during the year ended December 31, 2015, an increase of $88.8 million, or 8.3%, compared to total revenues of $1.1 billion during the year ended December 31, 2014.

The following tables summarize collections, revenue, end of period receivable balance and other related supplemental data, by year of purchase from our portfolio purchasing and recovery segment (*in thousands, except percentages*):

	Year Ended December 31, 2015					As of December 31, 2015	
	Collections(1)	Gross Revenue(2)	Revenue Recognition Rate(3)	Net Reversal (Portfolio Allowance)	Revenue % of Total Revenue	Unamortized Balances	Monthly IRR
United States:							
ZBA(4)	$ 103,398	$ 91,876	88.9%	$ 11,765	8.6%	$ —	—
2007	3,150	1,118	35.5%	1,009	0.1%	1,573	4.6%
2008	13,529	8,665	64.0%	2,311	0.8%	5,798	10.0%
2009	18,084	10,347	57.2%	—	1.0%	—	—
2010	42,615	25,629	60.1%	—	2.4%	3,742	21.2%
2011	112,753	85,303	75.7%	—	8.0%	27,257	18.5%
2012	176,914	108,968	61.6%	—	10.2%	79,973	8.6%
2013	298,068	176,878	59.3%	—	16.6%	161,539	7.4%
2014	307,814	146,583	47.6%	—	13.8%	291,402	3.6%
2015	105,609	47,300	44.8%	—	4.4%	445,527	1.8%
Impact of CFPB settlement	—	—	—	(8,322)	—	—	—
Subtotal	1,181,934	702,667	59.5%	6,763	65.9%	1,016,811	4.4%
Europe:							
2013	212,129	171,750	81.0%	—	16.1%	439,619	3.1%
2014	198,127	122,490	61.8%	—	11.5%	444,618	2.1%
2015	65,870	38,129	57.9%	—	3.6%	384,231	1.9%
Subtotal	476,126	332,369	69.8%	—	31.2%	1,268,468	2.4%
Other geographies:							
ZBA(4)	4,565	4,571	100.1%	—	0.4%	—	—
2012	471	—	0.0%	—	0.0%	—	—
2013	6,507	319	4.9%	—	0.0%	2,480	0.0%
2014	16,062	19,910	124.0%	—	1.9%	67,714	2.4%
2015	15,060	5,837	38.8%	—	0.5%	85,196	2.9%
Subtotal	42,665	30,637	71.8%	—	2.9%	155,390	2.6%
Total	$ 1,700,725	$ 1,065,673	62.7%	$ 6,763	100.0%	$ 2,440,669	3.2%

	Year Ended December 31, 2014					As of December 31, 2014	
	Collections(1)	Gross Revenue(2)	Revenue Recognition Rate(3)	Net Portfolio Allowance Reversal	Revenue % of Total Revenue	Unamortized Balances	Monthly IRR
United States:							
ZBA[4]	$ 34,491	$ 22,271	64.6%	$ 12,229	2.3%	$ —	—
2006	3,067	601	19.6%	—	0.1%	—	—
2007	7,971	3,316	41.6%	1,612	0.3%	2,603	4.8%
2008	27,715	14,939	53.9%	3,566	1.5%	8,400	8.6%
2009	52,661	39,586	75.2%	—	4.1%	7,894	25.6%
2010	111,058	82,375	74.2%	—	8.4%	21,180	22.9%
2011	154,930	108,167	69.8%	—	11.1%	55,968	13.5%
2012	259,252	137,986	53.2%	—	14.1%	150,876	6.4%
2013	397,864	220,121	55.3%	—	22.6%	284,819	5.0%
2014	143,804	79,585	55.3%	—	8.2%	456,970	2.7%
Subtotal	1,192,813	708,947	59.4%	17,407	72.7%	988,710	5.0%
Europe:							
2013	249,307	160,074	64.2%	—	16.4%	505,213	2.4%
2014	135,549	101,285	74.7%	—	10.4%	555,323	1.9%
Subtotal	384,856	261,359	67.9%	—	26.8%	1,060,536	2.1%
Other geographies:							
2012	2,561	—	0.0%	—	0.0%	505	0.0%
2013	17,615	3,032	17.2%	—	0.3%	10,530	0.0%
2014	9,652	2,087	21.6%	—	0.2%	83,279	1.8%
Subtotal	29,828	5,119	17.2%	—	0.5%	94,314	1.6%
Total	$ 1,607,497	$ 975,425	60.7%	$ 17,407	100.0%	$ 2,143,560	3.1%

(1) Does not include amounts collected on behalf of others.

(2) Gross revenue excludes the effects of net portfolio allowance or net portfolio allowance reversals.

(3) Revenue recognition rate excludes the effects of net portfolio allowance or net portfolio allowance reversals.

(4) ZBA revenue typically has a 100% revenue recognition rate. However, collections on ZBA pool groups where a valuation allowance remains must first be recorded as an allowance reversal until the allowance for that pool group is zero. Once the entire valuation allowance is reversed, the revenue recognition rate will become 100%. ZBA gross revenue includes an immaterial amount of accounts that are returned to the seller in accordance with the respective purchase agreement (“Put-Backs”).

Portfolio revenue from our portfolio purchasing and recovery segment was $1.1 billion during the year ended December 31, 2015, an increase of $79.6 million, or 8.0%, compared to revenue of $992.8 million during the year ended December 31, 2014. The increase in portfolio revenue during the year ended December 31, 2015 compared to 2014 was due to additional accretion revenue associated with a higher portfolio balance, primarily associated with portfolios acquired through our increased level of merger and acquisition related activities and increases in yields on certain pool groups due to over-performance, offset by lower yields on recently formed pool groups.

During the year ended December 31, 2015, we recorded a net portfolio allowance reversal of $6.8 million, compared to a net portfolio allowance reversal of $17.4 million during the year ended December 31, 2014. During the year ended December 31, 2015, we recorded a portfolio allowance charge of $8.3 million as a result of a reduction in forecasted cash flows in certain pool groups related to the CFPB Consent Order discussed in the “Government Regulation” section above. Excluding this allowance charge, we recorded portfolio allowance reversals of $15.1 million and $17.4 million during the years ended December 31, 2015 and 2014, respectively. The recording of allowance reversals during the years ended December 31, 2015 and 2014 was primarily due to operational improvements which allowed us to assist our customers to repay their obligations and increased collections on our ZBA portfolios. Additionally, our refined valuation methodologies have limited the amount of valuation charges necessary during recent periods.

Other revenues were $60.7 million and $52.0 million for the years ended December 31, 2015 and 2014, respectively. Other revenues primarily represent contingent fee income earned on accounts collected on behalf of others, primarily credit originators. The increase in other revenues was primarily attributable to contingent fee income earned at our recently acquired subsidiaries. Net interest income from our tax lien business segment was relatively consistent at $28.4 million and $28.0 million for the years ended December 31, 2015 and 2014, respectively.

Operating Expenses

Total operating expenses were $916.3 million during the year ended December 31, 2015, an increase of $163.0 million, or 21.6%, compared to total operating expenses of $753.3 million during the year ended December 31, 2014.

Excluding one-time CFPB related settlement charges of $54.7 million recorded in operating expenses and the goodwill impairment charge of $49.3 million at Propel, operating expenses increased $59.0 million, or 7.8%, to $812.3 million during the year ended December 31, 2015, as compared to the prior year.

Operating expenses are explained in more detail as follows:

Salaries and Employee Benefits

Salaries and employee benefits increased $24.1 million, or 9.8%, to $270.3 million during the year ended December 31, 2015, from $246.2 million during the year ended December 31, 2014. The increase was primarily the result of increases in headcount as a result of our recent mergers and acquisitions and increases in headcount and related compensation expense to support our growth.

Stock-based compensation increased $4.8 million, or 28.1%, to $22.0 million during the year ended December 31, 2015, from $17.2 million during the year ended December 31, 2014. This increase was primarily attributable to an increase in the number of shares granted and the higher fair value of equity awards granted in recent periods.

Salaries and employee benefits broken down between the reportable segments were as follows *(in thousands)*:

	Year Ended December 31,	
	2015	2014
Salaries and employee benefits:		
Portfolio purchasing and recovery	$ 262,281	$ 238,942
Tax lien business	8,053	7,305
	$ 270,334	$ 246,247

Cost of Legal Collections—Portfolio Purchasing and Recovery

The cost of legal collections increased $24.1 million, or 11.8%, to $229.8 million during the year ended December 31, 2015, compared to $205.7 million during the year ended December 31, 2014. The increase reflects an increase in gross legal collections, which were $725.6 million during the year ended December 31, 2015, up from $653.2 million during the year ended December 31, 2014. The cost of legal collections remained stable as a percentage of gross collections through this channel at 31.7% and 31.5% during the years ended December 31, 2015 and 2014, respectively. During the year ended December 31, 2015, the cost of legal collections was 31.9% and 29.9% in the United States and Europe, respectively. During the year ended December 31, 2014, the cost of legal collections was 31.4% and 32.1% in the United States and Europe, respectively.

Other Operating Expenses

Other operating expenses increased $4.3 million, or 4.6%, to $98.2 million during the year ended December 31, 2015, from $93.9 million during the year ended December 31, 2014. The increases in other operating expenses was primarily the result of additional other operating expenses at our recently acquired subsidiaries.

Other operating expenses broken down between the reportable segments were as follows *(in thousands)*:

	Year Ended December 31,	
	2015	2014
Other operating expenses:		
Portfolio purchasing and recovery	$ 93,211	$ 89,933
Tax lien business	4,971	3,926
	$ 98,182	$ 93,859

Collection Agency Commissions—Portfolio Purchasing and Recovery

During the year ended December 31, 2015, we incurred $37.9 million in commissions to third party collection agencies, or 17.2% of the related gross collections of $220.2 million. During the period, the commission rate as a percentage of related gross collections was 14.4% and 18.5% for our collection outsourcing channels in the United States and Europe, respectively. During the year ended December 31, 2014, we incurred $33.3 million in commissions, or 16.6%, of the related gross collections of $200.3 million. During 2014, the commission rate as a percentage of related gross collections was 16.2% and 16.9% for our collection outsourcing channels in the United States and Europe, respectively.

Collections through this channel vary from period to period depending on, among other things, the number of accounts placed with an agency versus the number of accounts collected internally. Commissions, as a percentage of collections in this channel, also vary from period to period depending on, among other things, the amount of time that has passed since the charge-off of the accounts placed with an agency, the asset class, and the geographic location of the receivables. Generally, freshly charged-off accounts have a lower commission rate than accounts that have been charged off for a longer period of time. Additionally, commission rates are lower in the United Kingdom, where most of the receivables in this channel are semi-performing loans and IVAs, and higher in other European countries where most of the receivables in this channel are non-performing loans.

General and Administrative Expenses

General and administrative expenses increased $50.5 million, or 34.5%, to $196.8 million during the year ended December 31, 2015, from $146.3 million during the year ended December 31, 2014. Excluding one-time acquisition, integration and restructuring costs and CFPB related settlement charges, which collectively amounted to $67.5 million and $19.3 million during the years ended December 31, 2015 and 2014, respectively, general and administrative expenses increased slightly to $129.3 million and $127.0 million during the years ended December 31, 2015 and 2014, respectively due to additional general and administrative expenses at our recently acquired subsidiaries, offset by lower rent expense of $3.6 million during the year ended December 31, 2015.

General and administrative expenses broken down between the reportable segments were as follows *(in thousands)*:

	Year Ended December 31,	
	2015	2014
General and administrative expenses:		
Portfolio purchasing and recovery	$ 191,357	$ 139,977
Tax lien business	5,470	6,309
	$ 196,827	$ 146,286

Depreciation and Amortization

Depreciation and amortization expense increased $6.0 million, or 21.5%, to $33.9 million during the year ended December 31, 2015, from $27.9 million during the year ended December 31, 2014. The increase during the year ended December 31, 2015 was primarily related to increased depreciation expense resulting from the acquisition of fixed assets in the current and prior years and additional depreciation and amortization expenses resulting from fixed assets and intangible assets acquired through our recent acquisitions.

Goodwill Impairment

We recorded a goodwill impairment charge at Propel, our tax lien business reporting unit, of $49.3 million during the year ended December 31, 2015. On February 19, 2016, we entered into an agreement to sell Propel at a price that is lower than Propel's book value at December 31, 2015, which triggered the goodwill impairment charge. Refer to Note 15, "Goodwill and

Identifiable Intangible Assets” to our consolidated financial statements for further information on the goodwill impairment charge.

Cost per Dollar Collected—Portfolio Purchasing and Recovery

We utilize adjusted operating expenses in order to facilitate a comparison of approximate cash costs to cash collections for our portfolio purchasing and recovery business. The calculation of adjusted operating expenses is illustrated in detail in the “Non-GAAP Disclosure” section. The following table summarizes our overall cost per dollar collected by geographic location during the periods presented:

	Year Ended December 31,	
	2015	2014
United States	42.0%	41.7%
Europe	33.0%	29.3%
Other geographies	32.9%	30.2%
Overall cost per dollar collected	39.2%	38.6%

Our overall cost per dollar collected (or “cost-to-collect”) for the year ended December 31, 2015 was 39.2%, up 60 basis points from 38.6% during the prior period. Cabot’s cost-to-collect continues to trend lower than our overall cost-to-collect because its portfolio includes many consumers who are already on payment plans and historically involves little litigation. As more of Cabot’s accounts are serviced through its legal channel, we expect to see incremental net collections and a higher overall cost to collect. As we continue to grow our presence in the Latin American market, we expect to incur upfront cost in building our collection channels. As a result, cost-to-collect in this region may become elevated in the near term and may fluctuate over time.

Over time, we expect our cost-to-collect to remain competitive, but also to fluctuate from quarter to quarter based on seasonality, acquisitions, the cost of investments in new operating initiatives, and the changing regulatory and legislative environment.

Interest Expense—Portfolio Purchasing and Recovery

Interest expense increased $19.6 million to $186.6 million during the year ended December 31, 2015, from $166.9 million during the year ended December 31, 2014.

The following table summarizes our interest expense (*in thousands, except percentages*):

	Year Ended December 31,			
	2015	2014	$ Change	% Change
Stated interest on debt obligations	$ 151,616	$ 137,274	$ 14,342	10.4%
Interest expense on preferred equity certificates	24,484	22,429	2,055	9.2%
Amortization of loan fees and other loan costs	11,792	9,049	2,743	30.3%
Amortization of debt discount	9,410	8,423	987	11.7%
Accretion of debt premium	(10,746)	(10,233)	(513)	5.0%
Total interest expense	$ 186,556	$ 166,942	$ 19,614	11.7%

The payment of the accumulated interest on the preferred equity certificates (“PECs”) issued in connection with the Cabot Acquisition will only be satisfied in connection with the disposition of the noncontrolling interests of J.C. Flowers & Co. LLC and management.

The increase in interest expense was primarily attributable to increased debt levels in the United States and in Europe related to additional borrowings to finance recent acquisitions and portfolio purchases.

Other Income

Other income consists primarily of foreign currency exchange gains or losses and interest income. Other income was $2.2 million during the year ended December 31, 2015, up from $0.1 million during the year ended December 31, 2014. The increase of other income was primarily attributable to a $1.4 million net change in recognized foreign currency gains and losses. We recognized a net foreign currency exchange gain of $0.3 million during the year ended December 31, 2105 and a net foreign currency exchange loss of $1.1 million during the year ended December 31, 2014. The increase in other income was also a result of an increase in interest income of $0.8 million during the year ended December 31, 2015 as compared to the prior year.

Provision for Income Taxes

During the years ended December 31, 2015 and 2014, we recorded income tax provisions for income from continuing operations of $13.6 million and $52.7 million, respectively.

The effective tax rates for the respective periods are shown below:

	Year Ended December 31,	
	2015	2014
Federal provision	35.0 %	35.0 %
State (benefit) provision[1]	(1.2)%	8.2 %
Federal expense (benefit) of state	0.4 %	(2.9)%
International benefit[2]	(12.5)%	(3.6)%
Tax reserves[3]	(3.3)%	0.0 %
Permanent items[4]	9.6 %	4.3 %
Release of valuation allowance	(9.1)%	0.0 %
Other[5]	3.4 %	(6.4)%
Effective rate	22.3 %	34.6 %

(1) Primarily relates to a beneficial settlement with a state tax authority.
(2) Relates primarily to the lower tax rate on the income attributable to international operations.
(3) Represents a release of reserves for a certain tax position.
(4) Represents a provision for nondeductible items, including the CFPB settlement.
(5) Includes the effect of discrete items, primarily relates to the recognition of tax benefit as a result of a favorable tax settlement with taxing authorities as discussed below.

We recognized tax benefits of approximately $10.5 million and $6.3 million during the year ended December 31, 2015 and 2014, respectively. The tax benefit recognized during the year ended December 31, 2015 was primarily due to a favorable settlement with state and international tax authorities and the release of a valuation reserve at one of our international subsidiaries. The tax benefits recognized during the year ended December 31, 2014 included a net benefit of approximately $6.6 million as a result of a favorable settlement with taxing authorities.

Additionally, the effective tax rate for the year ended December 31, 2015 as compared to 2014, decreased as a result of proportionately more earnings realized in countries that have lower statutory tax rates than the U.S. federal rate. The income tax provision also decreased due to agreements reached with tax authorities, which generated benefits and the release of valuation allowances due to continual profitability of a subsidiary.

Year Ended December 31, 2014 Compared to Year Ended December 31, 2013

Revenues

Total revenues were $1.1 billion during the year ended December 31, 2014, an increase of $299.4 million, or 38.7%, compared to total revenues of $773.4 million during the year ended December 31, 2013.

The following tables summarize collections, revenue, end of period receivable balance and other related supplemental data, by year of purchase from our portfolio purchasing and recovery segment (*in thousands, except percentages*):

	Year Ended December 31, 2014					As of December 31, 2014	
	Collections(1)	Gross Revenue(2)	Revenue Recognition Rate(3)	Net Portfolio Allowance Reversal	Revenue % of Total Revenue	Unamortized Balances	Monthly IRR
United States:							
ZBA[4]	$ 34,491	$ 22,271	64.6%	$ 12,229	2.3%	$ —	—
2006	3,067	601	19.6%	—	0.1%	—	—
2007	7,971	3,316	41.6%	1,612	0.3%	2,603	4.8%
2008	27,715	14,939	53.9%	3,566	1.5%	8,400	8.6%
2009	52,661	39,586	75.2%	—	4.1%	7,894	25.6%
2010	111,058	82,375	74.2%	—	8.4%	21,180	22.9%
2011	154,930	108,167	69.8%	—	11.1%	55,968	13.5%
2012	259,252	137,986	53.2%	—	14.1%	150,876	6.4%
2013	397,864	220,121	55.3%	—	22.6%	284,819	5.0%
2014	143,804	79,585	55.3%	—	8.2%	456,970	2.7%
Subtotal	1,192,813	708,947	59.4%	17,407	72.7%	988,710	5.0%
Europe:							
2013	249,307	160,074	64.2%	—	16.4%	505,213	2.4%
2014	135,549	101,285	74.7%	—	10.4%	555,323	1.9%
Subtotal	384,856	261,359	67.9%	—	26.8%	1,060,536	2.1%
Other geographies:							
2012	2,561	—	0.0%	—	0.0%	505	0.0%
2013	17,615	3,032	17.2%	—	0.3%	10,530	0.0%
2014	9,652	2,087	21.6%	—	0.2%	83,279	1.8%
Subtotal	29,828	5,119	17.2%	—	0.5%	94,314	1.6%
Total	$ 1,607,497	$ 975,425	60.7%	$ 17,407	100.0%	$ 2,143,560	3.1%

	Year Ended December 31, 2013					As of December 31, 2013	
	Collections(1)	Gross Revenue(2)	Revenue Recognition Rate(3)	Net Reversal (Portfolio Allowance)	Revenue % of Total Revenue	Unamortized Balances	Monthly IRR
United States:							
ZBA[4]	$ 27,117	$ 17,201	63.4%	$ 9,918	2.3%	$ —	—
2005	2,364	239	10.1%	10	0.0%	—	—
2006	8,780	3,181	36.2%	(184)	0.4%	2,466	5.2%
2007	12,204	5,409	44.3%	2,001	0.7%	5,654	7.6%
2008	41,512	24,377	58.7%	448	3.3%	17,617	9.5%
2009	80,311	54,130	67.4%	—	7.4%	21,009	18.1%
2010	156,773	102,595	65.4%	—	14.0%	50,230	13.8%
2011	225,546	133,396	59.1%	—	18.2%	103,025	8.9%
2012	350,134	162,424	46.4%	—	22.2%	274,111	4.3%
2013	230,041	140,760	61.2%	—	19.2%	466,268	4.4%
Subtotal	1,134,782	643,712	56.7%	12,193	87.9%	940,380	5.7%
Europe:							
2013	134,259	84,407	62.9%	—	11.5%	620,312	2.4%
Other geographies:							
2012	3,848	1,019	26.5%	—	0.1%	3,688	0.0%
2013	6,617	3,521	53.2%	—	0.5%	25,869	4.4%
Subtotal	10,465	4,540	43.4%	—	0.6%	29,557	3.5%
Total	$ 1,279,506	$ 732,659	57.3%	$ 12,193	100.0%	$ 1,590,249	4.4%

(1) Does not include amounts collected on behalf of others.

(2) Gross revenue excludes the effects of net portfolio allowance or net portfolio allowance reversals.

(3) Revenue recognition rate excludes the effects of net portfolio allowance or net portfolio allowance reversals.

(4) ZBA revenue typically has a 100% revenue recognition rate. However, collections on ZBA pool groups where a valuation allowance remains must first be recorded as an allowance reversal until the allowance for that pool group is zero. Once the entire valuation allowance is reversed, the revenue recognition rate will become 100%. ZBA gross revenue includes an immaterial amount of Put-Backs.

Portfolio revenue from our portfolio purchasing and recovery segment was $992.8 million during the year ended December 31, 2014, an increase of $248.0 million, or 33.3%, compared to revenue of $744.9 million during the year ended December 31, 2013. The increase in portfolio revenue during the year ended December 31, 2014 compared to 2013 was due to additional accretion revenue associated with a higher portfolio balance, primarily associated with portfolios acquired through our increased level of merger and acquisition related activities and increases in yields on certain pool groups due to over-performance, offset by lower yields on recently formed pool groups.

During the year ended December 31, 2014, we recorded a portfolio allowance reversal of $17.4 million, compared to a net portfolio allowance reversal of $12.2 million during the year ended December 31, 2013. The recording of net allowance reversals during the years ended December 31, 2014 and 2013 was primarily due to operational improvements which allowed us to assist our customers to repay their obligations and increased collections on our ZBA portfolios. Additionally, our refined valuation methodologies have limited the amount of valuation charges necessary during recent periods.

Other revenues were $52.0 million and $12.6 million for the years ended December 31, 2014 and 2013, respectively. Other revenues primarily represent contingent fee income at our Cabot, Refinancia and Grove subsidiaries earned on accounts collected on behalf of others, primarily credit originators. The increase in other revenues during the year ended December 31, 2014 was primarily due to the acquisition of Cabot in July 2013, Refinancia in December 2013 and Grove in April 2014. Contingent fees from Cabot and Refinancia are only included in the prior year periods since their acquisition dates. Net interest income from our tax lien business segment was $28.0 million and $15.9 million for the years ended December 31, 2014 and 2013, respectively. The increase for the year ended December 31, 2014 was due to an increase in the balance of receivables secured by property tax liens, primarily resulting from Propel's recent acquisition of a portfolio of tax liens and other assets in a transaction valued at approximately $43.0 million in May 2014.

Operating Expenses

Total operating expenses were $753.3 million during the year ended December 31, 2014, an increase of $178.3 million, or 31.0%, compared to total operating expenses of $575.0 million during the year ended December 31, 2013.

Operating expenses are explained in more detail as follows:

Salaries and Employee Benefits

Salaries and employee benefits increased $81.2 million, or 49.2%, to $246.2 million during the year ended December 31, 2014, from $165.0 million during the year ended December 31, 2013. The increase was primarily the result of increases in headcount as a result of our recent mergers and acquisitions and increases in headcount and related compensation expense to support our growth.

Stock-based compensation increased $4.5 million, or 35.8%, to $17.2 million during the year ended December 31, 2014, from $12.6 million during the year ended December 31, 2013. This increase was primarily attributable to an increase in the number of shares granted and the higher fair value of equity awards granted in recent periods.

Salaries and employee benefits broken down between the reportable segments were as follows *(in thousands)*:

	Year Ended December 31,	
	2014	2013
Salaries and employee benefits:		
Portfolio purchasing and recovery	$ 238,942	$ 159,318
Tax lien business	7,305	5,722
	$ 246,247	$ 165,040

Cost of Legal Collections—Portfolio Purchasing and Recovery

The cost of legal collections increased $18.7 million, or 10.0%, to $205.7 million during the year ended December 31, 2014, compared to $187.0 million during the year ended December 31, 2013. These costs represent contingent fees paid to our network of attorneys, internal legal costs and the cost of litigation. Gross legal collections were $653.2 million during the year ended December 31, 2014, up from $564.6 million collected during the year ended December 31, 2013. The increase in the cost of legal collections includes an increase in commissions in the United States, as a result of an increase in gross collections of $45.6 million, or 8.1%, and an increase in commissions in Europe, as a result of an increase in gross collections of $42.9 million. The cost of legal collections decreased as a percentage of gross collections through this channel to 31.5% during the year ended December 31, 2014 from 33.1% during the same period in the prior year. This decrease was primarily due to increased collections from our internal legal channel, for which we do not pay a commission, and to a lesser extent, due to lower litigation costs as a percent of collections in Europe for accounts placed into Marlin’s legal platform. However, as Cabot and Marlin continue to increase the number of consumer accounts placed through Marlin’s legal platform, the cost of legal collections as a percent of collections in Europe will increase, due to an increase in upfront court costs.

Other Operating Expenses

Other operating expenses increased $27.2 million, or 40.8%, to $93.9 million during the year ended December 31, 2014, from $66.6 million during the year ended December 31, 2013. The increases in other operating expenses was primarily the result of additional other operating expenses at our recently acquired subsidiaries.

Other operating expenses broken down between the reportable segments were as follows *(in thousands)*:

	Year Ended December 31,	
	2014	2013
Other operating expenses:		
Portfolio purchasing and recovery	$ 89,933	$ 63,228
Tax lien business	3,926	3,421
	$ 93,859	$ 66,649

Collection Agency Commissions—Portfolio Purchasing and Recovery

During the year ended December 31, 2014, we incurred $33.3 million in commissions to third party collection agencies, or 16.6% of the related gross collections of $200.3 million. During the period, the commission rate as a percentage of related gross collections was 16.2% and 16.9% for our collection outsourcing channels in the United States and Europe, respectively. During the year ended December 31, 2013, we incurred $33.1 million in commissions, or 19.0%, of the related gross collections of $174.0 million.

Collections through this channel vary from period to period depending on, among other things, the number of accounts placed with agencies versus accounts collected internally. Commissions, as a percentage of collections in this channel, also vary from period to period depending on, among other things, the amount of time that has passed since the charge-off of the accounts placed with an agency. Generally, freshly charged-off accounts have a lower commission rate than accounts that have been charged off for a longer period of time.

General and Administrative Expenses

General and administrative expenses increased $36.6 million, or 33.3%, to $146.3 million during the year ended December 31, 2014, from $109.7 million during the year ended December 31, 2013. The increase was primarily the result of additional general and administrative expenses at our newly acquired subsidiaries, and general increases in expenses to support our growth. The increase was partially offset by lower one-time acquisition and integration related costs in our portfolio purchasing and recovery segment. General and administrative expenses include one-time acquisition and integration related costs of $15.9 million and $21.6 million for the years ended December 31, 2014 and 2013, respectively.

General and administrative expenses broken down between the reportable segments were as follows *(in thousands)*:

	Year Ended December 31,	
	2014	**2013**
General and administrative expenses:		
Portfolio purchasing and recovery	$ 139,977	$ 106,814
Tax lien business	6,309	2,899
	$ 146,286	$ 109,713

Depreciation and Amortization

Depreciation and amortization expense increased $14.4 million, or 106.3%, to $27.9 million during the year ended December 31, 2014, from $13.5 million during the year ended December 31, 2013. The increase during the year ended December 31, 2014 was primarily related to increased depreciation expense resulting from the acquisition of fixed assets in the current and prior years and additional depreciation and amortization expenses resulting from fixed assets and intangible assets acquired through our recent acquisitions.

Cost per Dollar Collected—Portfolio Purchasing and Recovery

We utilize adjusted operating expenses in order to facilitate a comparison of approximate cash costs to cash collections for our portfolio purchasing and recovery business. The calculation of adjusted operating expenses is illustrated in detail in the “Non-GAAP Disclosure” section. The following table summarizes our overall cost per dollar collected by geographic location during the periods presented:

	Year Ended December 31,	
	2014	**2013**
United States	41.7%	40.6%
Europe	29.3%	27.0%
Other geographies	30.2%	31.3%
Overall cost per dollar collected	38.6%	39.1%

Our overall cost per dollar collected for the year ended December 31, 2014 was 38.6%, down 50 basis points from 39.1% during the prior period. This decrease was primarily due to collections from geographies with a lower cost to collect increasing as a percent of total collections, offset by higher cost to collect in the United States. During the same periods, cost to collect in the United States increased to 41.7% from 40.6%. Over time, we expect our cost to collect to remain competitive, but also

expect that it will fluctuate from quarter to quarter based on seasonality, the cost of investments in new operating initiatives, and the ongoing management of the changing regulatory and legislative environment.

Interest Expense—Portfolio Purchasing and Recovery

Interest expense increased $93.7 million to $166.9 million during the year ended December 31, 2014, from $73.3 million during the year ended December 31, 2013.

The following table summarizes our interest expense (*in thousands, except percentages*):

	Year Ended December 31,			
	2014	2013	$ Change	% Change
Stated interest on debt obligations	$ 137,274	$ 55,703	$ 81,571	146.4%
Interest expense on preferred equity certificates	22,429	11,381	11,048	97.1%
Amortization of loan fees and other loan costs	9,049	4,519	4,530	100.2%
Amortization of debt discount	8,423	4,492	3,931	87.5%
Accretion of debt premium	(10,233)	(2,826)	(7,407)	262.1%
Total interest expense	$ 166,942	$ 73,269	$ 93,673	127.8%

The payment of the accumulated interest on the PECs issued in connection with the Cabot Acquisition will only be satisfied in connection with the disposition of the noncontrolling interests of J.C. Flowers and management.

The increase in interest expense was primarily attributable to interest expense incurred at Cabot during the year ended December 31, 2014 of $118.8 million, including $22.4 million of interest expense on the preferred equity certificates as compared to $37.6 million for the year ended December 31, 2013 including $11.4 million of interest expense on the preferred equity certificates. The increase was also a result of increased interest expense related to additional borrowings to finance recent acquisitions.

Other Income (Expense)

We recorded a net other income of $0.1 million and a net other expenses of $4.2 million during the years ended December 31, 2014 and 2013, respectively. The majority of the other expenses recognized during the year ended December 31, 2013 was related to a $3.6 million loss recognized on a foreign currency exchange hedge contract we entered into associated with the Cabot Acquisition. In anticipation of the Cabot Acquisition, on June 7, 2013, we entered into a European style zero-cost collar foreign exchange contract with a notional amount of approximately $206.0 million.

Provision for Income Taxes

During the years ended December 31, 2014 and 2013, we recorded income tax provisions for income from continuing operations of $52.7 million and $45.4 million, respectively.

The effective tax rates for the respective periods are shown below:

	Year Ended December 31,	
	2014	2013
Federal provision	35.0 %	35.0 %
State provision	8.2 %	5.8 %
State benefit	(2.9)%	(2.0)%
Changes in state apportionment[1]	0.0 %	(0.2)%
International provision[2]	(3.6)%	(2.2)%
Permanent items[3]	4.3 %	2.4 %
Other[4]	(6.4)%	(1.2)%
Effective rate	34.6 %	37.6 %

(1) Represents changes in state apportionment methodologies.

(2) Relates primarily to the lower tax rate on the income attributable to international operations.

(3) Represents a provision for nondeductible items.

(4) Includes the effect of discrete items, primarily relates to the recognition of tax benefit as a result of a favorable tax settlement with taxing authorities as discussed below.

The effective tax rate decreased from the year ended December 31, 2014 as compared to 2013, primarily due to a net tax benefit of approximately $6.6 million recognized as a result of a favorable settlement with taxing authorities related to a previously uncertain tax position. Additionally, the effective tax rate for the year ended December 31, 2014 as compared to 2013, decreased as a result of proportionately more earnings realized in countries that have lower statutory tax rates than the United States federal rate. Our effective tax rate could fluctuate significantly on a quarterly basis and could be adversely affected to the extent earnings are lower than anticipated in countries that have lower statutory rates and higher than anticipated in countries that have higher statutory rates.

Supplemental Performance Data—Portfolio purchasing and recovery

The Company utilizes its proprietary forecasting models to continuously evaluate the economic life of each pool. For purposes of calculating its IRRs, the collection forecast of each pool is estimated to be up to 120 months.

Cumulative Collections to Purchase Price Multiple

The following table summarizes our purchases and related gross collections by year of purchase *(in thousands, except multiples)*:

Year of Purchase	Purchase Price[1]	Cumulative Collections through December 31, 2015											
		<2007	2007	2008	2009	2010	2011	2012	2013	2014	2015	Total[2]	CCM[3]
Purchased consumer receivables:													
United States:													
<2007	$ 719,080	$1,377,276	$ 286,676	$ 183,982	$ 114,648	$ 73,397	$ 52,137	$ 36,955	$ 28,242	$ 22,012	$ 18,835	$2,194,160	3.1
2007	204,064	—	68,048	145,272	111,117	70,572	44,035	29,619	20,812	14,431	12,002	515,908	2.5
2008	227,755	—	—	69,049	165,164	127,799	87,850	59,507	41,773	29,776	23,247	604,165	2.7
2009	253,081	—	—	—	96,529	206,773	164,605	111,569	80,443	58,345	42,960	761,224	3.0
2010	345,445	—	—	—	—	125,465	284,541	215,088	150,558	106,079	80,051	961,782	2.8
2011	382,310	—	—	—	—	—	122,224	300,536	225,451	154,847	112,659	915,717	2.4
2012	466,772	—	—	—	—	—	—	186,472	319,114	233,045	155,647	894,278	1.9
2013	513,333	—	—	—	—	—	—	—	217,245	372,967	276,552	866,764	1.7
2014	517,074	—	—	—	—	—	—	—	—	144,178	307,814	451,992	0.9
2015	480,195	—	—	—	—	—	—	—	—	—	105,588	105,588	0.2
Subtotal	4,109,109	1,377,276	354,724	398,303	487,458	604,006	755,392	939,746	1,083,638	1,135,680	1,135,355	8,271,578	2.0
Europe:													
2013	619,079	—	—	—	—	—	—	—	134,259	249,307	212,129	595,695	1.0
2014	630,347	—	—	—	—	—	—	—	—	135,549	198,127	333,676	0.5
2015	423,528	—	—	—	—	—	—	—	—	—	65,870	65,870	0.2
Subtotal	1,672,954	—	—	—	—	—	—	—	134,259	384,856	476,126	995,241	0.6
Other geographies:													
2012	6,575	—	—	—	—	—	—	—	3,848	2,561	1,208	7,617	1.2
2013	29,568	—	—	—	—	—	—	—	6,617	17,615	10,334	34,566	1.2
2014	88,227	—	—	—	—	—	—	—	—	9,652	16,062	25,714	0.3
2015	94,020	—	—	—	—	—	—	—	—	—	15,061	15,061	0.2
Subtotal	218,390	—	—	—	—	—	—	—	10,465	29,828	42,665	82,958	0.4
Purchased U.S. bankruptcy receivables:													
2010	11,971	—	—	—	—	388	4,247	5,598	6,248	5,914	3,527	25,922	2.2
2011	1,642	—	—	—	—	—	1,372	1,413	1,070	333	247	4,435	2.7
2012	83,159	—	—	—	—	—	—	1,249	31,020	26,207	21,267	79,743	1.0
2013	39,833	—	—	—	—	—	—	—	12,806	24,679	21,516	59,001	1.5
2014	—	—	—	—	—	—	—	—	—	—	—	—	—
2015	24,372	—	—	—	—	—	—	—	—	—	22	22	—
Subtotal	160,977	—	—	—	—	388	5,619	8,260	51,144	57,133	46,579	169,123	1.1
Total	$6,161,430	$1,377,276	$ 354,724	$ 398,303	$ 487,458	$ 604,394	$ 761,011	$ 948,006	$1,279,506	$1,607,497	$1,700,725	$9,518,900	1.5

(1) Adjusted for Put-Backs and Recalls. Recalls represent accounts that are recalled by the seller in accordance with the respective purchase agreement (“Recalls”).

(2) Cumulative collections from inception through December 31, 2015, excluding collections on behalf of others.

(3) Cumulative Collections Multiple (“CCM”) through December 31, 2015 refers to collections as a multiple of purchase price.

Total Estimated Collections to Purchase Price Multiple

The following table summarizes our purchases, resulting historical gross collections, and estimated remaining gross collections, by year of purchase *(in thousands, except multiples)*:

	Purchase Price(1)	Historical Collections(2)	Estimated Remaining Collections(3)	Total Estimated Gross Collections	Total Estimated Gross Collections to Purchase Price
Purchased consumer receivables:					
United States:					
<2006	$ 578,054	$ 1,864,849	$ 9,216	$ 1,874,065	3.2
2006	141,026	329,311	7,250	336,561	2.4
2007	204,064	515,908	17,558	533,466	2.6
2008	227,755	604,165	35,567	639,732	2.8
2009	253,081	761,224	64,851	826,075	3.3
2010	345,445	961,782	126,329	1,088,111	3.1
2011	382,310	915,717	159,331	1,075,048	2.8
2012	466,772	894,278	246,817	1,141,095	2.4
2013	513,333	866,764	524,675	1,391,439	2.7
2014	517,074	451,992	636,056	1,088,048	2.1
2015	480,195	105,588	717,924	823,512	1.7
Subtotal	4,109,109	8,271,578	2,545,574	10,817,152	2.6
Europe:					
2013	619,079	595,695	1,146,461	1,742,156	2.8
2014	630,347	333,676	921,199	1,254,875	2.0
2015	423,528	65,870	722,764	788,634	1.9
Subtotal	1,672,954	995,241	2,790,424	3,785,665	2.3
Other geographies:					
2012	6,575	7,617	2,342	9,959	1.5
2013	29,568	34,566	13,330	47,896	1.6
2014	88,227	25,714	141,507	167,221	1.9
2015	94,020	15,061	158,479	173,540	1.8
Subtotal	218,390	82,958	315,658	398,616	1.8
Purchased U.S. bankruptcy receivables:					
2010	11,971	25,922	—	25,922	2.2
2011	1,642	4,435	—	4,435	2.7
2012	83,159	79,743	19,398	99,141	1.2
2013	39,833	59,001	11,917	70,918	1.8
2014	—	—	—	—	—
2015	24,372	22	28,369	28,391	1.2
Subtotal	160,977	169,123	59,684	228,807	1.4
Total	$ 6,161,430	$ 9,518,900	$ 5,711,340	$ 15,230,240	2.5

(1) Adjusted for Put-Backs and Recalls.

(2) Cumulative collections from inception through December 31, 2015, excluding collections on behalf of others.

(3) Estimated remaining collections ("ERC") for charged-off consumer receivables includes $91.9 million related to accounts that converted to bankruptcy after purchase.

Estimated Remaining Gross Collections by Year of Purchase

The following table summarizes our estimated remaining gross collections by year of purchase *(in thousands)*:

	Estimated Remaining Gross Collections by Year of Purchase[1], [2]										
	2016	2017	2018	2019	2020	2021	2022	2023	2024	>2024	Total
Purchased consumer receivables:											
United States:											
<2006	$ 4,206	$ 2,604	$ 1,438	$ 771	$ 197	$ —	$ —	$ —	$ —	$ —	$ 9,216
2006	3,297	1,864	1,041	585	332	131	—	—	—	—	7,250
2007	6,778	4,677	2,655	1,627	998	613	210	—	—	—	17,558
2008	13,365	8,291	5,699	3,435	2,171	1,374	871	361	—	—	35,567
2009	26,743	14,725	9,297	6,218	3,308	2,081	1,327	844	308	—	64,851
2010	49,096	29,249	17,320	11,303	7,910	4,702	3,056	1,986	1,291	416	126,329
2011	62,366	37,797	22,123	13,464	8,760	6,185	3,521	2,289	1,488	1,338	159,331
2012	90,300	59,713	35,759	22,321	14,335	9,352	6,485	3,525	2,291	2,736	246,817
2013	167,312	122,041	80,615	53,749	36,229	24,260	15,886	10,826	5,656	8,101	524,675
2014	195,666	158,208	97,826	62,482	41,010	26,419	18,854	13,367	9,773	12,451	636,056
2015	186,945	189,846	124,381	81,569	51,917	30,256	19,624	13,957	9,711	9,718	717,924
Subtotal	806,074	629,015	398,154	257,524	167,167	105,373	69,834	47,155	30,518	34,760	2,545,574
Europe:											
2013	183,199	197,292	173,733	153,204	136,430	121,102	108,324	73,177	—	—	1,146,461
2014	144,718	158,261	135,508	117,484	103,298	90,274	78,759	69,971	19,637	3,289	921,199
2015	107,894	113,372	106,515	89,574	74,305	63,122	55,494	48,935	42,885	20,668	722,764
Subtotal	435,811	468,925	415,756	360,262	314,033	274,498	242,577	192,083	62,522	23,957	2,790,424
Other geographies:											
2012	669	511	384	278	213	179	108	—	—	—	2,342
2013	4,555	3,441	2,497	1,464	1,035	206	113	19	—	—	13,330
2014	14,805	17,586	46,040	40,366	13,562	2,162	1,602	1,592	3,792	—	141,507
2015	46,960	37,710	27,231	19,950	14,990	7,942	2,500	519	366	311	158,479
Subtotal	66,989	59,248	76,152	62,058	29,800	10,489	4,323	2,130	4,158	311	315,658
Purchased U.S. bankruptcy receivables:											
2012	11,782	5,845	1,771	—	—	—	—	—	—	—	19,398
2013	8,064	2,243	654	397	258	169	111	21	—	—	11,917
2014	—	—	—	—	—	—	—	—	—	—	—
2015	1,260	5,993	7,267	6,963	5,510	850	223	146	99	58	28,369
Subtotal	21,106	14,081	9,692	7,360	5,768	1,019	334	167	99	58	59,684
Total	$ 1,329,980	$ 1,171,269	$ 899,754	$ 687,204	$ 516,768	$ 391,379	$ 317,068	$ 241,535	$ 97,297	$ 59,086	$ 5,711,340

(1) ERC for Zero Basis Portfolios can extend beyond our collection forecasts.

(2) ERC for charged-off consumer receivables includes $91.9 million related to accounts that converted to bankruptcy after purchase. The collection forecast of each pool is generally estimated up to 120 months based on the expected collection period of each pool in the United States and in Europe. Expected collections beyond the 120 month collection forecast in the United States are included in ERC but are not included in the calculation of IRRs.

Unamortized Balances of Portfolios

The following table summarizes the remaining unamortized balances of our purchased receivable portfolios by year of purchase *(in thousands, except percentages)*:

	Unamortized Balance as of December 31, 2015	Purchase Price[(1)]	Unamortized Balance as a Percentage of Purchase Price	Unamortized Balance as a Percentage of Total
Purchased consumer receivables:				
United States:				
2007	$ 1,573	$ 204,064	0.8%	0.2%
2008	5,798	227,755	2.5%	0.6%
2009	—	253,081	0.0%	0.0%
2010	3,742	345,445	1.1%	0.4%
2011	27,257	382,310	7.1%	2.8%
2012	62,440	466,772	13.4%	6.4%
2013	155,875	513,333	30.4%	16.1%
2014	291,402	517,074	56.4%	30.1%
2015	420,945	480,195	87.7%	43.4%
Subtotal	969,032	3,390,029	28.6%	100.0%
Europe:				
2013	439,619	619,079	71.0%	34.6%
2014	444,618	630,347	70.5%	35.1%
2015	384,231	423,528	90.7%	30.3%
Subtotal	1,268,468	1,672,954	75.8%	100.0%
Other geographies:				
2013	2,480	29,568	8.4%	1.6%
2014	67,714	88,227	76.7%	43.6%
2015	85,196	94,020	90.6%	54.8%
Subtotal	155,390	211,815	73.4%	100.0%
Purchased U.S. bankruptcy receivables:				
2012	17,533	83,159	21.1%	36.7%
2013	5,664	39,833	14.2%	11.9%
2014	—	—	—	—
2015	24,582	24,372	100.9%	51.4%
Subtotal	47,779	147,364	32.4%	100.0%
Total	$ 2,440,669	$ 5,422,162	45.0%	100.0%

(1) Purchase price refers to the cash paid to a seller to acquire a portfolio less Put-Backs, Recalls, and other adjustments.

Estimated Future Amortization of Portfolios

As of December 31, 2015, we had $2.4 billion in investment in receivable portfolios. This balance will be amortized based upon current projections of cash collections in excess of revenue applied to the principal balance. The estimated amortization of the investment in receivable portfolios balance is as follows *(in thousands)*:

Years Ending December 31,	Purchased Consumer Receivables United States	Purchased Consumer Receivables Europe	Purchased Consumer Receivables Other Geographies	Purchased U.S. Bankruptcy Receivables	Total Amortization
2016	$ 238,195	$ 103,223	$ 16,397	$ 14,851	$ 372,666
2017	263,064	172,585	15,966	11,891	463,506
2018	167,795	164,754	42,265	7,635	382,449
2019	108,740	151,237	43,255	6,593	309,825
2020	72,169	145,282	22,239	5,397	245,087
2021	46,276	146,155	7,765	939	201,135
2022	32,933	157,958	6,077	206	197,174
2023	23,065	156,988	756	178	180,987
2024	12,731	51,028	250	89	64,098
2025	4,064	19,132	270	—	23,466
2026	—	126	150	—	276
Total	$ 969,032	$ 1,268,468	$ 155,390	$ 47,779	$ 2,440,669

Headcount by Function by Geographic Location

The following table summarizes our headcount by function by geographic location:

	Headcount as of December 31,					
	2015		2014		2013	
	Domestic	International	Domestic	International	Domestic	International
General & Administrative	944	2,198	1,010	1,628	1,008	1,288
Internal Legal Account Manager	29	151	38	64	63	61
Account Manager	240	3,103	313	2,324	297	2,534
	1,213	5,452	1,361	4,016	1,368	3,883

Purchases by Quarter

The following table summarizes the consumer receivable portfolios and bankruptcy receivables we purchased by quarter, and the respective purchase prices (*in thousands*):

Quarter	# of Accounts	Face Value	Purchase Price
Q1 2013	1,678	$ 1,615,214	$ 58,771
Q2 2013[1]	23,887	68,906,743	423,113
Q3 2013[2]	4,232	13,437,807	617,852
Q4 2013	614	1,032,472	105,043
Q1 2014[3]	1,104	4,288,159	467,565
Q2 2014	1,210	3,075,343	225,762
Q3 2014[4]	2,203	3,970,145	299,509
Q4 2014	859	2,422,128	258,524
Q1 2015	734	1,041,011	125,154
Q2 2015[5]	2,970	5,544,885	418,780
Q3 2015	1,267	2,085,381	187,180
Q4 2015[6]	2,363	4,068,252	292,608

(1) Includes $383.4 million of portfolios acquired with a face value of approximately $68.2 billion in connection with the AACC Merger.
(2) Includes $559.0 million of portfolios acquired with a face value of approximately $12.8 billion in connection with the Cabot Acquisition.
(3) Includes $208.5 million of portfolios acquired with a face value of approximately $2.4 billion in connection with the Marlin Acquisition.
(4) Includes $105.4 million of portfolios acquired with a face value of approximately $1.7 billion in connection with the Atlantic Acquisition.
(5) Includes $216.0 million of portfolios acquired with a face value of approximately $3.1 billion in connection with the dlc Acquisition.
(6) Includes $60.3 million of portfolios acquired with a face value of approximately $1.2 billion in connection with the Baycorp Acquisition.

Liquidity and Capital Resources

Liquidity

The following table summarizes our cash flow activity for the periods presented *(in thousands)*:

	Year Ended December 31,		
	2015	2014	2013
Net cash provided by operating activities	$ 114,425	$ 111,544	$ 74,775
Net cash used in investing activities	(472,709)	(755,197)	(217,240)
Net cash provided by financing activities	401,845	626,323	245,980

Operating Cash Flows

Cash flows from operating activities represent the cash receipts and disbursements related to all of our activities other than investing and financing activities. Operating cash flow is derived by adjusting net income for non-cash operating items such as depreciation and amortization, allowance charges and stock-based compensation charges, and changes in operating assets and liabilities which reflect timing differences between the receipt and payment of cash associated with transactions and when they are recognized in results of operations.

Net cash provided by operating activities was $114.4 million, $111.5 million, and $74.8 million for the years ended December 31, 2015, 2014, and 2013, respectively.

Cash provided by operating activities during the year ended December 31, 2015 was primarily related to net income of $47.4 million and a $49.3 million non-cash add back related to a goodwill impairment charge at Propel, in addition to other non-cash add backs in operating activities and changes in operating assets and liabilities. Cash provided by operating activities during the year ended December 31, 2014 was primarily related to net income of $98.3 million and various non-cash add backs in operating activities and changes in operating assets and liabilities. Cash provided by operating activities during the year ended December 31, 2013 was primarily related to net income of $73.7 million and various non-cash add backs in operating activities and changes in operating assets and liabilities.

Investing Cash Flows

Net cash used in investing activities was $472.7 million, $755.2 million, and $217.2 million for the years ended December 31, 2015, 2014, and 2013, respectively.

The cash flows used in investing activities during the year ended December 31, 2015 were primarily related to cash paid for acquisitions, net of cash acquired, of $276.6 million, receivable portfolio purchases (excluding the portfolios acquired from the dlc Acquisition of $216.0 million and from the acquisition of Baycorp of $60.3 million) of $749.8 million, offset by collection proceeds applied to the principal of our receivable portfolios in the amount of $635.9 million. The cash flows used in investing activities during the year ended December 31, 2014 were primarily related to cash paid for acquisitions, net of cash acquired, of $495.8 million, receivable portfolio purchases (excluding the portfolios acquired from the Marlin Acquisition of $208.5 million and from the Atlantic Acquisition of $105.4 million) of $863.0 million, offset by collection proceeds applied to the principal of our receivable portfolios in the amount of $634.0 million. Cash flows used in investing activities during the year ended December 31, 2013 were primarily related to cash paid for acquisitions, net of cash acquired, of $449.0 million, receivable portfolio purchases (excluding the portfolios acquired from the AACC Merger of $383.4 million and from the Cabot Acquisition of $559.0 million) of $249.6 million, and originations or purchases of receivables secured by tax liens of $117.0 million, offset by gross collection proceeds applied to the principal of our receivable portfolios in the amount of $546.4 million.

Financing Cash Flows

Net cash provided by financing activities was $401.8 million, $626.3 million, and $246.0 million for the years ended December 31, 2015, 2014, and 2013, respectively.

The cash provided by financing activities during the year ended December 31, 2015 primarily reflects $1.1 billion in borrowings under our credit facilities and $332.7 million of proceeds from the Cabot Floating Rate Notes, offset by $891.8 million in repayments of amounts outstanding under our credit facilities and $33.2 million in repurchases of our common stock. The cash provided by financing activities during the year ended December 31, 2014 primarily reflects $1.3 billion in borrowings under our credit facilities, $288.6 million of proceeds from Cabot's senior secured notes due 2021, $161.0 million of proceeds from the issuance of Encore's convertible senior notes due 2021, and $134.0 million of proceeds from the issuance of Propel's securitized notes, offset by $1.2 billion in repayments of amounts outstanding under our credit facilities and $33.6 million in purchases of convertible hedge instruments, including the payment for our warrant restrike transaction associated with our 2017 Convertible Notes. The cash provided by financing activities during the year ended December 31, 2013, reflects $659.9 million in borrowings under our credit facilities, the $151.7 million of proceeds from Cabot's senior secured notes due 2020, and $172.5 million of proceeds from the issuance of our 2020 Convertible Notes, offset by $630.2 million repayments of amounts outstanding under our credit facilities.

Capital Resources

Historically, we have met our cash requirements by utilizing our cash flows from operations, bank borrowings, convertible debt offerings, and equity offerings. From time to time, depending on the capital markets, we and Cabot consider additional financings to fund our operations and acquisitions. Our primary cash requirements have included the purchase of receivable portfolios, the acquisition of U.S. and international entities, operating expenses, the payment of interest and principal on borrowings, and the payment of income taxes.

On July 9, 2015, we amended our revolving credit facility and term loan facility pursuant to Amendment No. 2 to the Second Amended and Restated Credit Agreement (as amended, the "Restated Credit Agreement"). The Restated Credit Agreement includes a revolving credit facility of $742.6 million (the "Revolving Credit Facility"), a term loan facility of $158.8 million (the "Term Loan Facility", and together with the Revolving Credit Facility, the "Senior Secured Credit Facilities"), and an accordion feature that allows us to increase the Revolving Credit Facility by an additional $250.0 million ($55.0 million of which was exercised in November 2015). Including the accordion feature, the maximum amount that can be borrowed under the Senior Secured Credit Facilities is $1.1 billion. The Senior Secured Credit Facilities have a five-year maturity, expiring in February 2019, except with respect to two subtranches of the Term Loan Facility of $60.0 million and $6.3 million, expiring in February 2017 and November 2017, respectively. As of December 31, 2015, we had $770.1 million outstanding and $107.1 million of availability under the Senior Secured Credit Facilities, excluding the $195.0 million available under the accordion.

Through Cabot Financial (UK) Limited ("Cabot Financial UK"), an indirect subsidiary, we have a revolving credit facility of £200.0 million (the "Cabot Credit Facility"). The Cabot Credit Facility includes an uncommitted accordion facility which will allow the facility to be increased by an additional £50.0 million, subject to obtaining the requisite commitments and compliance with the terms of Cabot Financial UK's other indebtedness. As of December 31, 2015, we had £36.5 million (approximately $54.1 million) outstanding and £163.5 million (approximately $242.3 million) of availability under the Cabot Credit Facility.

On June 1, 2015, Cabot entered into a new senior secured bridge facility (the "2015 Senior Secured Bridge Facility") that provides an aggregate principal amount of up to £90.0 million. The purpose of the 2015 Senior Secured Bridge Facility was to provide funding for the financing, in full or in part, of the purchase price for the dlc Acquisition and the payment of costs, fees and expenses in connection with the dlc Acquisition, and was fully drawn on as of the closing of the dlc Acquisition. The 2015 Senior Secured Bridge Facility had an initial term of one year. In November 2015, Cabot paid off the outstanding balance on the 2015 Senior Secured Bridge Facility. As a result, at December 31, 2015, there was no amount outstanding on the 2015 Senior Secured Bridge Facility.

On November 11, 2015, Cabot Financial (Luxembourg) II S.A. (the "Cabot Financial II"), an indirect subsidiary of Janus Holdings, issued €310.0 million (approximately $332.2 million) in aggregate principal amount of Senior Secured Floating Rate Notes due 2021 (the "Cabot Floating Rate Notes"). The Cabot Floating Rate Notes bear interest at a rate equal to three-month EURIBOR plus 5.875% per annum, reset quarterly. The Cabot Floating Rate Notes will mature on November 15, 2021.

Propel has an $80.0 million syndicated loan facility (the "Propel Facility I"), with an accordion feature that allows Propel to increase the Propel Facility I by an additional $20.0 million. The Propel Facility I is used to fund tax liens. As of December 31, 2015 there was $63.0 million outstanding and $17.0 million of availability under the Propel Facility I, excluding the $20.0 million available under the accordion.

Propel also has a $150.0 million revolving credit facility (the "Propel Facility II") that is used to purchase tax liens in various states directly from taxing authorities. As of December 31, 2015, there was $107.9 million outstanding and $42.1 million of availability under the Propel Facility II.

On April 24, 2014, our Board of Directors approved a $50.0 million share repurchase program. During the year ended December 31, 2015, we repurchased 839,295 shares of our common stock for approximately $33.2 million, which represented the remaining amount allowed under the share repurchase program.

On August 12, 2015, our Board of Directors approved a new $50.0 million share repurchase program. Repurchases under this program are expected to be made with cash on hand and may be made from time to time, subject to market conditions and other factors, in the open market, through private transactions, block transactions, or other methods as determined by the management and our Board of Directors, and in accordance with market conditions, other corporate considerations, and applicable regulatory requirements. The program does not obligate the Company to acquire any particular amount of common stock, and it may be modified or suspended at any time at the Company's discretion. We did not make any repurchases under the new share repurchase program during the year ended December 31, 2015.

Currently, all of our portfolio purchases are funded with cash from operations and borrowings under our Senior Secured Credit Facilities and our Cabot Credit Facility. All of our purchases for receivables secured by property tax liens are funded with cash from Propel's operations and borrowings under the Propel Facility I and the Propel Facility II.

We are in compliance with all covenants under our financing arrangements. See Note 9, "Debt" to our consolidated financial statements for a further discussion of our debt.

Our cash and cash equivalents at December 31, 2015 consisted of $56.9 million held by U.S.-based entities and $96.7 million held by foreign entities. Most of our cash and cash equivalents held by foreign entities is indefinitely reinvested and may be subject to material tax effects if repatriated. However, we believe that our U.S. sources of cash and liquidity are sufficient to meet our business needs in the United States and do not expect that we will need to repatriate the funds.

We believe that we have sufficient liquidity to fund our operations for at least the next twelve months, given our expectation of continued positive cash flows from operations, our cash and cash equivalents, our access to capital markets, and availability under our credit facilities. Our future cash needs will depend on our acquisitions of portfolios and businesses.

Future Contractual Cash Obligations

The following table summarizes our future contractual cash obligations as of December 31, 2015 (*in thousands*):

	Payment Due By Period				
Contractual Obligations	**Total**	**Less Than 1 Year**	**1 – 3 Years**	**3 – 5 Years**	**More Than 5 Years**
Principal payments on debt	$ 2,975,612	$ 42,320	$ 367,023	$ 1,733,914	$ 832,355
Estimated interest payments[1]	718,396	167,253	323,076	207,788	20,279
Capital leases	11,628	6,650	4,297	681	—
Operating leases	75,813	17,542	28,267	14,573	15,431
Purchase commitments on receivable portfolios	297,157	297,157	—	—	—
Preferred equity certificates[2]	221,516	—	—	—	221,516
Total contractual cash obligations[3]	$ 4,300,122	$ 530,922	$ 722,663	$ 1,956,956	$ 1,089,581

(1) We calculated estimated interest payments for long-term debt as follows: (a) for the fixed interest bearing debt, such as our senior secured notes and convertible senior notes, we calculated interest based on the applicable rates and payment dates and (b) for the debt facilities that are subject to variable interest rates, we estimated the debt balance and interest rates based on our determination of the most likely scenario. We expect to settle such interest payments with cash flows from operating activities.

(2) As of December 31, 2015, we carried a liability of approximately $221.5 million related to principal and accumulated interests for PECs issued in connection with the Cabot Acquisition. The PECs have a maturity date of May 2043, accrue interest at 12% per annum, and are held by Cabot's noncontrolling interest holders. The future accrued interest is excluded from the table above due to uncertainty in determining the timing of the payment because the payment will only be satisfied in connection with the disposition of the noncontrolling interests. See Note 9, "Debt" to our consolidated financial statements for additional information on our PECs.

(3) We had approximately $58.5 million of liabilities and accrued interests related to uncertain tax positions at December 31, 2015. We are unable to reasonably estimate the timing of the cash settlement with the tax authorities due to the uncertainties related to these tax matters and, as a result, these obligations are not included in the table. See Note 12, "Income Taxes" to our consolidated financial statements for additional information on our uncertain tax positions.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements as defined by Item 303(a)(4) of Regulation S-K.

Critical Accounting Policies and Estimates

We prepare our financial statements, in conformity with GAAP, which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Note 1, "Ownership, Description of Business and Summary of Significant Accounting Policies" of the notes to consolidated financial statements describes the significant accounting policies and methods used in the preparation of our consolidated financial statements.

We base our estimates on past experience and other assumptions that we believe are reasonable under the circumstances, and we evaluate these estimates on an ongoing basis. Actual results may differ from these estimates and such differences may be material. We refer to accounting estimates of this type as critical accounting policies and estimates, which we discuss further below. We have reviewed our critical accounting policies and estimates with the audit committee of our board of directors.

Investment in Receivable Portfolios and Related Revenue. As permitted by the authoritative guidance for loans and debt securities acquired with deteriorated credit quality, static pools are established on a quarterly basis with accounts purchased during the quarter that have common risk characteristics. Discrete receivable portfolio purchases during a quarter are aggregated into pools based on these common risk characteristics. Once a static pool is established, the portfolios are permanently assigned to the pool. The discount (*i.e.*, the difference between the cost of each static pool and the related aggregate contractual receivable balance) is not recorded because we expect to collect a relatively small percentage of each static pool's contractual receivable balance. As a result, receivable portfolios are recorded at cost at the time of acquisition. The purchase cost of the portfolios includes certain fees paid to third parties incurred in connection with the direct acquisition of the receivable portfolios.

In compliance with the authoritative guidance, we account for our investments in consumer receivable portfolios using either the interest method or the cost recovery method. The interest method applies an IRR, to the cost basis of the pool, which remains unchanged throughout the life of the pool, unless there is an increase in subsequent expected cash flows. Subsequent increases in expected cash flows are generally recognized prospectively through an upward adjustment of the pool's IRR over its remaining life. Subsequent decreases in expected cash flows do not change the IRR, but are recognized as an allowance to the cost basis of the pool, and are reflected in the consolidated statements of income as a reduction in revenue, with a corresponding valuation allowance, offsetting the investment in receivable portfolios in the consolidated statements of financial condition.

We account for each static pool as a unit for the economic life of the pool (similar to one loan) for recognition of revenue from receivable portfolios, for collections applied to the cost basis of receivable portfolios and for provision for loss or allowance. Revenue from receivable portfolios is accrued based on each pool's IRR applied to each pool's adjusted cost basis. The cost basis of each pool is increased by revenue earned and decreased by gross collections and portfolio allowances.

If the amount and timing of future cash collections on a pool of receivables are not reasonably estimable, we account for that pool using the cost recovery method. The accounts in these portfolios have different risk characteristics than those included in other portfolios acquired during the same quarter, or the necessary information was not available to estimate future cash flows and, accordingly, they were not aggregated with other portfolios. Under the cost recovery method of accounting, no revenue is recognized until the purchase price of a cost recovery portfolio has been fully recovered.

Deferred Court Costs. We pursue legal collection using a network of attorneys that specialize in collection matters and through our internal legal channel. We generally pursue collections through legal means only when we believe a consumer has sufficient assets to repay their indebtedness but has, to date, been unwilling to pay. In connection with our agreements with our contracted attorneys, we advance certain out-of-pocket court costs, or Deferred Court Costs. We capitalize these costs in the consolidated financial statements and provide a reserve for those costs that we believe will ultimately be uncollectible. We determine the reserve based on our analysis of court costs that have been advanced and recovered, or that we anticipate recovering. We write off any Deferred Court Cost not recovered within five years of placement. Collections received through litigation are first applied against related court costs with the balance applied to the debtors' account.

Receivables Secured by Property Tax Liens, Net. Receivables secured by property tax liens are reported at their outstanding principal balances, adjusted for, if any, charge-offs, allowance for losses, deferred fees or costs, and unamortized premiums or discounts. Interest income is reported on the interest method and includes amortization of net deferred fees and costs over the term of the agreements. We accrue interest on all receivable portfolios as the receivables are collateralized by tax liens that are in a priority position over most other liens on the properties. If there is doubt about the ultimate collection of the accrued interest on a specific receivable, it would be placed on non-accrual and, at that time, any accrued interest would be reversed.

The allowance for losses on receivables secured by property tax liens is evaluated on a regular basis by management and is based upon management's periodic review of the collectability of the receivables in light of historical experience, adverse situations that may affect the borrower's ability to repay, the estimated value of the underlying collateral, and prevailing economic conditions.

Goodwill and Other Intangible Assets. Business combinations typically result in the recording of goodwill and other intangible assets. The excess of the purchase price over the fair value assigned to the tangible and identifiable intangible assets, liabilities assumed, and noncontrolling interests in the acquiree is recorded as goodwill.

Goodwill and indefinite-lived intangible assets are tested at the reporting unit level for impairment annually and in interim periods if certain events occur indicating that the carrying amounts may be impaired. Determining the number of reporting units and the fair value of a reporting unit requires us to make judgments and involves the use of significant estimates and assumptions. We have six reporting units identified for goodwill impairment testing purposes. The annual goodwill testing date for the five reporting units that are included in the portfolio purchasing and recovery reportable segment is October 1st; the annual goodwill testing date for the tax lien business reporting unit is April 1st.

We first assess qualitative factors to determine whether it is necessary to perform the two-step quantitative goodwill impairment test. The qualitative factors include economic environment, business climate, market capitalization, operating performance, competition, and other factors. We may proceed directly to the two-step quantitative test without performing the qualitative test.

The first step involves measuring the recoverability of goodwill at the reporting unit level by comparing the estimated fair value of the reporting unit in which the goodwill resides to its carrying value. The second step, if necessary, measures the amount of impairment, if any, by comparing the implied fair value of goodwill to its carrying value. We apply various valuation

techniques to measure the fair value of each reporting unit, including the income approach and the market approach. For goodwill impairment analyses conducted at most of the reporting units, we use the income approach in determining fair value, specifically the discounted cash flow method, or DCF. In applying the DCF method, an identified level of future cash flow is estimated. Annual estimated cash flows and a terminal value are then discounted to their present value at an appropriate discount rate to obtain an indication of fair value. The discount rate utilized reflects estimates of required rates of return for investments that are seen as similar to an investment in the reporting unit. DCF analyses are based on management's long-term financial projections and require significant judgments, therefore, for our Cabot reporting unit, which carries a material goodwill balance and where we have access to reliable market participant data, the market approach is conducted in addition to the income approach in determining its fair value. We use a guideline company method under the market approach to estimate the fair value of equity and market value of invested capital ("MVIC"). The guideline company approach relies on estimated remaining collections data for each of the selected guideline companies, which enables a direct comparison between the reporting unit and the selected peer group. We believe that the current methodology used in determining the fair value of our reporting units represent the best estimate. In addition, we compare the aggregate fair value of the reporting units to our overall market capitalization.

For our annual goodwill impairment tests performed at October 1, 2015 for the reporting units that are included in our portfolio purchasing and recovery reportable segment, the estimated fair value of each of these reporting units exceeded its respective carrying value. As a result, no impairment existed at any of these reporting units.

We have determined, at April 1, 2015, the annual goodwill impairment testing date for our tax lien business reporting unit, that the estimated fair value exceeded the carrying value. The estimation of fair value was based on a DCF analysis under the income approach as discussed above. However, as discussed in Note 17 "Subsequent Event" to our consolidated financial statements, on February 19, 2016, we entered into a securities purchase agreement with certain funds, which provides for the sale of 100% of Encore's membership interests in Propel. The purchase price for the transaction is calculated in accordance with a formula relating to the redemptive value of certain tax liens as well as the book value of certain other assets and liabilities of Propel, and will be determined at the closing of the transaction. The application of the purchase price formula as of December 31, 2015 would have resulted in an enterprise value for Propel of $344.3 million. After repayment of third party debt, the cash consideration payable to Encore would have been $142.8 million. Authoritative guidance defines fair value as the price that would be received upon sale of an asset or the price paid to transfer a liability, in an orderly transaction between market participants at the measurement date (*i.e.,* the "exit price"). In connection with the preparation of our financial statements and based, in part, on these developments, management believes that the proposed purchase price would indicate that Propel's fair value at December 31, 2015 was less than its carrying value. Based on the estimated sales price using the purchase price formula, we wrote-down the entire goodwill balance of $49.3 million carried at the tax lien business reporting unit as of December 31, 2015.

Significant judgments are required to estimate the fair value of reporting units including estimating future cash flows, determining appropriate discount rates, growth rates, comparable guideline companies and other assumptions. Future business conditions and/or activities could differ materially from the projections made by management, which in turn, could result in the need for impairment charges. We will perform additional impairment testing if events occur or circumstances change indicating that the carrying amounts may be impaired.

Redeemable Noncontrolling Interests. Some minority shareholders in certain of our subsidiaries have the right, at certain times, to require us to acquire their ownership interest in those entities at fair value, while others have the right to force a sale of the subsidiary if we choose not to purchase their interests at fair value. The noncontrolling interests subject to these arrangements are included in temporary equity as redeemable noncontrolling interests, and are adjusted to their estimated redemption amounts each reporting period with a corresponding adjustment to additional paid-in capital. Future reductions in the carrying amounts are subject to a "floor" amount that is equal to the fair value of the redeemable noncontrolling interests at the time they were originally recorded. The recorded value of the redeemable noncontrolling interests cannot go below the floor. These adjustments do not affect the calculation of earnings per share.

Stock-Based Compensation. We record compensation costs related to our stock-based awards which include stock options, restricted stock awards, and restricted stock units. We measure stock-based compensation cost at the grant date based on the fair value of the award. Compensation cost for service-based awards is recognized ratably over the applicable vesting period. Compensation cost for performance-based awards is reassessed each period and recognized based upon the probability that the performance targets will be achieved. The amount of stock-based compensation expense recognized during a period is based on the portion of the awards that are ultimately expected to vest. We have certain share awards that include market conditions that affect vesting, the fair value of these shares is estimated using a lattice model. Compensation cost for these awards is not adjusted if the market condition is not met, as long as the requisite service is completed.

Income Taxes. We use the liability method of accounting for income taxes. When we prepare the consolidated financial statements, we estimate our income taxes based on the various jurisdictions where we conduct business. This requires us to estimate our current tax exposure and to assess temporary differences that result from differing treatments of certain items for tax and accounting purposes. Deferred income taxes are recognized based on the differences between the financial statement and income tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. We then assess the likelihood that our deferred tax assets will be realized. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized. When we establish a valuation allowance or increase this allowance in an accounting period, we record a corresponding tax expense in our statement of income. When we reduce our valuation allowance in an accounting period, we record a corresponding tax benefit in our statement of income. We include interest and penalties related to income taxes within our provision for income taxes. See Note 12, "Income Taxes" to our consolidated financial statements for further discussion of income taxes.

Item 7A—Quantitative and Qualitative Disclosures about Market Risk

We are exposed to economic risks from foreign currency exchange rates and interest rates. A portion of these risks is hedged, but the risks may affect our financial statements.

Foreign Currency Exchange Rates

We have operations in foreign countries, which expose us to foreign currency exchange rate fluctuations due to transactions denominated in foreign currencies. We continuously evaluate and manage our foreign currency risk through the use of derivative financial instruments, including foreign currency forward contracts with financial counterparties where practicable. Such derivative instruments are viewed as risk management tools and are not used for speculative or trading purposes. As of December 31, 2015, we had 28 outstanding foreign currency forward contracts that hedge our risk of foreign currency exchange against the Indian rupee. Each contract settles monthly with a notional amount ranging from a U.S. dollar equivalent of $1.4 million. The contracts hedge the forecasted monthly cash settlements resulting from the expenses incurred by our operations in India. We have not experienced any hedge ineffectiveness since the inception of the hedging program; a hypothetical change in the foreign exchange rate against the Indian rupee would not have a material impact on our consolidated statement of income.

In addition, we are exposed to foreign currency risk that arises from the revaluation of monetary assets and liabilities held by our subsidiaries that are not denominated in our functional currency. We may hedge currency exposures associated with certain assets and liabilities denominated in nonfunctional currencies and certain anticipated nonfunctional currency transactions. We could experience unanticipated gains or losses on anticipated foreign currency cash flows.

The financial statements of certain of our foreign subsidiaries are translated into U.S. dollars from their functional currencies. We are exposed to foreign currency risk due to the translation and remeasurement of the results of certain international operations into U.S. dollars as part of the consolidation process. Fluctuations in foreign currency exchange rates can therefore create volatility in the results of operations and may adversely affect our financial condition. We currently do not hedge the net assets of these foreign subsidiaries from foreign currency exposure.

Interest Rates

We have variable-interest-bearing borrowings under our credit facilities that subject us to interest rate risk. We have, from time to time, utilized derivative financial instruments, including interest rate swap contracts and interest rate caps with financial counterparties to manage our interest rate risk. As of December 31, 2015, we did not have any material interest rate hedge contracts outstanding.

Our variable-interest-bearing debt is subject to the risk of interest rate fluctuations. Significant increases in future interest rates on our variable rate debt could lead to a material decrease in future earnings assuming all other factors remained constant. If the market interest rates for our variable rate agreements increase 10%, interest expense on such outstanding debt would increase by approximately $5.2 million, on an annualized basis. Conversely, if the market interest rates decreased an average of 10%, our interest expense on such outstanding debt would decrease by $5.2 million on an annualized basis.

Our analysis and methods used to assess and mitigate the risks discussed above should not be considered projections of future risks.

Item 8—Financial Statements and Supplementary Data

Our consolidated financial statements, the notes thereto and the Report of BDO USA, LLP, our Independent Registered Public Accounting Firm, are included in this Annual Report on Form 10-K on pages F-1 through F-42.

Item 9—Changes in and Disagreements With Accountants on Accounting and Financial Disclosure

None.

Item 9A—Controls and Procedures

Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this report, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Exchange Act Rule 13a-15(e) and 15d-15(e). Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of the end of the period covered by this Annual Report on Form 10-K, our disclosure controls and procedures are effective in enabling us to record, process, summarize and report information required to be included in our periodic SEC filings within the required time period.

Management's Report on Internal Control over Financial Reporting

The Company's management, including our Chief Executive Officer and Chief Financial Officer, is responsible for establishing and maintaining adequate internal control over financial reporting (as such term is defined in Exchange Act Rule 13a-15(f) and 15d-15(f)) for Encore Capital Group, Inc. and its subsidiaries (the "Company"). The Company's internal control system was designed to provide reasonable assurance to the Company's management and Board of Directors regarding the preparation and fair presentation of published consolidated financial statements in accordance with accounting principles generally accepted in the United States of America.

Because of its inherent limitations, a system of internal control over financial reporting can provide only reasonable assurance and may not prevent or detect misstatements. Further, because of changing conditions, effectiveness of internal control over financial reporting may vary over time. The Company's processes contain self-monitoring mechanisms and actions are taken to correct deficiencies as they are identified.

Management has assessed the effectiveness of Encore's internal control over financial reporting as of December 31, 2015, based on the criteria for effective internal control described in Internal Control—Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on its assessment, management concluded that the Company's internal control over financial reporting was effective as of December 31, 2015. Management did not assess the effectiveness of internal control over financial reporting of dlc and Baycorp because of the timing of the acquisitions, which were completed on June 1, 2015 and October 21, 2015, respectively. dlc and Baycorp constituted approximately 8.6% of total assets as of December 31, 2015 and 2.9% and 21.3% of revenues and net income, respectively, for the year then ended.

BDO USA, LLP, the independent registered public accounting firm that audited the consolidated financial statements included in this Annual Report on Form 10-K, was engaged to attest to and report on the effectiveness of Encore's internal control over financial reporting as of December 31, 2015, as stated in its report below.

Report of Independent Registered Public Accounting Firm

Board of Directors and Stockholders
Encore Capital Group, Inc.
San Diego, California

We have audited Encore Capital Group, Inc.'s internal control over financial reporting as of December 31, 2015, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). Encore Capital Group, Inc.'s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Item 9A, Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

As indicated in the accompanying Item 9A, Management's Report on Internal Control over Financial Reporting, management's assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of Hillesden Securities Limited ("dlc") and Baycorp Holdings Pty Limited ("Baycorp"), which were acquired on June 1, 2015 and October 21, 2015, respectively, and which are included in the consolidated statement of financial condition of Encore Capital Group, Inc. as of December 31, 2015, and the related consolidated statements of income, comprehensive income, equity, and cash flows for the year then ended. dlc and Baycorp combined constituted 8.6% of total assets as of December 31, 2015, and 2.9% and 21.3% of revenues and net income, respectively, for the year then ended. Management did not assess the effectiveness of internal control over financial reporting of dlc and Baycorp because of the timing of the acquisitions. Our audit of internal control over financial reporting of Encore Capital Group, Inc. also did not include an evaluation of the internal control over financial reporting of dlc and Baycorp.

In our opinion, Encore Capital Group, Inc. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2015, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated statements of financial condition of Encore Capital Group, Inc. as of December 31, 2015 and 2014, and the related consolidated statements of income, comprehensive income, equity, and cash flows for each of the three years in the period ended December 31, 2015 and our report dated February 24, 2016 expressed an unqualified opinion thereon.

/s/ BDO USA, LLP

Costa Mesa, California

February 24, 2016

Changes in Internal Control over Financial Reporting

No changes in our internal control over financial reporting occurred during the quarter ended December 31, 2015 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B—Other Information

On February 19, 2016, Encore Capital Group, Inc. (the "Company") entered into a Securities Purchase Agreement (the "Purchase Agreement") with certain funds affiliated with Prophet Capital Asset Management LP ("Buyer"), which provides for the sale of 100% of the Company's membership interests in Propel Acquisition LLC ("Propel") to Buyer (the "Transaction"). The purchase price for the Transaction is calculated in accordance with a formula relating to the redemptive value of certain tax liens as well as the book value of certain other assets and liabilities of Propel, and will be determined at the closing of the Transaction. The application of the purchase price formula as of December 31, 2015 would have resulted in an enterprise value for Propel of $344.3 million. After repayment of third party debt, the cash consideration payable to the Company would have been $142.8 million. The principal business of Propel is the acquisition and servicing of tax liens on residential and commercial real property.

The Purchase Agreement contains customary representations, warranties and covenants by each of the parties thereto, including, among others, covenants by the Company to conduct the business of Propel in the ordinary course during the interim period between execution of the Purchase Agreement and consummation of the Transaction. The obligation of the parties to close the Transaction is subject to customary closing conditions.

The Purchase Agreement provides for limited termination rights, including, among others, by the mutual consent of the Company and Buyer, upon certain breaches of representations, warranties, covenants or agreements, and in the event the Transaction has not been consummated before May 31, 2016. In connection with the execution of the Purchase Agreement the Company and Buyer entered into a transition services agreement.

There are no material relationships between the Company and Buyer or any of their respective affiliates, other than in respect of the Purchase Agreement or the related ancillary agreements.

The foregoing description of the Purchase Agreement does not purport to be complete and is qualified in its entirety by reference to the complete text of the Purchase Agreement, a copy of which is filed as an Exhibit 2.4 to this Annual Report on Form 10-K and which is incorporated herein by reference.

PART III

Item 10—Directors, Executive Officers and Corporate Governance

The information under the captions “Election of Directors,” “Executive Officers” and “Section 16(a) Beneficial Ownership Reporting Compliance,” appearing in the 2016 Proxy Statement to be filed no later than April 30, 2016, is hereby incorporated by reference.

Item 11—Executive Compensation

The information under the caption “Executive Compensation and Other Information,” appearing in the 2016 Proxy Statement to be filed no later than April 30, 2016, is hereby incorporated by reference.

Item 12—Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information under the captions “Security Ownership of Principal Stockholders and Management” and “Equity Compensation Plan Information,” appearing in the 2016 Proxy Statement to be filed no later than April 30, 2016, is hereby incorporated by reference.

Item 13—Certain Relationships and Related Transactions, and Director Independence

The information under the captions “Certain Relationships and Related Transactions” and “Election of Directors—Corporate Governance—Director Independence,” appearing in the 2016 Proxy Statement to be filed no later than April 30, 2016, is hereby incorporated by reference.

Item 14—Principal Accountant Fees and Services

The information under the caption “Independent Registered Public Accounting Firm,” appearing in the 2016 Proxy Statement to be filed no later than April 30, 2016, is hereby incorporated by reference.

PART IV

Item 15—Exhibits and Financial Statement Schedules

(a) Financial Statements.

The following consolidated financial statements of Encore Capital Group, Inc. are filed as part of this annual report on Form 10-K:

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Report of Independent Registered Public Accounting Firm	F-1
Consolidated Statements of Financial Condition at December 31, 2015 and 2014	F-2
Consolidated Statements of Income for the years ended December 31, 2015, 2014 and 2013	F-3
Consolidated Statements of Comprehensive Income for the years ended December 31, 2015, 2014 and 2013	F-4
Consolidated Statements of Equity for the years ended December 31, 2015, 2014 and 2013	F-5
Consolidated Statements of Cash Flows for the years ended December 31, 2015, 2014 and 2013	F-6
Notes to Consolidated Financial Statements	F-7

(b) Exhibits.

Number	Description
2.1	Securities Purchase Agreement, dated May 8, 2012, by and among Propel Acquisition LLC and McCombs Family Partners, Ltd., JHBC Holdings, LLC and Texas Tax Loans, LLC (incorporated by reference to Exhibit 2.1 to the Company's Quarterly Report on Form 10-Q filed on May 9, 2012)
2.2	Agreement and Plan of Merger dated March 6, 2013, by and among Encore Capital Group, Inc., Pinnacle Sub, Inc. and Asset Acceptance Capital Corp. (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed on March 6, 2013)
2.3	Stock Purchase Agreement, dated August 1, 2014, by and among Encore Capital Group, Inc., the sellers party thereto, Atlantic Credit & Finance, Inc. and Richard Woolwine as the sellers' representative (incorporated by reference to Exhibit 2.1 to the Company's Quarterly Report on Form 10-Q filed on August 7, 2014)
2.4	Securities Purchase Agreement, dated February 19, 2016, by and among Encore Capital Group, Inc. and certain funds affiliated with Prophet Capital Asset Management LP (filed herewith)
3.1	Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 to Amendment No. 2 to the Company's Registration Statement on Form S-1/A filed on June 14, 1999, File No. 333-77483)
3.2	Certificate of Amendment to the Certificate of Incorporation (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on April 4, 2002)
3.3	Bylaws, as amended through February 8, 2011 (incorporated by reference to Exhibit 3.3 to the Company's Annual Report on Form 10-K filed on February 14, 2011)
4.1	Form of Common Stock Certificate (incorporated by reference to Exhibit 4.7 to the Company's Registration Statement on Form S-3 filed on December 21, 2009, File No. 333-163876)
4.2*	Amended and Restated Senior Secured Note Purchase Agreement, dated February 10, 2011, by and among Encore Capital Group, Inc., The Prudential Insurance Company of America, Pruco Life Insurance Company, Prudential Retirement Insurance and Annuity Company and Prudential Annuities Life Assurance Corporation (incorporated by reference to Exhibit 4.1 to the Company's Quarterly Report on Form 10-Q filed on April 27, 2011)
4.3	Form of 7.75% Senior Secured Note due 2017 (incorporated by reference to Exhibit 4.2 to the Company's Quarterly Report on Form 10-Q filed on April 27, 2011)

Number	Description
4.4	Form of 7.375% Senior Secured Note due 2018 (incorporated by reference to Exhibit 4.3 to the Company's Quarterly Report on Form 10-Q filed on April 27, 2011)
4.5	Amendment No. 1, dated May 8, 2012, to Amended and Restated Senior Secured Note Purchase Agreement, dated February 10, 2011, by and among Encore Capital Group, Inc., The Prudential Insurance Company of America, Pruco Life Insurance Company, Prudential Retirement Insurance and Annuity Company and Prudential Annuities Life Assurance Corporation, and SunTrust Bank as collateral agent and administrative agent (incorporated by reference to Exhibit 4.1 to the Company's Quarterly Report on Form 10-Q filed on May 9, 2012)
4.6	Indenture, dated November 27, 2012, between Encore Capital Group, Inc. and Union Bank, N.A., as trustee (incorporated by reference to Exhibit 4.1 to the Company's Current Report on 8-K filed on December 3, 2012)
4.7	Indenture (including the form of the Note), dated as of June 24, 2013, by and among Encore Capital Group, Inc., Midland Credit Management, Inc., as guarantor, and Union Bank, N.A., as trustee (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on June 24, 2013)
4.8	Indenture (including the form of the Note), dated August 2, 2013, by and among Cabot Financial (Luxembourg) S.A., Cabot Credit Management Limited, Cabot Financial Limited and all material subsidiaries of Cabot Financial Limited, as guarantors, J.P. Morgan Europe Limited, as security agent, and Citibank, N.A., London Branch as trustee (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on August 6, 2013)
4.9	Indenture (including the form of the Note), dated September 20, 2012, by and among Cabot Financial (Luxembourg) S.A., Cabot Credit Management Limited, Cabot Financial Limited and all material subsidiaries of Cabot Financial Limited, as guarantors, J.P. Morgan Europe Limited, as security agent, and Citibank, N.A., London Branch as trustee (incorporated by reference to Exhibit 4.1 to the Company's Quarterly Report on Form 10-Q filed on November 7, 2013)
4.10	First Supplemental Indenture, dated June 13, 2013, between Cabot Financial (Luxembourg) S.A. and Citibank, N.A., London Branch as trustee (incorporated by reference to Exhibit 4.2 to the Company's Quarterly Report on Form 10-Q filed on November 7, 2013)
4.11	Indenture (including the form of the Note), dated July 25, 2013, by and among Marlin Intermediate Holdings plc, Marlin Financial Group Limited, Marlin Financial Intermediate Limited, certain subsidiaries of Marlin Financial Intermediate Limited, The Bank of New York Mellon, London Branch as trustee, paying agent, transfer agent and registrar, and Royal Bank of Scotland plc, as security agent (incorporated by reference to Exhibit 4.11 to the Company's Annual Report on Form 10-K filed on February 25, 2014)
4.12	First Supplemental Indenture, dated February 19, 2014, by and among Marlin Intermediate Holdings plc, Marlin Financial Intermediate II Limited, Cabot Financial Limited the guarantors party thereto and the Bank of New York Mellon, as trustee (incorporated by reference to Exhibit 4.12 to the Company's Annual Report on Form 10-K filed on February 25, 2014)
4.13	Indenture (including form of Note), dated as of March 11, 2014, by and between Encore Capital Group, Inc., Midland Credit Management, Inc., as guarantor, and Union Bank, N.A., as trustee (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on March 11, 2014)
4.14	Second Supplemental Indenture, dated March 14, 2014, by and among Cabot Financial (Luxembourg) S.A., Cabot Financial Limited, Cabot Credit Management Limited, as guarantor, and Citibank, N.A., London Branch, as trustee (filed with the Company's Quarterly Report on Form 10-Q filed on May 8, 2014)
4.15	Second Supplemental Indenture, dated March 14, 2014, by and among Marlin Intermediate Holdings plc, Cabot Financial Limited, the subsidiary guarantors party thereto and the Bank of New York Mellon, London Branch, as trustee (filed with the Company's Quarterly Report on Form 10-Q filed on May 8, 2014)

Number	Description
4.16	Indenture (including form of Note), dated March 27, 2014, between Cabot Financial (Luxembourg) S.A., Cabot Credit Management Limited, Cabot Financial Limited, the subsidiary guarantors party thereto, J.P. Morgan Europe Limited, as security agent, Citibank, N.A., London Branch as trustee, principal paying agent and transfer agent and Citigroup Global Markets Deutschland AG, as registrar (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on March 28, 2014)
4.17	Indenture (including form of Note), dated May 6, 2014, by and between PFS Tax Lien Trust 2014-1 and Citibank, N.A., as trustee (filed with the Company's Quarterly Report on Form 10-Q filed on May 8, 2014)
4.18	First Supplemental Indenture, dated March 14, 2014, by and among Cabot Financial (Luxembourg) S.A., Cabot Financial Limited, Cabot Credit Management Limited, as guarantor, and Citibank, N.A., London Branch, as trustee (incorporated by reference to Exhibit 4.1 to the Company's Quarterly Report on Form 10-Q filed on August 7, 2014)
4.19	Third Supplemental Indenture, dated May 19, 2014, by and among Cabot Financial (Luxembourg) S.A., Cabot Financial Limited, Citibank, N.A., London Branch, as trustee, and the guarantors party thereto (incorporated by reference to Exhibit 4.1 of the Company's Current Report on Form 8-K filed on May 20, 2014)
4.20	Second Supplemental Indenture, dated May 19, 2014, by and among Cabot Financial (Luxembourg) S.A., Cabot Financial Limited, Citibank, N.A., London Branch, as trustee, and the guarantors party thereto (incorporated by reference to Exhibit 4.2 of the Company's Current Report on Form 8-K filed on May 20, 2014)
4.21	Third Supplemental Indenture, dated May 19, 2014, by and among Marlin Intermediate Holdings plc, Cabot Financial Limited, The Bank of New York Mellon, London Branch, as trustee, and the guarantors party thereto (incorporated by reference to Exhibit 4.3 of the Company's Current Report on Form 8-K filed on May 20, 2014)
4.22	Fourth Supplemental Indenture, dated May 28, 2015, by and among Cabot Asset Purchases (Ireland) Limited, Cabot Financial (Ireland) Limited, Cabot Financial (Luxembourg) S.A., Cabot Credit Management Limited, Cabot Financial Limited and Citibank, N.A., London Branch, as trustee (filed herewith)
4.23	Third Supplemental Indenture, dated May 28, 2015, by and among Cabot Asset Purchases (Ireland) Limited, Cabot Financial (Ireland) Limited, Cabot Financial (Luxembourg) S.A., Cabot Credit Management Limited, Cabot Financial Limited and Citibank, N.A., London Branch, as trustee (filed herewith)
4.24	Fourth Supplemental Indenture, dated May 28, 2015, by and among Cabot Asset Purchases (Ireland) Limited, Cabot Financial (Ireland) Limited, Marlin Intermediate Holdings plc, Marlin Financial Group Limited, Marlin Financial Intermediate Limited, Marlin Financial Intermediate II Limited and The Bank of New York Mellon, London Branch, as trustee (filed herewith)
4.25	Supplemental Indenture, dated May 28, 2015, by and among Cabot Asset Purchases (Ireland) Limited, Cabot Financial (Ireland) Limited, Cabot Financial (Luxembourg) S.A., Cabot Credit Management Limited, Cabot Financial Limited and Citibank, N.A., London Branch, as trustee (filed herewith)
4.26	Fifth Supplemental Indenture, dated July 28, 2015, by and among Hillesden Securities Limited, Cabot Financial (Luxembourg) S.A., Cabot Credit Management Limited, Cabot Financial Limited and Citibank, N.A., London Branch, as trustee (filed herewith)
4.27	Fourth Supplemental Indenture, dated July 28, 2015, by and among Hillesden Securities Limited, Cabot Financial (Luxembourg) S.A., Cabot Credit Management Limited, Cabot Financial Limited and Citibank, N.A., London Branch, as trustee (filed herewith)
4.28	Fifth Supplemental Indenture, dated July 28, 2015, by and among Hillesden Securities Limited, Marlin Intermediate Holdings plc, Marlin Financial Group Limited, Marlin Financial Intermediate Limited, Marlin Financial Intermediate II Limited and The Bank of New York Mellon, London Branch, as trustee (filed herewith)

Number	Description
4.29	Second Supplemental Indenture, dated July 28, 2015, by and among Hillesden Securities Limited, Cabot Financial (Luxembourg) S.A., Cabot Credit Management Limited, Cabot Financial Limited and Citibank, N.A., London Branch, as trustee (filed herewith)
4.30	Indenture, dated November 11, 2015, between Cabot Financial (Luxembourg) II S.A., Cabot Credit Management Limited, Cabot Financial Limited, the subsidiary guarantors party thereto, J.P. Morgan Europe Limited, as security agent, Citibank, N.A., London Branch as trustee, principal paying agent and transfer agent and Citigroup Global Markets Deutschland AG, as registrar (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on November 13, 2015)
4.31	Sixth Supplemental Indenture, dated November 11, 2015, by and among Cabot Financial (Luxembourg) II S.A., Cabot Financial (Treasury) Ireland, Cabot Financial (Luxembourg) S.A., Cabot Credit Management Limited, Cabot Financial Limited and Citibank, N.A., London Branch, as trustee (filed herewith)
4.32	Fifth Supplemental Indenture, dated November 11, 2015, by and among Cabot Financial (Luxembourg) II S.A., Cabot Financial (Treasury) Ireland, Cabot Financial (Luxembourg) S.A., Cabot Credit Management Limited, Cabot Financial Limited and Citibank, N.A., London Branch, as trustee (filed herewith)
4.33	Sixth Supplemental Indenture, dated November 11, 2015, by and among Cabot Financial (Luxembourg) II S.A., Cabot Financial (Treasury) Ireland, Marlin Intermediate Holdings PLC, Marlin Financial Group Limited, Marlin Financial Intermediate Limited, Marlin Financial Intermediate II Limited, and The Bank of New York Mellon, London Branch, as trustee (filed herewith)
4.34	Third Supplemental Indenture, dated November 11, 2015, by and among Cabot Financial (Luxembourg) II S.A., Cabot Financial (Treasury) Ireland, Cabot Financial (Luxembourg) S.A., Cabot Credit Management Limited, Cabot Financial Limited and Citibank, N.A., London Branch, as trustee (filed herewith)
10.1+	Form of Indemnification Agreement (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on May 4, 2006)
10.2+	Severance protection letter agreement, dated March 11, 2009, between Encore Capital Group, Inc. and Paul Grinberg (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on March 13, 2009)
10.3	Lease Deed, dated April 22, 2009, between Midland Credit Management India Private Limited and R.S. Technologies Private Limited, for real property located in Gurgaon, India (incorporated by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q filed on April 29, 2009)
10.4+	Encore Capital Group, Inc. 2005 Stock Incentive Plan, as amended and restated (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on June 15, 2009)
10.5+	Amended Form of Stock Option Agreement for awards under the Encore Capital Group, Inc. 2005 Stock Incentive Plan (incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q filed on July 30, 2009)
10.6+	Amended Form of Restricted Stock Unit Grant Notice and Agreement under the Encore Capital Group, Inc. 2005 Stock Incentive Plan (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q filed on July 30, 2009)
10.7	Lease Deed, dated October 26, 2010, between Midland Credit Management India Private Limited and R.S. Technologies Private Limited, for real property located in Gurgaon, India (incorporated by reference to Exhibit 10.47 to the Company's Annual Report on Form 10-K filed on February 14, 2011)

Number	Description
10.8	Lease Deed, dated March 4, 2011, between Midland Credit Management, Inc. and Teachers Insurance and Annuity Association of America for the Benefit of its Separate Real Estate Account for real property located in San Diego, California (the "San Diego Lease") (incorporated by reference to Exhibit 10.49 to the Company's Annual Report on Form 10-K filed on February 9, 2012)
10.9	Lease Guaranty, dated March 4, 2011, by Encore Capital Group, Inc., in favor of Teachers Insurance and Annuity Association of America for the Benefit of its Separate Real Estate Account in connection with the San Diego Lease (incorporated by reference to Exhibit 10.50 to the Company's Annual Report on Form 10-K filed on February 9, 2012)
10.10	Credit Facility Loan Agreement, dated May 8, 2012, by and among Texas Capital Bank, National Association, as administrative agent, certain banks and Propel Financial Services, LLC (incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q filed on May 9, 2012)
10.11	Guaranty Agreement, dated May 8, 2012, with respect to the Credit Facility Loan Agreement, dated May 8, 2012 (incorporated by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q filed on May 9, 2012)
10.12+	Form of Restricted Stock Award Grant Notice and Agreement under the Encore Capital Group, Inc. 2005 Stock Incentive Plan (Non-Executive) (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed on November 1, 2012)
10.13+	Form of Restricted Stock Award Grant Notice and Agreement under the Encore Capital Group, Inc. 2005 Stock Incentive Plan (Executive) (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q filed on November 1, 2012)
10.14+	Form of Non-Incentive Stock Option Agreement under the Encore Capital Group, Inc. 2005 Stock Incentive Plan (incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q filed on November 1, 2012)
10.15	Amended and Restated Credit Agreement, dated November 5, 2012, by and among Encore Capital Group, Inc., the several banks and other financial institutions and lenders from time to time party thereto and listed on the signature pages thereof, and SunTrust Bank, as administrative agent and collateral agent (incorporated by reference to Exhibit 10.1 to the Company's Current Report on 8-K filed on November 7, 2012)
10.16	Second Amended and Restated Pledge and Security Agreement, dated November 5, 2012, by and among Encore Capital Group, Inc., certain of its subsidiaries and SunTrust Bank, as collateral agent (incorporated by reference to Exhibit 10.2 to the Company's Current Report on 8-K filed on November 7, 2012)
10.17	Amended and Restated Guaranty, dated November 5, 2012, by and among certain subsidiaries of Encore Capital Group, Inc. and SunTrust Bank, as administrative agent (incorporated by reference to Exhibit 10.3 to the Company's Current Report on 8-K filed on November 7, 2012)
10.18	Amended and Restated Intercreditor Agreement, dated November 5, 2012, by and among Encore Capital Group, Inc., certain of its subsidiaries, SunTrust Bank, as administrative agent for the lenders, and the holders of the Company's 7.75% Senior Secured Notes due 2017 and 7.375% Senior Secured Notes due 2018 (incorporated by reference to Exhibit 10.4 to the Company's Current Report on 8-K filed on November 7, 2012)
10.19	Amendment No. 2 to Note Purchase Agreement, dated November 5, 2012, by and among Encore Capital Group, Inc., the holders of the Company's 7.75% Senior Secured Notes due 2017 and 7.375% Senior Secured Notes due 2018, and SunTrust Bank, as collateral agent and administrative agent (incorporated by reference to Exhibit 10.5 to the Company's Current Report on 8-K filed on November 7, 2012)
10.20	Letter Agreement, dated November 20, 2012, between Deutsche Bank AG, London Branch and Encore Capital Group, Inc., regarding the Base Call Option Transaction (incorporated by reference to Exhibit 10.1 to the Company's Current Report on 8-K filed on December 3, 2012)

Number	Description
10.21	Letter Agreement, dated November 20, 2012, between RBC Capital Markets, LLC and Encore Capital Group, Inc., regarding the Base Call Option Transaction (incorporated by reference to Exhibit 10.2 to the Company's Current Report on 8-K filed on December 3, 2012)
10.22	Letter Agreement, dated November 20, 2012, between Société Générale and Encore Capital Group, Inc., regarding the Base Call Option Transaction (incorporated by reference to Exhibit 10.3 to the Company's Current Report on 8-K filed on December 3, 2012)
10.23	Letter Agreement, dated November 20, 2012, between Deutsche Bank AG, London Branch and Encore Capital Group, Inc., regarding the Base Warrant Transaction (incorporated by reference to Exhibit 10.4 to the Company's Current Report on 8-K filed on December 3, 2012)
10.24	Letter Agreement, dated November 20, 2012, between RBC Capital Markets, LLC and Encore Capital Group, Inc., regarding the Base Warrant Transaction (incorporated by reference to Exhibit 10.5 to the Company's Current Report on 8-K filed on December 3, 2012)
10.25	Letter Agreement, dated November 20, 2012, between Société Générale and Encore Capital Group, Inc., regarding the Base Warrant Transaction (incorporated by reference to Exhibit 10.6 to the Company's Current Report on 8-K filed on December 3, 2012)
10.26	Letter Agreement, dated December 6, 2012, between Deutsche Bank AG, London Branch and Encore Capital Group, Inc., regarding the Additional Call Option Transaction (incorporated by reference to Exhibit 10.1 to the Company's Current Report on 8-K filed on December 12, 2012)
10.27	Letter Agreement, dated December 6, 2012, between RBC Capital Markets, LLC and Encore Capital Group, Inc., regarding the Additional Call Option Transaction (incorporated by reference to Exhibit 10.2 to the Company's Current Report on 8-K filed on December 12, 2012)
10.28	Letter Agreement, dated December 6, 2012, between Société Générale and Encore Capital Group, Inc., regarding the Additional Call Option Transaction (incorporated by reference to Exhibit 10.3 to the Company's Current Report on 8-K filed on December 12, 2012)
10.29	Letter Agreement, dated December 6, 2012, between Deutsche Bank AG, London Branch and Encore Capital Group, Inc., regarding the Additional Warrant Transaction (incorporated by reference to Exhibit 10.4 to the Company's Current Report on 8-K filed on December 12, 2012)
10.30	Letter Agreement, dated December 6, 2012, between RBC Capital Markets, LLC and Encore Capital Group, Inc., regarding the Additional Warrant Transaction (incorporated by reference to Exhibit 10.5 to the Company's Current Report on 8-K filed on December 12, 2012)
10.31	Letter Agreement, dated December 6, 2012, between Société Générale and Encore Capital Group, Inc., regarding the Additional Warrant Transaction (incorporated by reference to Exhibit 10.6 to the Company's Current Report on 8-K filed on December 12, 2012)
10.32	Incremental Facility Agreement, dated December 6, 2012, among Encore Capital Group, Inc., Barclays Bank PLC, SunTrust Bank and each of the guarantors party thereto (incorporated by reference to Exhibit 10.7 to the Company's Current Report on 8-K filed on December 12, 2012)
10.33+	Amendment, dated January 9, 2013, to the Severance Protection Letter Agreement dated March 11, 2009 between Encore Capital Group, Inc. and Paul Grinberg (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on January 15, 2013)
10.34+	Letter Agreement, dated January 9, 2013, between Encore Capital Group, Inc. and Paul Grinberg (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on January 15, 2013)
10.35+	Employment offer letter, dated as of April 8, 2013, by and between Encore Capital Group, Inc. and Kenneth A. Vecchione (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on April 9, 2013)

Number	Description
10.36	Amendment No. 1 and Limited Waiver, dated May 9, 2013, to Amended and Restated Credit Agreement, dated as of November 5, 2012, by and among Encore Capital Group, Inc., the several banks and other financial institutions and lenders from time to time party thereto and SunTrust Bank, as administrative agent and collateral agent (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q filed on August 8, 2013)
10.37	Second Amended and Restated Senior Secured Note Purchase Agreement, dated May 9, 2013, by and among Encore Capital Group, Inc., The Prudential Insurance Company of America, Pruco Life Insurance Company, Prudential Retirement Insurance and Annuity Company and Prudential Annuities Life Assurance Corporation (incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q filed on August 8, 2013)
10.38	Amendment No. 1, dated February 7, 2013, to the Credit Facility Loan Agreement, dated May 8, 2012, by and among Propel Financial Services, LLC, certain banks and Texas Capital Bank, National Association, as administrative agent (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed on August 8, 2013)
10.39+	Encore Capital Group, Inc. 2013 Incentive Compensation Plan (incorporated by reference to Appendix A of the Company's definitive Proxy Statement on Schedule 14A filed on April 26, 2013)
10.40+	Form of Non-Incentive Stock Option Agreement under the Encore Capital Group, Inc. 2013 Incentive Compensation Plan (incorporated by reference to Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q filed on August 8, 2013)
10.41+	Form of Restricted Stock Award Grant Notice and Agreement (Executive) under the Encore Capital Group, Inc. 2013 Incentive Compensation Plan (incorporated by reference to Exhibit 10.6 to the Company's Quarterly Report on Form 10-Q filed on August 8, 2013)
10.42+	Form of Restricted Stock Award Grant Notice and Agreement (Non-Executive) under the Encore Capital Group, Inc. 2013 Incentive Compensation Plan (incorporated by reference to Exhibit 10.7 to the Company's Quarterly Report on Form 10-Q filed on August 8, 2013)
10.43+	Form of Restricted Stock Unit Grant Notice and Agreement (Executive) under the Encore Capital Group, Inc. 2013 Incentive Compensation Plan (incorporated by reference to Exhibit 10.8 to the Company's Quarterly Report on Form 10-Q filed on August 8, 2013)
10.44+	Form of Performance Stock Grant Notice and Agreement under the Encore Capital Group, Inc. 2013 Incentive Compensation Plan (incorporated by reference to Exhibit 10.9 to the Company's Quarterly Report on Form 10-Q filed on August 8, 2013)
10.45+	Form of Performance Stock Unit Grant Notice and Agreement under the Encore Capital Group, Inc. 2013 Incentive Compensation Plan (incorporated by reference to Exhibit 10.10 to the Company's Quarterly Report on Form 10-Q filed on August 8, 2013)
10.46+	Form of Restricted Stock Unit Grant Notice and Agreement (Non-Employee Director) under the Encore Capital Group, Inc. 2013 Incentive Compensation Plan (incorporated by reference to Exhibit 10.11 to the Company's Quarterly Report on Form 10-Q filed on August 8, 2013)
10.47	Incremental Facility Agreement, dated May 9, 2013, among Encore Capital Group, Inc., each of the banks and guarantors party thereto and SunTrust Bank, as administrative agent, issuing bank and swingline lender (incorporated by reference to Exhibit 10.12 to the Company's Quarterly Report on Form 10-Q filed on August 8, 2013)
10.48*	Tax Lien Loan and Security Agreement, dated May 15, 2013, by and among PFS Financial 1, LLC, PFS Finance Holdings, LLC, the Borrowers from time to time party thereto and Wells Fargo Bank, N.A. (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on May 20, 2013)
10.49	Guaranty and Security Agreement, dated May 15, 2013, by PFS Finance Holdings, LLC, in favor of Wells Fargo Bank, N.A. (incorporated by reference to Exhibit 10.14 to the Company's Quarterly Report on Form 10-Q filed on August 8, 2013)

Number	Description
10.50	Limited Guarantee, dated May 15, 2013, by Encore Capital Group, Inc., in favor of Wells Fargo Bank, N.A. (incorporated by reference to Exhibit 10.15 to the Company's Quarterly Report on Form 10-Q filed on August 8, 2013)
10.51	Securities Purchase Agreement, dated May 29, 2013, by and between Encore Capital Group, Inc. and JCF III Europe S.À R.L. (incorporated by reference to Exhibit 10.16 to the Company's Quarterly Report on Form 10-Q filed on August 8, 2013)
10.52	Amendment No. 2, dated May 29, 2013, to Amended and Restated Credit Agreement, dated November 5, 2012, by and among Encore Capital Group, Inc., the guarantors identified therein, the lenders party thereto and SunTrust Bank, as administrative agent and collateral agent (incorporated by reference to Exhibit 10.17 to the Company's Quarterly Report on Form 10-Q filed on August 8, 2013)
10.53	Amendment No. 1, dated May 29, 2013, to Second Amended and Restated Senior Secured Note Purchase Agreement, dated May 9, 2013, by and between Encore Capital Group, Inc., The Prudential Insurance Company of America, Pruco Life Insurance Company, Prudential Retirement Insurance and Annuity Company and Prudential Annuities Life Assurance Corporations (incorporated by reference to Exhibit 10.18 to the Company's Quarterly Report on Form 10-Q filed on August 8, 2013)
10.54	Letter Agreement, dated June 18, 2013, between Barclays Bank PLC and Encore Capital Group, Inc., regarding the Capped Call Transaction (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on June 24, 2013)
10.55	Letter Agreement, dated June 18, 2013, between Credit Suisse International and Encore Capital Group, Inc., regarding the Capped Call Transaction (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on June 24, 2013)
10.56	Letter Agreement, dated June 18, 2013, between Morgan Stanley & Co. International plc and Encore Capital Group, Inc., regarding the Capped Call Transaction (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed on June 24, 2013)
10.57	Letter Agreement, dated June 18, 2013, between RBC Capital Markets, LLC and Encore Capital Group, Inc., regarding the Capped Call Transaction (incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K filed on June 24, 2013)
10.58	Amendment, dated July 1, 2013, to Securities Purchase Agreement, dated May 29, 2013, by and between Encore Capital Group, Inc. and JCF III Europe S.À R.L. (incorporated by reference to Exhibit 10.23 to the Company's Quarterly Report on Form 10-Q filed on August 8, 2013)
10.59*	Investors Agreement, dated July 1, 2013, by and between Encore Europe Holdings S.À R.L., JCF III Europe S.À R.L. and the other parties thereto (incorporated by reference to Exhibit 10.24 to the Company's Quarterly Report on Form 10-Q/A filed on December 20, 2013)
10.60	Letter Agreement, dated July 18, 2013, between Barclays Bank PLC and Encore Capital Group, Inc., regarding the Capped Call Transaction (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on July 23, 2013)
10.61	Letter Agreement, dated July 18, 2013, between Credit Suisse International and Encore Capital Group, Inc., regarding the Capped Call Transaction (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on July 23, 2013)
10.62	Letter Agreement, dated July 18, 2013, between Morgan Stanley & Co. International plc and Encore Capital Group, Inc., regarding the Capped Call Transaction (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed on July 23, 2013)
10.63	Letter Agreement, dated July 18, 2013, between RBC Capital Markets, LLC and Encore Capital Group, Inc., regarding the Capped Call Transaction (incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K filed on July 23, 2013)

Number	Description
10.64	Amended and Restated Senior Facilities Agreement, dated June 28, 2013, by and among Cabot Financial (UK) Limited, the several guarantors, banks and other financial institutions and lenders from time to time party thereto and J.P. Morgan Europe Limited as Agent and Security Agent (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed on November 7, 2013)
10.65	Second Amendment to Securities Purchase Agreement, dated September 25, 2013, by and between Encore Europe Holdings S.À R.L. and JCF III Europe S.À R.L. (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q filed on November 7, 2013)
10.66	Amendment to Letter Agreement, dated December 16, 2013, between Deutsche Bank AG, London Branch and Encore Capital Group, Inc., regarding the Warrant Transactions (incorporated by reference to Exhibit 10.77 to the Company's Annual Report on Form 10-K filed February 25, 2014)
10.67	Amendment to Letter Agreement, dated December 16, 2013, between RBC Capital Markets, LLC and Encore Capital Group, Inc., regarding the Warrant Transactions (incorporated by reference to Exhibit 10.78 to the Company's Annual Report on Form 10-K filed February 25, 2014)
10.68	Amendment to Letter Agreement, dated December 16, 2013, between Société Générale and Encore Capital Group, Inc., regarding the Warrant Transactions (incorporated by reference to Exhibit 10.79 to the Company's Annual Report on Form 10-K filed February 25, 2014)
10.69	Amendment No. 2, dated December 27, 2013, to the Credit Facility Loan Agreement, dated May 8, 2012, by and among Propel Financial Services, LLC, certain banks and Texas Capital Bank, National Association, as administrative agent (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on January 2, 2014)
10.70+	Summary description of director compensation (incorporated by reference to the Company's Current Report on Form 8-K filed on February 24, 2014)
10.71	Share Sale and Purchase Agreement, dated February 7, 2014, by and among Cabot Financial Holdings Group Limited, certain funds managed by Duke Street and certain individuals, including certain executive management of Marlin Financial Group Limited (incorporated by reference to Exhibit 10.82 to the Company's Annual Report on Form 10-K filed on February 25, 2014)
10.72	Senior Secured Bridge Facilities Agreement, dated February 8, 2014, by and among Cabot Financial Holdings Group Limited, J.P. Morgan Limited, Deutsche Bank, AG, London Branch, Lloyds Bank plc and UBS Limited as lead arrangers and J.P. Morgan Europe Limited as agent security agent (incorporated by reference to Exhibit 10.83 to the Company's Annual Report on Form 10-K filed on February 25, 2014)
10.73+	First Amendment to Encore Capital Group, Inc. 2013 Incentive Compensation Plan, dated February 20, 2014 (incorporated by reference to Exhibit 10.84 to the Company's Annual Report on Form 10-K filed on February 25, 2014)
10.74+	Letter Agreement, dated February 24, 2014, between Encore Capital Group, Inc. and Paul Grinberg (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on February 24, 2014)
10.75	Second Amended and Restated Credit Agreement, dated February 25, 2014, by and among Encore Capital Group, Inc., the several banks and other financial institutions and lenders from time to time party thereto and listed on the signature pages thereof, and SunTrust Bank, as administrative agent and collateral agent (incorporated by reference to Exhibit 10.86 to the Company's Annual Report on Form 10-K filed on February 25, 2014)
10.76	Amendment No. 2, dated February 25, 2014, to Second Amended and Restated Senior Secured Note Purchase Agreement, dated May 9, 2013, by and between Encore Capital Group, Inc., The Prudential Insurance Company of America, Pruco Life Insurance Company, Prudential Retirement Insurance and Annuity Company and Prudential Annuities Life Assurance Corporations (incorporated by reference to Exhibit 10.87 to the Company's Annual Report on Form 10-K filed on February 25, 2014)

Number	Description
10.77	Amendment No. 1, dated February 25, 2014, to Amended and Restated Guaranty, dated November 5, 2012, by and among certain subsidiaries of Encore Capital Group, Inc. and SunTrust Bank, as administrative agent (incorporated by reference to Exhibit 10.88 to the Company's Annual Report on Form 10-K filed on February 25, 2014)
10.78	Letter Agreement, dated March 5, 2014, between Citibank, N.A. and Encore Capital Group, Inc., regarding the Base Capped Call Transaction (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on March 11, 2014)
10.79	Letter Agreement, dated March 5, 2014, between Credit Suisse International and Encore Capital Group, Inc., regarding the Base Capped Call Transaction (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on March 11, 2014)
10.80	Letter Agreement, dated March 5, 2014, between Morgan Stanley & Co. LLC and Encore Capital Group, Inc., regarding the Base Capped Call Transaction (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed on March 11, 2014)
10.81	Letter Agreement, dated March 5, 2014, between Société Générale and Encore Capital Group, Inc., regarding the Base Capped Call Transaction (incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K filed on March 11, 2014)
10.82	Letter Agreement, dated March 6, 2014, between Citibank, N.A. and Encore Capital Group, Inc., regarding the Additional Capped Call Transaction (incorporated by reference to Exhibit 10.5 to the Company's Current Report on Form 8-K filed on March 11, 2014)
10.83	Letter Agreement, dated March 6, 2014, between Credit Suisse International and Encore Capital Group, Inc., regarding the Additional Capped Call Transaction (incorporated by reference to Exhibit 10.6 to the Company's Current Report on Form 8-K filed on March 11, 2014)
10.84	Letter Agreement, dated March 6, 2014, between Morgan Stanley & Co. LLC and Encore Capital Group, Inc., regarding the Additional Capped Call Transaction (incorporated by reference to Exhibit 10.7 to the Company's Current Report on Form 8-K filed on March 11, 2014)
10.85	Letter Agreement, dated March 6, 2014, between Société Générale and Encore Capital Group, Inc., regarding the Additional Capped Call Transaction (incorporated by reference to Exhibit 10.8 to the Company's Current Report on Form 8-K filed on March 11, 2014)
10.86+	Restricted Stock Award Grant Notice and Agreement, dated March 7, 2014, between Encore Capital Group, Inc. and Paul Grinberg (incorporated by reference to Exhibit 10.9 to the Company's Quarterly Report on Form 10-Q filed on May 8, 2014)
10.87+	Restricted Stock Award Grant Notice and Agreement, dated April 15, 2013, between Encore Capital Group, Inc. and Kenneth A. Vecchione (incorporated by reference to Exhibit 10.10 to the Company's Quarterly Report on Form 10-Q filed on May 8, 2014)
10.88+	Restricted Stock Award Grant Notice and Agreement, dated April 15, 2013, between Encore Capital Group, Inc. and Kenneth A. Vecchione (incorporated by reference to Exhibit 10.11 to the Company's Quarterly Report on Form 10-Q filed on May 8, 2014)
10.89+	Performance Stock Grant Notice and Agreement, dated June 4, 2013, between Encore Capital Group, Inc. and Kenneth A. Vecchione (incorporated by reference to Exhibit 10.12 to the Company's Quarterly Report on Form 10-Q filed on May 8, 2014)
10.90	Amendment No. 1 to Tax Lien Loan and Security Agreement, dated May 6, 2014, by and among PFS Financial 1, LLC, PFS Finance Holdings, LLC, the Borrowers from time to time party thereto and Wells Fargo Bank, N.A. (incorporated by reference to Exhibit 10.13 to the Company's Quarterly Report on Form 10-Q filed on May 8, 2014)

Number	Description
10.91	Amendment No. 1 to Second Amended and Restated Credit Agreement, dated August 1, 2014, by and among Encore Capital Group, Inc., the several banks and other financial institutions and lenders from time to time party thereto and listed on the signature pages thereof, and SunTrust Bank, as administrative agent and collateral agent (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed on August 7, 2014)
10.92	Amendment No. 3, dated August 1, 2014, to Second Amended and Restated Senior Secured Note Purchase Agreement, dated May 9, 2013, by and between Encore Capital Group, Inc., The Prudential Insurance Company of America, Pruco Life Insurance Company, Prudential Retirement Insurance and Annuity Company and Prudential Annuities Life Assurance Corporations (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q filed on August 7, 2014)
10.93+	Form of Performance Award Agreement (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed on November 6, 2014)
10.94+	Encore Capital Group, Inc. Executive Separation Plan (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q filed on November 6, 2014)
10.95+	Employment offer letter dated October 9, 2014 by and between Encore Capital Group, Inc. and Jonathan Clark (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on February 26, 2015)
10.96	Amendment Agreement, dated February 5, 2015, for Cabot Financial (UK) Limited, as Parent, with J.P. Morgan Europe Limited, as Agent, relating to a Senior Facilities Agreement originally dated September 20, 2012 (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed on May 7, 2015)
10.97	Amendment No. 1 to Limited Guarantee, dated April 3, 2015, by Encore Capital Group, Inc., in favor of Wells Fargo Bank, N.A. (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed on August 10, 2015)
10.98*	Amendment No. 2 to Tax Lien Loan and Security Agreement, dated April 3, 2015, by and among PFS Financial 1, LLC, PFS Finance Holdings, LLC, the Borrowers from time to time party thereto and Wells Fargo Bank, N.A. (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q filed on August 10, 2015)
10.99	Credit Facility Loan Agreement, dated May 8, 2015, by and among Texas Capital Bank, National Association, as administrative agent, certain banks and Propel Financial Services, LLC (incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q filed on August 10, 2015)
10.100	Amendment No. 2 to Second Amended and Restated Credit Agreement, dated July 9, 2015, by and among Encore Capital Group, Inc., the several banks and other financial institutions and lenders from time to time party thereto and listed on the signature pages thereof, and SunTrust Bank, as administrative agent and collateral agent (incorporated by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q filed on August 10, 2015)
10.101	Amendment No. 4, dated July 9, 2015, to Second Amended and Restated Senior Secured Note Purchase Agreement, dated May 9, 2013, by and between Encore Capital Group, Inc., The Prudential Insurance Company of America, Pruco Life Insurance Company, Prudential Retirement Insurance and Annuity Company and Prudential Annuities Life Assurance Corporations (incorporated by reference to Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q filed on August 10, 2015)
10.102	Amendment No. 3 to Tax Lien Loan and Security Agreement, dated October 26, 2015, by and among PFS Financial 1, LLC, PFS Financial 2, LLC, PFS Finance Holdings, LLC, the Borrowers from time to time party thereto and Wells Fargo Bank, N.A. (incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q filed on November 5, 2015)

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10.103	Amended and Restated Senior Facilities Agreement, dated November 11, 2015, by and among Cabot Financial (UK) Limited, the several guarantors, banks and other financial institutions and lenders from time to time party thereto and J.P. Morgan Europe Limited as Agent and Security Agent (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on November 13, 2015)
10.104	Incremental Facility Agreement, dated November 19, 2015, by and among Encore Capital Group, Inc., Credit Suisse AG, Northwest Bank, SunTrust Bank, and each of the guarantors, party thereto (filed herewith)
21	List of Subsidiaries (filed herewith)
23	Consent of Independent Registered Public Accounting Firm, BDO USA, LLP, dated February 24, 2016 (filed herewith)
31.1	Certification of the Principal Executive Officer pursuant to Rule 13a-14(a) or 15d-14(a) under the Securities Exchange Act of 1934 (filed herewith)
31.2	Certification of the Principal Financial Officer pursuant to Rule 13a-14(a) or 15d-14(a) under the Securities Exchange Act of 1934 (filed herewith)
32.1	Certifications of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith)
101.INS	XBRL Instance Document (filed herewith)
101.SCH	XBRL Taxonomy Extension Schema Document (filed herewith)
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document (filed herewith)
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document (filed herewith)
101.LAB	XBRL Taxonomy Extension Label Linkbase Document (filed herewith)
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document (filed herewith)

*	The asterisk denotes that confidential portions of this exhibit have been omitted in reliance on Rule 24b-2 of the Securities Exchange Act of 1934. The confidential portions have been submitted separately to the Securities and Exchange Commission.
+	Management contract or compensatory plan or arrangement.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ENCORE CAPITAL GROUP, INC.,
a Delaware corporation

By: /s/ KENNETH A. VECCHIONE

Kenneth A. Vecchione

President and Chief Executive Officer

Date: February 24, 2016

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Name and Signature	Title	Date
/s/ KENNETH A. VECCHIONE **Kenneth A. Vecchione**	President and Chief Executive Officer and Director (Principal Executive Officer)	February 24, 2016
/s/ JONATHAN C. CLARK **Jonathan C. Clark**	Executive Vice President, Chief Financial Officer and Treasurer (Principal Financial and Accounting Officer)	February 24, 2016
/s/ ASHWINI GUPTA **Ashwini Gupta**	Director	February 24, 2016
/s/ WENDY HANNAM **Wendy Hannam**	Director	February 24, 2016
/s/ WILLEM MESDAG **Willem Mesdag**	Director	February 24, 2016
/s/ MICHAEL P. MONACO **Michael P. Monaco**	Director	February 24, 2016
/s/ LAURA OLLE **Laura Olle**	Director	February 24, 2016
/s/ FRANCIS E. QUINLAN **Francis E. Quinlan**	Director	February 24, 2016
/s/ NORMAN R. SORENSEN **Norman R. Sorensen**	Director	February 24, 2016
/s/ RICHARD J. SREDNICKI **Richard J. Srednicki**	Director	February 24, 2016

ENCORE CAPITAL GROUP, INC.

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Report of Independent Registered Public Accounting Firm

Board of Directors and Stockholders
Encore Capital Group, Inc.
San Diego, California

We have audited the accompanying consolidated statements of financial condition of Encore Capital Group, Inc. ("Company") as of December 31, 2015 and 2014 and the related consolidated statements of income, comprehensive income, equity, and cash flows for each of the three years in the period ended December 31, 2015. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Encore Capital Group, Inc. at December 31, 2015 and 2014, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2015, in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Encore Capital Group, Inc.'s internal control over financial reporting as of December 31, 2015, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and our report dated February 24, 2016, expressed an unqualified opinion thereon.

/s/ BDO USA, LLP

Costa Mesa, California

February 24, 2016

ENCORE CAPITAL GROUP, INC.

Consolidated Statements of Financial Condition

(In Thousands, Except Par Value Amounts)

	December 31, 2015	December 31, 2014
Assets		
Cash and cash equivalents	$ 153,593	$ 124,163
Investment in receivable portfolios, net	2,440,669	2,143,560
Receivables secured by property tax liens, net	306,380	259,432
Property and equipment, net	73,504	66,969
Deferred court costs, net	75,239	60,412
Other assets	245,620	197,666
Goodwill	924,847	897,933
Total assets	$ 4,219,852	$ 3,750,135
Liabilities and equity		
Liabilities:		
Accounts payable and accrued liabilities	$ 294,243	$ 231,967
Debt	3,216,572	2,773,554
Other liabilities	60,549	79,675
Total liabilities	3,571,364	3,085,196
Commitments and contingencies		
Redeemable noncontrolling interest	38,624	28,885
Redeemable equity component of convertible senior notes	6,126	9,073
Equity:		
Convertible preferred stock, $.01 par value, 5,000 shares authorized, no shares issued and outstanding	—	—
Common stock, $.01 par value, 50,000 shares authorized, 25,288 shares and 25,794 shares issued and outstanding as of December 31, 2015 and December 31, 2014, respectively	253	258
Additional paid-in capital	110,533	125,310
Accumulated earnings	543,489	498,354
Accumulated other comprehensive loss	(57,822)	(922)
Total Encore Capital Group, Inc. stockholders' equity	596,453	623,000
Noncontrolling interest	7,285	3,981
Total equity	603,738	626,981
Total liabilities, redeemable equity and equity	$ 4,219,852	$ 3,750,135

The following table includes assets that can only be used to settle the liabilities of the Company's consolidated variable interest entities ("VIEs") and the creditors of the VIEs have no recourse to the Company. These assets and liabilities are included in the consolidated statements of financial condition above. See Note 10, "Variable Interest Entities" for additional information on the Company's VIEs.

	December 31, 2015	December 31, 2014
Assets		
Cash and cash equivalents	$ 57,420	$ 44,996
Investment in receivable portfolios, net	1,197,513	993,462
Receivables secured by property tax liens, net	81,149	108,535
Property and equipment, net	19,767	15,957
Deferred court costs, net	33,296	17,317
Other assets	60,640	80,264
Goodwill	706,812	671,434
Liabilities		
Accounts payable and accrued liabilities	$ 142,486	$ 137,201
Debt	1,747,883	1,556,956
Other liabilities	839	8,724

See accompanying notes to consolidated financial statements

ENCORE CAPITAL GROUP, INC.

Consolidated Statements of Income

(In Thousands, Except Per Share Amounts)

	Year Ended December 31,		
	2015	2014	2013
Revenues			
Revenue from receivable portfolios, net	$ 1,072,436	$ 992,832	$ 744,870
Other revenues	60,696	51,988	12,588
Net interest income	28,440	27,969	15,906
Total revenues	1,161,572	1,072,789	773,364
Operating expenses			
Salaries and employee benefits	270,334	246,247	165,040
Cost of legal collections	229,847	205,661	186,959
Other operating expenses	98,182	93,859	66,649
Collection agency commissions	37,858	33,343	33,097
General and administrative expenses	196,827	146,286	109,713
Depreciation and amortization	33,945	27,949	13,547
Goodwill impairment	49,277	—	—
Total operating expenses	916,270	753,345	575,005
Income from operations	245,302	319,444	198,359
Other (expense) income			
Interest expense	(186,556)	(166,942)	(73,269)
Other income (expense)	2,235	113	(4,222)
Total other expense	(184,321)	(166,829)	(77,491)
Income from continuing operations before income taxes	60,981	152,615	120,868
Provision for income taxes	(13,597)	(52,725)	(45,388)
Income from continuing operations	47,384	99,890	75,480
Loss from discontinued operations, net of tax	—	(1,612)	(1,740)
Net income	47,384	98,278	73,740
Net (income) loss attributable to noncontrolling interest	(2,249)	5,448	1,559
Net income attributable to Encore Capital Group, Inc. stockholders	$ 45,135	$ 103,726	$ 75,299
Amounts attributable to Encore Capital Group, Inc.:			
Income from continuing operations	$ 45,135	$ 105,338	$ 77,039
Loss income from discontinued operations, net of tax	—	(1,612)	(1,740)
Net income	$ 45,135	$ 103,726	$ 75,299
Earnings (loss) per share attributable to Encore Capital Group, Inc.:			
Basic earnings (loss) per share from:			
Continuing operations	$ 1.75	$ 4.07	$ 3.12
Discontinued operations	$ —	$ (0.06)	$ (0.07)
Net basic earnings per share	$ 1.75	$ 4.01	$ 3.05
Diluted earnings (loss) per share from:			
Continuing operations	$ 1.69	$ 3.83	$ 2.94
Discontinued operations	$ —	$ (0.06)	$ (0.07)
Net diluted earnings per share	$ 1.69	$ 3.77	$ 2.87
Weighted average shares outstanding:			
Basic	25,722	25,853	24,659
Diluted	26,647	27,495	26,204

See accompanying notes to consolidated financial statements

ENCORE CAPITAL GROUP, INC.

Consolidated Statements of Comprehensive Income

(In Thousands)

	Year Ended December 31,		
	2015	**2014**	**2013**
Net income	$ 47,384	$ 98,278	$ 73,740
Other comprehensive (loss) gain, net of tax:			
Unrealized (loss) gain on derivative instruments	(1,678)	2,340	(817)
Unrealized (loss) gain on foreign currency translation	(55,222)	(8,457)	7,786
Other comprehensive (loss) gain, net of tax	(56,900)	(6,117)	6,969
Comprehensive (loss) income	(9,516)	92,161	80,709
Comprehensive (gain) loss attributable to noncontrolling interest:			
Net (income) loss	(2,249)	5,448	1,559
Unrealized loss (gain) on foreign currency translation	3,390	3,469	(1,398)
Comprehensive loss attributable to noncontrolling interests	1,141	8,917	161
Comprehensive (loss) income attributable to Encore Capital Group, Inc. stockholders	$ (8,375)	$ 101,078	$ 80,870

See accompanying notes to consolidated financial statements

ENCORE CAPITAL GROUP, INC.

Consolidated Statements of Equity

(In Thousands)

	Common Stock		Additional Paid-In Capital	Accumulated Earnings	Accumulated Other Comprehensive (Loss) Income	Noncontrolling Interests	Total Equity
	Shares	Par					
Balance at December 31, 2012	23,191	$ 232	$ 88,029	$ 319,329	$ (1,774)	$ —	$ 405,816
Net income (loss)	—	—	—	75,299	—	(392)	74,907
Other comprehensive gain, net of tax	—	—	—	—	6,969	351	7,320
Initial noncontrolling interests related to business combinations	—	—	—	—	—	4,051	4,051
Change in fair value of redeemable noncontrolling interests	—	—	(1,167)	—	—	—	(1,167)
Exercise of stock options and issuance of share-based awards, net of shares withheld for employee taxes	618	6	(4,973)	—	—	—	(4,967)
Repurchase of common stock	(24)	—	(729)	—	—	—	(729)
Issuance of common stock	1,672	17	62,335	—	—	—	62,352
Stock-based compensation	—	—	12,649	—	—	—	12,649
Tax benefit related to stock-based compensation	—	—	5,420	—	—	—	5,420
Issuance of convertible notes, net of hedge transactions	—	—	10,255	—	—	—	10,255
Balance at December 31, 2013	25,457	255	171,819	394,628	5,195	4,010	575,907
Net income (loss)	—	—	—	103,726	—	(935)	102,791
Other comprehensive (loss) gain, net of tax	—	—	—	—	(6,117)	14	(6,103)
Initial noncontrolling interests related to business combinations	—	—	—	—	—	892	892
Change in fair value of redeemable noncontrolling interests	—	—	(5,730)	—	—	—	(5,730)
Exercise of stock options and issuance of share-based awards, net of shares withheld for employee taxes	737	7	(15,496)	—	—	—	(15,489)
Repurchase of common stock	(400)	(4)	(16,811)	—	—	—	(16,815)
Stock-based compensation	—	—	17,181	—	—	—	17,181
Tax benefit related to stock-based compensation	—	—	11,580	—	—	—	11,580
Issuance of convertible notes, net of hedge transactions	—	—	(28,160)	—	—	—	(28,160)
Reclassification of redeemable equity component of convertible senior notes	—	—	(9,073)	—	—	—	(9,073)
Balance at December 31, 2014	25,794	258	125,310	498,354	(922)	3,981	626,981
Net income	—	—	—	45,135	—	878	46,013
Other comprehensive loss, net of tax	—	—	—	—	(56,900)	—	(56,900)
Initial noncontrolling interests related to business combinations	—	—	—	—	—	2,426	2,426
Change in fair value of redeemable noncontrolling interests	—	—	(2,349)	—	—	—	(2,349)
Exercise of stock options and issuance of share-based awards, net of shares withheld for employee taxes	333	3	(5,321)	—	—	—	(5,318)
Repurchase of common stock	(839)	(8)	(33,177)	—	—	—	(33,185)
Stock-based compensation	—	—	22,008	—	—	—	22,008
Tax benefit related to stock-based compensation	—	—	1,251	—	—	—	1,251
Reclassification of redeemable equity component of convertible senior notes	—	—	2,948	—	—	—	2,948
Other	—	—	(137)	—	—	—	(137)
Balance at December 31, 2015	25,288	$ 253	$ 110,533	$ 543,489	$ (57,822)	$ 7,285	$ 603,738

See accompanying notes to consolidated financial statements

ENCORE CAPITAL GROUP, INC.

Consolidated Statements of Cash Flows

(In Thousands)

	Year Ended December 31,		
	2015	**2014**	**2013**
Operating activities:			
Net income	$ 47,384	$ 98,278	$ 73,740
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	33,945	27,949	13,547
Goodwill impairment	49,277	—	—
Non-cash interest expense	37,745	29,380	18,136
Stock-based compensation expense	22,008	17,181	12,649
Recognized loss on termination of derivative contract	—	—	3,630
Deferred income taxes	(32,369)	(48,078)	(28,188)
Excess tax benefit from stock-based payment arrangements	(1,724)	(11,928)	(5,609)
Reversal of allowances on receivable portfolios, net	(6,763)	(17,407)	(12,193)
Changes in operating assets and liabilities			
Deferred court costs and other assets	(41,835)	(15,532)	(11,697)
Prepaid income tax and income taxes payable	(34,887)	22,180	(468)
Accounts payable, accrued liabilities and other liabilities	41,644	9,521	11,228
Net cash provided by operating activities	114,425	111,544	74,775
Investing activities:			
Cash paid for acquisitions, net of cash acquired	(276,575)	(495,838)	(449,024)
Purchases of receivable portfolios, net of put-backs	(749,760)	(862,997)	(249,562)
Collections applied to investment in receivable portfolios, net	635,899	633,960	546,366
Originations and purchases of receivables secured by tax liens	(219,722)	(124,533)	(116,960)
Collections applied to receivables secured by tax liens	164,052	122,638	70,573
Purchases of property and equipment	(28,647)	(23,238)	(13,423)
Other, net	2,044	(5,189)	(5,210)
Net cash used in investing activities	(472,709)	(755,197)	(217,240)
Financing activities:			
Payment of loan costs	(17,995)	(20,101)	(17,207)
Proceeds from credit facilities	1,073,941	1,343,417	659,940
Repayment of credit facilities	(891,804)	(1,184,244)	(630,163)
Proceeds from senior secured notes	332,693	288,645	151,670
Repayment of senior secured notes	(15,000)	(15,000)	(13,750)
Proceeds from issuance of convertible senior notes	—	161,000	172,500
Proceeds from issuance of securitized notes	—	134,000	—
Repayment of securitized notes	(44,251)	(29,753)	—
Repayment of preferred equity certificates, net	—	(693)	(39,743)
Purchases of convertible hedge instruments	—	(33,576)	(32,008)
Repurchase of common stock	(33,185)	(16,815)	(729)
Taxes paid related to net share settlement of equity awards	(6,289)	(20,324)	(9,591)
Excess tax benefit from stock-based payment arrangements	1,724	11,928	5,609
Other, net	2,011	7,839	(548)
Net cash provided by financing activities	401,845	626,323	245,980
Net increase (decrease) in cash and cash equivalents	43,561	(17,330)	103,515
Effect of exchange rate changes on cash and cash equivalents	(14,131)	15,280	5,188
Cash and cash equivalents, beginning of period	124,163	126,213	17,510
Cash and cash equivalents, end of period	$ 153,593	$ 124,163	$ 126,213
Supplemental disclosures of cash flow information:			
Cash paid for interest	$ 151,946	$ 95,034	$ 50,181
Cash paid for income taxes, net	84,101	69,948	66,759
Supplemental schedule of non-cash investing and financing activities:			
Fixed assets acquired through capital lease	$ 2,220	$ 8,341	$ 5,011

See accompanying notes to consolidated financial statements

ENCORE CAPITAL GROUP, INC.

Notes to Consolidated Financial Statements

Note 1: Ownership, Description of Business, and Summary of Significant Accounting Policies

Encore Capital Group, Inc. (“Encore”), through its subsidiaries (collectively with Encore, the “Company”), is an international specialty finance company providing debt recovery solutions for consumers and property owners across a broad range of financial assets. The Company purchases portfolios of defaulted consumer receivables at deep discounts to face value and manages them by working with individuals as they repay their obligations and work toward financial recovery. Defaulted receivables are consumers’ unpaid financial commitments to credit originators, including banks, credit unions, consumer finance companies, commercial retailers, and telecommunication companies. Defaulted receivables may also include receivables subject to bankruptcy proceedings. In addition, the Company assists property owners who are delinquent on their property taxes by structuring affordable monthly payment plans and purchases delinquent tax liens directly from taxing authorities.

Basis of Consolidation

The consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”), and reflect the accounts and operations of the Company and those of its subsidiaries in which the Company has a controlling financial interest. The Company also consolidates VIEs, for which it is the primary beneficiary. The primary beneficiary has both (a) the power to direct the activities of the VIE that most significantly affect the entity’s economic performance and (b) either the obligation to absorb losses or the right to receive benefits. Refer to Note 10, “Variable Interest Entities” for further details. All intercompany transactions and balances have been eliminated in consolidation.

Translation of Foreign Currencies

The financial statements of certain of the Company’s foreign subsidiaries are measured using their local currency as the functional currency. Assets and liabilities of foreign operations are translated into U.S. dollars using period-end exchange rates, and revenues and expenses are translated into U.S. dollars using average exchange rates in effect during each period. The resulting translation adjustments are recorded as a component of other comprehensive income or loss. Equity accounts are translated at historical rates, except for the change in retained earnings during the year which is the result of the income statement translation process. Intercompany transaction gains or losses at each period end arising from subsequent measurement of balances for which settlement is not planned or anticipated in the foreseeable future are included as translation adjustments and recorded within other comprehensive income or loss. Transaction gains and losses are included in other income or expense.

Reclassifications

Certain immaterial reclassifications have been made to the consolidated financial statements to conform to the current year’s presentation.

Recent Accounting Pronouncements

In February 2015, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2015-02, “Amendments to the Consolidation Analysis.” This ASU affects reporting entities that are required to evaluate whether they should consolidate certain legal entities. Specifically, the amendments: (1) Modify the evaluation of whether limited partnerships and similar legal entities are VIEs or voting interest entities; (2) Eliminate the presumption that a general partner should consolidate a limited partnership; (3) Affect the consolidation analysis of reporting entities that are involved with VIEs, particularly those that have fee arrangements and related party relationships; and (4) Provide a scope exception from consolidation guidance for reporting entities with interests in legal entities that are required to comply with or operate in accordance with requirements that are similar to those in Rule 2a-7 of the Investment Company Act of 1940 for registered money market funds. ASU No. 2015-02 is effective for interim and annual reporting periods beginning after December 15, 2015. This standard is not expected to have a significant impact to the Company’s financial statements.

In April 2015, the FASB issued ASU No. 2015-03, “Simplifying the Presentation of Debt Issuance Costs”. This ASU requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. This ASU is effective beginning January 1, 2016, with early adoption permitted, and shall be applied retrospectively. Upon adoption of this ASU in the first quarter of 2016, the Company will change the classification of its debt issuance costs from other assets to a reduction from the debt liability.

In September 2015, the FASB issued ASU No. 2015-16, "Simplifying the Accounting for Measurement-Period Adjustments" ("ASU 2015-16"). ASU 2015-16 eliminates the requirement for an acquirer in a business combination to account for measurement-period adjustments retrospectively. ASU 2015-16 is effective for public business entities for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. Early adoption is permitted for any interim and annual financial statements that have not yet been issued. ASU 2015-16 is applied prospectively to adjustments to provisional amounts that occur after the effective date, i.e., ASU 2015-16 applies to open measurement periods, regardless of the acquisition date. The Company early adopted this standard in the third quarter of 2015. The adoption of this guidance did not have a material impact on its consolidated financial statements and footnotes disclosures.

Use of Estimates

The preparation of financial statements, in conformity with GAAP, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could materially differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist of highly liquid investments with maturities of three months or less at the date of purchase. The Company invests its excess cash in bank deposits and money market instruments, which are afforded the highest ratings by nationally recognized rating firms. The carrying amounts reported in the consolidated statements of financial condition for cash and cash equivalents approximate their fair value.

Investment in Receivable Portfolios

In accordance with the authoritative guidance for loans and debt securities acquired with deteriorated credit quality, discrete receivable portfolio purchases during the same fiscal quarter are aggregated into pools based on common risk characteristics. Common risk characteristics include risk ratings (e.g. FICO or similar scores), financial asset type, collateral type, size, interest rate, date of origination, term, and geographic location. The Company's static pools are typically grouped into credit card and telecom, purchased consumer bankruptcy, and mortgage portfolios. We further group these static pools by geographic region or location. Once a static pool is established, the portfolios are permanently assigned to the pool. The discount (*i.e.*, the difference between the cost of each static pool and the related aggregate contractual receivable balance) is not recorded because the Company expects to collect a relatively small percentage of each static pool's contractual receivable balance. As a result, receivable portfolios are recorded at cost at the time of acquisition. The purchase cost of the portfolios includes certain fees paid to third parties incurred in connection with the direct acquisition of the receivable portfolios.

In compliance with the authoritative guidance, the Company accounts for its investments in consumer receivable portfolios using either the interest method or the cost recovery method. The interest method applies an internal rate of return ("IRR") to the cost basis of the pool, which remains unchanged throughout the life of the pool, unless there is an increase in subsequent expected cash flows. Subsequent increases in expected cash flows are generally recognized prospectively through an upward adjustment of the pool's IRR over its remaining life. Subsequent decreases in expected cash flows do not change the IRR, but are recognized as an allowance to the cost basis of the pool, and are reflected in the consolidated statements of income as a reduction in revenue, with a corresponding valuation allowance, offsetting the investment in receivable portfolios in the consolidated statements of financial condition.

The Company accounts for each static pool as a unit for the economic life of the pool (similar to one loan) for recognition of revenue from receivable portfolios, for collections applied to the cost basis of receivable portfolios and for provision for loss or allowance. Revenue from receivable portfolios is accrued based on each pool's IRR applied to each pool's adjusted cost basis. The cost basis of each pool is increased by revenue earned and decreased by gross collections and portfolio allowances.

If the amount and timing of future cash collections on a pool of receivables are not reasonably estimable, the Company accounts for such portfolios on the cost recovery method ("Cost Recovery Portfolios"). The accounts in these portfolios have different risk characteristics than those included in other portfolios acquired during the same quarter, or the necessary information was not available to estimate future cash flows and, accordingly, they were not aggregated with other portfolios. See Note 5, "Investment in Receivable Portfolios, Net" for further discussion of investment in receivable portfolios.

Goodwill and Other Intangible Assets

Goodwill represents the excess of purchase price over the value assigned to the tangible and identifiable intangible assets, liabilities assumed, and noncontrolling interests of businesses acquired. Acquired intangible assets other than goodwill are amortized over their useful lives unless the lives are determined to be indefinite. In accordance with authoritative guidance on goodwill and other intangible assets, goodwill and other indefinite-lived intangible assets are tested at the reporting unit level annually for impairment and in interim periods if certain events occur indicating the fair value of a reporting unit may be below

its carrying value. See Note 15, "Goodwill and Identifiable Intangible Assets" for further discussion of the Company's goodwill and other intangible assets.

Property and Equipment

Property and equipment are recorded at cost, less accumulated depreciation and amortization. The provision for depreciation and amortization is computed using the straight-line method over the estimated useful lives of the assets as follows:

Fixed Asset Category	Estimated Useful Life
Leasehold improvements	Lesser of lease term, including periods covered by renewal options, or useful life
Furniture, fixtures and equipment	5 to 10 years
Computer hardware and software	3 to 5 years

Maintenance and repairs are charged to expense in the year incurred. Expenditures for major renewals that extend the useful lives of fixed assets are capitalized and depreciated over the useful lives of such assets.

Deferred Court Costs

The Company pursues legal collections using a network of attorneys that specialize in collection matters and through its internal legal channel. The Company generally pursues collections through legal means only when it believes a consumer has sufficient assets to repay their indebtedness but has, to date, been unwilling to pay. In order to pursue legal collections the Company is required to pay certain upfront costs to the applicable courts which are recoverable from the consumer ("Deferred Court Costs"). The Company capitalizes Deferred Court Costs in its consolidated financial statements and provides a reserve for those costs that it believes will ultimately be uncollectible. The Company determines the reserve based on its analysis of court costs that have been advanced and those that have been recovered. The Company writes off any Deferred Court Cost not recovered within five years of placement. Collections received from debtors are first applied to related court costs with the balance applied to the debtors' account. See Note 6, "Deferred Court Costs, Net" for further discussion.

Receivables Secured by Property Tax Liens, Net

The Company's wholly-owned subsidiary Propel Acquisition, LLC and its subsidiaries and affiliates (collectively, "Propel"), acquires and services residential and commercial tax liens on real property. Propel's receivables are secured by property tax liens. Repayment of the property tax liens is generally dependent on the property owner but can also come through payments from other lien holders or, in less than 0.5% of cases, from foreclosure on the properties. Propel records receivables secured by property tax liens at their outstanding principal balances, adjusted for, if any, charge-offs, allowance for losses, deferred fees or costs, and unamortized premiums or discounts. Interest income is reported on the interest method and includes amortization of net deferred fees and costs over the term of the agreements. Propel accrues interest on all past due receivables secured by tax liens as the receivables are collateralized by tax liens that are in a priority position over most other liens on the properties. If there is doubt about the ultimate collection of the accrued interest on a specific portfolio, it would be placed on non-accrual basis and, at that time, all accrued interest would be reversed. Receivables secured by property tax liens that have been placed on a non-accrual basis were $0.7 million and zero as of December 31, 2015 and 2014, respectively. The typical redemption period for receivables secured by property tax liens is less than 84 months.

On May 6, 2014, Propel, through its subsidiaries, completed the securitization of a pool of approximately $141.5 million in receivables secured by property tax liens on real property located in the State of Texas. In connection with the securitization, investors purchased approximately $134.0 million in aggregate principal amount of 1.44% notes collateralized by these property tax liens. The special purpose entity that is used for the securitization is consolidated by the Company as a VIE. The receivables recognized as a result of consolidating this VIE do not represent assets that can be used to satisfy claims against the Company's general assets. At December 31, 2015, the Company had approximately $306.4 million in receivables secured by property tax liens, of which $81.1 million was carried at the VIE. See Note 10, "Variable Interest Entity" for further discussion.

Income Taxes

The Company uses the liability method of accounting for income taxes in accordance with the authoritative guidance for Income Taxes. When the Company prepares its consolidated financial statements, it estimates income taxes based on the various jurisdictions and countries where it conducts business. This requires the Company to estimate current tax exposure and to assess temporary differences that result from differing treatments of certain items for tax and accounting purposes. Deferred income taxes are recognized based on the differences between the financial statement and income tax bases of assets and

liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. The Company then assesses the likelihood that deferred tax assets will be realized. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized. When the Company establishes a valuation allowance or increases this allowance in an accounting period, it records a corresponding tax expense in the consolidated statement of operations. The Company includes interest and penalties related to income taxes within its provision for income taxes. The Company uses the income forecasting methodology to recognize the income and expenses of the portfolios with the exception of a certain recently acquired subsidiary, which uses the cost recovery methodology. See Note 12, “Income Taxes” for further discussion.

Management must make significant judgments to determine the provision for income taxes, deferred tax assets and liabilities, and any valuation allowance to be recorded against deferred tax assets.

Stock-Based Compensation

The Company determines stock-based compensation expense for all share-based payment awards based on the measurement date fair value. The Company has certain share awards that include market conditions that affect vesting, the fair value of these shares is estimated using a lattice model. Compensation cost is not adjusted if the market condition is not met, as long as the requisite service is provided. For share awards that require service and performance conditions, the Company recognizes compensation cost only for those awards expected to meet the service and performance vesting conditions over the requisite service period of the award. Forfeiture rates are estimated based on the Company’s historical experience. See Note 11, “Stock-Based Compensation” for further discussion.

Derivative Instruments and Hedging Activities

The Company recognizes all derivative financial instruments in its consolidated financial statements at fair value. Changes in the fair value of derivative instruments are recorded in earnings unless hedge accounting criteria are met. The Company designates its foreign currency exchange contracts as cash flow hedges. The effective portion of the changes in fair value of these cash flow hedges is recorded each period, net of tax, in accumulated other comprehensive income or loss until the related hedged transaction occurs. Any ineffective portion of the changes in fair value of these cash flow hedges is recorded in earnings. In the event the hedged cash flow does not occur, or it becomes probable that it will not occur, the Company would reclassify the amount of any gain or loss on the related cash flow hedge to income or expense at that time. See Note 4, “Derivatives and Hedging Instruments” for further discussion.

Redeemable Noncontrolling Interests

Some minority shareholders in certain subsidiaries of the Company have the right, at certain times, to require the Company to acquire their ownership interest in those entities at fair value, while others have the right to force a sale of the subsidiary if the Company chooses not to purchase their interests at fair value. The noncontrolling interests subject to these arrangements are included in temporary equity as redeemable noncontrolling interests, and are adjusted to their estimated redemption amounts each reporting period with a corresponding adjustment to additional paid-in capital. Future reductions in the carrying amounts are subject to a “floor” amount that is equal to the fair value of the redeemable noncontrolling interests at the time they were originally recorded. The recorded value of the redeemable noncontrolling interests cannot go below the floor level. These adjustments do not affect the calculation of earnings per share.

Earnings Per Share

Basic earnings per share is calculated by dividing net earnings attributable to Encore by the weighted average number of shares of common stock outstanding during the period. Diluted earnings per share is calculated on the basis of the weighted average number of shares of common stock plus the effect of dilutive potential common shares outstanding during the period using the treasury stock method. Dilutive potential common shares include outstanding stock options, restricted stock, and the dilutive effect of the convertible senior notes.

On April 24, 2014, the Company’s Board of Directors approved a $50.0 million share repurchase program. In May 2014, the Company repurchased 400,000 shares of its common stock for approximately $16.8 million. In May 2015, the Company repurchased 839,295 shares of common stock for approximately $33.2 million, which represented the remaining amount allowed under this share repurchase program. The Company’s practice is to retire the shares repurchased.

On August 12, 2015, the Company’s Board of Directors approved a new $50.0 million share repurchase program. Repurchases under this program are expected to be made with cash on hand and may be made from time to time, subject to market conditions and other factors, in the open market, through private transactions, block transactions, or other methods as determined by the Company’s management and Board of Directors, and in accordance with market conditions, other corporate considerations, and applicable regulatory requirements. The program does not obligate the Company to acquire any particular amount of common stock, and it may be modified or suspended at any time at the Company’s discretion.

A reconciliation of shares used in calculating earnings per basic and diluted shares follows *(in thousands)*:

	Year Ended December 31,		
	2015	**2014**	**2013**
Weighted average common shares outstanding—basic	25,722	25,853	24,659
Dilutive effect of stock-based awards	253	556	950
Dilutive effect of convertible senior notes	672	1,082	595
Dilutive effect of warrants	—	4	—
Weighted average common shares outstanding—diluted	26,647	27,495	26,204

There were no anti-dilutive employee stock options outstanding during the years ended December 31, 2015, 2014 and 2013.

The Company has the following convertible senior notes outstanding: $115.0 million convertible senior notes due 2017 at a conversion price equivalent to approximately $31.56 per share of the Company's common stock (the "2017 Convertible Notes"), $172.5 million convertible senior notes due 2020 at a conversion price equivalent to approximately $45.72 per share of the Company's common stock (the "2020 Convertible Notes"), and $161.0 million convertible senior notes due 2021 at a conversion price equivalent to approximately $59.39 per share of the Company's common stock (the "2021 Convertible Notes").

In the event of conversion, the 2017 Convertible Notes are convertible into cash up to the aggregate principal amount and permit the excess conversion premium to be settled in cash or shares of the Company's common stock. For the 2020 Convertible Notes and 2021 Convertible Notes, the Company has the option to pay cash, issue shares of common stock or any combination thereof for the aggregate amount due upon conversion. The Company's intent is to settle the principal amount of the 2020 and 2021 Convertible Notes in cash upon conversion. As a result, upon conversion of all the convertible senior notes, only the amounts payable in excess of the principal amounts are considered in diluted earnings per share under the treasury stock method. Diluted earnings per share during the periods presented above included the effect of the common shares issuable upon conversion of certain of the convertible senior notes because the average stock price exceeded the conversion price of these notes. However, as described in Note 9, "Debt-Encore Convertible Notes," the Company entered into certain hedge transactions that have the effect of increasing the effective conversion price of the 2017 Convertible Notes to $60.00, the 2020 Convertible Notes to $61.55, and the 2021 Convertible Notes to $83.14. On January 2, 2014 the 2017 Convertible Notes became convertible as certain conditions for conversion were met in the immediately preceding calendar quarter as defined in the applicable indenture. However, none of the 2017 Convertible Notes have been converted.

Note 2: Business Combinations

dlc Acquisition

On June 1, 2015, Encore's U.K.-based subsidiary, Cabot Credit Management Limited and its subsidiaries (collectively, "Cabot"), acquired Hillesden Securities Ltd and its subsidiaries ("dlc"), a U.K.-based acquirer and collector of non-performing unsecured consumer debt for approximately £180.6 million (approximately $274.7 million), (the "dlc Acquisition"). The dlc Acquisition was financed with borrowings under Cabot's existing revolving credit facility and under Cabot's senior secured bridge facility. Refer to Note 9, "Debt" for further details of Cabot's revolving credit facility and senior secured bridge facility.

The dlc Acquisition was accounted for using the acquisition method of accounting and, accordingly, the tangible and intangible assets acquired and liabilities assumed were recorded at their estimated fair values as of the date of the acquisition. Fair value measurements have been applied based on assumptions that market participants would use in the pricing of the respective assets and liabilities.

The components of the purchase price allocation for the dlc Acquisition were as follows *(in thousands)*:

Purchase price:		
Cash paid at acquisition	$	268,391
Deferred consideration		6,306
Total purchase price	$	274,697
Allocation of purchase price:		
Cash	$	30,518
Investment in receivable portfolios		215,988
Deferred court costs		760
Property and equipment		1,327
Other assets		2,384
Liabilities assumed		(46,435)
Identifiable intangible assets		3,669
Goodwill		66,486
Total net assets acquired	$	274,697

The goodwill recognized is primarily attributable to synergies that are expected to be achieved by combining dlc and Cabot's existing contingent collections operations. The entire goodwill of $66.5 million related to the dlc Acquisition is not deductible for income tax purposes.

Total acquisition and integration costs related to the dlc Acquisition were approximately $2.8 million for the year ended December 31, 2015, and have been expensed in the accompanying consolidated statements of income within general and administrative expenses. The amount of revenue and net income attributable to Encore included in the Company’s consolidated statement of income for the year ended December 31, 2015 related to dlc was $27.5 million and $6.3 million, respectively.

Pro forma financial information for the dlc Acquisition has not been included as the computation of such information is impracticable and too onerous due to the complexities of a hypothetical calculation because dlc’s revenue recognition methodology prior to the dlc Acquisition was significantly different from GAAP.

Atlantic Acquisition

On August 6, 2014, the Company acquired all of the outstanding equity interests of Atlantic Credit & Finance, Inc. pursuant to a stock purchase agreement (the “Atlantic Acquisition”). The components of the purchase price allocation for the Atlantic Acquisition were as follows (*in thousands*):

Purchase price:		
Cash paid at acquisition	$	196,104
Allocation of purchase price:		
Cash	$	16,743
Investment in receivable portfolios		105,399
Deferred court costs		995
Property and equipment		1,331
Other assets		14,679
Liabilities assumed		(25,586)
Identifiable intangible assets		2,595
Goodwill		79,948
Total net assets acquired	$	196,104

The following summary presents unaudited pro forma consolidated results of operations for the years ended December 31, 2014 and 2013, as if the Atlantic Acquisition had occurred on January 1, 2013. The following unaudited pro forma financial information does not necessarily reflect the actual results that would have occurred had Encore and Atlantic

been combined during the periods presented, nor is it necessarily indicative of the future results of operations of the combined companies (*in thousands*):

	(Unaudited) Year Ended December 31,	
	2014	**2013**
Consolidated pro forma revenue	$ 1,110,872	$ 837,878
Consolidated pro forma income from continuing operations attributable to Encore	110,016	81,140

Marlin Acquisition

On February 7, 2014, the Company, through its Cabot subsidiary, completed the acquisition (the "Marlin Acquisition") of Marlin Financial Group Limited ("Marlin").

The components of the purchase price allocation for the Marlin Acquisition were as follows (*in thousands*):

Purchase price:	
Cash paid at acquisition	$ 274,068
Allocation of purchase price:	
Cash	$ 16,342
Investment in receivable portfolios	208,450
Deferred court costs	914
Property and equipment	1,335
Other assets	18,091
Liabilities assumed	(299,699)
Identifiable intangible assets	1,819
Goodwill	326,816
Total net assets acquired	$ 274,068

Pro forma financial information for the Marlin Acquisition has not been included as the computation of such information is impracticable and too onerous due to the complexities of a hypothetical calculation because Marlin's revenue recognition methodology prior to the Marlin Acquisition was significantly different from GAAP.

Other Acquisitions

In addition to the dlc Acquisition discussed above, the Company, through its subsidiaries, acquired other businesses during the year ended December 31, 2015, for total consideration of $49.4 million, net of cash acquired. The initial purchase price allocation for these other acquisitions were based on the preliminary assessment of assets acquired and liabilities assumed, which is subject to change within one year of the date of the acquisition. These transactions included the acquisition of a controlling interest (50.25%) in Baycorp Holdings Pty Limited ("Baycorp"), a debt resolution specialist in Australia. Based on the preliminary assessment, the fair value of total assets acquired from Baycorp at the time of acquisition was approximately $76.1 million. These acquisitions were immaterial to the Company's financial statements individually and in the aggregate during their respective reporting periods.

In addition to the Atlantic Acquisition and the Marlin Acquisition discussed above, the Company completed certain other acquisitions during the year ended December 31, 2014. The total considerations transferred net of cash acquired for these acquisitions were approximately $59.4 million. These acquisitions were immaterial to the Company's financial statements individually and in the aggregate during their respective reporting periods.

Note 3: Fair Value Measurements

The authoritative guidance for fair value measurements defines fair value as the price that would be received upon sale of an asset or the price paid to transfer a liability, in an orderly transaction between market participants at the measurement date (*i.e.,* the "exit price"). The guidance utilizes a fair value hierarchy that prioritizes the inputs used in valuation techniques to measure fair value into three broad levels. The following is a brief description of each level:

- Level 1: Observable inputs such as quoted prices (unadjusted) in active markets for identical assets or liabilities.

- Level 2: Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active.
- Level 3: Unobservable inputs, including inputs that reflect the reporting entity's own assumptions.

Financial Instruments Required To Be Carried At Fair Value

Financial assets and liabilities measured at fair value on a recurring basis are summarized below (*in thousands*):

	Fair Value Measurements as of December 31, 2015			
	Level 1	Level 2	Level 3	Total
Assets				
Foreign currency exchange contracts	$ —	$ 718	$ —	$ 718
Liabilities				
Foreign currency exchange contracts	—	(601)	—	(601)
Interest rate swap agreements	—	(352)	—	(352)
Temporary Equity				
Redeemable noncontrolling interests	—	—	(38,624)	(38,624)

	Fair Value Measurements as of December 31, 2014			
	Level 1	Level 2	Level 3	Total
Assets				
Foreign currency exchange contracts	$ —	$ 768	$ —	$ 768
Liabilities				
Foreign currency exchange contracts	—	(1,037)	—	(1,037)
Temporary Equity				
Redeemable noncontrolling interests	—	—	(28,885)	(28,885)

Derivative Contracts:

The Company uses derivative instruments to minimize its exposure to fluctuations in interest rates and foreign currency exchange rates. Fair values of these derivative instruments are estimated using industry standard valuation models. These models project future cash flows and discount the future amounts to a present value using market-based observable inputs, including interest rate curves, foreign currency exchange rates, and forward and spot prices for currencies.

Redeemable Noncontrolling Interests:

Some minority shareholders in certain subsidiaries of the Company have the right, at certain times, to require the Company to acquire their ownership interest in those entities at fair value and, in some cases, to force a sale of the subsidiary if the Company chooses not to purchase their interests at fair value. The noncontrolling interests subject to these arrangements are included in temporary equity as redeemable noncontrolling interests, and are adjusted to their estimated redemption amounts each reporting period with a corresponding adjustment to additional paid-in capital. Future reductions in the carrying amounts are subject to a "floor" amount that is equal to the fair value of the redeemable noncontrolling interests at the time they were originally recorded. The recorded value of the redeemable noncontrolling interests cannot go below the floor level. These adjustments do not affect the calculation of earnings per share.

The components of the change in the redeemable noncontrolling interests for the years ended December 31, 2015, 2014 and 2013 are presented in the following table *(in thousands)*:

	Amount
Balance at December 31, 2012	$ —
Initial redeemable noncontrolling interest related to business combinations	25,517
Net loss attributable to redeemable noncontrolling interests	(1,167)
Adjustment of the redeemable noncontrolling interests to fair value	1,167
Effect of foreign currency translation attributable to redeemable noncontrolling interests	1,047
Balance at December 31, 2013	26,564
Initial redeemable noncontrolling interest related to business combinations	4,997
Net loss attributable to redeemable noncontrolling interests	(4,513)
Adjustment of the redeemable noncontrolling interests to fair value	5,730
Effect of foreign currency translation attributable to redeemable noncontrolling interests	(3,893)
Balance at December 31, 2014	28,885
Initial redeemable noncontrolling interest related to business combinations	9,409
Net income attributable to redeemable noncontrolling interests	1,371
Adjustment of the redeemable noncontrolling interests to fair value	2,349
Effect of foreign currency translation attributable to redeemable noncontrolling interests	(3,390)
Balance at December 31, 2015	$ 38,624

Financial Instruments Not Required To Be Carried At Fair Value

Investment in Receivable Portfolios:

The Company records its investment in receivable portfolios at cost, which represents a significant discount from the contractual receivable balances due. The Company computes the fair value of its investment in receivable portfolios using Level 3 inputs by discounting the estimated future cash flows generated by its proprietary forecasting models. The key inputs include the estimated future gross cash flow, average cost to collect, and discount rate. In accordance with authoritative guidance related to fair value measurements, the Company estimates the average cost to collect and discount rates based on its estimate of what a market participant might use in valuing these portfolios. The determination of such inputs requires significant judgment, including assessing the assumed market participant's cost structure, its determination of whether to include fixed costs in its valuation, its collection strategies, and determining the appropriate weighted average cost of capital. The Company evaluates the use of these key inputs on an ongoing basis and refines the data as it continues to obtain better information from market participants in the debt recovery and purchasing business.

In the Company's current analysis, the estimated blended market participant cost to collect and discount rate is approximately 50.3% and 10.5%, respectively, for U.S. portfolios, approximately 30% and 12.5%, respectively, for Europe portfolios and approximately 32.5% and 11.0%, respectively for other geographies. Using this method, the fair value of investment in receivable portfolios approximates the carrying value as of December 31, 2015 and 2014. A 100 basis point fluctuation in the cost to collect and discount rate used would result in an increase or decrease in the fair value of United States, Europe and other geographies portfolios by approximately $38.2 million, $53.2 million and $5.8 million, respectively, as of December 31, 2015. This fair value calculation does not represent, and should not be construed to represent, the underlying value of the Company or the amount which could be realized if its investment in receivable portfolios were sold. The carrying value of the investment in receivable portfolios was $2.4 billion and $2.1 billion as of December 31, 2015 and 2014, respectively.

Deferred Court Costs:

The Company capitalizes deferred court costs and provides a reserve for those costs that it believes will ultimately be uncollectible. The carrying value of net deferred court costs approximates fair value.

Receivables Secured By Property Tax Liens:

The fair value of receivables secured by property tax liens is estimated by discounting the future cash flows of the portfolio using a discount rate equivalent to the current rate at which similar portfolios would be originated. For tax liens purchased directly from taxing authorities, the fair value is estimated by discounting the expected future cash flows of the

portfolio using a discount rate equivalent to the interest rate expected when acquiring these tax liens. The carrying value of receivables secured by property tax liens approximates fair value. Additionally, the carrying value of the related interest receivable also approximates fair value.

Debt:

The majority of Encore and its subsidiaries' borrowings are carried at historical amounts, adjusted for additional borrowings less principal repayments, which approximate fair value. These borrowings include Encore's senior secured notes and borrowings under its revolving credit and term loan facilities, Propel's revolving credit facility and securitized notes, Cabot's revolving credit facility, and other borrowing under revolving credit facilities at certain of the Company's subsidiaries.

Encore's convertible senior notes are carried at historical cost, adjusted for debt discount. The carrying value of the convertible senior notes was $406.6 million and $397.3 million, as of December 31, 2015 and 2014, respectively. The fair value estimate for these convertible senior notes, which incorporates quoted market prices using Level 2 inputs, was approximately $372.2 million and $507.4 million as of December 31, 2015 and 2014, respectively.

Cabot's senior secured notes are carried at historical cost, adjusted for debt discount and debt premium. The carrying value of Cabot's senior secured notes was $1,410.3 million and $1,144.2 million, as of December 31, 2015 and 2014, respectively. The fair value estimate for these senior notes, which incorporates quoted market prices using Level 2 inputs, was $1,403.5 million and $1,131.5 million as of December 31, 2015 and 2014, respectively. The Company's preferred equity certificates are legal obligations to the noncontrolling shareholders of its certain subsidiaries. They are carried at the face amount, plus any accrued interest. The Company determined that the carrying value of these preferred equity certificates approximated fair value as of December 31, 2015 and 2014.

Note 4: Derivatives and Hedging Instruments

The Company may periodically enter into derivative financial instruments to manage risks related to interest rates and foreign currency. Certain of the Company's derivative financial instruments qualify for hedge accounting treatment under the authoritative guidance for derivatives and hedging.

Foreign Currency Exchange Contracts

The Company has operations in foreign countries, which exposes the Company to foreign currency exchange rate fluctuations due to transactions denominated in foreign currencies. To mitigate a portion of this risk, the Company enters into derivative financial instruments, principally Indian rupee forward contracts, which are designated as cash flow hedges, to mitigate fluctuations in the cash payments of future forecasted transactions. The Company adjusts the level and use of derivatives as soon as practicable after learning that an exposure has changed and reviews all exposures and derivative positions on an ongoing basis.

Gains and losses on cash flow hedges are recorded in other comprehensive income ("OCI") until the hedged transaction is recorded in the consolidated financial statements. Once the underlying transaction is recorded in the consolidated financial statements, the Company reclassifies OCI on the derivative into earnings. If all or a portion of the forecasted transaction is cancelled, this would render all or a portion of the cash flow hedge ineffective and the Company would reclassify the ineffective portion of the hedge into earnings. The Company generally does not experience ineffectiveness of the hedge relationship and the accompanying consolidated financial statements do not include any such gains or losses.

As of December 31, 2015, the total notional amount of the forward contracts to buy Indian rupees in exchange for U.S. dollars was $39.2 million. All of these outstanding contracts qualified for hedge accounting treatment. The Company estimates that approximately $0.6 million of net derivative gain included in OCI will be reclassified into earnings within the next 12 months. No gains or losses were reclassified from OCI into earnings as a result of forecasted transactions that failed to occur during the years ended December 31, 2015, 2014, or 2013.

The Company does not enter into derivative instruments for trading or speculative purposes.

The following table summarizes the fair value of derivative instruments as recorded in the Company's consolidated statements of financial condition *(in thousands):*

	December 31, 2015		December 31, 2014	
	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Derivatives designated as hedging instruments:				
Foreign currency exchange contracts	Other assets	$ 718	Other assets	$ 768
Foreign currency exchange contracts	Other liabilities	(601)	Other liabilities	(1,037)
Derivatives not designated as hedging instruments:				
Interest rate swap agreements	Other liabilities	(352)	Other liabilities	—

The following table summarizes the effects of derivatives in cash flow hedging relationships on the Company's statements of income for the years ended December 31, 2015 and 2014 *(in thousands):*

	Gain or (Loss) Recognized in OCI-Effective Portion		Location of Gain or (Loss) Reclassified from OCI into Income - Effective Portion	Gain or (Loss) Reclassified from OCI into Income - Effective Portion		Location of Gain or (Loss) Recognized - Ineffective Portion and Amount Excluded from Effectiveness Testing	Amount of Gain or (Loss) Recognized - Ineffective Portion and Amount Excluded from Effectiveness Testing	
	2015	2014		2015	2014		2015	2014
Foreign currency exchange contracts	$ (248)	$ 2,281	Salaries and employee benefits	$ (472)	$ (1,084)	Other (expense) income	$ —	$ —
Foreign currency exchange contracts	88	249	General and administrative expenses	(74)	(195)	Other (expense) income	—	—

Note 5: Investment in Receivable Portfolios, Net

In accordance with the authoritative guidance for loans and debt securities acquired with deteriorated credit quality, discrete receivable portfolio purchases during the same fiscal quarter are aggregated into pools based on common risk characteristics. Common risk characteristics include risk ratings (e.g. FICO or similar scores), financial asset type, collateral type, size, interest rate, date of origination, term, and geographic location. The Company's static pools are typically grouped into credit card and telecom, purchased consumer bankruptcy, and mortgage portfolios. We further group these static pools by geographic region or location. Once a static pool is established, the portfolios are permanently assigned to the pool. The discount (*i.e.*, the difference between the cost of each static pool and the related aggregate contractual receivable balance) is not recorded because the Company expects to collect a relatively small percentage of each static pool's contractual receivable balance. As a result, receivable portfolios are recorded at cost at the time of acquisition. The purchase cost of the portfolios includes certain fees paid to third parties incurred in connection with the direct acquisition of the receivable portfolios.

In compliance with the authoritative guidance, the Company accounts for its investments in receivable portfolios using either the interest method or the cost recovery method. The interest method applies an IRR to the cost basis of the pool, which remains unchanged throughout the life of the pool, unless there is an increase in subsequent expected cash flows. Subsequent increases in expected cash flows are recognized prospectively through an upward adjustment of the pool's IRR over its remaining life. Subsequent decreases in expected cash flows do not change the IRR, but are recognized as an allowance to the cost basis of the pool, and are reflected in the consolidated statements of comprehensive income as a reduction in revenue, with a corresponding valuation allowance, offsetting the investment in receivable portfolios in the consolidated statements of financial condition.

The Company utilizes its proprietary forecasting models to continuously evaluate the economic life of each pool. For purposes of calculating its IRRs, the collection forecast of each pool is estimated to be up to 120 months.

The Company accounts for each static pool as a unit for the economic life of the pool (similar to one loan) for recognition of revenue from receivable portfolios, for collections applied to the cost basis of receivable portfolios, and for provision for loss or allowance. Revenue from receivable portfolios is accrued based on each pool's IRR applied to each pool's adjusted cost basis. The cost basis of each pool is increased by revenue earned and portfolio allowance reversals and decreased by gross collections and portfolio allowances.

If the amount and timing of future cash collections on a pool of receivables are not reasonably estimable, the Company accounts for such portfolios on the cost recovery method as Cost Recovery Portfolios. The accounts in these portfolios have different risk characteristics than those included in other portfolios acquired during the same quarter, or the necessary information was not available to estimate future cash flows and, accordingly, they were not aggregated with other portfolios. Under the cost recovery method of accounting, no revenue is recognized until the purchase price of a Cost Recovery Portfolio has been fully recovered.

Accretable yield represents the amount of revenue the Company expects to generate over the remaining life of its existing investment in receivable portfolios based on estimated future cash flows. Total accretable yield is the difference between future estimated collections and the current carrying value of a portfolio. All estimated cash flows on portfolios where the cost basis has been fully recovered are classified as zero basis cash flows.

The following table summarizes the Company's accretable yield and an estimate of zero basis future cash flows at the beginning and end of the period presented *(in thousands)*:

	Accretable Yield	Estimate of Zero Basis Cash Flows	Total
Balance at December 31, 2013	$ 2,391,471	$ 8,465	$ 2,399,936
Revenue recognized, net	(958,332)	(34,500)	(992,832)
Net additions on existing portfolios	340,152	92,427	432,579
Additions for current purchases	1,332,121	—	1,332,121
Effect of foreign currency translation	(112,091)	—	(112,091)
Balance at December 31, 2014	2,993,321	66,392	3,059,713
Revenue recognized, net	(964,225)	(108,211)	(1,072,436)
Net additions on existing portfolios	263,713	266,252	529,965
Additions for current purchases	846,632	—	846,632
Effect of foreign currency translation	(91,801)	(1,402)	(93,203)
Balance at December 31, 2015	$ 3,047,640	$ 223,031	$ 3,270,671

During the year ended December 31, 2015, the Company purchased receivable portfolios with a face value of $12.7 billion for $1.0 billion, or a purchase cost of 8.0% of face value. Purchases of charged-off credit card portfolios include $216.0 million of receivables acquired in connection with the dlc Acquisition and $60.3 million acquired in connection with the acquisition of Baycorp. The estimated future collections at acquisition for all portfolios purchased during the year amounted to $2.5 billion.

During the year ended December 31, 2014, the Company purchased receivable portfolios with a face value of $13.8 billion for $1.3 billion, or a purchase cost of 9.1% of face value. Purchases of charged-off credit card portfolios include $105.4 million of portfolio acquired in connection with the Atlantic Acquisition and $208.5 million of portfolios acquired in connection with the Marlin Acquisition. The estimated future collections at acquisition for all portfolios purchased during the year amounted to $2.8 billion.

All collections realized after the net book value of a portfolio has been fully recovered ("Zero Basis Portfolios") are recorded as revenue ("Zero Basis Revenue"). During the years ended December 31, 2015, 2014, and 2013, Zero Basis Revenue was approximately $96.4 million, $22.3 million, and $17.2 million, respectively.

The following tables summarize the changes in the balance of the investment in receivable portfolios during the following periods (*in thousands, except percentages*):

	Year Ended December 31, 2015			
	Accrual Basis Portfolios	Cost Recovery Portfolios	Zero Basis Portfolios	Total
Balance, beginning of period	$ 2,131,084	$ 12,476	$ —	$ 2,143,560
Purchases of receivable portfolios	1,023,722	—	—	1,023,722
Gross collections[1]	(1,587,525)	(5,237)	(107,963)	(1,700,725)
Put-backs and Recalls[2]	(13,009)	(20)	(268)	(13,297)
Foreign currency adjustments	(82,443)	(2,604)	20	(85,027)
Revenue recognized	969,227	—	96,446	1,065,673
Portfolio (allowance) reversals, net	(5,002)	—	11,765	6,763
Balance, end of period	$ 2,436,054	$ 4,615	$ —	$ 2,440,669
Revenue as a percentage of collections[3]	61.1%	0.0%	89.3%	62.7%

	Year Ended December 31, 2014			
	Accrual Basis Portfolios	Cost Recovery Portfolios	Zero Basis Portfolios	Total
Balance, beginning of period	$ 1,585,587	$ 4,662	$ —	$ 1,590,249
Purchases of receivable portfolios	1,249,651	1,709	—	1,251,360
Transfer of portfolios	(18,682)	18,682	—	—
Gross collections[1]	(1,563,996)	(9,010)	(34,491)	(1,607,497)
Put-backs and Recalls[2]	(15,162)	(536)	(9)	(15,707)
Foreign currency adjustments	(64,646)	(3,031)	—	(67,677)
Revenue recognized	953,154	—	22,271	975,425
Portfolio allowance reversals, net	5,178	—	12,229	17,407
Balance, end of period	$ 2,131,084	$ 12,476	$ —	$ 2,143,560
Revenue as a percentage of collections[3]	60.9%	0.0%	64.6%	60.7%

	Year Ended December 31, 2013			
	Accrual Basis Portfolios	Cost Recovery Portfolios	Zero Basis Portfolios	Total
Balance, beginning of period	$ 873,119	$ —	$ —	$ 873,119
Purchases of receivable portfolios	1,203,706	1,073	—	1,204,779
Transfer of portfolios	(6,649)	6,649	—	—
Gross collections[1]	(1,249,625)	(2,764)	(27,117)	(1,279,506)
Put-backs and Recalls[2]	(2,331)	(296)	(2)	(2,629)
Foreign currency adjustments	49,634	—	—	49,634
Revenue recognized	715,458	—	17,201	732,659
Portfolio allowance reversals, net	2,275	—	9,918	12,193
Balance, end of period	$ 1,585,587	$ 4,662	$ —	$ 1,590,249
Revenue as a percentage of collections[3]	57.3%	0.0%	63.4%	57.3%

(1) Does not include amounts collected on behalf of others.

(2) Put-backs represent accounts that are returned to the seller in accordance with the respective purchase agreement (“Put-Backs”). Recalls represent accounts that are recalled by the seller in accordance with the respective purchase agreement (“Recalls”).

(3) Revenue as a percentage of collections excludes the effects of net portfolio allowances or net portfolio allowance reversals.

The following table summarizes the change in the valuation allowance for investment in receivable portfolios during the periods presented (*in thousands*):

	Valuation Allowance
Balance at December 31, 2012	$ 105,273
Provision for portfolio allowances	479
Reversal of prior allowances	(12,672)
Balance at December 31, 2013	93,080
Provision for portfolio allowances	—
Reversal of prior allowances	(17,407)
Balance at December 31, 2014	75,673
Provision for portfolio allowances	8,322
Reversal of prior allowances	(15,085)
Allowance charged off to investment in receivable portfolios	(8,322)
Balance at December 31, 2015	$ 60,588

Note 6: Deferred Court Costs, Net

The Company pursues legal collections using a network of attorneys that specialize in collection matters and through its internal legal channel. The Company generally pursues collections through legal means only when it believes a consumer has sufficient assets to repay their indebtedness but has, to date, been unwilling to pay. In order to pursue legal collections the Company is required to pay certain upfront costs to the applicable courts which are recoverable from the consumer ("Deferred Court Costs").

The Company capitalizes Deferred Court Costs in its consolidated financial statements and provides a reserve for those costs that it believes will ultimately be uncollectible. The Company determines the reserve based on its analysis of court costs that have been advanced and those that have been recovered. The Company writes off any Deferred Court Cost not recovered within five years of placement. Collections received from debtors are first applied against related court costs with the balance applied to the debtors' account balance.

Deferred Court Costs for the five-year deferral period consist of the following as of the dates presented (*in thousands*):

	December 31, 2015	December 31, 2014
Court costs advanced	$ 636,922	$ 546,271
Court costs recovered	(242,899)	(206,287)
Court costs reserve	(318,784)	(279,572)
	$ 75,239	$ 60,412

A roll forward of the Company's court cost reserve is as follows (*in thousands*):

	December 31, 2015	December 31, 2014	December 31, 2013
Balance at beginning of period	$ (279,572)	$ (210,889)	$ (149,080)
Provision for court costs	(82,593)	(69,062)	(61,809)
Net down of reserve after 60 months	42,745	—	—
Effect of foreign currency translation	636	379	—
Balance at end of period	$ (318,784)	$ (279,572)	$ (210,889)

Note 7: Property and Equipment, Net

Property and equipment consist of the following, as of the dates presented (*in thousands*):

	December 31, 2015	December 31, 2014
Furniture, fixtures and equipment	$ 22,074	$ 18,472
Computer equipment and software	127,454	101,721
Telecommunications equipment	4,029	3,956
Leasehold improvements	19,711	17,964
Other	1,694	2,178
	174,962	144,291
Less: accumulated depreciation and amortization	(101,458)	(77,322)
	$ 73,504	$ 66,969

Depreciation and amortization expense for continuing operations was $29.0 million, $24.4 million, and $12.7 million for the years ended December 31, 2015, 2014, and 2013, respectively.

Note 8: Other Assets

Other assets consist of the following (*in thousands*):

	December 31, 2015	December 31, 2014
Debt issuance costs, net of amortization	$ 45,033	$ 38,504
Prepaid income taxes	28,159	—
Deferred tax assets	27,306	33,716
Prepaid expenses	22,002	21,427
Interest receivable	21,079	12,187
Identifiable intangible assets, net	18,129	21,564
Service fee receivables	13,708	7,864
Other financial receivables	11,275	7,467
Receivable from seller	8,605	7,357
Recoverable fees	5,350	2,905
Security deposits	2,809	3,617
Funds held in escrow	—	16,889
Other	42,165	24,169
	$ 245,620	$ 197,666

Note 9: Debt

The Company is in compliance with all covenants under its financing arrangements. The components of the Company's consolidated debt and capital lease obligations were as follows *(in thousands)*:

	December 31, 2015	December 31, 2014
Encore revolving credit facility	$ 627,000	$ 505,000
Encore term loan facility	143,078	146,023
Encore senior secured notes	28,750	43,750
Encore convertible notes	448,500	448,500
Less: Debt discount	(41,867)	(51,202)
Propel facilities	170,858	84,229
Propel securitized notes	59,996	104,247
Cabot senior secured notes	1,360,000	1,076,952
Add: Debt premium	53,440	67,259
Less: Debt discount	(3,184)	—
Cabot senior revolving credit facility	54,089	86,368
Preferred equity certificates	221,516	208,312
Capital lease obligations	11,054	15,331
Other	83,342	38,785
	$ 3,216,572	$ 2,773,554

Encore Revolving Credit Facility and Term Loan Facility

On July 9, 2015, the Company amended its revolving credit facility and term loan facility pursuant to Amendment No. 2 to the Second Amended and Restated Credit Agreement (as amended, the "Restated Credit Agreement"). The Restated Credit Agreement includes a revolving credit facility of $742.6 million (the "Revolving Credit Facility"), a term loan facility of $158.8 million (the "Term Loan Facility", and together with the Revolving Credit Facility, the "Senior Secured Credit Facilities"), and an accordion feature that allows the Company to increase the Senior Secured Credit Facilities by an additional $250.0 million ($55.0 million of which was exercised in November 2015). Including the accordion feature, the maximum amount that can be borrowed under the Restated Credit Agreement is $1.1 billion. The Restated Credit Agreement expires in February 2019, except with respect to two subtranches of the Term Loan Facility of $60.0 million and $6.3 million, maturing in February 2017 and November 2017, respectively.

Provisions of the Restated Credit Agreement include, but are not limited to:

- The Revolving Credit Facility of $742.6 million with interest at a floating rate equal to, at the Company's option, either: (1) reserve adjusted London Interbank Offered Rate ("LIBOR"), plus a spread that ranges from 250 to 300 basis points depending on the Company's cash flow leverage ratio; or (2) alternate base rate, plus a spread that ranges from 150 to 200 basis points, depending on the Company's cash flow leverage ratio. "Alternate base rate," as defined in the Restated Credit Agreement, means the highest of (i) the per annum rate which the administrative agent publicly announces from time to time as its prime lending rate, (ii) the federal funds effective rate from time to time, plus 0.5% per annum or (iii) reserved adjusted LIBOR determined on a daily basis for a one month interest period, plus 1.0% per annum;

- A $92.5 million five-year term loan with interest at a floating rate equal to, at the Company's option, either: (1) reserve adjusted LIBOR, plus a spread that ranges from 250 to 300 basis points, depending on the Company's cash flow leverage ratio; or (2) alternate base rate, plus a spread that ranges from 150 to 200 basis points, depending on the Company's cash flow leverage ratio. Principal amortizes $6.9 million in 2016, $9.3 million in 2017, and $9.3 million in 2018 with the remaining principal due at the end of the term;

- A $60.0 million term loan maturing on February 28, 2017, with interest at a floating rate equal to, at the Company's option, either: (1) reserve adjusted LIBOR, plus a spread that ranges from 200 to 250 basis points, depending on the Company's cash flow leverage ratio; or (2) alternate base rate, plus a spread that ranges from 100 to 150 basis points, depending on the Company's cash flow leverage ratio. Principal amortizes $4.5 million in 2016 with the remaining principal due at the end of the term;

- A $6.3 million term loan maturing on November 3, 2017, with interest at a floating rate equal to, at the Company's option, either: (1) reserve adjusted LIBOR, plus a spread that ranges from 250 to 300 basis points, depending on the Company's cash flow leverage ratio; or (2) alternate base rate, plus a spread that ranges from 150 to 200 basis points, depending on the Company's cash flow leverage ratio. Principal amortizes $0.6 million in 2016 and $0.5 million in 2017 with the remaining principal due at the end of the term;
- A borrowing base equal to (1) the lesser of (i) 30%—35% (depending on the Company's trailing 12-month cost per dollar collected) of all eligible non-bankruptcy estimated remaining collections, currently 33%, plus 55% of eligible estimated remaining collections for consumer receivables subject to bankruptcy, and (ii) the product of the net book value of all receivable portfolios acquired on or after January 1, 2005 multiplied by 95%, minus (2) the sum of the aggregate principal amount outstanding of Encore's Senior Secured Notes (as defined below) plus the aggregate principal amount outstanding under the term loans;
- a maximum cash flow leverage ratio permitted of 2.50:1.00;
- a maximum cash flow secured leverage ratio of 2.00:1.00;
- The allowance of additional unsecured or subordinated indebtedness not to exceed $1.1 billion;
- Restrictions and covenants, which limit the payment of dividends and the incurrence of additional indebtedness and liens, among other limitations;
- Repurchases of up to $150.0 million of Encore's common stock after July 9, 2015, subject to compliance with certain covenants and available borrowing capacity;
- A change of control definition, that excludes acquisitions of stock by Red Mountain Capital Partners LLC, JCF FPK I, LP and their respective affiliates of up to 50% of the outstanding shares of Encore's voting stock;
- Events of default which, upon occurrence, may permit the lenders to terminate the facility and declare all amounts outstanding to be immediately due and payable;
- A pre-approved acquisition limit of $225.0 million per fiscal year;
- A basket to allow for investments not to exceed the greater of (1) 200% of the consolidated net worth of the Company and its restricted subsidiaries; and (2) an unlimited amount such that after giving effect to the making of any investment, the cash flow leverage ratio is less than 1.25:1:00;
- Collateralization by all assets of the Company, other than the assets of certain Propel entities, certain foreign subsidiaries and all unrestricted subsidiaries as defined in the Restated Credit Agreement.

At December 31, 2015, the outstanding balance under the Restated Credit Agreement was $770.1 million, which bore a weighted average interest rate of 3.17% and 2.93% for the years ended December 31, 2015 and 2014, respectively. Available capacity under the Restated Credit Agreement, subject to borrowing base and applicable debt covenants, was $107.1 million as of December 31, 2015, not including the $195.0 million additional capacity provided by the facility's remaining accordion feature.

Encore Senior Secured Notes

In 2010 and 2011 Encore entered into an aggregate of $75.0 million in senior secured notes with certain affiliates of Prudential Capital Group (the "Senior Secured Notes"). $25.0 million of the Senior Secured Notes bear an annual interest rate of 7.375%, mature in 2018 and require quarterly principal payments of $1.25 million. Prior to May 2013, these notes required quarterly payments of interest only. The remaining $50.0 million of Senior Secured Notes bear an annual interest rate of 7.75%, mature in 2017 and require quarterly principal payments of $2.5 million. Prior to December 2012 these notes required quarterly interest only payments. As of December 31, 2015, $11.3 million of the 7.375% Senior Secured Notes and $17.5 million of the 7.75% Senior Secured Notes, for an aggregate of $28.8 million, remained outstanding.

The Senior Secured Notes are guaranteed in full by certain of Encore's subsidiaries. Similar to, and *pari passu* with, the Senior Secured Credit Facilities, the Senior Secured Notes are collateralized by the same collateral as our Revolving Credit Facility. The Senior Secured Notes may be accelerated and become automatically and immediately due and payable upon certain events of default, including certain events related to insolvency, bankruptcy, or liquidation. Additionally, the Senior Secured Notes may be accelerated at the election of the holder or holders of a majority in principal amount of the Senior Secured Notes upon certain events of default by Encore, including the breach of affirmative covenants regarding guarantors, collateral, most favored lender treatment, minimum revolving credit facility commitment or the breach of any negative

covenant. If Encore prepays the Senior Secured Notes at any time for any reason, payment will be at the higher of par or the present value of the remaining scheduled payments of principal and interest on the portion being prepaid. The discount rate used to determine the present value is 50 basis points over the then current Treasury Rate corresponding to the remaining average life of the senior secured notes. The covenants are substantially similar to those in the Restated Credit Agreement. Prudential Capital Group and the administrative agent for the lenders of the Restated Credit Agreement have an intercreditor agreement related to their pro rata rights to the collateral, actionable default, powers and duties and remedies, among other topics. The terms of the Senior Secured Notes were amended in connection with the Restated Credit Agreement in order to properly align certain provisions between the two agreements.

Encore Convertible Notes

In November and December 2012, Encore sold $115.0 million aggregate principal amount of 3.0% 2017 Convertible Notes that mature on November 27, 2017 in private placement transactions. In June and July 2013, Encore sold $172.5 million aggregate principal amount of 3.0% 2020 Convertible Notes that mature on July 1, 2020 in private placement transactions. In March 2014, Encore sold $161.0 million aggregate principal amount of 2.875% 2021 Convertible Notes that mature on March 15, 2021 in private placement transactions. The interest on these unsecured convertible senior notes (collectively, the “Convertible Notes”), is payable semi-annually.

Prior to the close of business on the business day immediately preceding their respective conversion date (listed below), holders may convert their Convertible Notes under certain circumstances set forth in the applicable Convertible Notes indentures. On or after their respective conversion dates until the close of business on the scheduled trading day immediately preceding their respective maturity date, holders may convert their Convertible Notes at any time. Certain key terms related to the convertible features for each of the Convertible Notes as of year ended December 31, 2015 are listed below.

	2017 Convertible Notes	2020 Convertible Notes	2021 Convertible Notes
Initial conversion price	$ 31.56	$ 45.72	$ 59.39
Closing stock price at date of issuance	$ 25.66	$ 33.35	$ 47.51
Closing stock price date	November 27, 2012	June 24, 2013	March 5, 2014
Conversion rate (shares per $1,000 principal amount)	31.6832	21.8718	16.8386
Conversion date[(1)]	May 27, 2017	January 1, 2020	September 15, 2020

(1) The 2017 Convertible Notes became convertible on January 2, 2014, as certain early conversion events were satisfied. Refer to “Conversion and Earnings Per Share impact” section below for further details.

In the event of conversion, the 2017 Convertible Notes are convertible into cash up to the aggregate principal amount of the notes. The excess conversion premium may be settled in cash or shares of the Company’s common stock at the discretion of the Company. In the event of conversion, holders of the Company’s 2020 and 2021 Convertible Notes will receive cash, shares of the Company’s common stock or a combination of cash and shares of the Company’s common stock, at the Company’s election. The Company’s current intent is to settle conversions through combination settlement (*i.e.,* convertible into cash up to the aggregate principal amount, and shares of the Company’s common stock or a combination of cash and shares of the Company’s common stock, at the Company’s election, for the remainder). As a result, and in accordance with authoritative guidance related to derivatives and hedging and earnings per share, only the conversion spread is included in the diluted earnings per share calculation, if dilutive. Under such method, the settlement of the conversion spread has a dilutive effect when, during any quarter, the average share price of the Company’s common stock exceeds the initial conversion prices listed in the above table.

Authoritative guidance related to debt with conversion and other options requires that issuers of convertible debt instruments that, upon conversion, may be settled fully or partially in cash, must separately account for the liability and equity components in a manner that will reflect the entity’s nonconvertible debt borrowing rate when interest cost is recognized in subsequent periods. Additionally, debt issuance costs are required to be allocated in proportion to the allocation of the liability and equity components and accounted for as debt issuance costs and equity issuance costs, respectively.

The debt and equity components, the issuance costs related to the equity component, the stated interest rate, and the effective interest rate for each of the Convertible Notes are listed below *(in thousands, except percentages)*:

	2017 Convertible Notes	2020 Convertible Notes	2021 Convertible Notes
Debt component	$ 100,298	$ 140,247	$ 143,645
Equity component	$ 14,702	$ 32,253	$ 17,355
Equity issuance cost	$ 788	$ 1,106	$ 581
Stated interest rate	3.000%	3.000%	2.875%
Effective interest rate	6.000%	6.350%	4.700%

The balances of the liability and equity components of all of the Convertible Notes outstanding were as follows *(in thousands)*:

	December 31, 2015	December 31, 2014
Liability component—principal amount	$ 448,500	$ 448,500
Unamortized debt discount	(41,867)	(51,202)
Liability component—net carrying amount	$ 406,633	$ 397,298
Equity component	$ 58,184	$ 55,236

The debt discount is being amortized into interest expense over the remaining life of the convertible notes using the effective interest rates. Interest expense related to the convertible notes was as follows *(in thousands)*:

	Year ended December 31,	
	2015	2014
Interest expense—stated coupon rate	$ 13,245	$ 12,418
Interest expense—amortization of debt discount	9,335	8,423
Total interest expense—convertible notes	$ 22,580	$ 20,841

Convertible Notes Hedge Transactions

In order to reduce the risk related to the potential dilution and/or the potential cash payments the Company is required to make in the event that the market price of the Company’s common stock becomes greater than the conversion price of the Convertible Notes, the Company maintains a hedge program that increases the effective conversion price for each of the Convertible Notes. All of the hedge instruments related to the Convertible Notes have been determined to be indexed to the Company’s own stock and meet the criteria for equity classification. In accordance with authoritative guidance, the Company recorded the cost of the hedge instruments as a reduction in additional paid-in capital, and will not recognize subsequent changes in fair value of these financial instruments in its consolidated financial statements.

The initial hedge instruments the Company entered into in connection with its issuance of the 2017 Convertible Notes had an effective conversion price of $44.19. On December 16, 2013, the Company entered into amendments to the hedge instruments to further increase the effective conversion price from $44.19 to $60.00. All other terms and settlement provisions of the hedge instruments remained unchanged. The transaction was completed in February 2014. The Company paid approximately $27.9 million in total consideration for amending the hedge instruments. The Company recorded the payment as a reduction of equity in the consolidated statements of financial condition.

The details of the hedge program for each of the Convertible Notes are listed below *(in thousands, except conversion price)*:

	2017 Convertible Notes	2020 Convertible Notes	2021 Convertible Notes
Cost of the hedge transaction(s)	$ 50,595	$ 18,113	$ 19,545
Initial conversion price	$ 31.56	$ 45.72	$ 59.39
Effective conversion price	$ 60.00	$ 61.55	$ 83.14

Conversion and Earnings Per Share Impact

During the quarter ending December 31, 2013, the closing price of the Company's common stock exceeded 130% of the conversion price of the 2017 Convertible Notes for more than 20 trading days during a 30 consecutive trading day period, thereby satisfying one of the early conversion events. As a result, the 2017 Convertible Notes became convertible on demand effective January 2, 2014, and the holders were notified that they could elect to submit their 2017 Convertible Notes for conversion. The carrying value of the 2017 Convertible Notes continues to be reported as debt as the Company intends to draw on the Revolving Credit Facility or use cash on hand to settle the principal amount of any such conversions in cash. No gain or loss was recognized when the debt became convertible. The estimated fair value of the 2017 Convertible Notes was approximately $109.5 million as of December 31, 2015. In addition, upon becoming convertible, a portion of the equity component that was recorded at the time of the issuance of the 2017 Convertible Notes was considered redeemable and that portion of the equity was reclassified to temporary equity in the Company's consolidated statements of financial condition. Such amount was determined based on the cash consideration to be paid upon conversion and the carrying amount of the debt. Upon conversion, the holders of the 2017 Convertible Notes will be paid in cash for the principal amount and issued shares or a combination of cash and shares for the remaining value of the 2017 Convertible Notes. As a result, the Company reclassified $6.1 million of the equity component to temporary equity as of December 31, 2015. If a conversion event takes place, this temporary equity balance will be recalculated based on the difference between the 2017 Convertible Notes principal and the debt carrying value. If the 2017 Convertible Notes are settled, an amount equal to the fair value of the liability component, immediately prior to the settlement, will be deducted from the fair value of the total settlement consideration transferred and allocated to the liability component. Any difference between the amount allocated to the liability and the net carrying amount of the 2017 Convertible Notes (including any unamortized debt issue costs and discount) will be recognized in earnings as a gain or loss on debt extinguishment. Any remaining consideration is allocated to the reacquisition of the equity component and will be recognized as a reduction in stockholders' equity.

None of the 2017 Convertible Notes were converted during the year ended December 31, 2015 or 2014.

In accordance with authoritative guidance related to derivatives and hedging and earnings per share calculation, only the conversion spread of the Convertible Notes is included in the diluted earnings per share calculation, if dilutive. Under such method, the settlement of the conversion spread has a dilutive effect when the average share price of the Company's common stock during any quarter exceeds the respective conversion price of each of the Convertible Notes. See "Earnings Per Share" in Note 1, "Ownership, Description of Business, and Summary of Significant Accounting Policies" for additional information.

Propel Facilities

Propel Facility I

On May 8, 2015, Propel amended its syndicated loan facility (as amended, the "Propel Facility I"). The Propel Facility I is an $80.0 million facility, with a $20.0 million uncommitted accordion feature, used to originate or purchase tax lien assets.

The Propel Facility I expires in May 2018 and includes the following key provisions:

- Interest at Propel's option, at either: (1) LIBOR, plus a spread that ranges from 270 to 320 basis points, depending on Propel's cash flow leverage ratio; or (2) the greatest of (a) the rate publicly announced from time to time by Texas Capital Bank, National Association, as its prime rate, (b) the sum of the federal funds rate for such day plus 50 basis points, or (c) one month LIBOR plus 100 basis points;
- A borrowing base of 90% of the face value of the tax lien assets;
- Interest payable monthly; principal and interest due at maturity;
- Restrictions and covenants, which limit, among other things, the payment of dividends and the incurrence of additional indebtedness and liens; and
- Events of default which, upon occurrence, may permit the lenders to terminate the Propel Facility I and declare all amounts outstanding to be immediately due and payable.

The Propel Facility I is primarily collateralized by the tax liens on real property in Texas and requires Propel to maintain various financial covenants, including a minimum interest coverage ratio and a maximum cash flow leverage ratio.

At December 31, 2015, the outstanding balance on the Propel Facility I was $63.0 million. The weighted average interest rate was 3.26% and 3.33% for the years ended December 31, 2015 and 2014, respectively.

Propel Facility II

On May 15, 2013, the Company, through affiliates of Propel, entered into a $100.0 million revolving credit facility (as amended, the "Propel Facility II"). The Propel Facility II is used to purchase tax liens and tax lien certificates from taxing authorities and third parties in various states and expires on May 10, 2019. On May 6, 2014, April 3, 2015 and October 26, 2015, the Propel Facility II was amended to, among other things, increase the commitment amount, modify the interest rate and permit additional tax lien assets to be included in the borrowing base. The Propel Facility II includes the following key provisions:

- Propel can draw up to $150.0 million through May 15, 2017;
- The committed amount can be drawn on a revolving basis until May 15, 2017 (unless terminated earlier in accordance with the terms of the facility). During the following two years, until the May 10, 2019 expiration date, no additional draws are permitted, and all proceeds from the tax liens are used to repay any amounts outstanding under the facility. So long as no events or default have occurred, Propel may extend the expiration date for additional one year periods.
- Prior to the expiration of the facility, interest at a per annum floating rate equal to LIBOR plus 2.25%;
- Upon the occurrence of an event of default, interest at 400 basis points plus the greater of (i) a per annum floating rate equal to LIBOR plus 2.25%, or (ii) Prime Rate, which is defined in the agreement as the rate most recently announced by the lender at its branch in San Francisco, California, from time to time as its prime commercial rate for U.S. dollar-denominated loans made in the United States;
- Proceeds from the tax liens are applied to pay interest, principal and other obligations incurred in connection with the Propel Facility II on a monthly basis as defined in the agreement;
- Special purpose entity covenants designed to protect the bankruptcy-remoteness of the borrowers and additional restrictions and covenants, which limit, among other things, the payment of certain dividends, the occurrence of additional indebtedness and liens and use of the collections proceeds from certain tax liens; and
- Events of default which, upon occurrence, may permit the lender to terminate the Propel Facility II and declare all amounts outstanding to be immediately due and payable.

The Propel Facility II is collateralized by tax liens acquired under the Propel Facility II. At December 31, 2015, the outstanding balance on the Propel Facility II was $107.9 million. The weighted average interest rate was 2.62% and 3.85% for the years ended December 31, 2015 and 2014, respectively.

Propel Term Loan Facility

On May 2, 2014, the Company, through affiliates of Propel, entered into a $31.9 million term loan facility (the "Propel Term Loan Facility"). The Propel Term Loan Facility was entered into to fund the acquisition of a portfolio of tax liens and other assets in a transaction valued at approximately $43.0 million. In July 2015, Propel paid off the outstanding balance on the Propel Term Loan Facility.

Propel Securitized Notes

On May 6, 2014, Propel, through its affiliates, completed the securitization of a pool of approximately $141.5 million in payment agreements and contracts relating to unpaid real property taxes, assessments, and other charges secured by liens on real property located in the State of Texas (the "Securitized Texas Tax Liens"). In connection with the securitization, investors purchased, in a private placement, approximately $134.0 million in aggregate principal amount of 1.44% notes collateralized by the Securitized Texas Tax Liens (the "Propel Securitized Notes"), due May 15, 2029. The payment agreements and contracts will continue to be serviced by Propel.

The Propel Securitized Notes are payable solely from the collateral and represent non-recourse obligations of the consolidated securitization entity PFS Tax Lien Trust 2014-1, a Delaware statutory trust and an affiliate of Propel. Interest accrues monthly at the rate of 1.44% per annum. Principal and interest on the Propel Securitized Notes are payable on the 15th day of each calendar month. Propel used the net proceeds to pay down borrowings under the Propel Facility I, pay certain expenses incurred in connection with the issuance of the Propel Securitized Notes and fund certain reserves.

At December 31, 2015, the outstanding balance on the Propel Securitized Notes was $60.0 million and the balance of the collateral was $81.1 million.

Cabot Senior Secured Notes

On September 20, 2012, Cabot Financial (Luxembourg) S.A. ("Cabot Financial"), an indirect subsidiary of Encore, issued £265.0 million (approximately $438.4 million) in aggregate principal amount of 10.375% Senior Secured Notes due 2019 (the "Cabot 2019 Notes"). Interest on the Cabot 2019 Notes is payable semi-annually, in arrears, on April 1 and October 1 of each year.

On August 2, 2013, Cabot Financial issued £100 million (approximately $151.7 million) in aggregate principal amount of 8.375% Senior Secured Notes due 2020 (the "Cabot 2020 Notes"). Interest on the Cabot 2020 Notes is payable semi-annually, in arrears, on February 1 and August 1 of each year.

Of the proceeds from the issuance of the Cabot 2020 Notes, approximately £75.0 million (approximately $113.8 million) was used to repay all amounts outstanding under the senior credit facilities of Cabot Financial (UK) Limited ("Cabot Financial UK"), an indirect subsidiary of Encore, and £25.0 million (approximately $37.9 million) was used to partially repay a portion of the J Bridge preferred equity certificates (the "J Bridge PECs") to an affiliate of J.C. Flowers & Co. LLC ("J.C. Flowers"), discussed in further detail below.

On March 27, 2014, Cabot Financial issued £175.0 million (approximately $291.8 million) in aggregate principal amount of 6.500% Senior Secured Notes due 2021 (the "Cabot 2021 Notes" and, together with the Cabot 2019 Notes and the Cabot 2020 Notes, the "Cabot Notes"). Interest on the Cabot 2021 Notes is payable semi-annually, in arrears, on April 1 and October 1 of each year, beginning on October 1, 2014. The total debt issuance cost associated with the Cabot 2021 Notes was approximately $7.5 million.

Approximately £105.0 million (approximately $174.8 million) of the proceeds from the issuance of the Cabot 2021 Notes was used to repay all amounts outstanding under the senior secured bridge facilities that Cabot Financial UK entered into in connection with the Marlin Acquisition.

The Cabot Notes are fully and unconditionally guaranteed on a senior secured basis by the following indirect subsidiaries of the Company: Cabot Credit Management Limited ("CCM"), Cabot Financial Limited, and all material subsidiaries of Cabot Financial Limited (other than Cabot Financial and Marlin Intermediate Holdings plc). The Cabot Notes are secured by a first ranking security interest in all the outstanding shares of Cabot Financial and the guarantors (other than CCM and Marlin Midway Limited) and substantially all the assets of Cabot Financial and the guarantors (other than CCM). The guarantees provided in respect of the Cabot Notes are pari passu with each such guarantee given in respect of the Cabot Floating Rate Notes, Marlin Bonds and the Cabot Credit Facility described below.

On November 11, 2015, Cabot Financial (Luxembourg) II S.A. ("Cabot Financial II"), an indirect subsidiary of Encore, issued €310.0 million (approximately $332.2 million) in aggregate principal amount of Senior Secured Floating Rate Notes due 2021 (the "Cabot Floating Rate Notes"). The Cabot Floating Rate Notes were issued at a 1%, or €3.1 million (approximately $3.4 million), original issue discount, which is being amortized over the life of the notes and included as interest expense in the Company's consolidated statements of income. The Cabot Floating Rate Notes bear interest at a rate equal to three-month EURIBOR plus 5.875% per annum, reset quarterly. Interest on the Cabot Floating Rate Notes is payable quarterly in arrears on February 15, May 15, August 15 and November 15 of each year, beginning on February 15, 2016. The Cabot Floating Rate Notes will mature on November 15, 2021. Loan fees associated with the Cabot Floating Rate Notes during the year ended December 31, 2015 were approximately £5.8 million (approximately $8.7 million) and capitalized as debt issuance costs.

The Cabot Floating Rate Notes are fully and unconditionally guaranteed on a senior secured basis by the following indirect subsidiaries of the Company: CCM, Cabot Financial Limited and all material subsidiaries of Cabot Financial Limited (other than Cabot Financial II and Marlin Intermediate Holdings plc). The Cabot Floating Rate Notes are secured by a first-ranking security interest in all the outstanding shares of Cabot Financial II and the guarantors (other than CCM and Marlin Midway Limited) and substantially all the assets of Cabot Financial II and the guarantors (other than CCM).

On July 25, 2013, Marlin Intermediate Holdings plc, a subsidiary of Marlin, issued £150.0 million (approximately $246.5 million) in aggregate principal amount of 10.5% Senior Secured Notes due 2020 (the "Marlin Bonds"). Interest on the Marlin Bonds is payable semi-annually, in arrears, on February 1 and August 1 of each year. Cabot assumed the Marlin Bonds as a result of the Marlin Acquisition. The carrying value of the Marlin Bonds was adjusted to approximately $284.2 million to reflect the fair value of the Marlin Bonds at the time of acquisition.

The Marlin Bonds are fully and unconditionally guaranteed on a senior secured basis by Cabot Financial Limited and each of Cabot Financial Limited's material subsidiaries other than Marlin Intermediate Holdings plc, each of which is an indirect subsidiary of the Company. The guarantees provided in respect of the Marlin Bonds are *pari passu* with each such guarantee given in respect of the Cabot Notes, the Cabot Floating Rate Notes and the Cabot Credit Facility.

Interest expense related to the Cabot Notes, Cabot Floating Rate Notes, and Marlin Bonds was as follows *(in thousands)*:

	Year ended December 31,	
	2015	2014
Interest expense—stated coupon rate	$ 98,988	$ 97,028
Interest income—accretion of debt premium	(10,747)	(10,233)
Interest expense—amortization of debt discount	75	—
Total interest expense—Cabot senior secured notes	$ 88,316	$ 86,795

At December 31, 2015, the outstanding balance on the Cabot Notes, Cabot Floating Rate Notes, and Marlin Bonds was $1.4 billion.

Cabot Senior Revolving Credit Facility

On September 20, 2012, Cabot Financial UK entered into an agreement for a senior committed revolving credit facility of £50.0 million (approximately $82.7 million) (the "Cabot Credit Agreement"). Since such date there have been a number of amendments made, including, but not limited to, increases in the lenders' total commitments thereunder. On November 11, 2015, Cabot Financial UK amended and restated its existing senior secured revolving credit facility agreement to, among other things, increase the total committed amount of the facility to £200.0 million (approximately $304.0 million) and extend the termination date to September 24, 2018 (as amended and restated, the "Cabot Credit Facility"). The Cabot Credit Facility also includes an uncommitted accordion provision which will allow the facility to be increased by an additional £50.0 million, subject to obtaining the requisite commitments and compliance with the terms of Cabot Financial UK's other indebtedness, among other conditions precedent. Loan fees associated with amending the Cabot Credit Facility during the year ended December 31, 2015 were approximately £4.8 million (approximately $7.2 million) and capitalized as debt issuance costs.

The Cabot Credit Facility has a six-year term expiring in September 2018, and includes the following key provisions:

- Interest at LIBOR (or EURIBOR for any loan drawn in euro) plus 3.5%;
- A restrictive covenant that limits the loan to value ratio to 0.75;
- A restrictive covenant that limits the super senior loan (i.e. the Cabot Credit Facility and any super priority hedging liabilities) to value ratio to 0.25;
- Additional restrictions and covenants which limit, among other things, the payment of dividends and the incurrence of additional indebtedness and liens; and
- Events of default which, upon occurrence, may permit the lenders to terminate the Cabot Credit Facility and declare all amounts outstanding to be immediately due and payable.

The Cabot Credit Facility is unconditionally guaranteed by the following indirect subsidiaries of the Company: CCM, Cabot Financial Limited, and all material subsidiaries of Cabot Financial Limited. The Cabot Credit Facility is secured by first ranking security interests in all the outstanding shares of Cabot Financial UK and the guarantors (other than CCM) and substantially all the assets of Cabot Financial UK and the guarantors (other than CCM). Pursuant to the terms of intercreditor agreements entered into with respect to the relative positions of the Cabot Notes, the Cabot Floating Rate Notes, the Marlin Bonds and the Cabot Credit Facility, any liabilities in respect of obligations under the Cabot Credit Facility that are secured by assets that also secure the Cabot Notes, the Cabot Floating Rate Notes and the Marlin Bonds will receive priority with respect to any proceeds received upon any enforcement action over any such assets.

At December 31, 2015, the outstanding borrowings under the Cabot Credit Facility were approximately $54.1 million. The weighted average interest rate was 3.86% and 4.34% for the years ended December 31, 2015 and 2014, respectively.

Cabot 2015 Senior Secured Bridge Facility

The dlc Acquisition was financed with borrowings under the existing Cabot Credit Facility and under a new senior secured bridge facility entered into by Cabot on June 1, 2015 (the "2015 Senior Secured Bridge Facility").

The 2015 Senior Secured Bridge Facility provided an aggregate principal amount of up to £90.0 million. The purpose of the 2015 Senior Secured Bridge Facility was to provide funding for the financing, in full or in part, of the purchase price of the dlc Acquisition and the payment of costs, fees and expenses in connection with the dlc Acquisition, and was fully drawn as of

the closing of the dlc Acquisition. The 2015 Senior Secured Bridge Facility had an initial term of one year and could be extended for an additional year if it was not repaid during the first year of issuance.

Prior to the initial maturity date, the rate of interest payable under the 2015 Senior Secured Bridge Facility was the aggregate, per annum, of (i) LIBOR (set to a minimum of 1%), plus (ii) an initial spread of 6.00% per annum (such spread stepping up by 50 basis points for each three-month period that the 2015 Senior Secured Bridge Facility remains outstanding), not to exceed total caps set forth in the senior secured bridge facility agreement.

Loan fees associated with the 2015 Senior Secured Bridge Facility were approximately $1.4 million for the year ended December 31, 2015. These fees were recognized as interest expense in the Company's consolidated financial statements.

In November 2015, Cabot paid off the outstanding balance on the 2015 Senior Secured Bridge Facility. As a result, at December 31, 2015, there was no amount outstanding under the 2015 Senior Secured Bridge Facility.

Preferred Equity Certificates

On July 1, 2013, the Company, through its wholly owned subsidiary Encore Europe Holdings, S.a.r.l. ("Encore Europe"), completed the acquisition of Cabot (the "Cabot Acquisition") by acquiring 50.1% of the equity interest in Janus Holdings S.a.r.l. ("Janus Holdings"). Encore Europe purchased from J.C. Flowers: (i) E Bridge preferred equity certificates issued by Janus Holdings, with a face value of £10,218,574 (approximately $15.5 million) (and any accrued interest thereof) (the "E Bridge PECs"), (ii) E preferred equity certificates issued by Janus Holdings with a face value of £96,729,661 (approximately $147.1 million) (and any accrued interest thereof) (the "E PECs"), (iii) 3,498,563 E shares of Janus Holdings (the "E Shares"), and (iv) 100 A shares of Cabot Holdings S.a.r.l. ("Cabot Holdings"), the direct subsidiary of Janus Holdings, for an aggregate purchase price of approximately £115.1 million (approximately $175.0 million). The E Bridge PECs, E PECs, and E Shares represent 50.1% of all of the issued and outstanding equity and debt securities of Janus Holdings. The remaining 49.9% of Janus Holdings' equity and debt securities are owned by J.C. Flowers and include: (a) J Bridge PECs with a face value of £10,177,781 (approximately $15.5 million), (b) J preferred equity certificates with a face value of £96,343,515 (approximately $146.5 million) (the "J PECs"), (c) 3,484,597 J shares of Janus Holdings (the "J Shares"), and (d) 100 A shares of Cabot Holdings. All of the PECs accrue interest at 12% per annum. Since PECs are legal form debt, the J Bridge PECs, J PECs and any accrued interests thereof are classified as liabilities and are included in debt in the Company's accompanying consolidated statements of financial condition. In addition, certain other minority owners hold PECs at the Cabot Holdings level (the "Management PECs"). These PECs are also included in debt in the Company's accompanying consolidated statements of financial condition. The E Bridge PECs and E PECs held by the Company, and their related interest eliminate in consolidation and therefore are not included in debt in the Company's consolidated statements of financial condition. The J Bridge PECs, J PECs, and the Management PECs do not require the payment of cash interest expense as they have characteristics similar to equity with a preferred return. The ultimate payment of the accumulated interest would be satisfied only in connection with the disposition of the noncontrolling interests of J.C. Flowers and management.

On June 20, 2014, Encore Europe converted all of its E Bridge PECs into E Shares and E PECs, and J.C. Flowers converted all of its J Bridge PECs into J Shares and J PECs, in proportion to the number of E Shares and E PECs, or J Shares and J PECs, as applicable, outstanding on the closing date of the Cabot Acquisition.

As of December 31, 2015, the outstanding balance of the PECs, including accrued interest, was approximately $221.5 million.

Capital Lease Obligations

The Company has capital lease obligations primarily for computer equipment. As of December 31, 2015, the Company's combined obligations for capital leases were approximately $11.1 million. These capital lease obligations require monthly, quarterly or annual payments through 2020 and have implicit interest rates that range from zero to approximately 11.4%.

Maturity Schedule

The aggregate amounts of the Company's debt, including PECs, accrued interests on PECs, and capital lease obligations, maturing in each of the next five years and thereafter are as follows *(in thousands)*:

2016	$	48,634
2017		122,478
2018		248,649
2019		1,190,075
2020		544,475
Thereafter		1,053,872
Total	$	3,208,183

Note 10: Variable Interest Entities

A VIE is defined as a legal entity whose equity owners do not have sufficient equity at risk, or, as a group, the holders of the equity investment at risk lack any of the following three characteristics: decision-making rights, the obligation to absorb losses, or the right to receive the expected residual returns of the entity. The primary beneficiary is identified as the variable interest holder that has both the power to direct the activities of the VIE that most significantly affect the entity's economic performance and the obligation to absorb expected losses or the right to receive benefits from the entity that could potentially be significant to the VIE.

The Company's VIEs include its subsidiary Janus Holdings and its special purpose entity used for the Propel securitization.

Janus Holdings is the immediate parent company of Cabot. The Company has determined that Janus Holdings is a VIE and the Company is the primary beneficiary of the VIE. The key activities that affect Cabot's economic performance include, but are not limited to, operational budgets and purchasing decisions. Through its control of the board of directors of Janus Holdings, the Company controls the key operating activities at Cabot.

Propel used a special purpose entity to issue asset-backed securities to investors. The Company has determined that it is a VIE and Propel is the primary beneficiary of the VIE. Propel has the power to direct the activities of the VIE because it has the ability to exercise discretion in the servicing of the financial assets and to add assets to revolving structures. As discussed in Note 17, "Subsequent Event," on February 19, 2016, the Company entered into an agreement to sell 100% of its membership interests in Propel. Since Propel is the primary beneficiary of the VIE used for securitization, the Company will no longer consolidate this VIE subsequent to the sale of Propel.

Assets recognized as a result of consolidating these VIEs do not represent additional assets that could be used to satisfy claims against the Company's general assets. Conversely, liabilities recognized as a result of consolidating these VIEs do not represent additional claims on the Company's general assets; rather, they represent claims against the specific assets of the consolidated VIEs.

The Company evaluates its relationships with the VIEs on an ongoing basis to ensure that it continues to be the primary beneficiary.

Note 11: Stock-Based Compensation

In April 2013, Encore's Board of Directors (the "Board") approved the Encore Capital Group, Inc. 2013 Incentive Compensation Plan (as amended, the "2013 Plan"), which was then approved by the Company's stockholders on June 5, 2013. The 2013 Plan superseded the Company's 2005 Stock Incentive Plan ("2005 Plan"). Board members, employees, and consultants of Encore and its subsidiaries and affiliates are eligible to receive awards under the 2013 Plan. Subject to certain adjustments, the Company may grant awards for an aggregate of 2,500,000 shares of the Company's common stock under the 2013 Plan. Any shares subject to awards made under the 2013 Plan that terminate by expiration, forfeiture, cancellation, payment of exercise price, payment of withholding tax obligation or otherwise without the issuance of such shares shall again be available for issuance or payment of awards under the 2013 Plan. The 2013 Plan provides for the grant of incentive stock options, nonqualified stock options, stock appreciation rights, restricted stock, restricted stock units, dividend equivalent rights, cash awards, performance-based awards and any other types of awards not inconsistent with the 2013 Plan. The awards under the 2013 Plan consist of compensation subject to authoritative guidance for stock-based compensation.

In accordance with authoritative guidance for stock-based compensation, compensation expense is recognized only for those shares expected to vest, based on the Company's historical experience and future expectations. Total compensation expense during the years ended December 31, 2015, 2014, and 2013 was $22.0 million, $17.2 million, and $12.6 million, respectively.

The Company's stock-based compensation arrangements are described below:

Stock Options

The 2013 Plan permits the granting of stock options. No options have been awarded under the 2013 Plan. Under the 2005 Plan, option awards were generally granted with an exercise price equal to the market price of the Company's stock at the date of issuance. They generally vest over three to five years of continuous service, and have ten-year contractual terms.

The Company uses the Black-Scholes option-pricing model to determine the fair-value of stock-based awards. All options are amortized ratably over the requisite service periods of the awards, which are generally the vesting periods.

The fair value for options granted is estimated at the date of grant using a Black-Scholes option-pricing model. There were no options granted during the years ended December 31, 2015, 2014, or 2013. As of December 31, 2015, all outstanding stock options have been fully vested and all related compensation expenses have been fully recognized.

A summary of the Company's stock option activity as of December 31, 2015, and changes during the year then ended, is presented below:

	Number of Shares	Option Price Per Share	Weighted Average Exercise Price	Aggregate Intrinsic Value *(in thousands)*
Outstanding at December 31, 2014	170,815	$2.89 –$24.65	$ 14.84	
Exercised	(51,936)	2.89 –24.65	18.71	
Outstanding at December 31, 2015	118,879	$2.89 –$24.65	$ 16.23	$ 1,528
Exercisable at December 31, 2015	118,879	$2.89 –$24.65	$ 16.23	$ 1,528

The total intrinsic value of options exercised during the years ended December 31, 2015, 2014, and 2013 was $1.2 million, $29.6 million, and $16.9 million, respectively. As of December 31, 2015, the weighted-average remaining contractual life of options outstanding and options exercisable was 4.6 years.

Non-Vested Shares

The Company's 2013 Plan (and previously, the 2005 Plan), permits restricted stock units, restricted stock awards, and performance share awards. The fair value of non-vested shares with service condition and/or performance condition that affect vesting is equal to the closing sale price of the Company's common stock on the date of issuance. Compensation cost is recognized only for the awards that ultimately vest. The Company has certain share awards that include market conditions that affect vesting, the fair value of these shares is estimated using a lattice model. Compensation cost is not adjusted if the market condition is not met, as long as the requisite service is provided. For the majority of non-vested shares, shares are issued on the vesting dates net of the amount of shares needed to satisfy minimal statutory tax withholding requirements. The tax obligations are then paid by the Company on behalf of the employees.

A summary of the status of the Company's restricted stock units and restricted stock awards as of December 31, 2015, and changes during the year then ended, is presented below:

	Non-Vested Shares	Weighted Average Grant Date Fair Value
Non-vested at December 31, 2014	1,102,281	$ 35.60
Awarded	712,666	$ 42.21
Vested	(430,813)	$ 35.90
Cancelled/forfeited	(79,863)	$ 42.22
Non-vested at December 31, 2015	1,304,271	$ 38.71

Unrecognized compensation cost related to non-vested shares as of December 31, 2015, was $21.0 million. The weighted-average remaining expense period, based on the unamortized value of these outstanding non-vested shares, was approximately 2.0 years. The fair value of restricted stock units and restricted stock awards vested for the years ended December 31, 2015, 2014, and 2013 was $16.5 million, $20.2 million, and $11.5 million, respectively.

Note 12: Income Taxes

The Company recorded income tax provisions for continuing operations of $13.6 million, $52.7 million, and $45.4 million, during the years ended December 31, 2015, 2014 and 2013, respectively.

The effective tax rates for the respective periods are shown below:

	Year Ended December 31,		
	2015	2014	2013
Federal provision	35.0 %	35.0 %	35.0 %
State (benefit) provision(1)	(1.2)%	8.2 %	5.8 %
Federal expense (benefit) of state	0.4 %	(2.9)%	(2.0)%
Changes in state apportionment(2)	0.0 %	0.0 %	(0.2)%
International benefit(3)	(12.5)%	(3.6)%	(2.2)%
Tax reserves(4)	(3.3)%	0.0 %	0.0 %
Permanent items(5)	9.6 %	4.3 %	2.4 %
Release of valuation allowance	(9.1)%	0.0 %	0.0 %
Other(6)	3.4 %	(6.4)%	(1.2)%
Effective rate	22.3 %	34.6 %	37.6 %

(1) Change from 2014 to 2015 relates primarily to a beneficial settlement with a state tax authority.
(2) Represents changes in state apportionment methodologies.
(3) Relates primarily to the lower tax rate on the income attributable to international operations.
(4) Represents release of reserves taken for a certain tax position.
(5) Represents a provision for nondeductible items, including the CFPB settlement.
(6) Includes the effect of discrete items, primarily relates to the recognition of tax benefit as a result of a favorable tax settlement with taxing authorities as discussed below.

Due to a one-time charge resulting from a settlement with the Consumer Finance Protection Bureau ("CFPB"), discussed in detail in Note 13, "Commitments and Contingencies," the Company incurred a $10.0 million civil monetary penalty related to the CFPB settlement which is not deductible for income tax purposes during the year ended December 31, 2015.

The pretax income from continuing operations consisted of the following *(in thousands)*:

	Year Ended December 31,		
	2015	2014	2013
Domestic	$ 22,104	$ 131,434	$ 105,009
Foreign	38,877	21,181	15,859
	$ 60,981	$ 152,615	$ 120,868

The provision for income taxes consisted of the following *(in thousands)*:

	Year Ended December 31,		
	2015	2014	2013
Current expense:			
Federal	$ 42,459	$ 71,002	$ 50,304
State	567	7,741	7,196
Foreign	7,124	3,752	4,052
	50,150	82,495	61,552
Deferred (benefit) expense:			
Federal	(35,353)	(33,398)	(13,134)
State	(1,409)	2,710	(2,369)
Foreign	209	918	(661)
	(36,553)	(29,770)	(16,164)
	$ 13,597	$ 52,725	$ 45,388

The components of deferred tax assets and liabilities consisted of the following *(in thousands)*:

	December 31, 2015	December 31, 2014
Deferred tax assets:		
Stock-based compensation expense	$ 1,301	$ 7,143
Accrued expenses	7,899	6,701
Differences in income recognition related to receivable portfolios	33,652	31,799
State and international operating losses	15,234	12,917
Difference in basis of depreciable assets	3,069	2,077
Capitalized legal fees—international	4,143	4,365
Cumulative translation adjustment	958	4,036
Tax benefit of uncertain tax positions	1,349	1,247
Difference in basis of bond and loan costs	9,480	10,455
Difference in basis of intangible assets	18,089	—
Other	2,372	376
Valuation allowance	(4,517)	(10,047)
	93,029	71,069
Deferred tax liabilities:		
State taxes	(690)	(1,643)
Deferred court costs	(25,277)	(19,550)
Difference in basis of amortizable assets	(14,988)	(10,682)
Difference in basis of depreciable assets	(9,163)	(7,868)
Differences in income recognition related to receivable portfolios	(17,432)	(16,308)
Deferred debt cancellation income	(1,957)	(2,602)
Other	(46)	(3,533)
	(69,553)	(62,186)
Net deferred tax asset	$ 23,476	$ 8,883

Valuation allowances are recognized on deferred tax assets if the Company believes that it is more likely than not that some or all of the deferred tax assets will not be realized. The Company believes the majority of the deferred tax assets will be realized due to the reversal of certain significant temporary differences and anticipated future taxable income from operations. The valuation allowance of $4.5 million as of December 31, 2015 had been reduced from $10.0 million as of December 31, 2014, due to the release of a valuation allowance associated with one of the Company’s international subsidiaries. Based on

current information, the Company believes that the subsidiary will have sufficient income in the future that will allow the utilization of the net operating loss that gave rise to the deferred tax asset and associated valuation allowance.

The differences between the total income tax expense and the income tax expense computed using the applicable federal income tax rate of 35.0% per annum were as follows (*in thousands*):

	Year Ended December 31,		
	2015	2014	2013
Computed “expected” Federal income tax expense	$ 21,343	$ 53,415	$ 42,304
(Decrease) increase in income taxes resulting from:			
State income taxes, net	(460)	8,118	3,138
Foreign non-taxed income, rate differential	(7,609)	(5,453)	(2,647)
Other adjustments, net	323	(3,355)	2,593
	$ 13,597	$ 52,725	$ 45,388

The Company has not provided for U.S. income taxes or foreign withholding taxes on the undistributed earnings from continuing operations of its subsidiaries operating outside of the United States. Undistributed net income of these subsidiaries as of December 31, 2015, were approximately $35.1 million. Such undistributed earnings are considered permanently reinvested. The Company does not provide deferred taxes on translation adjustments on unremitted earnings under the indefinite reversal exception. Determination of the amount of unrecognized deferred tax liability related to these earnings is not practicable due the complexities of a hypothetical calculation.

The Company’s subsidiary in Costa Rica is operating under a 100% tax holiday through December 31, 2018 and a 50% tax holiday for the subsequent four years. The impact of the tax holiday in Costa Rica for the year ended December 31, 2015 was immaterial.

A reconciliation of the beginning and ending amount of the Company’s unrecognized tax benefit is as follows *(in thousands)*:

	Amount
Balance at December 31, 2012	$ 1,784
Decreases related to prior year tax positions	(712)
Increases related to current and prior year tax positions	70,201
Balance at December 31, 2013	71,273
Increases related to prior year tax positions	33,027
Increases related to current year tax positions	1,329
Decreases related to settlements with taxing authorities	(67,204)
Balance at December 31, 2014	38,425
Increases related to prior year tax positions	5,835
Increases related to current year tax positions	11,882
Decreases related to prior year tax positions	(8,193)
Balance at December 31, 2015	$ 47,949

The Company had gross unrecognized tax benefits, inclusive of penalties and interest, of $58.5 million, $44.4 million and $83.0 million at December 31, 2015, 2014, and 2013 respectively. At December 31, 2015, 2014 and 2013, there were $14.9 million, $12.7 million and $13.5 million, respectively, of unrecognized tax benefits that if recognized, would result in a net tax benefit. During the year ended December 31, 2015, the increase in the Company’s gross unrecognized tax benefit was primarily associated with certain business combinations. During the year ended December 31, 2014, the decrease in total gross unrecognized tax benefits was due to a favorable tax settlement in November 2014 with taxing authorities related to a previously uncertain tax position. The result of the settlement was a reduction in the unrecognized tax benefit offset by an increase in current taxes payable and deferred tax liabilities. Additionally, the Company recorded a net tax benefit as a result of the settlement of approximately $6.6 million. The Company anticipates that the unrecognized tax benefits will decrease by approximately $32.0 million in the next twelve months due to a settlement with taxing authorities. The uncertain tax benefit is included in “Other liabilities” in the Company’s consolidated statements of financial condition.

The Company recognizes interest and penalties related to unrecognized tax benefits in its tax expense. The Company recognized expense of approximately $0.3 million and $1.3 million in interest and penalties during the years ended December 31, 2015 and 2014, respectively.

The Company files U.S. federal, state, and foreign income tax returns in jurisdictions with varying statutes of limitations. The 2012 through 2015 tax years remain subject to examination by federal taxing authorities, 2011 through 2015 tax years generally remain subject to examination by state tax authorities, and the 2012 through 2015 tax years remain subject to examination by foreign tax authorities. Tax years from 2008 forward remain open at certain of the Company's subsidiaries for adjustment for federal and state tax purposes.

Certain of the Company's foreign subsidiaries have net operating loss carry forwards in the amount of approximately $63.5 million, which can be carried forward indefinitely. One of the Company's domestic subsidiaries has a net operating loss carry forward in the approximate amount of $1.6 million which will begin to expire in 2024 unless previously utilized.

Note 13: Commitments and Contingencies

Litigation and Regulatory

The Company is involved in disputes, legal actions, regulatory investigations, inquiries, and other actions from time to time in the ordinary course of business. The Company, along with others in its industry, is routinely subject to legal actions based on the Fair Debt Collection Practices Act ("FDCPA"), comparable state statutes, the Telephone Consumer Protection Act ("TCPA"), state and federal unfair competition statutes, and common law causes of action. The violations of law investigated or alleged in these actions often include claims that the Company lacks specified licenses to conduct its business, attempts to collect debts on which the statute of limitations has run, has made inaccurate or unsupported assertions of fact in support of its collection actions and/or has acted improperly in connection with its efforts to contact consumers. Such litigation and regulatory actions could involve potential compensatory or punitive damage claims, fines, sanctions, injunctive relief, or changes in business practices. Many continue on for some length of time and involve substantial investigation, litigation, negotiation, and other expense and effort before a result is achieved, and during the process the Company often cannot determine the substance or timing of any eventual outcome.

On May 19, 2008, an action captioned Brent v. Midland Credit Management, Inc. et. al was filed in the United States District Court for the Northern District of Ohio Western Division, in which the plaintiff filed a class action counter-claim against two of the Company's subsidiaries (the "Midland Defendants"). The complaint alleged that the Midland Defendants' business practices violated consumers' rights under the FDCPA and the Ohio Consumer Sales Practices Act. The Company has vigorously denied the claims asserted against it in these matters, but has agreed to a proposed settlement to avoid the burden and expense of continued litigation. Subject to court approval, settlement awards to eligible class members, as well as fees and costs, will be paid from a settlement fund of approximately $5.2 million, which has already been paid by the Company and its insurer. If the number of class members who make claims exceeds a certain level, the total settlement could increase to an amount not to exceed $5.7 million. On October 14, 2014, the district court issued an order granting final approval of the parties' revised agreed upon settlement of this lawsuit. That order has been appealed by an objector to the settlement, which appeal remains pending.

On November 2, 2010 and December 17, 2010, two national class actions entitled Robinson v. Midland Funding LLC and Tovar v. Midland Credit Management, respectively, were filed in the United States District Court for the Southern District of California. The complaints allege that certain of the Company's subsidiaries violated the TCPA by calling consumers' cellular phones without their prior express consent. The complaints seek monetary damages under the TCPA, injunctive relief, and other relief, including attorney fees. On May 10, 2011 and May 11, 2011 two class actions entitled Scardina v. Midland Credit Management, Inc., Midland Funding LLC and Encore Capital Group, Inc. and Martin v. Midland Funding, LLC, respectively, were filed in the United States District Court for the Northern District of Illinois. The complaints allege on behalf of a putative class of Illinois consumers that certain of the Company's subsidiaries violated the TCPA by calling consumers' cellular phones without their prior express consent. The complaints seek monetary damages under the TCPA, injunctive relief, and other relief, including attorney fees. On July 28, 2011, the Company filed a motion to transfer the Scardina and Martin cases to the United States District Court for the Southern District of California to be consolidated with the Tovar and Robinson cases. On October 11, 2011, the United States Judicial Panel on Multidistrict Litigation granted the Company's motion to transfer. All four of these cases, along with a number of additional cases brought against the Company that allege violations of the TCPA, are now pending in the United States District Court for the Southern District of California in a multidistrict litigation titled In re Midland Credit Management Inc. Telephone Consumer Protection Act Litigation. The lead plaintiffs filed an amended consolidated complaint on July 11, 2012. The Company has vigorously denied the claims asserted against it in these matters, but has agreed to a proposed class settlement to avoid the burden and expense of continued litigation. The proposed class settlement is intended to resolve all cases involved in multi-district litigation, and all claims against the Company for alleged

violations of the TCPA that occurred before August 31, 2014, other than those of persons who exclude themselves from class settlement. The settlement agreement, which is subject to court approval, would require the Company to contribute $2.0 million to a settlement fund, to be disbursed among eligible class members, and to set aside $13.0 million in debt forgiveness to be allocated among eligible class members. In addition, the settlement agreement provides that the Company will pay plaintiffs' attorney fees in an amount to be determined by the court, and for the costs associated with administering the class relief.

On September 9, 2015, the Company entered into a consent order (the "Consent Order") with the CFPB in which it settled allegations arising from its practices between 2011 and 2015. The Consent Order includes obligations on the Company to, among other things: (1) follow certain specified operational requirements, substantially all of which are already part of the Company's current operations; (2) submit to the CFPB for review a comprehensive plan designed to ensure that its debt collection practices comply with all applicable federal consumer financial laws and the terms of the Consent Order; (3) pay redress to certain specified groups of consumers; and (4) pay a civil monetary penalty. The Company will continue to cooperate and engage with the CFPB and work to ensure compliance with the Consent Order. In addition, the Company is subject to ancillary state attorney general investigations related to similar debt collection practices.

The Company incurred a one-time, after-tax charge of approximately $43 million in the third quarter of 2015. The Company believes this charge will cover all related impacts of the Consent Order, including civil monetary penalties, restitution, any such ancillary state regulatory matters, legal expenses and portfolio allowance charges on several pool groups due to the impact on the Company's current estimated remaining collections related to its existing receivable portfolios. The Company anticipates that after this one-time charge, any future earnings impact will be immaterial.

In certain legal proceedings, the Company may have recourse to insurance or third party contractual indemnities to cover all or portions of its litigation expenses, judgments, or settlements. In accordance with authoritative guidance, the Company records loss contingencies in its financial statements only for matters in which losses are probable and can be reasonably estimated. Where a range of loss can be reasonably estimated with no best estimate in the range, the Company records the minimum estimated liability. The Company continuously assesses the potential liability related to its pending litigation and regulatory matters and revises its estimates when additional information becomes available. As of December 31, 2015, other than reserves related to the CFPB Consent Order, ancillary state regulatory matters and the TCPA settlement fund discussed above, the Company has no material reserves for legal matters. Additionally, based on the current status of litigation and regulatory matters, either the estimate of exposure is immaterial to the Company's financial statements or an estimate cannot yet be determined. The Company's legal costs are recorded to expense as incurred.

Leases

The Company leases office facilities in the United States, Europe, and other geographies. The leases are structured as operating leases, and the Company incurred related rent expense in the amounts of $19.4 million, $23.0 million, and $12.0 million during the years ended December 31, 2015, 2014, and 2013, respectively.

The Company has capital lease obligations primarily for certain computer equipment. Refer to Note 9, "Debt—Capital Lease Obligations" for additional information on the Company's capital leases. Amortization of assets under capital leases is included in depreciation and amortization expense.

Future minimum lease payments under lease obligations consist of the following for the years ending December 31, *(in thousands)*:

	Capital Leases	Operating Leases	Total
2016	$ 6,650	$ 17,542	$ 24,192
2017	3,124	16,008	19,132
2018	1,173	12,259	13,432
2019	431	8,294	8,725
2020	251	6,279	6,530
Thereafter	—	15,431	15,431
Total minimal leases payments	11,629	$ 75,813	$ 87,442
Less: Interest	(575)		
Present value of minimal lease payments	$ 11,054		

Purchase Commitments

In the normal course of business, the Company enters into forward flow purchase agreements and other purchase commitment agreements. As of December 31, 2015, the Company has entered into agreements to purchase receivable portfolios with a face value of approximately $1.8 billion for a purchase price of approximately $297.2 million. The Company has no purchase commitments extending past one year.

Guarantees

Encore's Certificate of Incorporation and indemnification agreements between the Company and its officers and directors provide that the Company will indemnify and hold harmless its officers and directors for certain events or occurrences arising as a result of the officer or director serving in such capacity. The Company has also agreed to indemnify certain third parties under certain circumstances pursuant to the terms of certain underwriting agreements, registration rights agreements, credit facilities, portfolio purchase and sale agreements, and other agreements entered into by the Company in the ordinary course of business. The maximum potential amount of future payments the Company could be required to make under these indemnification agreements is unlimited. The Company believes the estimated fair value of these indemnification agreements is minimal and, as of December 31, 2015, has no liabilities recorded for these agreements.

Note 14: Segment Information

The Company conducts business through several operating segments that meet the aggregation criteria under authoritative guidance related to segment reporting. The Company has determined that it has two reportable segments: portfolio purchasing and recovery, and tax lien business. The Company's management relies on internal management reporting processes that provide segment revenue, segment operating income, and segment asset information in order to make financial decisions and allocate resources.

Segment operating income includes income from operations before depreciation, amortization of intangible assets, and stock-based compensation expense. The following table provides a reconciliation of revenue and segment operating income by reportable segment to consolidated results and was derived from the segments' internal financial information as used for corporate management purposes *(in thousands)*:

	Year Ended December 31,		
	2015	2014	2013
Revenues:			
Portfolio purchasing and recovery	$ 1,129,967	$ 1,043,429	$ 756,277
Tax lien business	31,605	29,360	17,087
	$ 1,161,572	$ 1,072,789	$ 773,364
Operating income (loss):			
Portfolio purchasing and recovery	$ 337,422	$ 352,754	$ 219,510
Tax lien business	(36,167)	11,820	5,045
	301,255	364,574	224,555
Depreciation and amortization	(33,945)	(27,949)	(13,547)
Stock-based compensation	(22,008)	(17,181)	(12,649)
Other expense	(184,321)	(166,829)	(77,491)
Income from continuing operations before income taxes	$ 60,981	$ 152,615	$ 120,868

Additionally, assets are allocated to operating segments for management review. As of December 31, 2015, total segment assets were $3.8 billion and $377.5 million for the portfolio purchasing and recovery segment and tax lien business segment, respectively.

As discussed in Note 17, "Subsequent Event," on February 19, 2016, the Company entered into an agreement to sell Propel which represents the entire tax lien business reportable segment. As the Company's Board of Directors did not approve a plan to sell Propel until 2016, the tax lien business did not qualify as held for sale as of December 31, 2015.

The following table presents information about geographic areas in which the Company operates *(in thousands)*:

	Year Ended December 31,		
	2015	2014	2013
Revenues[1]:			
United States	$ 741,010	$ 752,607	$ 673,302
Europe	376,055	295,173	95,491
Other geographies	44,507	25,009	4,571
	$ 1,161,572	$ 1,072,789	$ 773,364

(1) Revenues are attributed to countries based on location of customer.

Note 15: Goodwill and Identifiable Intangible Assets

In accordance with authoritative guidance, goodwill is tested for impairment at the reporting unit level annually and in interim periods if certain events occur that indicate that the fair value of a reporting unit may be below its carrying value. Determining the number of reporting units and the fair value of a reporting unit requires the Company to make judgments and involves the use of significant estimates and assumptions. The Company has six reporting units for goodwill impairment testing purposes. The annual goodwill testing date for the five reporting units that are included in the portfolio purchasing and recovery reportable segment is October 1st; the annual goodwill testing date for the tax lien business reporting unit is April 1st.

The Company first assesses qualitative factors to determine whether it is necessary to perform the two-step quantitative goodwill impairment test. The qualitative factors include economic environment, business climate, market capitalization, operating performance, competition, and other factors. The Company may proceed directly to the two-step quantitative test without performing the qualitative test.

The first step involves measuring the recoverability of goodwill at the reporting unit level by comparing the estimated fair value of the reporting unit in which the goodwill resides to its carrying value. The second step, if necessary, measures the amount of impairment, if any, by comparing the implied fair value of goodwill to its carrying value. The Company applies various valuation techniques to measure the fair value of each reporting unit, including the income approach and the market approach. For goodwill impairment analyses conducted at most of the reporting units, the Company uses the income approach in determining fair value, specifically the discounted cash flow method, or DCF. In applying the DCF method, an identified level of future cash flow is estimated. Annual estimated cash flows and a terminal value are then discounted to their present value at an appropriate discount rate to obtain an indication of fair value. The discount rate utilized reflects estimates of required rates of return for investments that are seen as similar to an investment in the reporting unit. DCF analyses are based on management’s long-term financial projections and require significant judgments, therefore, for the Company’s Cabot reporting unit, which carries a material goodwill balance and where the Company has access to reliable market participant data, the market approach is conducted in addition to the income approach in determining its fair value. The Company uses a guideline company method under the market approach to estimate the fair value of equity and the market value of invested capital (“MVIC”). The guideline company approach relies on estimated remaining collections data for each of the selected guideline companies, which enables a direct comparison between the reporting unit and the selected peer group. The Company believes that the current methodology used in determining the fair value at its reporting units represent its best estimates. In addition, the Company compares the aggregate fair value of the reporting units to its overall market capitalization.

For the Company’s annual goodwill impairment tests performed at October 1, 2015 for its reporting units that are included in the portfolio purchasing and recovery reportable segment, the estimated fair value of each of these reporting units exceeded its respective carrying value. As a result, no impairment existed at any of these reporting units.

The Company determined, at April 1, 2015, the annual goodwill impairment testing date for its tax lien business reporting unit, that the estimated fair value exceeded the carrying value. The estimation of fair value was based on a DCF analysis under the income approach as discussed above. However, as discussed in Note 17, Subsequent Event, on February 19, 2016, the Company entered into an agreement with certain funds which provides for the sale of 100% of the Company’s membership interests in Propel. The purchase price for the transaction is calculated in accordance with a formula relating to the redemptive value of certain tax liens as well as the book value of certain other assets and liabilities of Propel, and will be determined at the closing of the transaction. The application of the purchase price formula as of December 31, 2015 would have resulted in an enterprise value for Propel of $344.3 million. After repayment of third party debt, the cash consideration payable to the Company would have been $142.8 million. Authoritative guidance defines fair value as the price that would be received upon sale of an asset or the price paid to transfer a liability, in an orderly transaction between market participants at the measurement

date (i.e., the "exit price"). In connection with the preparation of its financial statements, considering these developments, management believes that the proposed purchase price indicates that Propel's fair value at December 31, 2015 was less than its carrying value. Based on the estimated sales price at closing, the Company wrote-down the entire goodwill balance of $49.3 million carried at the tax lien business reporting unit as of December 31, 2015.

Management continues to evaluate and monitor all key factors impacting the carrying value of the Company's recorded goodwill and long-lived assets. Further adverse changes in the Company's actual or expected operating results, market capitalization, business climate, economic factors or other negative events that may be outside the control of management could result in a material non-cash impairment charge in the future.

Goodwill was allocable to reporting units included in the Company's reportable segments. The following table summarizes the activity in the Company's goodwill balance, as follows *(in thousands):*

	Portfolio Purchasing and Recovery	Tax Lien Business	Total
Balance, December 31, 2014	$ 848,656	$ 49,277	$ 897,933
Goodwill acquired	114,730	—	114,730
Goodwill impairment	—	(49,277)	(49,277)
Goodwill adjustment[1]	2,410	—	2,410
Effect of foreign currency translation	(40,949)	—	(40,949)
Balance, December 31, 2015	$ 924,847	$ —	$ 924,847

(1) Represents purchase accounting adjustments.

The Company's acquired intangible assets are summarized as follows *(in thousands)*:

	As of December 31, 2015			As of December 31, 2014		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Customer relationships	$ 5,716	$ (1,263)	$ 4,453	$ 5,437	$ (743)	$ 4,694
Developed technologies	8,141	(3,793)	4,348	8,353	(2,194)	6,159
Trade name and other	11,304	(3,938)	7,366	10,458	(1,709)	8,749
Other intangibles—indefinite lived	1,962	—	1,962	1,962	—	1,962
Total intangible assets	$ 27,123	$ (8,994)	$ 18,129	$ 26,210	$ (4,646)	$ 21,564

The weighted-average useful lives of intangible assets at the time of acquisition were as follows:

	Weighted-Average Useful Lives
Customer relationships	10
Developed technologies	5
Trade name and other	6

The amortization expense for intangible assets that are subject to amortization was $5.0 million, $3.6 million, and $0.8 million for the years ended December 31, 2015, 2014, and 2013, respectively. Estimated future amortization expense related to finite-lived intangible assets at December 31, 2015 is as follows (*in thousands*):

2016	$ 4,323
2017	3,943
2018	2,341
2019	1,186
2020	1,109
Thereafter	3,265
Total	$ 16,167

Note 16: Quarterly Information (Unaudited)

The following table summarizes quarterly financial data for the periods presented (*in thousands, except per share amounts*):

	Three Months Ended			
	March 31	June 30	September 30	December 31
2015				
Gross collections	$ 425,071	$ 437,324	$ 421,753	$ 416,577
Revenues	285,663	290,356	287,796	297,757
Total operating expenses	199,627	203,352	253,307	259,984
Net income (loss)	29,967	25,185	(9,364)	1,596
Net income (loss) attributable to Encore Capital Group, Inc. stockholders	29,425	27,657	(10,959)	(988)
Earnings (loss) per share attributable to Encore Capital Group, Inc.:				
Basic	$ 1.13	$ 1.07	$ (0.43)	$ (0.04)
Diluted	1.08	1.03	(0.43)	(0.04)
2014				
Gross collections	$ 396,674	$ 409,280	$ 407,220	$ 394,323
Revenues	253,741	269,195	273,282	276,571
Total operating expenses	185,472	190,689	188,960	188,224
Income from continuing operations	18,830	21,353	30,138	29,569
Net income	18,830	21,353	30,138	27,957
Amounts attributable to Encore Capital Group, Inc.:				
Income from continuing operations	23,180	23,561	30,335	28,262
Net income	23,180	23,561	30,335	26,650
Earnings per share attributable to Encore Capital Group, Inc.:				
From continuing operations:				
Basic	$ 0.90	$ 0.91	$ 1.17	$ 1.09
Diluted	0.82	0.86	1.11	1.04
From net income:				
Basic	$ 0.90	$ 0.91	$ 1.17	$ 1.03
Diluted	0.82	0.86	1.11	0.98

Note 17: Subsequent Event

On February 19, 2016, the Company entered into a securities purchase agreement with certain funds affiliated with Prophet Capital Asset Management LP (“Buyer”), which provides for the sale of 100% of the Company’s membership interests in Propel to Buyer (the “Transaction”). The purchase price for the Transaction is calculated in accordance with a formula relating to the redemptive value of certain tax liens as well as the book value of certain other assets and liabilities of Propel, and will be determined at the closing of the Transaction. The application of the purchase price formula as of December 31, 2015 would have resulted in an enterprise value for Propel of $344.3 million. After repayment of third party debt, the cash consideration payable to the Company would have been $142.8 million. Based on the proposed selling price, the Company concluded that the entire goodwill balance of $49.3 million related to Propel was impaired as of December 31, 2015. As the Company’s Board of Directors did not approve a plan to sell Propel until 2016, the tax lien business did not qualify as held for sale as of December 31, 2015.

The Company recognized a pre-tax impairment charge for goodwill of $49.3 million, or $1.17 per diluted share, after the effect of income taxes for the year ended December 31, 2015.

Propel represented the Company’s entire tax lien business reportable segment. Revenue from this segment comprised 3%, 3%, and 2% of the Company’s total consolidated revenues for each of the years ended December 31, 2015, 2014, and 2013, respectively. Excluding the goodwill impairment charge of $49.3 million discussed above, operating income from this segment comprised 4%, 3%, and 2% of the Company’s total consolidated operating income for each of the years ended December 31, 2015, 2014, and 2013, respectively. Refer to Note 14, “Segment Information” for further details of revenues and operating income of the Company’s tax lien business segment.

Exhibit 2.4

EXECUTION VERSION

SECURITIES PURCHASE AGREEMENT

BY AND AMONG

THE ENTITIES LISTED IN SCHEDULE 1 ATTACHED HERETO

(COLLECTIVELY, "PURCHASER"),

ENCORE CAPITAL GROUP, INC.

("SELLER"),

AND

THE TRANSFERRING SUBSIDIARIES LISTED IN THE PREAMBLE ON PAGE 1, SOLELY FOR PURPOSES OF SECTION 2.1

FEBRUARY 19, 2016

36HK-227958

SECURITIES PURCHASE AGREEMENT

THIS SECURITIES PURCHASE AGREEMENT (this "Agreement") is made and entered into as of February 19, 2016, by and between Encore Capital Group, Inc., a Delaware corporation ("Seller"), and the entities listed as Assignees in Schedule 1 attached hereto (collectively, "Purchaser"), and, solely for the purposes of Section 2.1, Propel Acquisition LLC ("Propel") and Propel Financial Services, LLC ("PFS" and together with Propel, "Transferring Subsidiaries"). Purchaser and Seller are sometimes referred to herein individually as a "Party" and collectively as the "Parties."

RECITALS

Seller is the owner, beneficially and of record, of all of the existing and outstanding limited liability company interests (the "PA Securities") of Propel. The Transferring Subsidiaries are the owners, beneficially and of record, of all of the existing and outstanding limited liability company of interests (the "Subsidiary Securities", and, together with the PA Securities, the "Purchased Securities") of the entities listed next to the Transferring Subsidiaries' names under "Purchased Securities" in Schedule 1. Propel owns, beneficially and of record, directly or indirectly, all of the existing and outstanding limited liability company interests of each of the entities set forth on Schedule A. Propel, together with the entities listed on Schedule A, are sometimes referred to herein individually as an "Acquired Company" and collectively as the "Acquired Companies."

The Acquired Companies are engaged in the business of (a) originating, purchasing, holding and/or servicing personal and commercial receivables that are secured by tax liens on real property, (b) purchasing, holding and/or servicing tax liens on real property, (c) acting as servicer of the tax liens held pursuant to the terms of the securitization titled as "Texas Tax Lien Collateralized Notes, Series 2014-1 (PFS Tax Lien Trust 2014-1)" dated April 29, 2014 (the "Securitization") and (d) providing related services (collectively, the "Business").

Purchaser desires to purchase, and Seller desire to sell, all of the Purchased Securities in the manner set forth in Schedule I hereto upon the terms and subject to the conditions set forth in this Agreement.

The Parties desire to make certain representations, warranties, covenants and agreements to one another in connection with the purchase and sale of the Purchased Securities contemplated in this Agreement (the "Purchase Transaction") and to prescribe certain conditions to the respective obligations of the Parties to consummate the Purchase Transaction and the other transactions contemplated by this Agreement.

Concurrently with the execution and delivery of this Agreement, and as a condition to the willingness of Seller to enter into this Agreement, Partners in Prophet, LTD., a Texas Limited Partnership (the "Guarantor") is entering into a limited guarantee in favor of Seller (the "Limited Guarantee"), pursuant to which, subject to the terms and conditions contained therein, the Guarantor is guaranteeing certain obligations of Purchaser in connection with this Agreement.

Concurrently with the execution and delivery of this Agreement, Seller and TL Funding Partners LP – Series OP have entered into a transition services agreement (the "Transition Services Agreement") under

which Seller will provide certain information to and, following the Closing, certain specified services for, the Acquired Companies.

NOW, THEREFORE, in consideration of the foregoing and the mutual representations, warranties, covenants and agreements hereinafter set forth, and for other consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

ARTICLE 1
DEFINITIONS

"Adjusted Asset Book Value" means the book value of all assets of the Acquired Companies, as of the Closing Date, calculated in accordance with GAAP consistent with past practice, excluding the Tax Lien Portfolio, the PPTS Portfolio, the Commercial Loans and the REO Property, and as adjusted to exclude (i) capitalized loan costs related to any financing paid off in connection with the Purchase Transaction, (ii) goodwill associated with the acquisition of assets of Property Tax Solutions, LLC and (iii) all deferred tax liabilities recorded as a contra-asset in the general ledger of the Acquired Companies. Appendix 1 contains an illustration of the foregoing adjustments as of December 31, 2015.

"Adjusted Liability Book Value" means the book value of all liabilities of the Acquired Companies (including Indebtedness), as of the Closing Date, calculated in accordance with GAAP consistent with past practice, other than Seller Intercompany Debt, and as adjusted to exclude (i) deferred revenue associated with the outstanding amount of any minimum penalty on unredeemed Florida tax liens and (ii) income tax taxes payable. Appendix 1 contains an illustration of the foregoing adjustments as of December 31, 2015.

"Affiliate" means, with respect to any particular Person or entity, any Person controlling, controlled by or under common control with such Person or entity.

"Business Day" means any day that is not a Saturday, Sunday or legal holiday in the State of California or the State of Texas.

"Business Permit" means each permit, license, certificate, accreditation or other authorization of foreign, federal, state and local government authorities required for the conduct of the Business.

"Cash" means cash and cash equivalents (including amounts held in depositary accounts with financial institutions, certificates of deposit, treasury bills and treasury notes).

"Code" means the Internal Revenue Code of 1986, as amended.

"Commercial Loans" means the secured loans held by the Acquired Companies on commercial property or non-homestead residential property.

"Commercial Loan Value" means, as of any date, the book value of the Commercial Loans as recorded on the books of the Acquired Companies.

"Company Contract" means any Contract to which any Acquired Company is a party or by which any Acquired Company is bound or to which any Properties or Assets are subject.

"Contract" means any contract, agreement, indenture, evidence of Indebtedness, note, bond, loan, instrument, lease, sublease, mortgage, license, sublicense, franchise, obligation, commitment or other arrangement, agreement or understanding.

"Employee Benefit Plans" means: (i) "employee benefit plans," as such term is defined in Section 3(3) of ERISA, whether or not funded and whether or not terminated, and (ii) fringe or other benefit or compensation plans, policies, programs and arrangements, whether or not subject to ERISA, whether or not funded and whether or not terminated, including stock bonus or other equity compensation, deferred compensation, pension, severance, retention, change of control, bonus, vacation, travel, incentive, and health, disability and welfare plans, policies, programs or arrangements.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended, and all rules and regulations promulgated thereunder.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"HSR Act" shall mean the Hart-Scott-Rodino Antitrust Amendments Act of 1976, as amended, including the rules and regulations adopted pursuant thereto.

"Indebtedness" means, without duplication, (i) all indebtedness of one or more Acquired Companies for borrowed money, including any current portion thereof (including indebtedness evidenced by or incurred pursuant to promissory notes, term loans and revolving credit facilities), but excluding Seller Intercompany Debt, (ii) all obligations of one or more Acquired Companies for any earnout, contingent payment, deferred payment or other amount payable in respect of an Acquired Company's acquisition of the assets, loans, securities or business of another Person prior to the Closing Date set forth on Schedule 1.1, (iii) all indebtedness of one or more Acquired Companies under derivatives, swap, hedging, exchange or similar agreements, (iv) all indebtedness of one or more Acquired Companies created or arising under any conditional sale or other title retention agreement with respect to property acquired by any Acquired Company (whether or not the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), (v) all obligations under leases that have been or must be, in accordance with GAAP, recorded as capital leases in respect of which one or more Acquired Companies is subject, (vi) all obligations of one or more Acquired Companies under securitization or receivables factoring arrangements or transactions, (including without limitation the Securitization), (vii) any liabilities of one or more of the Acquired Companies under any reimbursement obligation relating to a letter of credit, bankers' acceptance or note purchase facility, (viii) any liabilities of one or more of the Acquired Companies evidenced by a bond, note, debenture or similar instrument (including a purchase money obligation), but excluding Seller Intercompany Debt, and (ix) all guarantees by one or more Acquired Companies with respect

to any of the foregoing. For purposes of this Agreement, Indebtedness includes (A) any and all accrued interest, prepayment premiums, make-whole premiums or penalties and fees or expenses (including attorneys' fees) associated with the prepayment of any Indebtedness and (B) cash, book or bank account overdrafts.

"Intellectual Property" means all (i) patents, patent applications, patent disclosures, and improvements thereto, (ii) trademarks, service marks, trade dress, logos, trade names, company names and registrations, and applications for registration thereof, (iii) internet domain names (including www.propelfinancialservices.com) and internet websites and webpages (including those displayed on third party websites), including all data, content, graphics design, website layout, website architecture, software, code and other intellectual property relating thereto, (iv) copyrights and registrations and applications for registration thereof, (v) mask works and registrations and applications for registration thereof, (vi) computer software (including the object code and/or source code therefor), data and documentation, (vii) trade secrets and confidential business information (including ideas, formulas, compositions, inventions (whether patentable or unpatentable and whether or not reduced to practice), know-how, manufacturing and production processes and techniques, research and development information, software products in development, drawings, specifications, designs, plans, proposals, technical data, copyrightable works, financial, marketing, and business data, pricing and cost information, business and marketing plans, and customer and supplier lists and information) and (viii) copies and tangible embodiments thereof (in whatever form or medium).

"July 2014 Participation Interests" means those California Participation Interests acquired by one or more of the Acquired Companies pursuant to that certain Certificate Purchase Agreement between California Statewide Delinquent Tax Finance Authority and Plymouth Park Tax Services LLC dated as of May 1, 2014.

"IRS" means the Internal Revenue Service.

"Knowledge of Seller" means the knowledge of Seller, after due inquiry of the management of the Acquired Companies.

"Law" means any foreign, federal, state, local or other law or governmental requirement of any kind, and the rules, regulations, permits, licenses and Orders promulgated thereunder, or any notice or demand letter issued, entered, promulgated or approved thereunder applicable to the Acquired Companies or the operation of the Business.

"Lien" means any mortgage, deed of trust, pledge, hypothecation, security interest, lease, right of first refusal, easement, title defect, voting trust agreement, transfer restriction, encumbrance, claim, lien or charge of any kind.

"LTV Ratio" means, for any Tax Lien, Tax Lien Transfer or Commercial Loan, the most recent lien-to-value ratio (or loan-to-value ratio with respect to any Tax Lien Transfer or Commercial Loan) set forth in the Acquired Companies' records expressed as a percentage, (a) the numerator of which is equal to the sum of (i) the outstanding balance thereof according to the Acquired Companies' records and (ii) the aggregate amount of any other obligations secured by the Subject Property that are secured by

Liens that, according to the Acquired Companies' records are senior to or pari passu with such Tax Lien, Tax Lien Transfer or Commercial Loan, and (b) the denominator of which is equal to the Market Value of the Subject Property securing such Tax Lien, Tax Lien Transfer or Commercial Loan on the latest date Market Value was determined.

"Market Value" means, for any Subject Property the most recent market value for such Subject Property set forth in the records of the Acquired Companies.

"Material Adverse Effect" means any change or effect that, individually or in the aggregate, has, or would reasonably be expected to have, a material adverse effect on the assets, business, operations or condition (financial or otherwise) of the Acquired Companies, taken as a whole or would reasonably be expected to prevent or materially impede or delay the consummation of the transactions contemplated hereby, provided that a Material Adverse Effect shall not include any changes, events or occurrences (i) resulting from or related to economic conditions or the securities, credit or financial markets in general or in the industries in which the Business is conducted, (ii) relating to changes affecting the industries in which the Business is conducted, (iii) any acts of terrorism or war, (iv) relating to changes in generally accepted accounting principles or the interpretation thereof, (v) resulting from the announcement or pendency of this Agreement and the transactions contemplated by this Agreement, or (vi) resulting from any action taken by the Purchaser and any of its Affiliates, agents or representatives, or by the Acquired Companies at Purchaser's express written request, provided in the case of foregoing clauses (i) through clause (iv), to the extent such changes or developments referred to therein would reasonably be expected to have a disproportionate impact on the Acquired Companies, taken as a whole, relative to other participants in the industry.

"OCCC" means the Texas Office of Consumer Credit Commissioner.

"Order" means (i) any order, judgment, decree, decision, ruling, writ, assessment, charge, stipulation, injunction or other determination of any foreign, federal, state, local or other court, regulatory agency, department or commission or other governmental body of any kind having competent jurisdiction to render such, (ii) any settlement agreement entered into in connection with the settlement, dismissal or other resolution of any Proceeding and (iii) any arbitration award entered by an arbitrator having competent jurisdiction to render such.

"Participation Interest" means the certificate of participation or similar interest representing a right to receive cash or other monies from a tax lien or pool of tax liens on, or otherwise in respect of delinquent Taxes in respect of, real property or personalty located in the State of California, the State of Virginia or State of Tennessee.

"Permitted Security Interests" means (i) Security Interests for current real or personal property Taxes that are not yet due and payable and which are included as liabilities taken into account in determination of the Estimated Purchase Price to the extent allocable to a Pre-Closing Tax Period in accordance with Section 11.2, (ii) workers', carriers' and mechanics' or other similar Security Interests incurred in the ordinary course of business that are not material to the Business, none of which relate to any disputed matter, liability or obligation, (iii) restrictions on transfer that are imposed under federal or state securities Laws, and (iv) Security Interests that are immaterial in character, amount and extent and that do

not materially detract from the value or materially interfere with the current or currently proposed use of the properties they affect.

"Person" means an individual, a partnership, a corporation, an association, a limited liability company, a joint stock company, a trust, a joint venture, an unincorporated organization, a governmental entity or any department, agency or political subdivision thereof or any other entity.

"PPTS Portfolio" means all Tax Liens and Participation Interests other than the July 2014 Participation Interests owned by the Acquired Companies as of the Closing Date that were purchased by any of the Acquired Companies pursuant to that certain Asset Purchase Agreement date May 2, 2014 among Plymouth Park Tax Services LLC, Propel Acquisition LLC and the other parties named therein.

"PPTS Book Value" means, as of any date, the book value of the PPTS Portfolio as recorded on the balance sheet(s) of the Acquired Companies.

"PPTS Multiple" means $0.80x.

"Proceeding" means any charge, complaint, action, suit, litigation, proceeding, hearing, investigation, assessment, claim or demand, or any notice of any of the foregoing, of or in any court or quasi-judicial or administrative agency of any federal, state, local, or foreign jurisdiction, or before any arbitrator. "Proceeding" shall not include any charge, complaint, action, suit, litigation, proceeding, hearing, investigation, assessment, claim or demand, or any notice of any of the foregoing, (i) against a Subject Property Owner which also name an Acquired Company solely due to its tax lien against or interest in Subject Property or (ii) filed by an Acquired Company in the ordinary course of business to foreclose on Subject Property upon a Subject Property Owner's default pursuant to the applicable loan agreements or security documents or to assert a claim against a Subject Property Owner in a bankruptcy proceeding.

"Properties or Assets" means the Acquired Companies' properties or assets other than any Subject Property or any REO Property.

"Related Party" means (i) Seller, (ii) any Affiliate of Seller (other than an Acquired Company), (iii) any director, manager, officer or employee of an Acquired Company, of Seller or of any Affiliate of Seller and (iv) any family member of any of the foregoing who is a natural person.

"REO Property" means "real estate owned" real property acquired by an Acquired Company in connection with foreclosure or similar Proceedings with respect to a tax lien held by an Acquired Company in the ordinary course of business.

"REO Property Value" means, as of any date, the book value of the REO Property as shown on the balance sheet(s) of the Acquired Companies.

"Security Interest" means any mortgage, pledge, conditional sales contract, security agreement, security interest, encumbrance, charge or other Lien.

"Seller Intercompany Debt" means any indebtedness owed to Seller or any of Seller's Affiliates that is not an Acquired Company.

"Subject Property" means the real property that secures a Tax Lien Asset or a Commercial Loan.

"Subject Property Owner" means the owner of the Subject Property.

"Tax" or "Taxes" means any and all federal, state, local and foreign taxes, assessments and other governmental charges, duties, impositions and liabilities, including taxes based upon or measured by gross receipts, income, profits, sales, use and occupation, and value added, ad valorem, transfer, franchise, withholding, payroll, recapture, employment, excise and property taxes or other tax of any kind whatsoever, whether disputed or not, together with all interest, penalties and additions imposed with respect thereto.

"Tax Lien" means receivables held by the Acquired Companies secured by a Lien or right to impose a Lien on any real property or personalty representing any outstanding Taxes on real property and any additional amounts accrued with respect thereto, including interest, penalties, special assessments, fees or other associated amounts that if not paid could result in subsequent foreclosure of such real property but does not include any Tax Lien Transfers or Participation Interests.

"Tax Lien Assets" means the Tax Liens, Tax Lien Transfers and Participation Interests, in each case held or owned by the Acquired Companies.

"Tax Lien Multiple" means 1.10x.

"Tax Lien Redemptive Value" means the price necessary to fully redeem each Tax Lien, Tax Lien Transfer and Participation Interest comprising the Tax Lien Portfolio, including without limitation, any premium paid for such Tax Lien or Tax Lien Transfer, other than the PPTS Portfolio but including the July 2014 Participation Interests. For reference only, the Tax Lien Redemptive Value as of December 31, 2015 was $337,146,032.

"Tax Lien Portfolio" means, as of a particular time, all Tax Liens, all Tax Lien Transfers and all Participation Interests held or owned by the Acquired Companies as of such time, other than the PPTS Portfolio but including the July 2014 Participation Interests.

"Tax Lien Portfolio Entities" means (i) Propel Funding LLC, a Delaware limited liability company that is a direct, wholly-owned subsidiary of Propel and is one of the Acquired Companies, (ii) Propel Funding Holdings 1, a Delaware limited liability company that is a direct, wholly-owned subsidiary of Propel and is one of the Acquired Companies, and (iii) the direct and indirect subsidiaries of each of the foregoing limited liability companies (*i.e.,* Propel Funding LLC and Propel Funding Holdings 1, LLC, which are described in clauses (i) and (ii) of this definition).

"Tax Lien Transfer" means any receivable secured by a Tax Lien on real property transferred or assigned pursuant to the relevant sections of the statutes of the States of Texas, Nevada and Georgia, which may be further secured by a related contract or other security instrument.

"Tax Return" means any return, declaration, report, claim for refund, or information return or statement (including IRS Forms 1098 and 1099 relating to the Tax Lien Assets and all other Forms 1099 and Forms W-2) relating to Taxes, including any schedule or attachment thereto, and including any amendment thereof.

"Taxing Authority" means, with respect to any Tax, the governmental authority or political subdivision thereof that imposes such Tax, and the agency or Person (if any) charged with the collection of such Tax for such governmental authority or subdivision, including the IRS.

"Treasury Regulations" means the income Tax regulations, including temporary regulations, promulgated under the Code, as those regulations may be amended from time to time. Any reference herein to a specific section of the Treasury Regulations shall include any corresponding provisions of succeeding, similar, substitute, proposed or final Treasury Regulation.

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ARTICLE 2

PURCHASE AND SALE OF THE PURCHASED SECURITIES

2.1 Purchase and Sale of Purchased Securities. On the terms and subject to the conditions set forth in this Agreement, at the Closing, Seller will sell, transfer and deliver to Purchaser, and Purchaser will purchase, accept and receive from Seller, the Purchased Securities, free and clear of all Security Interests other than restrictions on transfer arising under applicable federal and securities Laws. The Transferring Subsidiaries hereby acknowledge and agree that, upon the direction of Seller made pursuant to Sections 2.6(b)(i) and (ii), they will cause the respective Subsidiary Securities to be transferred in the manner set forth in Schedule I.

2.2 Purchase Price. The aggregate purchase price for all of the Purchased Securities (the "Purchase Price") shall be an amount equal to, as of the Effective Time:

(a)	the Tax Lien Redemptive Value;
plus (b)	any increase in the Tax Lien Redemptive Value from January 31, 2016 until the Effective Time multiplied by the Tax Lien Multiple;
plus (c)	the PPTS Book Value multiplied by the PPTS Multiple;
plus (d)	the REO Property Value;
plus (e)	the Commercial Loan Value;
plus (f)	the Adjusted Asset Book Value;
minus (g)	the Adjusted Liability Book Value;
minus (h)	the Seller Intercompany Debt.

2.3 Payments at Closing.

(a) Repayment of Indebtedness. Seller will deliver payoff letters (in form and substance satisfactory to Purchaser) with respect to the Indebtedness specified in Schedule 2.3(a) (the "Specified Indebtedness") not later that two (2) Business Days prior to the Closing. At the Closing, Purchaser shall deliver, (i) for the payoff of the Specified Indebtedness, an amount equal to the payoff amount specified in each of the payoff letters by wire transfer of immediately available funds to the creditor's account specified therein and (ii)_ for the payoff for the Seller Intercompany Debt, an amount equal to the payoff amounts for each such item of Seller Intercompany Debt to the holders thereof as set forth in Schedule 2.3(a)(ii).

(b) Estimated Closing Purchase Price. At the Closing, Purchaser shall deliver an amount equal to the Estimated Purchase Price (as determined in accordance with Section 2.4(a)) by wire transfer of immediately available funds, to such account or accounts as Seller may designate for disbursement to Seller.

2.4 Estimation and Reconciliation of the Purchase Price.

(a) Estimated Purchase Price. Seller shall prepare and deliver to Purchaser at least three (3) Business Days prior to the Closing, a statement (the "Estimated Statement"), in a form substantially consistent with Exhibit A, setting forth Seller's good faith estimate of the Purchase Price (the "Estimated Purchase Price") and providing reasonable detail and documentary support for each amount calculated pursuant to clauses (a) through (h) of Section 2.2. In computing the Estimated Purchase Price, the amounts in clauses 2.2 (c), (d), (e), (f) and (g) shall be determined by Seller in accordance with GAAP consistent with the Acquired Companies' past accounting practices. Purchaser will have an opportunity to review and comment on the Estimated Purchase Price set forth on the Estimated Statement. In the event of any disagreement, the Parties will attempt to resolve such disagreement in good faith prior to the Closing. In the event any such disagreement cannot be resolved prior to the Closing, the Estimated Statement as determined by the Seller shall be used to determine the Estimated Purchase Price payable at the Closing pursuant to Section 2.3(b).

(b) Post-Closing Reconciliation. Within ninety (90) days after the Effective Time, Purchaser shall prepare and deliver to Seller a statement (the "Reconciliation Statement") setting forth Purchaser's determination of the actual amount of the Purchase Price (the "Reconciled Purchase Price") and providing reasonable detail and documentary support for each amount calculated pursuant to clauses (a) through (h) of Section 2.2. In computing the Reconciled Purchase Price, the amounts in clauses 2.2(c), (d), (e), (f) and (g) shall be determined by Purchaser in accordance with GAAP consistent with the Acquired Companies' past accounting practices. Seller may object to the Reconciliation Statement within thirty (30) days after its receipt thereof by delivering to Purchaser a response to the Reconciliation Statement setting forth each calculation (and element thereof) that is disputed by Seller, and Seller's good faith determination of the correct amount of each such calculation and element. Seller will provide reasonable detail with respect to the nature of its dispute with each disputed calculation and element and the manner of its determination of the amount(s) thereof.

(c) Final Determination of Purchase Price.

(i) If Seller does not deliver an objection to the Reconciliation Statement within the thirty-day period provided in Section 2.4(b) or if Seller delivers a written notice accepting the Reconciliation Statement prior to the end of the thirty-day period, the Reconciled Purchase Price shown on the Reconciliation Statement shall be deemed to be the final amount of the Purchase Price for purposes of making any adjustment required pursuant to Section 2.4(e).

(ii) If Seller delivers an objection to the Reconciliation Statement within the thirty-day period provided in Section 2.4(b)) and, following good faith negotiation of the disputed items, Purchaser and Seller reach agreement on the amount of the Reconciled Purchase Price (whether by resolving each disputed item to their mutual satisfaction or compromising any or all disputed items), then the amount of the Purchase Price so agreed by them will be deemed to be the final amount of the Purchase Price for purposes of making any adjustment required pursuant to Section 2.4(e).

(iii) If Seller delivers an objection to the Reconciliation Statement within the thirty-day period provided in Section 2.4(b) and, following good faith negotiation of the disputed items, the Parties are unable to reach agreement, then the final amount of the Purchase Price for purposes of making any adjustment required pursuant to Section 2.4(e) shall be determined in accordance with Section 2.4(d).

(d) Resolution of Disputes.

(i) In accordance with Section 2.4(c)(iii), Purchaser and Seller shall promptly refer all remaining disputes concerning the Purchase Price to PricewaterhouseCoopers (or, if PricewaterhouseCoopers is not independent or otherwise refuses or is incapable of undertaking the resolution of such disputes, to

such other nationally recognized independent accounting firm as may be reasonably acceptable to Purchaser and Seller) (as applicable, the "Independent Accounting Firm"), together with a statement of the Purchase Price asserted by Seller and by Purchaser. The Independent Accounting Firm will be instructed to resolve such disputes within sixty (60) days of the referral.

(ii) Purchaser and Seller will make available to the Independent Accounting Firm, at reasonable times and upon reasonable notice at any time during the pendency of any dispute under this Section 2.4(d), the work papers and back-up materials used in preparing the Reconciliation Statement and Seller 's objections to the Reconciliation Statement, and the books and records of Seller and the Acquired Companies relating to the Purchase Price. Purchaser and Seller shall have the right to meet jointly with the Independent Accounting Firm during this period to present their respective positions. The Independent Accounting Firm shall address only those matters in dispute and may not allow a value greater than the greatest value for such item claimed by either party or smaller than the smallest value for such item claimed by either party. The amount of the Purchase Price determined by the Independent Accounting Firm pursuant to this Section 2.4(d) will be the final amount of the Purchase Price for purposes of making any adjustment required pursuant to Section 2.4(e). The resolution of disputes by the Independent Accounting Firm and its determination of the Purchase Price will be set forth in writing and will be conclusive and binding upon Purchaser, Seller, and all other interested Persons. The determination of the Purchase Price by the Independent Accounting Firm will become final and binding upon the date of such determination.

(iii) Purchaser and Seller will each pay their own respective fees and expenses (including any fees and expenses of their accountants and other representatives) in connection with the resolution of disputes pursuant to this Section 2.4(d). Notwithstanding the foregoing, the fees and expenses of the Independent Accounting Firm incurred in connection with the resolution of disputes arising under this Section 2.4(d) will be paid by Purchaser and Seller in proportion to the difference between the Purchase Price determined by the Independent Accounting Firm and the respective amounts of the Purchase Price asserted by each such party at the time of the initial referral of the Purchase Price disputes to the Independent Accounting Firm.

(e) Post-Closing Adjustment Payments. The amount, if any, by which the final Purchase Price exceeds the Estimated Purchase Price shall be paid to Seller by Purchaser by wire transfer of immediately available funds to such account or accounts as Seller may designate. The amount, if any, by which the Estimated Purchase Price exceeds the final Purchase Price shall be paid to Purchaser by Seller by wire transfer to such account or accounts as Purchaser may designate. Any payment pursuant to this Section 2.4(e) will be due and payable five (5) Business Days following

the determination of the final Purchase Price pursuant to Section 2.4(c) (and if necessary Section 2.4(d)).

(f) Availability of Records. Purchaser will make available to Seller and its accountants and other representatives, at reasonable times and upon reasonable notice (and copies thereof at Seller's sole cost and expense), at any time during (i) the review by Seller of the Reconciliation Statement and (ii) the pendency of any dispute resolution under Section 2.4(d), the portion of the books and records of the Acquired Companies relevant to the Purchase Price. Seller will make available to Purchaser and its accountants and other representatives, at reasonable times and upon reasonable notice (and copies thereof at Purchaser's sole cost and expense), at any time during (i) the preparation by Purchaser of the Reconciliation Statement and (ii) the pendency of any dispute resolution under Section 2.4(d), the portion of the books and records of Seller relevant to the Purchase Price. All information and materials disclosed to Purchaser and Seller pursuant this Section 2.4(f) shall be treated in accordance with Section 8.2.

2.5 Allocation of Purchase Price. No later than sixty (60) days after the determination of the final Purchase Price pursuant to Section 2.4(c) (and if necessary Section 2.4(d)), Purchaser shall determine and deliver to Seller an allocation of the consideration paid, or treated as paid, for federal income Tax purposes (including any assumed liabilities as determined for federal income Tax purposes) for the assets of the Acquired Companies among such assets in accordance with Section 1060 of the Code, along with the supporting documentation, such as appraisals. If Purchaser determines to engage any appraiser in connection with such allocation, Purchaser will consult with Seller on its selection of such appraiser prior to engaging such appraiser. Seller will have thirty (30) days in which to review Purchaser's proposed allocation, along with supporting documentation, and provide to Purchaser any written objections thereto. For a period of thirty (30) days after Purchaser's receipt of any such written objections, Purchaser and Seller will negotiate reasonably and in good faith to resolve such objections. If the Parties are unable to agree to the allocation after good faith negotiations, then each Party may allocate the consideration as it determines in its sole discretion. If Purchaser and Seller agree to the allocation, Purchaser and Seller agree (a) to file, and to cause their respective Affiliates to file, all Tax Returns in a manner consistent with such allocation and not to take (and to cause their respective Affiliates not to take) any position inconsistent therewith in any Tax Return, audit, examination, claim, adjustment, litigation or other Proceeding with respect to Taxes, unless required to do so by applicable Law or with prior written consent of the other Parties (such consent not to be unreasonably withheld, delayed or conditioned) and (b) that such allocation shall be further revised, as necessary and in a manner consistent with such allocation, to reflect any adjustment to the Purchase Price pursuant to Section 11.9 or otherwise that is not reflected in such allocation. In the event any Taxing Authority disputes such Purchase Price allocation, the Party receiving notice thereof shall promptly notify and consult with the other Parties concerning such dispute.

2.6 The Closing.

(a) Date and Location of Closing. Unless this Agreement is earlier terminated in accordance with Section 9.1, the closing of the transactions contemplated hereby (the "Closing") shall be effected by the exchange of executed transaction documents by facsimile, photo or other

electronic means as contemplated by Section 12.19 and shall take place (a) on March 31, 2016 if each of the conditions set forth in Article 7 (other than those conditions that by their nature are to be satisfied at the Closing, but subject to the waiver or fulfilment of those conditions) have been satisfied or waived at least two (2) Business Days prior to such date, (b) if Closing does not occur on March, 31, 2016, then on the second Business Day thereafter after the satisfaction or waiver of the conditions set forth in Article 7 (other than those conditions that by their nature are to be satisfied at the Closing, but subject to the waiver or fulfilment of those conditions) or (c) on such other time and date as Purchaser and Seller may agree in writing. The date on which the Closing occurs is referred to herein as the "Closing Date." Notwithstanding the date on which the Closing occurs, the Parties agree that the consummation of the transactions contemplated by this Agreement shall be deemed effective for all purposes as of 12:01 a.m. Central Time on the Closing Date (the "Effective Time").

(b) Closing Deliveries by Seller. At the Closing, Seller shall deliver, or cause to be delivered, to Purchaser each of the following:

(i) Seller shall, and shall direct the Transferring Subsidiaries to, deliver certificates representing the Purchased Securities (to the extent certificated), each of which shall be either (A) duly endorsed in blank by Seller or (B) accompanied by interest transfer powers duly executed in blank by Seller as specified in Schedule I;

(ii) Seller shall, and shall direct the Transferring Subsidiaries to, deliver an Assignment of Limited Liability Company Interests, in the form attached hereto as Exhibit B, with respect to the Purchased Securities held by Seller or Transferring Subsidiary (whether or not certificated), duly executed by Seller or the respective Transferring Subsidiary;

(iii) copies of the governmental and third-party filings, licenses, consents, authorizations, waivers and approvals set forth on Schedule 2.6(b)(iii), none of which shall contain any conditions or requirements that are adverse to Purchaser;

(iv) a certificate executed by an executive officer of Seller providing the certifications required by Section 7.1(a);

(v) an Acknowledgement and Release Agreement, in the form attached hereto as Exhibit C, duly executed by Seller and each Person who is a member of the board of managers of an Acquired Company.;

(vi) evidence in form and substance satisfactory to Purchaser that each Company Contract (other than a Company Contract listed on Annex I) to which any Related Party is a party (or otherwise has any rights against or with respect to any Acquired Company) (including all employment and severance agreements, all Contracts listed in Schedule 3.19 and all notes, bonds, promissory

notes or other instruments or evidences of Indebtedness of any kind) has been terminated effective at or prior to the Closing;

(vii) bank signature authorization cards for each bank account of each Acquired Company authorizing up to four people designated by Purchaser to make deposits thereto and withdraw funds therefrom;

(viii) a statement, in a form reasonably satisfactory to Purchaser, executed by Seller pursuant to section 1.1445-2(b)(2) of the Treasury Regulations certifying that such Seller is not a foreign person, an IRS Form W-9 for Seller, and such other withholding certificates and other documents and instruments as Purchaser may reasonably require in order to determine or evidence that no withholding is required to be made by Purchaser in respect of any amount paid to or on behalf of Seller or to determine the amount of any such withholding that may be required;

(ix) [reserved];

(x) only if the OCCC Transfer has not been approved by the OCCC prior to the Closing Date, the Interim Operating Agreements in the form attached hereto as Exhibits E1-3, duly executed by Seller (to the extent not already delivered by the Closing);

(xi) a reasonably current long-form good standing certificate (or equivalent document) for each Acquired Company issued by the secretary of state of its jurisdiction of formation and in each state in which each such Acquired Company is qualified to do business as a foreign limited liability company;

(xii) a copy of the certificate of formation (or equivalent document) of each Acquired Company, certified by the secretary of state of its jurisdiction of formation, and a copy of the limited liability agreement (or equivalent document) of each Acquired Company, duly certified by Seller;

(xiii) the original record books of each Acquired Company;

(xiv) payoff letters and appropriate termination statements under the Uniform Commercial Code and other instruments as may be requested by Purchaser to extinguish all Specified Indebtedness of the Acquired Companies and all security interests related thereto to the extent directed by Purchaser or its lenders; and

(xv) written resignations of each manager and officer of the Acquired Companies listed on Schedule 2.6(b)(xv);

(xvi) evidence of repayment of all Seller Intercompany Debt, contingent upon the receipt of the payment in respect thereof at the Closing, in form and substance reasonably satisfactory to Purchaser; and

(xvii) such other documents or instruments as Purchaser may reasonably request in order to effect the Purchase Transaction and the other transactions contemplated hereby.

(c) Closing Deliveries by Purchaser. At the Closing, Purchaser shall deliver, or cause to be delivered, each of the following:

(i) to each creditor of Specified Indebtedness, the portion of the Specified Indebtedness that such creditor is to receive (as provided in Section 2.3(a));

(ii) To each creditor of the Seller Intercompany Debt, the portion of the Seller Intercompany Debt that such creditor is to receive;

(iii) to Seller, the Estimated Purchase Price (as provided in Section 2.4(a));

(iv) [reserved];

(v) an Acknowledgement and Release Agreement, in the form attached hereto as Exhibit C-2, duly executed by each Acquired Company to be effective immediately upon the Closing;

(vi) to Seller, only if the OCCC Transfer has not been approved by the OCCC prior to the Closing Date, the Interim Operating Agreement in the form attached hereto as Exhibit E, duly executed by Purchaser; and

(vii) to Seller, such other documents or instruments as Seller may reasonably request in order to effect the Purchase Transaction and the other transactions contemplated hereby.

(d) Proceedings at Closing. All proceedings to be taken and all documents to be executed and delivered by all parties at the Closing will be deemed to have been taken, executed and delivered simultaneously, and no proceedings will be deemed taken nor any documents executed or delivered until all have been taken, executed and delivered.

ARTICLE 3
REPRESENTATIONS AND WARRANTIES OF SELLER WITH RESPECT TO THE ACQUIRED COMPANIES

Seller hereby represents and warrants to Purchaser that as of the date of this Agreement, except as set forth in the disclosure schedule of Seller attached hereto (the "Disclosure Schedule"):

3.1 Organization. Each Acquired Company is a limited liability company or statutory trust, duly organized, validly existing and in good standing under the laws of its state of organization.

3.2 Subsidiaries. The Acquired Companies do not own, beneficially or of record, directly or indirectly, any shares of capital stock or any equity interest in any corporation, limited liability company, partnership, joint venture or other enterprise or entity, other than as set forth in the chart on Schedule 3.2.

3.3 Qualification; Power and Authority. Each Acquired Company is qualified to conduct business and is in good standing under the Laws of each jurisdiction wherein the nature of its business or its ownership of property requires it to be so qualified. Each Acquired Company has full power and authority to own, lease and operate its properties and to conduct its business as currently conducted.

3.4 Non-contravention. Neither the execution and delivery by Seller of this Agreement and the other agreements contemplated hereby to which Seller is to be a party, nor the consummation by Seller of the transactions contemplated hereby or thereby, will (a) violate any Law, Order or other restriction to which any Acquired Company is subject, (b) violate or conflict with any provision of the certificate of formation or the company agreement of any Acquired Company or (c) violate or conflict with, result in a breach of, constitute a default under, result in the acceleration of, create in any party the right to accelerate, terminate, modify or cancel, or require any authorization, consent, approval, execution or other action by or notice to any third party under any Company Contract or any Security Interest to which any Acquired Company is a party, by which it is bound or to which any of its assets are subject, or result in any loss of any license, permit or governmental authority.

3.5 Consent. None of the Acquired Companies are required to make any declaration to or registration or filing with, or to obtain any permit, license, consent, accreditation, exemption, approval or authorization from, any governmental or regulatory authority or any other Person in connection with the execution and delivery by Seller of this Agreement and the other agreements contemplated hereby to which Seller is to be a party or the consummation by Seller of the transactions contemplated hereby or thereby.

3.6 Capitalization.

(a) Propel. The outstanding equity securities of Propel consist solely of 100 units of limited liability company interest ("Propel Units"), all of which Propel Units have been duly authorized, are validly issued, fully paid and not subject to any capital call or other similar requirement and, and to the Knowledge of Seller, were issued in compliance with all federal and state securities laws. The Propel Units are not certificated. Other than the Propel Units, Propel does have any equity securities or other equity interests. The outstanding equity securities of each Acquired Company (other than Propel) are set forth on Schedule 3.6(a). With respect to each Acquired Company (other than Propel), all such equity securities (i) have been duly authorized, are validly issued and fully paid and not subject to any capital call or other similar requirement and (ii) to the Knowledge of Seller, were issued in compliance with all federal and state securities laws. There is no obligation,

contingent or otherwise, of any Acquired Company to provide funds to, or make any investment in (in the form of a loan, capital contribution or otherwise), or provide any guarantee with respect to the obligations of any other Person.

(b) Absence of Purchase and Other Rights. There are no (i) outstanding or authorized options, warrants, rights, contracts, rights of first refusal or first offer, calls, puts, rights to subscribe, conversion rights or other agreements or commitments to which any Acquired Company is a party, or that are binding upon any Acquired Company, providing for the issuance, disposition or acquisition of any Acquired Company's equity securities, (ii) outstanding or authorized stock appreciation, phantom stock or similar rights with respect to any Acquired Company, (iii) contractual or statutory preemptive rights or similar restrictions with respect to the issuance or transfer of any limited liability company interests or other equity securities of any Acquired Company, (iv) voting trusts, proxies or any other agreements, restrictions or understandings with respect to the voting of the limited liability company interests or other equity securities of any Acquired Company, other than as set forth in such Acquired Company's limited liability company agreement or operating agreement as previously provided to Purchaser or (v) registration rights granted by any Acquired Company.

(c) Acquisition of Entire Equity Interest. No Person, other than Seller or an Acquired Company, owns, beneficially or of record, any equity securities of or any other equity interest in any Acquired Company. By acquiring the Purchased Securities at the Closing pursuant to this Agreement, Purchaser will acquire ownership, directly or indirectly, of all of the equity securities of, and all of the equity interests in, each of the Acquired Companies.

3.7 Financial Statements.

(a) Annual and Current Financial Statements. Seller has previously provided Purchaser with the following financial statements (collectively, the "Financial Statements"): (i) (A) the audited balance sheets of PFS as of December 31, 2013 and December 31, 2014 and the related statements of income, cash flows and changes in owners' equity for each of the fiscal years then ended and (B) the unaudited balance sheets the other Acquired Companies as of December 31, 2013 and December 31, 2014 and the related statements of income, cash flows and changes in owners' equity for each of the fiscal years then ended (collectively, the "Annual Financial Statements"), (ii) the unaudited balance sheets of the Acquired Companies as of October 31, 2015 (the "Latest Balance Sheet Date") and the related statements of income and cash flows for the ten-month period then ended (collectively, the "Current Financial Statements"). The balance sheets described in Section 3.7(a)(ii) are referred to herein as the "Latest Balance Sheet."

(b) Accuracy of Financial Statements. The Financial Statements (including in all cases any notes thereto) have been prepared from the books and records of the Acquired Companies, have been prepared in accordance with GAAP, consistently applied throughout the periods indicated, and fairly present, in all material respects, the financial condition and results of operations, cash flows and changes in owners' equity as at the dates of, and for the periods covered by, such Financial Statements, except that the Current Financial Statements do not include footnotes

and are subject to customary year-end adjustments (the effect of which adjustments will not, individually or in the aggregate, be materially adverse). The Financial Statements were derived from the books and records of the Acquired Companies.

(c) Internal Controls. Propel maintains such internal accounting controls and procedures as are necessary to provide reasonable assurance regarding the reliability of the financial statements of the Acquired Companies (including the Financial Statements).

(d) Bank Accounts. Schedule 3.7(d) sets forth each bank or other depositary account held in the name of each Acquired Company (including the financial institution, the account number and other relevant identifying information) and the names of each individual authorized to make withdrawals therefrom immediately prior to the Effective Time.

(e) Powers of Attorney. There are no outstanding powers of attorney executed by or on behalf of any Acquired Company or Seller with respect to the Business or any Acquired Company.

(f) No Undisclosed Liabilities. No Acquired Company has any liability (whether accrued, absolute, contingent or otherwise) arising out of transactions or events entered into prior to the Closing Date and which would be required to be reflected, reserved against or described on a balance sheet prepared in accordance with U.S. GAAP, except for (i) liabilities reflected in the Current Financial Statements, (ii) liabilities incurred in connection with the transactions contemplated hereby, (iii) liabilities that have arisen after the Latest Balance Sheet Date in the ordinary course of business, and (iv) liabilities arising out of matters reflected in Schedule 3.7(f).

3.8 Recent Events. No Material Adverse Effect has occurred since December 31, 2014. Without limiting the generality of the foregoing, since December 31, 2014, no Acquired Company has:

(a) operated outside of the ordinary course of business or engaged in any transaction outside of the ordinary course of business;

(b) sold, leased, transferred or assigned any of its Properties or Assets, tangible or intangible, outside of the ordinary course of business;

(c) amended, accelerated, terminated or canceled any Company Contract (or series of related Company Contracts) involving more than $250,000 annually (and no third party has accelerated, terminated or canceled any such Company Contract(s));

(d) canceled, compromised, waived or released any right or claim (or series of related rights and claims) involving more than $250,000 other than in the ordinary course of business in connection with settling tax liens;

(e) experienced any damage, destruction or loss (whether or not covered by insurance) to its Properties or Assets (other than ordinary wear and tear not caused by neglect) in excess of $250,000 in the aggregate;

(f) issued, sold or otherwise disposed of any of its limited liability company interests, or granted any options, warrants or other rights to purchase or obtain (including upon conversion or exercise) any of its limited liability company interests;

(g) changed any method or principle of accounting;

(h) entered into any transaction, arrangement or contract with, or distributed or transferred any property or other assets to, any Related Party (other than salaries and employee benefits and other transactions pursuant to any Company Employee Benefit Plan in the ordinary course of business);

(i) amended or modified any Company Employee Benefit Plan in any respect, other than amendments and modifications required to comply with Law and reflected in true and complete copies of such Company Employee Benefit Plans previously provided to Purchaser;

(j) authorized or made any capital expenditures or commitments therefor in excess of $100,000 individually or $250,000 in the aggregate;

(k) amended its certificate of formation, operating agreement or equivalent organizational documents;

(l) instituted or settled any Proceeding that involved more than $250,000;

(m) commenced or terminated any line of business other than origination of the Commercial Loans;

(n) incurred any Indebtedness, guaranteed the Indebtedness of any Person or cancelled any Indebtedness owed to it in excess of $250,000 other than permitted draws from the Specified Indebtedness; or

(o) committed to any of the foregoing.

3.9 Contracts.

(a) Status of Company Contracts. Each Material Contract is (i) a valid and legally binding agreement of each Acquired Company that is party thereto and each other party to such Contract, (ii) in full force and effect and (iii) enforceable against each party thereto in accordance with its terms, except as enforceability may be limited by (a) applicable bankruptcy, insolvency, reorganization, moratorium, and other Laws of general application affecting or relating to the enforcement of creditors' rights generally and (b) Laws relating to the availability of specific performance and/or other equitable remedies. There has been no material breach or default by any Acquired Company or, to the Knowledge of Seller, by any other party under any Material Contract that has not been cured or waived. Each Acquired Company has performed the material obligations

required to be performed by it under each Material Contract and is not in receipt of any notice of termination or written claim of default under any such Material Contract.

(b) Material Contracts. Schedule 3.9(b) sets forth each Company Contract that is described in any subsection below (each, a "Material Contract"):

(i) a Contract for capital expenditures or the purchase or sale of materials, supplies, merchandise, equipment or other goods or services by or from the Acquired Companies requiring annual or aggregate payments in excess of $250,000;

(ii) a Contract pursuant to which any Acquired Company leases real property or any interest therein (the "Real Property Leases");

(iii) a Contract pursuant to which any Acquired Company leases personal property (whether capital leases, operating leases or conditional sales agreements); or

(iv) a Contract evidencing the employment of, or the performance of services by, any employee or consultant that provides for annual consideration in excess of $250,000, or pursuant to which any of the Acquired Companies is or may become obligated to make any severance, termination, change of control or similar payment to any current or former employee, consultant or director in excess of $250,000.

(v) a Contract with any Related Party (other than Company Contracts for employment or consulting services listed in Schedule 3.9(b)(iv));

(vi) a Contract involving hedges or swaps (interest rate or currency), futures, derivatives or similar instruments, regardless of value;

(vii) a Contract that imposes (or could by its terms impose) any restriction on any Acquired Company with respect to its geographical area of operations or scope or type of business;

(viii) a Contract that imposes (or could by its terms impose) any exclusivity obligation or "most favored nation" provision in connection with any Acquired Company's sale or purchase of goods or services;

(ix) a Contract relating to a joint venture, partnership (including a partnership solely for Tax purposes) or similar entity (other than an Acquired Company's company agreement), or otherwise involving a sharing of profits or losses;

(x) a Contract providing for the payment by any Acquired Company of any earnout, contingent payment, deferred payment or other amount

in respect of an Acquired Company's acquisition of the assets, loans, securities or business of another Person;

(xi) any loan or credit agreement, note, bond, mortgage, indenture, letter of credit or other similar agreement or instrument;

(xii) a Contract pursuant to which any Properties or Assets or any REO Properties are subject to any Security Interests;

(xiii) a Contract involving the acquisition of any business entity whether by stock or asset purchase or otherwise;

(xiv) a Contract relating to the direct or indirect guarantee or assumption of the obligations of any other Person; or

(xv) a Contract with a labor union or labor association, including collective bargaining agreements.

3.10 Title to and Condition of Assets and Properties.

(a) Owned Real Property. Schedule 3.10(a) sets forth the address (and, if available, the most recent value based on a broker's price opinion) of each REO Property, in the case of the list of REO Properties (but not the value which will be as of the most recent date available) as of a date that is no more than five (5) Business Days prior to the date hereof. None of the Acquired Companies own any real property or any interest in real property (other than the REO Properties set forth in Schedule 3.10(a) and rights pursuant to the Real Property Leases). None of the REO Properties are used by the Acquired Companies in the operation or conduct of the Business.

(b) Leased Real Property. Schedule 3.10(b) sets forth the address of each parcel of Leased Real Property and a true and complete list of all Real Property Leases (including the address, date and name of the parties to such Real Property Lease document) (collectively, the "Leased Real Property"). In addition, Seller has delivered a true and complete copy of each such Real Property Lease to Purchaser. The Real Property Leases cover all of the real property leased by any Acquired Company from a third party. The Leased Real Property constitutes all of the land, buildings, structures, improvements, fixtures or other interests and rights in real property that are used or occupied by the Acquired Companies in connection with the Business. The Acquired Company named as lessee under each Real Property Lease holds a legal, valid, binding and enforceable leasehold interest under such Real Property Lease, with such exceptions as do not interfere in any material respect with the use made of such property in the Business. No Acquired Company has assigned, transferred, conveyed, hypothecated or otherwise encumbered any interest in any Real Property Leases or any of the Leased Real Property. No Acquired Company is a lessor, sublessor or grantor under any lease, sublease, consent, license or other instrument granting to another person or entity any right to the possession, use, occupancy or enjoyment of the Leased Real Property. The transaction contemplated by this Agreement does not require the consent of any other party to such Real Property Lease and, except for those Real Property Leases for which a consent is obtained,

will not result in a breach or default under any such Real Property Lease. To the Knowledge of Seller, (i) no event has occurred, and no circumstance exists, which would constitute a breach or default under any Real Property Lease; (ii) no security deposit, or portion thereof, deposited with respect to any Real Property Lease has been applied in respect of a breach or default under such Real Property Lease; and (iii) Seller does not, nor in the future will, owe any brokerage commissions or finder's fees with respect to any Real Property Lease.

(c) Title to Personal Property Assets. The Acquired Companies own good and valid title to all of the Owned Personal Property, free and clear of all Security Interests other than Security Interests set forth in Schedule 3.10(c) and Permitted Security Interests. The Owned Personal Property is in good operating condition and repair (subject to normal wear and tear). "Owned Personal Property" means all of the tangible personal property and assets of the Acquired Companies shown on the Latest Balance Sheet or acquired after the Latest Balance Sheet Date and all of the intangible personal property and assets of the Acquired Companies, in each case other than (i) tangible personal property and assets sold or otherwise disposed of for fair value to non-affiliated third parties in the ordinary course of business since the Latest Balance Sheet Date and (ii) obsolete assets discarded in the ordinary course of business since the Latest Balance Sheet Date.

3.11 Tax Lien Assets; Commercial Loans

(a) Schedule of Tax Lien Assets and Commercial Loans. Schedule 3.11(a) sets forth a complete and accurate list of (x) each Tax Lien and each Tax Lien Transfer included in the Tax Lien Assets and (y) each Commercial Loan, in each case, that is owned by any Acquired Company and has an outstanding balance (whether or not including a principal balance), in each case as of a date not more than five (5) Business Days prior to the date hereof, including as to each listed Tax Lien, Tax Lien Transfer or Commercial Loan, where applicable (i) the Person(s) obligated thereon, (ii) the outstanding balance thereof as of such date (and the allocation of such balance among principal, interest, fees and other amounts), (iii) if applicable, the origination date and maturity date thereof, (iv) the per annum interest rate payable thereunder, (v) the address, and if available, the tax block and lot identification number and parcel identification number of the Subject Property that secures such Tax Lien, Tax Lien Transfer or Commercial Loan, and (vi) the LTV Ratio to the extent available in the records of the Acquired Companies. Schedule 3.11(a) also includes a list of all Participation Interests owned by any Acquired Company that has an outstanding balance (whether or not including a principal balance), according to the records of the Acquired Companies as of a date that is no more than five (5) Business Days prior to the date hereof, and also includes for each tax lien underlying such Participation Interest, (i) the Person obligated thereon, (ii) the outstanding balance thereof (and the allocation of such balance among principal, interest and other amounts), (iii) the maturity date thereof, if applicable, and (iv) the per annum interest rate payable thereunder. Seller has provided Purchaser with a true and correct electronic copy of Schedule 3.11(a) formatted in accordance with the reasonable requirements of Purchaser.

(b) Tax Liens. An Acquired Company is the sole owner and holder of each Tax Lien that has an outstanding balance (whether or not including a principal balance), free and

clear of all Security Interests other than Security Interests set forth in Schedule 3.11(b). Each such Tax Lien (A) was acquired by an Acquired Company in the ordinary course of its business and in accordance with applicable Law from either (i) the Taxing Authority that imposed the Tax secured by such Tax Lien or (ii) from a Person who, to the Knowledge of the Seller, acquired such Tax Lien from such Taxing Authority in accordance with applicable Law, and each such acquisition by an Acquired Company was noted, filed or recorded in accordance with applicable Law, (B) is secured by a Lien (or the right to impose a Lien) (or in the case of Tax Liens purchased from a Person other than a Taxing Authority, to the Knowledge of the Seller, is secured by a Lien) encumbering the related Subject Property that is (or would be when imposed) valid and enforceable, and, (C) except in jurisdictions where the applicable local or county government handles the commencement of foreclosures related to Tax Liens, conveys to the holder of such Tax Lien the legal, valid and enforceable right, upon the failure of the Subject Property Owner to pay in full the delinquent Taxes secured thereby, to foreclose upon and obtain fee title to the Subject Property encumbered thereby in accordance with applicable Law (including any required filings or notices, and the passage of required time periods), subject to federal bankruptcy Law and any right of redemption that the Subject Property Owner may have under applicable Law. Seller has not received any written notice from any governmental authority stating that any such Tax Lien was not properly assigned, transferred, noted or recorded in compliance with applicable Law, or that any conditions precedent to the attachment and perfection of any such Tax Lien, or the validity of any transfer of such Tax Lien to an Acquired Company, that were required to have been satisfied prior to the date of this Agreement were not satisfied in conformity with applicable Law.

(c) Tax Lien Transfers. An Acquired Company is the sole owner and holder of each Tax Lien Transfer that has an outstanding balance (whether or not including a principal balance), free and clear of all Security Interests other than Permitted Security Interests and Security Interests set forth in Schedule 3.11(c). Each such Tax Lien Transfer (A) was incurred or acquired by an Acquired Company in the ordinary course of its business and in accordance with applicable Law, and (B) is secured by a Tax Lien encumbering the related Subject Property that is (or would be when imposed) valid and enforceable (which Tax Lien was acquired, and its acquisition noted, filed or recorded, in accordance with applicable Law), and (C) grants to the holder of such Tax Lien Transfer the legal, valid and enforceable right, upon the failure of the Subject Property Owner to pay in full the amounts secured by the applicable Tax Lien, to foreclose upon and obtain fee title to the Subject Property encumbered by the applicable Tax Lien in accordance with applicable Law (including any required filings or notices, and the passage of required time periods), subject to federal bankruptcy Law and any right of redemption that the Subject Property Owner may have under applicable Law. Seller has not received any written notice from any governmental authority stating that any such Tax Lien Transfer was not properly incurred, assigned, transferred, noted or recorded in compliance with applicable Law, or that any conditions precedent to the incurrence, attachment and perfection of any such Tax Lien Transfer, or the validity of any transfer of the related Tax Lien to an Acquired Company, that were required to have been satisfied prior to the date of this Agreement were not satisfied in conformity with applicable Law.

(d) Commercial Loans. An Acquired Company owns good and valid title to, and is the sole owner and holder of, each Commercial Loan, free and clear of all Security Interests other than Security Interests set forth in Schedule 3.11(d). At the time of origination, the security interest of the Acquired Company in the Subject Property securing each Commercial Loan was a first priority lien. Each Commercial Loan (A) was incurred by an Acquired Company in the ordinary course of its business, (B) is secured by a valid and enforceable lien encumbering the Subject Property securing the same, and (C) is a valid and enforceable obligation of the borrower thereunder for the amount thereof subject to state or federal Laws that may prevent immediate enforceability of remedies, including foreclosure and bankruptcy Laws. Each Commercial Loan was originated in all material respects in compliance with all applicable state and federal Laws.

(e) Participation Interests. An Acquired Company is the sole owner and holder of each Participation Interest, free and clear of all Security Interests other than Security Interests set forth in Schedule 3.11(e). Each such Participation Interest was acquired by an Acquired Company in the ordinary course of its business and in accordance with applicable Law.

3.12 Intellectual Property.

(a) Owned Intellectual Property. Schedule 3.12(a)(i) sets forth an accurate and complete list as of the date hereof of all applications, registrations and issuances of or for trademarks, copyrights, trade names, service marks, patents and internet domain names owned by any Acquired Company, which Intellectual Property is subsisting, valid and enforceable. Each of the Acquired Companies currently is in compliance in all material respects with all legal requirements (including timely payment of filing, examination and maintenance fees, as well as timely post-registration filing of applicable affidavits of use, incontestability and renewal applications) with respect to the foregoing. Since January 1, 2013, no Acquired Company has received any written notices challenging the use or ownership by any Acquired Company of any Intellectual Property or alleging infringement, misappropriation or any conflict with any Intellectual Property of by an Acquired Company of any third party's rights in Intellectual Property. There are no pending or threatened actions, suits or proceedings against any Acquired Company contesting the validity, scope, use, enforceability, ownership or registrability of any Intellectual Property of any Acquired Company. Except as set forth in Schedule 3.12(a)(ii), the Acquired Companies own or have the right to use, free and clear of all Liens, all Intellectual Property necessary to the conduct of the business of the Acquired Companies as presently conducted. Schedule 3.12(a)(iii) sets forth a true and complete list of material unregistered trademarks owned by the Acquired Companies.

(b) Intellectual Property Contracts. Schedule 3.12(b) sets forth an accurate and complete list as of the date hereof of all contracts for Intellectual Property with: (i) annual aggregate payments or compensation in excess of $100,000; (ii) granting rights to a third party in material Intellectual Property owned by the Acquired Companies; or (iii) granting rights to, or restricting the rights of, any Acquired Company in any Intellectual Property that is not owned by an Acquired Company (other than contracts where grants or restrictions of Intellectual Property are incidental to

performance under the contract and contracts for commercially available, off-the-shelf, click-wrap or shrink wrap software).

(c) Databases; Personally Identifiable Information. The Acquired Companies have taken all reasonable steps to protect all trade secrets and confidential information of the Acquired Companies. Schedule 3.12(c)(i) describes in reasonable detail all databases of Subject Property Owner Personally Identifiable Information owned or used by the Acquired Companies in connection with the operation of or otherwise relating to the Business (the "Databases"), and the nature and quantity of data contained therein. Except as set forth in Schedule 3.12(c)(ii), with respect to data collection, use, privacy, protection, and security, each of the Acquired Companies have complied in all material respects with all applicable Laws, leading industry standards and the Acquired Companies' internal or customer-facing policies, respectively. To the Knowledge of the Seller, in the last three (3) years, no Acquired Company has experienced an incident in which or sensitive information, payment card data, personally identifiable information, or other protected information relating to individuals was or may have been stolen or improperly accessed, including any breach of security and no Acquired Company has received any written notices or complaints from any Person with respect thereto. Following the Closing, the Databases will have at least the same functionality as exists immediately prior to the Closing. None of the Acquired Companies have sold, assigned, leased, transferred, permitted the use of or otherwise disclosed to any Person, other than Seller and its Affiliates, any information contained in any of the Databases, including any Personally Identifiable Information. The consummation of the Purchase Transaction and continued Business of the Acquired Companies as conducted by the Acquired Companies immediately prior to the Closing will not violate any privacy policy or Law applicable to any Personally Identifiable Information contained in the Databases at the time such Personally Identifiable Information was collected. For purposes hereof, "Personally Identifiable Information" means information that can be used to identify or contact a Person, including but not limited to, their first and last name, physical address, e-mail address and telephone number.

3.13 Employees. Schedule 3.13-A lists the name and address of each officer and employee of an Acquired Company as of the date hereof together with their date of hire, current job title or relationship to such Acquired Company. Seller has provided Purchaser with an electronic file containing the annual salary or hourly wage paid by the Acquired Companies to each such person as of the date hereof (and the date and amount of their last increase in salary or wages) and the amount of bonus or other form of deferred or incentive compensation, or equity interest, if any, paid, provided or awarded to such person during the most recently completed fiscal year of the Acquired Companies. The Acquired Companies are in compliance in all material respects with all applicable Laws respecting terms and conditions of employment, including applicant and employee recruiting, screening and background checking, immigration Laws, discrimination Laws, retaliation Laws, whistleblower Laws, labor Laws, verification of employment eligibility, employee leave Laws, classification of workers as employees and independent contractors, classification of workers as exempt or non-exempt under wage and hour laws, payment of wages and provision of meal breaks and required time off under wage and hour Laws, and occupational safety and health Laws. Schedule 3.13-B sets forth a description of each independent contractor relationship under which the Acquired Companies pay consideration in excess of $100,000

per year, including the name and business address of each such independent contractor, together with their date of engagement, nature of services provided by them to the Acquired Companies. Seller has provided Purchaser with an electronic file containing the periodic compensation payable to such persons by the Acquired Companies (or if such compensation is not payable in respect of any period of time, the aggregate compensation actually paid to them by the Acquired Companies during the most recently completed fiscal year of the Acquired Companies and during the current fiscal year through the Latest Balance Sheet Date). There are no material Proceedings pending or, to the Knowledge of Seller, threatened, involving an Acquired Company, on the one hand, and any or all of its current or former employees, applicants or independent contractors, on the other hand. There are no material claims pending (or, to the Knowledge of Seller, threatened) against any Acquired Company under any workers' compensation or long-term disability plan or policy. No Acquired Company is party to any collective bargaining agreement or other labor union contract nor, to the Knowledge of Seller, are there now, or have there been in the twelve (12) month period prior to the date hereof, any activities or proceedings of any labor union to organize any employees of the Acquired Companies. Neither the Business nor any Acquired Company is, or has ever been, subject to any labor strike, work slowdown or stoppage, lockout or similar action by its employees. The Acquired Companies have provided or paid all employees with all wages, benefits, relocation benefits, stock options, bonuses, commissions and incentives and all other compensation that became due and payable through the date of this Agreement, and provided them with all paid and unpaid breaks or other time off required by Law.

3.14 Employee Benefits.

(a) Seller is the sponsor and maintains all Employee Benefit Plans in which the employees of any Acquired Company participate, except those Employee Benefit Plans indicated on Schedule 3.14 (a) to be sponsored or maintained by the Acquired Companies (the "Acquired Plans"). Schedule 3.14(a) contains an accurate and complete list of all Employee Benefit Plans (i) in which Acquired Company employees participate, (ii) contributed to by any Acquired Company or to which any Acquired Company is obligated to contribute or (iii) with respect to which any Acquired Company has any liability or potential liability (whether direct or indirect, including all Employee Benefit Plans contributed to, maintained or sponsored by each member of the controlled group of companies, within the meaning of Sections 414(b), (c) and (m) of the Code, of which any Acquired Company is a member (each, an "ERISA Affiliate") to the extent such Acquired Company has any liability or potential liability with respect to such Employee Benefit Plans). The Employee Benefit Plans disclosed or required to be disclosed in Schedule 3.14(a) are referred to collectively herein as the "Company Employee Benefit Plans."

(b) There are no plans or agreements that would prevent any Acquired Company from withdrawing from any "employee pension benefit plan" (within the meaning set forth in ERISA Section 3(2)) that is contributed to by an Acquired Company without any further obligation or liability. Except for the continuation coverage requirements of Section 4980B of the Code or Part 6 of Subtitle B of Title I of ERISA or applicable state continuation coverage Law, no Acquired Company has obligations or potential liability for benefits to employees, former employees or their respective dependents following termination of employment or retirement under any Company Employee Benefit Plan, whether or not terminated, that provides health, life insurance, accident or other

"welfare-type" benefits to current or future retirees, current or future former employees, or current or future former independent contractors, their spouses, dependents, or other beneficiaries. Neither any Acquired Company nor any ERISA Affiliate thereof contributes to or has in the past six years sponsored, maintained, contributed to or had any liability in respect of any (i) defined benefit pension plan (as defined in Section 3(35) of ERISA), (ii) plan subject to Section 412 of the Code, Section 302 of ERISA or Title IV of ERISA, (iii) "multiemployer plan" within the meaning of Section 4001(a)(3) of ERISA, or (iv) multiple employer plan described in Section 413(c) of the Code.

(c) Each Company Employee Benefit Plan and all related trusts, insurance contracts and funds have been maintained, funded and administered in compliance in all material respects with its terms and all applicable Laws, including ERISA and the Code.

(d) Each Company Employee Benefit Plan that is intended to be qualified under Section 401(a) of the Code, and each trust (if any) forming a part thereof, has either received a favorable determination or opinion letter from the IRS as to the qualification under the Code of such Company Employee Benefit Plan and the tax-exempt status of such related trust, or the applicable remedial amendment period for seeking such a determination has not expired. Seller has provided Purchaser with copies of such current determinations or opinions (and any pending requests for rulings, determinations or opinions).

(e) With respect to each Company Employee Benefit Plan, Seller has provided Purchaser with true, complete and correct copies, of the most recent summary plan description (and any summaries of material modifications thereto) or summary of benefits.

(f) Other than as set forth in Schedule 3.14(f), the execution and delivery of this Agreement and the consummation of the transactions contemplated by this Agreement will not (i) materially increase the compensation or benefits payable under any Company Employee Benefit Plan, (ii) result in any acceleration of the time of payment or vesting of any material compensation or benefits payable under any Company Employee Benefit Plan or otherwise accelerate or increase any liability of the Acquired Companies under any Company Employee Benefit Plan, or (iii) create any limitation or restriction on the right of the Acquired Companies or their ERISA Affiliates to merge, amend or terminate any Company Employee Benefit Plan, except in any such case where such compensation or benefit will be paid by Seller.

3.15 Legal Compliance; Permits.

(a) Generally. The Acquired Companies are, and have been at all times since January 1, 2015, in compliance in all material respects with all applicable Laws and Orders that affect the Business, the Properties or Assets (including zoning, building code or subdivision ordinances and occupational health and safety Laws) and, to the Knowledge of Seller, the REO Properties and the Subject Property. No Proceeding or Order has been filed, commenced or, to the Knowledge of Seller, threatened against any Acquired Company alleging any such violation. The Acquired Companies have timely filed all material reports, data and other information required to be filed with governmental authorities under applicable Laws.

(b) Permits. Schedule 3.15(b) sets forth a complete and correct list of each material Business Permit, including the identity of the governmental authority issuing the Business Permit and the expiration date, if any, thereof. The Acquired Companies possess all material Business Permits and all such material Business Permits are valid, in full force and effect and will continue to be in full force and effect immediately after the Closing; provided that all consents required to assign, transfer or issue the Business Permits to Purchaser are obtained prior to Closing and the parties have complied with Sections 2.6(b)(x), 2.6(c)(vi) and 6.5(y). The Acquired Companies are in material compliance with the terms and conditions of all material Business Permits and there has been no material violation by any Acquired Company (or event that with the passage of time, the giving of notice or both would constitute a material violation) of any such material Business Permit that has not been cured or waived. No Acquired Company has received any notice of non-compliance, revocation or termination of any material Business Permit or notice of any allegation, dispute or other event that would reasonably be expected to adversely affect the rights of the Acquired Companies under any such Business Permit.

(c) Environmental, Health and Safety. Except as set forth in Schedule 3.15(c), the Acquired Companies are in compliance in all material respects with all applicable environmental, health and safety Laws that affect the Properties or Assets and no Proceeding has been filed, commenced nor, to the Knowledge of Seller, threatened against any Acquired Company alleging any such violation. None of the Acquired Companies has ever been charged with (or, to the Knowledge of Seller, has been or is now under investigation with respect to) any possible violation of any environmental, health or safety Law. No Acquired Company has received any notice from any Person (including any governmental authority or the current or prior owner or operator of any Properties or Assets of an Acquired Company) with respect to (i) any violation or failure to comply with any environmental, health or safety Law, (ii) any obligation for any Acquired Company to undertake or bear the cost of any environmental remediation or (iii) any harm to the environment at any property owned or leased by an Acquired Company or otherwise used by an Acquired Company in connection with the Business, including off-site disposal sites. No Acquired Company has received any notice with respect to the foregoing with respect to any REO Property owned by the Acquired Companies. The Acquired Companies do not have any environmental liabilities with respect to the Properties or Assets and none of the Properties or Assets are subject to any lien arising under or pursuant to any environmental, health or safety Laws. Neither this Agreement, nor the consummation of the transaction contemplated hereby, will result in any material obligations for site investigation, cleanup or notification to, or consent of any governmental agency or third party pursuant to any environmental, health or safety Laws.

3.16 Litigation. Except as set forth on Schedule 3.16, there is, and for the past three years has been, no Proceeding pending against any Acquired Company, or, to the Knowledge of the Seller, threatened against any Acquired Company or, except for ordinary course litigation, to the Knowledge of the Seller, affecting any of the material assets or Business of any Acquired Company. No Acquired Company is subject, or for the past three years has been subject, to any Order, nor is it, or in the past three years has been, a party or, to the Knowledge of the Seller, threatened to be made a party to any such Order. No Acquired Company has received any written notice or other written communication

from any governmental entity regarding any actual or potential violation of, or failure to comply with, any term or requirement of any Order or any other applicable Law to which such Acquired Company or its assets or Business is subject. There is no Proceeding pending or, to the Knowledge of the Seller, threatened, that questions the legality or propriety of the transactions contemplated by this Agreement.

3.17 Taxes.

(a) The Acquired Companies have duly and timely filed (subject to applicable extensions) all Tax Returns that they were required to file under applicable Laws and regulations. All such Tax Returns were correct and complete in all material respects and were prepared in compliance with all applicable Laws and regulations in all material respects. No Acquired Company is currently the beneficiary of any extension of time within which to file any Tax Return.

(b) No Acquired Company has ever been notified in writing by the IRS or any state, local or foreign Taxing Authority that any Tax audit is contemplated or pending or that such Acquired Company is or may be required to file Tax Returns with a Taxing Authority with which such Acquired Company has not previously filed Tax Returns or pay any Taxes of a type that such Acquired Company has not previously paid.

(c) Each Acquired Company has withheld and paid all material Taxes required to have been withheld and paid in connection with any amounts paid, owing, distributed or distributable to any employee, independent contractor, creditor, member, or other Person.

(d) Each Acquired Company is classified as a disregarded entity within the meaning of Treasury Regulation Section 301.7701-2(a) and none has made an election to be treated as an association within the meaning of Treasury Regulation Section 301.7701-3. Except for employment Taxes and property Taxes, each Acquired Company is classified as a disregarded entity for purposes of all Taxes applicable to such Acquired Company

(e) Each Acquired Company has fully and timely paid all Taxes with respect to it or to which its assets or properties are subject (whether or not such Taxes have been reflected on any Tax Return). Except for statutory liens for property Taxes not yet due and payable and that have been taken into account in calculating Adjusted Liability Book Value, there are no Security Interests for unpaid Taxes on the assets of any Acquired Company and no claim for unpaid Taxes has ever been made by any Taxing Authority that could give rise to any such Security Interest.

(f) No Acquired Company has any liability for Taxes of any Person under Treasury Regulations Section 1.1502-6 (or any similar provision of state, local or foreign Law) or by reason of being or ceasing to be a member of any group to which such Treasury Regulation or any such provision applies, or as a transferee or successor, or by contract (except pursuant to a lease, loan agreement or other agreement with a third party to the extent such lease, loan agreement or other agreement was entered into in the ordinary course of business and did not primarily relate to Taxes or have as one of its principal purposes the indemnification, sharing or allocation of Taxes).

(g) No Acquired Company is a party to any agreement, contract, arrangement or plan, individually or in the aggregate, that has resulted, or could result, by reason of the consummation of the transactions contemplated by this Agreement (either alone or in combination with any other event), or upon the termination or modification in terms and conditions of employment of any Person, in (i) the payment of "excess parachute payments" within the meaning of Section 280G of the Code, or (ii) an obligation to indemnify, gross-up or otherwise compensate any Person, in whole or in part, for any excise Tax under Section 4999 of the Code that is imposed on such Person or any other Person.

(h) No Acquired Company has distributed securities of another Person, or has had its securities distributed by another Person, in a transaction that was purported or intended to be governed by Section 355 of the Code.

(i) No Acquired Company has engaged in any transaction described as a "reportable transaction" in Treasury Regulations Section 1.6011-4(b), including any transaction that is the same or substantially similar to a transaction that the IRS has determined to be a Tax avoidance transaction or that the IRS has identified through a notice, Treasury Regulation or other form of published guidance as a "listed transaction," as such term is defined in Treasury Regulations Section 1.6011-4(b)(2).

(j) Notwithstanding anything to the contrary in this Section 3.17, no Acquired Company makes any representation as to the amount of any Tax credits or Tax basis that it may have.

(k) No Acquired Company is subject to any "closing agreement" as described in Section 7121 of the Code (or any corresponding or similar provision of state, local or foreign income Tax Law) executed on or prior to the Closing Date, and will not be required to include any item of income or gain after the Effective Time as a result of any such closing agreement, any installment sale or open transaction disposition made on or prior to the Effective Time, or any prepaid amount received on or prior to the Effective Time.

(l) No Tax ruling has been issued by a Taxing Authority to any Acquired Company.

(m) Except for the REO Property, none of the Acquired Companies directly or indirectly holds any United States real property interest within the meaning of Section 897(c)(1) of the Code.

(n) None of the Tax Lien Portfolio Entities has ever (i) engaged or been treated as engaging in a United States trade or business within the meaning of Section 864(b) of the Code or (ii) realized (or been treated as realizing) any income which would be unrelated business taxable income within the meaning of Section 512 of the Code with respect to a holder of a membership interest in a Tax Lien Portfolio Entity (determined as though such Tax Lien Portfolio Entity were a partnership within the meaning of Section 761 of the Code and each Acquired Company in which it directly or indirectly holds an interest were disregarded as a separate entity for such purposes),

other than as a result of holding property that would constitute debt-financed property within the meaning of Section 514(b) of the Code solely as a result of the Securitization.

(o) The "Notes" (as that term is defined in the offering memorandum dated April 29, 2014 that relates to the Securitization) at all times have been properly characterized as indebtedness for United States federal income tax purposes, and all statements in such offering memorandum under the captions "*Summary of Terms – Legal Considerations – Certain U.S. Federal Income Tax Consequences*" and *"Certain Federal Income Tax Consequences*" were true when made and are true as of the date hereof and will be true as of Closing.

3.18 Insurance. Schedule 3.18 lists each insurance policy and self-insurance program maintained by each Acquired Company (excluding Company Employee Benefit Plans) or by Seller (or its Affiliates) under which the Acquired Companies have coverage. All such insurance policies are in full force and effect, and no Acquired Company is in default with respect to its obligations under any of such insurance policies (including with respect to the payment of premiums), and no event has occurred that, with notice or the lapse of time or both, would constitute such a default or permit termination, modification or acceleration under such policy. Neither any Acquired Company nor Seller has received any written notice from or on behalf of any insurance carrier issuing policies relating to or covering any Acquired Company, the Business or their respective Properties or Assets that there has been or will be a cancellation or non-renewal of, or any material premium increase with respect to, any existing policies. There is no material claim by any Acquired Company pending under any such insurance policy as to which coverage has been questioned, denied or disputed by the underwriters of such policy. To the extent that any Acquired Company self-insures any of its properties or risks, such self-insurance protects against such casualties and contingencies and at such levels as are in accordance with reasonable business practices. The insurance maintained by the Acquired Companies is sufficient to comply with all material Laws and Contracts to which the Acquired Companies are subject.

3.19 Related Party Transactions. No Related Party (a) is a party to any Contract with any Acquired Company or that pertains to the Business or (b) has any interest in any material property used in or pertaining to the Business, other than (i) Contracts for employment set forth in Schedule 3.9(b)(iv), (ii) Contracts listed in Schedule 3.19 and (iii) salaries, expense reimbursement and Company Employee Benefit Plans in respect of employment in the ordinary course of business.

3.20 Brokers' Fees. No Acquired Company has any liability or obligation to pay any fees or commissions to any broker, finder or agent with respect to the transactions contemplated by this Agreement.

3.21 Necessary Property. The Acquired Companies are the only operations through which the Business is conducted and, when taken together with the services offered by the Seller in connection with discussions regarding the Transition Services Agreement, the assets and the properties, tangible and intangible, currently owned, leased or licensed by the Acquired Companies, constitute all of the assets and properties necessary for the continued conduct of the Business after the Closing in substantially the same manner as conducted prior to the Closing, other than commercially available, off-

the-shelf, click-wrap or shrink wrap software of which the Acquired Companies previously relied on licenses maintained by the Seller.

3.22 Books and Records. All books, records and accounts of each Acquired Company are accurate and complete in all material respects and are maintained in accordance with all applicable Laws. The minute books of each Acquired Company previously delivered to Purchaser are true, correct and complete and accurately reflect all actions taken by the Acquired Companies.

3.23 Investment Company Act. No Acquired Company is required to be registered as an "investment company" as defined under the Investment Company Act or is an entity "controlled by" an entity required to be registered as an "investment company" as defined under the Investment Company Act.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES OF SELLER

Seller hereby represents and warrants to Purchaser that as of the date of this Agreement:

4.1 Organization; Power and Authority. Seller is a corporation duly organized, validly existing and in good standing under the Laws of the State of Delaware. Seller has full power and authority to own, lease and operate its properties and to conduct its business as currently conducted.

4.2 Authorization of Transaction. Seller has full power and authority to execute and deliver this Agreement and the other agreements contemplated hereby to which Seller is to be a party, to perform its obligations under this Agreement and such other agreements and to consummate the transactions contemplated hereby and thereby. The execution and delivery by Seller of this Agreement and the other agreements contemplated hereby to which Seller is to be a party, the performance by Seller of its obligations under this Agreement and such other agreements and the consummation by Seller of the transactions contemplated by this Agreement have been duly authorized on behalf of Seller by all necessary corporate action.

4.3 Due Execution; Enforceability. This Agreement and the other agreements contemplated hereby to which Seller is to be a party have been duly and validly executed and delivered by Seller. This Agreement and the other agreements contemplated hereby to which Seller is to be a party constitute the valid and legally binding obligations of Seller, enforceable against Seller in accordance with their respective terms, except as enforceability may be limited by (a) applicable bankruptcy, insolvency, reorganization, moratorium, and other Laws of general application affecting or relating to the enforcement of creditors' rights generally and (b) Laws relating to the availability of specific performance and/or other equitable remedies.

4.4 Non-contravention. Subject, to compliance with the applicable requirements of the HSR Act, neither the execution and delivery by Seller of this Agreement and the other agreements contemplated hereby to which Seller is to be a party, nor the consummation by Seller of the transactions contemplated hereby or thereby, will (a) violate any Law, Order or other restriction to which Seller is subject or (b) violate or conflict with in any material respect, result in a material breach of, constitute a

material default under, result in the acceleration of, create in any party the right to accelerate, terminate, modify, or cancel, or require any authorization, consent, approval, execution or other action by or notice to any third party under any Contract or any Security Interest to which Seller is a party, by which Seller is bound or to which Seller's assets are subject.

4.5 Governmental Consent. Except as set forth on Schedule 4.5, Seller is not required to make any declaration to or registration or filing with, or to obtain any permit, license, consent, accreditation, exemption, approval or authorization from, any governmental or regulatory authority in connection with the execution and delivery by Seller of this Agreement and the other agreements contemplated hereby to which Seller is to be a party or the consummation by Seller of the transactions contemplated hereby or thereby.

4.6 Litigation. No Order is in effect, and no Proceeding is pending (or, to the knowledge of Seller, threatened) by or before any governmental entity (foreign or domestic), against Seller that, individually or in the aggregate, could reasonably be expected to prevent, enjoin, or materially alter or delay any of the transactions contemplated by this Agreement or otherwise prevent Seller from complying with the terms of this Agreement.

4.7 Title to Securities. Seller (a) is the sole record and beneficial owner of the Purchased Securities, (b) owns such Purchased Securities free and clear of all Security Interests, other than the Security Interests set forth in Schedule 4.7, which Security Interests will be released at or prior to the Closing and (c) has the sole power to vote and dispose of such securities. There are no outstanding or authorized options, warrants, rights, contracts, rights of first refusal or first offer, calls, puts, rights to subscribe, conversion rights or other agreements or commitments to which Seller is a party, or that are binding upon Seller, providing for the issuance, disposition or acquisition of any Acquired Company's equity securities. There are no voting trusts, proxies or any other agreements, restrictions or understandings with respect to the voting of the limited liability company interests or other equity securities of any Acquired Company to which Seller is a party, or that are binding upon Seller, other than as set forth in such Acquired Company's limited liability company agreement or operating agreement as previously provided to Purchaser.

4.8 Brokers' Fees. Seller does not have any liability or obligation to pay any fees or commissions to any broker, finder or agent with respect to the transactions contemplated by this Agreement for which Purchaser, any Acquired Company or any other Person (other than Seller) could become liable or otherwise obligated except for fees owing to Guggenheim Securities, LLC.

4.9 Solvency. Immediately after giving effect to the acquisition of the Purchased Securities and the consummation of the other transactions contemplated by this Agreement, assuming the payment of the Purchase Price by Purchaser as set forth herein and the satisfaction of the conditions to Seller's obligation to consummate the transactions set forth herein, Seller will be Solvent. For purposes of this Agreement, a Person will be deemed to be "Solvent" so long as, as of any date of determination: (i) such Person will not have incurred Indebtedness beyond its ability to pay that Indebtedness as it matures or becomes due, (ii) the then present fair salable value of the assets of such Person exceeds, as of that date, the amount that will be required to pay all liabilities of such Person and (iii) such Person

will not have an unreasonably small amount of capital to carry on its business. In completing the transactions contemplated by this Agreement, Seller does not intend to hinder, delay or defraud any present or future creditors of Seller or the Acquired Companies.

ARTICLE 5
REPRESENTATIONS AND WARRANTIES OF PURCHASER

Purchaser hereby represents and warrants to Seller that as of the date of this Agreement:

5.1 Organization; Power and Authority. Each Purchaser is a limited partnership, duly organized, validly existing and in good standing under the Laws of the State of Delaware. Purchaser has full power and authority to own, lease and operate its properties and to conduct its business as currently conducted.

5.2 Authorization of Transaction. Purchaser has full power and authority to execute and deliver this Agreement and the other agreements contemplated hereby to which Purchaser is to be a party, to perform its obligations under this Agreement and such other agreements and to consummate the transactions contemplated by this Agreement. The execution and delivery by Purchaser of this Agreement and the other agreements contemplated hereby to which Purchaser is to be a party, the performance by Purchaser of its obligations under this Agreement and such other agreements and the consummation by Purchaser of the transactions contemplated by this Agreement have been duly authorized on behalf of Purchaser by all corporate action.

5.3 Due Execution; Enforceability. This Agreement and the other agreements contemplated hereby to which Purchaser is to be a party have been duly and validly executed and delivered by Purchaser. This Agreement and the other agreements contemplated hereby to which Purchaser is to be a party constitute the valid and legally binding obligations of Purchaser, enforceable against Purchaser in accordance with their respective terms, except as enforceability may be limited by (a) applicable bankruptcy, insolvency, reorganization, moratorium, and other Laws of general application affecting or relating to the enforcement of creditors' rights generally and (b) Laws relating to the availability of specific performance and/or other equitable remedies.

5.4 Non-contravention. Subject, to compliance with the applicable requirements of the HSR Act, neither the execution and delivery by Purchaser of this Agreement and the other agreements contemplated hereby to which Purchaser is to be a party, nor the consummation by Purchaser of the transactions contemplated hereby or thereby, will (a) violate any Law, Order or other restriction to which Purchaser is subject, (b) violate or conflict with any provision of the organizational agreements of Purchaser or (c) violate or conflict with in any material respect, result in a material breach of, constitute a material default under, result in the acceleration of, create in any party the right to accelerate, terminate, modify, or cancel, or require any authorization, consent, approval, execution or other action by or notice to any third party under any Contract or any Security Interest to which Purchaser is a party or by which it is bound or to which any of its assets are subject.

5.5 Governmental Consent. Except in connection with the HSR Act, Purchaser is not required to make any declaration to or registration or filing with, or to obtain any permit, license, consent, accreditation, exemption, approval or authorization from, any governmental or regulatory authority in connection with the execution and delivery by Purchaser of this Agreement and the other agreements contemplated hereby to which Purchaser is to be a party or the consummation by Purchaser of the transactions contemplated hereby or thereby.

5.6 Brokers' Fees. Purchaser has no liability or obligation to pay any fees or commissions to any broker, finder or agent with respect to the transactions contemplated by this Agreement for which Seller could become liable or obligated.

5.7 Industry Experience. Purchaser, by reason of its management's business or financial experience, has the capacity to protect Purchaser's own interests in connection with the transactions contemplated hereby. Purchaser has substantial experience in evaluating and investing in private placement transactions of securities so that they are capable of evaluating the merits and risks of Purchaser's purchase of the Purchased Securities and have the capacity to protect Purchaser's own interests. Purchaser is acquiring the Purchased Securities for its own account, for investment only, and not with a view toward distribution. Purchaser understands that the Purchased Securities have not been and will not be registered under the Securities Act of 1933, as amended (the "Securities Act"), the Securities Exchange Act of 1934, as amended, or any state securities Law, and the Purchased Securities are being sold to Purchaser pursuant to an exemption from registration contained in the Securities Act based in part upon such Purchaser's representations contained in this Agreement.

5.8 [Intentionally Omitted]

5.9 Solvency. Immediately after giving effect to the acquisition of the Purchased Securities and the consummation of the other transactions contemplated by this Agreement (including the Financings being entered into in connection herewith), assuming (a) the Acquired Companies are Solvent prior to the Effective Time, (b) the satisfaction of the conditions to Purchaser's obligation to consummate the transactions set forth herein, and (c) the accuracy of the representations and warranties of the Seller set forth herein, Purchaser and the Acquired Companies will be Solvent. In completing the transactions contemplated by this Agreement, Purchaser does not intend to hinder, delay or defraud any present or future creditors of Purchaser or the Acquired Companies.

5.10 No Other Representations or Warranties. Except for the representations and warranties set forth in Article 3 and Article 4 (as modified by the Disclosure Schedule hereto) and in any certificates or other agreements to be delivered by Seller in connection with the Closing, the Purchaser hereby acknowledges and agrees that (a) the assets and the business of the Acquired Companies are being transferred on a "where is" and, as to condition, "as is" basis, (b) neither Seller nor any of its Affiliates, nor any of their respective stockholders, directors, officers, employees, agents, representatives or advisors, nor any other person or entity, has made or is making any other express or implied representation or warranty with respect to the Business, including with respect to any information provided or made available to Purchaser or any of its Affiliates, and that Purchaser is not relying and has not relied on any representations or warranties whatsoever regarding the subject matter of this

Agreement, express or implied, and (c) neither Seller nor any of its Affiliates, nor any of their respective stockholders, directors, officers, employees, agents, representatives or advisors, nor any other person or entity, will have or be subject to any liability or indemnification obligation or other obligation of any kind or nature to the Purchaser or any of its Affiliates resulting from the delivery, dissemination or any other distribution to the Purchaser or any of its Affiliates, or the use by the Purchaser or any of its Affiliates, of any such information provided or made available to any of them by Seller or any of its Affiliates, representatives or advisors, including any information, documents, estimates, projections, forecasts or other forward-looking information, business plans or other material provided or made available to Purchaser or any of its Affiliates in "data rooms," confidential information memoranda or management presentations in anticipation or contemplation of the transactions contemplated by this Agreement. Purchaser acknowledges that it has conducted to its satisfaction, its own independent investigation of the condition, operations and business of the Acquired Companies and, in making its determination to proceed with the transactions contemplated by this Agreement, Purchaser has relied on the results of its own independent investigation. Notwithstanding the foregoing, this Section 5.10 will not limit or preclude Purchaser Indemnitees from asserting claims in accordance with Article 10 or limit or preclude any claims with respect to fraud. In addition, each Party acknowledges and agrees that Purchaser shall have the right to rely on all of the representations, warranties and covenants of Seller herein regardless of the matters addressed in this Section.

5.11 Disclaimer. EXCEPT AS SET FORTH IN THIS ARTICLE 5, NONE OF PURCHASER, ITS AFFILIATES OR ANY OF THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES OR REPRESENTATIVES MAKE OR HAVE MADE ANY OTHER REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AT LAW OR IN EQUITY, IN RESPECT OF PURCHASER. ANY SUCH OTHER REPRESENTATION OR WARRANTY IS HEREBY EXPRESSLY DISCLAIMED.

ARTICLE 6
PRE-CLOSING COVENANTS

6.1 Conduct of Business Pending Closing. Between the date of this Agreement and the Closing (except as expressly consented to in writing by Purchaser), Seller shall cause each Acquired Company to, (x) conduct the Business in the ordinary course of business as historically conducted, (y) use all commercially reasonable efforts to maintain and preserve the Business and its organization intact, retain its present officers and employees and maintain and preserve its relationships with its officers and employees, suppliers, vendors, customers, licensors, licensees, distributors, regulatory authorities, creditors and others having business relations with it, and (z) maintain the tangible properties and assets, including those held under leases, in good working order and condition, ordinary wear and tear excepted. Notwithstanding the foregoing, between the date of this Agreement and the Closing (except as expressly consented to in writing by Purchaser), Seller shall cause the each Acquired Company not to:

(a) change or amend any of the charter documents of any Acquired Company, or authorize or propose the same;

(b) issue, deliver or sell or authorize or propose the issuance, delivery or sale of any of its securities (including any debt securities and including any options, warrants, calls, conversion rights, commitments or other securities relating to such securities) or authorize or propose any change in its equity capitalization or capital structure, and each Acquired Company shall not transfer any interest in any Acquired Company that it owns;

(c) make any distribution in respect of its equity interests whether now or hereafter outstanding, or split, combine or reclassify any of its equity interests or issue or authorize the issuance of any other securities in respect of, in lieu of or in substitution for any of its equity interests or purchase, redeem or otherwise acquire or retire for value any of its securities (other than retirement of intercompany debt);

(d) make or agree to make any capital expenditures in excess of $100,000 individually, or $250,000 in the aggregate for the Acquired Companies taken as a whole;

(e) except as required to comply with Law and except as set forth on Schedule 6.1(e), (i) take any action with respect to, adopt, enter into, terminate or amend any Employee Benefit Plan or Company Employee Benefit Plan or any collective bargaining agreement (other than with respect to employees of companies other than the Acquired Companies), (ii) other than base salary increases in the ordinary course of business and consistent with past practice, increase the compensation or benefits of, or promise any bonus to, any current or former director, officer, employee or consultant of the Acquired Companies or materially modify their terms of employment or engagement, (iii) amend or accelerate the payment, right to payment or vesting of any compensation or benefits, including any outstanding equity compensation (other than the acceleration of the vesting of any stock of Seller), (iv) pay any bonus or other benefit to its current or former directors, officers or employees (except for monthly bonuses, performance incentives to collections personnel and agents in the ordinary course of business or as required by Company Employee Benefit Plans in effect on the date hereof) or hire any new officers or (except in the ordinary course of business with respect to individuals to be provided with an annual base salary less than $100,000) any new employees, (v) grant any awards under any bonus, incentive, equity, performance or other compensation plan or arrangement or benefit plan, including the grant of performance units or the removal of existing restrictions in any benefit plans or agreements or awards made thereunder (in each case, except as required by Company Employee Benefit Plans in effect on the date hereof), or (vi) take any action to fund or in any other way secure the payment of compensation or benefits under any employee plan, agreement, contract or arrangement or benefit plan;

(f) sell, assign, lease, sublease, license, sublicense, pledge or otherwise transfer or dispose of or grant any option or rights in, to or under, any of its properties or assets, except for the sale of tax liens or related securities in any one case not exceeding $250,000 in the ordinary course of business consistent with past practice;

(g) acquire or negotiate for the acquisition of any Person or business or otherwise acquire or agree to acquire any securities or assets that are material, individually or in the

aggregate, to the Acquired Companies taken as a whole, or negotiate or enter into any letter of intent with respect to the foregoing;

(h) merge or consolidate or agree to merge or consolidate with or into any other Person;

(i) amend, accelerate, terminate or cancel any Company Contract (or series of related Company Contracts) involving more than $250,000 annually;

(j) enter into any other transaction, agreement or arrangement that is not negotiated at arm's length or with any Related Party;

(k) commence a Proceeding or settle any Proceeding, other than in connection with routine collection or foreclosure matters in the ordinary course of business;

(l) make any Tax election other than in the ordinary course of business, change any Tax election, adopt any accounting or Tax accounting method, change any accounting or Tax accounting method, enter into any closing agreement, settle or compromise any Tax claim or assessment or consent to any Tax claim or assessment;

(m) take any action that would require disclosure under Section 3.8; or

(n) take, or agree (in writing or otherwise) to take, any of the actions described in this Section 6.1.

6.2 Information.

(a) Between the date of this Agreement and the Closing Date, Seller shall cause each Acquired Company to afford to the authorized representatives of Purchaser access to (i) all of the assets, real property, sites and books and records of each Acquired Company and (ii) such additional financial and operating data and other information relating to the Business and properties of the Acquired Companies as Purchaser may from time to time reasonably request, including access upon reasonable request to the employees, customers, vendors, suppliers and creditors of the Acquired Companies. Seller shall, and shall cause each other Acquired Company to, cooperate with Purchaser and its representatives in the preparation of any documents or other material which may be required in connection with this Agreement.

(b) Seller and Purchaser acknowledge and agree that the Non-Disclosure Agreement dated as of January 25, 2016 by and between Purchaser and Seller (the "Confidentiality Agreement") remains in full force and effect and that information provided by Seller or any of Seller's Affiliates to Purchaser pursuant to this Agreement prior to the Closing shall be treated in accordance with the Confidentiality Agreement. If this Agreement is terminated prior to the Closing, the Confidentiality Agreement shall remain in full force and effect in accordance with its terms. If the Closing occurs, the Confidentiality Agreement, shall terminate effective as of the Closing.

6.3 Exclusivity. From and after the date hereof until the Closing:

(a) Seller shall not and shall cause each other Acquired Company not to, and each such foregoing person shall cause its respective representatives and Affiliates not to, directly or indirectly: (i) initiate, solicit, encourage or otherwise facilitate any inquiry, proposal, offer or discussion with any party (other than Purchaser and its representatives, agents and Affiliates) concerning (A) any merger, liquidation, recapitalization, consolidation or other business combination involving any Acquired Company or acquisition of any capital stock or other securities of any Acquired Company, or any material portion of the assets of any Acquired Company, or any combination of the foregoing (excluding the transactions contemplated hereby), or (B) any agreement, arrangement or understanding requiring any Acquired Company or the Seller to abandon, terminate or fail to consummate any of the transactions contemplated hereby (each, an "Alternative Transaction"), (ii) furnish any information concerning the Business (or any portion thereof) or the properties or assets of the Acquired Companies to any Person (other than Purchaser) or (iii) engage in discussions or negotiations with any party (other than Purchaser) concerning any Alternative Transaction. Seller will promptly, and in any event within two (2) Business Days, advise Purchaser if any third party or its agents or representatives makes any Alternative Transaction and will provide Purchaser with notice of receipt of such Alternative Transaction (whether solicited or unsolicited), including disclosing to Purchaser the identity of such third party.

(b) Seller shall and shall cause each Acquired Company to, and each such foregoing person shall cause its respective representatives and Affiliates to, (i) immediately cease any discussions or negotiations of the nature described in Section 6.3(a) that were pending, (ii) immediately notify any party with which such discussions or negotiations were being held of such termination and (iii) refrain from entering into any Acquisition Transaction.

6.4 [Intentionally Omitted]

6.5 Cause Conditions to be Satisfied; Further Assurances. Seller shall use reasonable best efforts to cause each of the conditions set forth in Section 7.1 to be satisfied at or prior to the Closing; provided that, in seeking to satisfy such conditions, Seller shall not and shall cause each Acquired Company not to, (a) waive or discharge any liabilities or obligations owing to any of the Acquired Companies by any counterparty to any Company Contract, (b) waive any rights of any of the Acquired Companies under any Company Contract, or (c) amend, modify, supplement or otherwise change the terms of any Company Contract; Purchaser shall use reasonable best efforts to cause each of the conditions set forth in Section 7.2 to be satisfied at or prior to the Closing. Each Party shall cooperate in filing all notices and obtaining all consents and approvals required hereunder including, without limitation, those set forth in Schedule 3.4. Without limiting the foregoing, Seller and the Acquired Companies shall cooperate with Purchaser, as requested by Purchaser, in order to secure or obtain the consent to the transfer of, or the issuance or grant of, any Business Permit. Purchaser shall bear any out-of-pocket costs associated with obtaining such waivers, permits, consents, approvals or other authorizations; provided, however, that the filing fees required to be paid in connection with any notification required under the HSR Act shall be paid 50% by Purchaser and 50% by Seller. Without limiting the generality of the foregoing, the Parties shall jointly cooperate in order to file (or cause to be

filed) as soon as practicable, and in any event within five (5) Business Days after the date hereof, an application with the Texas Office of Consumer Credit Commissioner to request the transfer of the Acquired Companies' Texas Property Tax Lender Licenses required as a result of the change of control of Propel and PFS contemplated by this Agreement (the "OCCC Transfer").

ARTICLE 7
CONDITIONS PRECEDENT

7.1 Conditions Precedent to Obligations of Purchaser. The obligation of Purchaser to effect the Closing is subject to the satisfaction or waiver, at or before the Closing, of the following conditions:

(a) Accuracy of Representations and Warranties. Each of the representations and warranties in Article 3 and Article 4 of this Agreement that are qualified by Material Adverse Effect or materiality will be true and correct in all respects and each of the representations and warranties in Article 3 and Article 4 of this Agreement that are not so qualified will be true and correct in all material respects, in each case, as of the date of this Agreement and as of the Closing Date (except for representations and warranties made as of a specific date earlier than the date of this Agreement, in which case such representations and warranties will be so true and correct, or so true and correct in all material respects, as the case may be, as of such specific date); and Purchaser shall have received a certificate signed by an executive officer of Seller, dated as of the Closing, to such effect.

(b) Compliance with Covenants. Seller shall have performed or complied in all material respects with all obligations, agreements and covenants contained in this Agreement to be performed or complied with by Seller prior to the Closing; and Purchaser shall have received a certificate signed by an executive officer of Seller to such effect.

(c) Legality. No Law shall be in effect, and no action, Order or Proceeding shall be instituted or threatened by or before any Governmental Authority, that does or seeks to challenge, prohibit, make illegal, enjoin, restrain or prevent the consummation of the transactions contemplated hereby.

(d) No Material Adverse Effect. There shall not have been any Material Adverse Effect.

(e) Other Deliveries. Seller shall have made all other deliveries required to be made at or prior to the Closing pursuant to this Agreement, including those set forth in Section 2.3 and Section 2.6(b).

7.2 Conditions Precedent To Obligations of Seller. The obligation of Seller to effect the Closing is subject to the satisfaction or waiver, at or before the Closing, of the following conditions:

(a) Accuracy of Representations and Warranties. Each of the representations and warranties in Article 5 of this Agreement that are qualified by Material Adverse Effect or

materiality will be true and correct in all respects and each of the representations and warranties in Article 5 of this Agreement that are not so qualified will be true and correct in all material respects, in each case, as of the date of this Agreement and as of the Closing Date (except for representations and warranties made as of a specific date earlier than the date of this Agreement, in which case such representations and warranties will be so true and correct, or so true and correct in all material respects, as the case may be, as of such specific date); and Seller shall have received a certificate signed by an executive officer of Purchaser, dated as of the Closing, to such effect

(b) Compliance with Covenants. Purchaser shall have performed or complied in all material respects with all obligations, agreements and covenants contained in this Agreement to be performed or complied with by Purchaser prior to the Closing, and Seller shall have received a certificate signed by an executive officer of Purchaser, dated as of the Closing, to such effect.

(c) Legality. No Law shall be in effect, and no action, Order or Proceeding shall be instituted or threatened by or before any Governmental Authority, that does or seeks to challenge, prohibit, make illegal, enjoin, restrain or prevent the consummation of the transactions contemplated hereby.

(d) Other Deliveries. Purchaser shall have made all other deliveries required to be made at or prior to the Closing pursuant to this Agreement, including those set forth in Section 2.6(c).

ARTICLE 8
POST CLOSING COVENANTS

8.1 Further Assurances; Scura Paley Carried Interest. After the Closing, and without further consideration, Seller covenants and agrees that it will execute and deliver to Purchaser such further instruments of transfer and assignment as Purchaser may reasonably request (at Purchaser's sole cost and expense) in order to more effectively convey and transfer the Purchased Securities to Purchaser (or its permitted assignee). Each Party covenants and agrees to execute any and all documents and to perform such other acts as may be necessary or expedient to further the purposes of this Agreement and the transactions contemplated hereby. Purchaser further agrees to provide monthly reporting to Seller containing sufficient information for Seller to calculate the Carried Interest under the Engagement Letter between Encore Capital Group, Inc. and Scura Paley Securities LLC dated August 30, 2012, in a manner consistent with the Acquired Companies' past practice.

8.2 Confidential Information.

(a) Definition. "Transaction Information" means (i) the terms and conditions of this Agreement (including the consideration to be paid hereunder) and the other transactions contemplated by this Agreement, and (ii) the course of dealing between the Parties hereunder (including any dispute between the Parties). "Confidential Information" means information relating to the Acquired Companies or the Business, including any trade secrets, know-how, technical data or proprietary information of any Acquired Company, including information relating to products,

properties, services, processes, designs, formulas, developmental or experimental work, improvements, discoveries, plans for research or products, databases, computer programs, other original works of authorship, marketing and sales plans, business plans, proprietary lending strategies, budgets and financial information, prices and costs, customer lists, supplier lists, information regarding the skills and compensation of the employees and contractors of any Acquired Company and other non-public business information. The term "Confidential Information" includes all of the foregoing information, rights and materials, whether tangible or intangible, whether oral or in written, electronic or other form, in all stages of research and development, and whether now existing, or previously developed or created. "Transaction Information" and "Confidential Information" each do not include any information that is or becomes generally available to the public other than as a result, directly or indirectly, of a breach of this Section 8.2, or other legal or fiduciary obligation of confidentiality owing to Seller, Purchaser or any Acquired Company, by any Person that is subject to this Section 8.2.

(b) Covenant. Seller and Purchaser covenant and agree that they will (and that they will cause each of their respective Affiliates, employees, agents and representatives to) maintain the confidentiality of the Transaction Information, provided that Seller may file such information about the terms and conditions of this Agreement, including a copy of this Agreement, with the U.S. Securities Exchange Commission, to the extent its legal counsel advises that it is required by applicable Law to do so. Seller covenants and agrees that it will (and that it will cause each of its Affiliates, employees, agents and representatives to), at all times after the Effective Time, maintain the confidentiality of the Confidential Information, using procedures no less rigorous than those used to protect and preserve the confidentiality of its own proprietary information and not, directly or indirectly: (i) use, disclose or permit any other Person to have access to any Confidential Information, (ii) sell, license or otherwise exploit any products or services that embody, in whole or in part, any Confidential Information or (iii) take any other action with respect to the Confidential Information that is inconsistent with the confidential and proprietary nature thereof.

(c) Compulsory Disclosure. If any Person that is subject to this Section 8.2 is requested or required to disclose any Confidential Information pursuant to a subpoena, court order or other similar process, such Person must, if practicable, provide notice to Purchaser of such request or requirement so that Purchaser may seek an appropriate protective order. In the event that no such protective order is issued and such Person is, in the opinion of its counsel, compelled to disclose such Confidential Information, such Person may disclose such Confidential Information in accordance with and for the limited purpose of compliance with such subpoena, court order or process, without liability under this Section 8.2.

8.3 Employee Matters.

(a) Unless involuntarily terminated pursuant to Section 8.3(b), during the period commencing on the Closing Date and ending on the 6-month anniversary of the Closing Date (the "Continuation Period"), Purchaser shall provide, or cause Acquired Companies to provide each individual who is an employee of any of the Acquired Companies immediately prior to the Closing Date (each, a "Company Employee") with (i) compensation (including base wages or salary, as

applicable, and bonus opportunities but excluding transaction, change of control and retention bonuses and any equity compensation (if any)) and employee benefits that, in the aggregate, are substantially comparable to the compensation and employee benefits provided to such Company Employee prior to the Closing Date and (ii) employment at the same location (including remotely) or at a location within fifty (50) commuting miles from the location at which such Company Employee is principally employed immediately prior to the Closing Date. Seller and its Affiliates shall release or cause to be released Jack Nelson and each of the Company Employees who continues to be employed by PFS or PFS Purchase Holdings LLC (a company wholly owned by Jack Nelson as of the Closing Date) or their respective subsidiaries from any restrictive covenants to which Jack Nelson or such employee is bound, directly or indirectly, other than any non-solicit or non-hire of employees of Encore or its Affiliates (other than Acquired Companies) or confidentiality restriction related to the information of Encore or its Affiliates (other than Acquired Companies). Upon request of Purchaser, Seller will provide any such Company Employee with written confirmation of the foregoing.

(b) The Purchaser or one of its Affiliates may terminate the employment of a Company Employee after the Closing Date with or without Cause (as defined in Exhibit F). If a Company Employee is terminated after the Closing Date and prior to the expiration of the Continuation Period without Cause, Purchaser shall provide such Company Employee with severance pay as set forth on Exhibit F. A Company Employee shall not be entitled to the severance set forth in Exhibit F if the Company Employee resigns or is terminated for Cause during the Continuation Period. Seller shall be liable for and shall indemnify and hold harmless Purchaser and its Affiliates with respect to any severance obligations arising solely as a result of the consummation of the transactions contemplated by this Agreement and without any action of Purchaser or its Affiliates.

(c) Purchaser shall (or shall cause its applicable employing Affiliate to) give such Company Employee full credit for purposes of eligibility to participate, vesting and level of benefits under each employee benefit plan, policy or arrangement maintained for the benefit of the Company Employees after the Closing Date by Purchaser or its Affiliates (each, a "Purchaser Plan") for such Company Employee's service prior to the Closing Date, to the same extent such service is recognized by Seller immediately prior to the Closing (other than as would result in a duplication of benefits or for benefit accrual under any defined benefit pension plan). With respect to each Purchaser Plan that is a "welfare benefit plan" (as defined in Section 3(1) of ERISA), including, without limitation, any health insurance, dental insurance, vision insurance, life insurance, short-term disability or long-term disability plan, Purchaser or its Affiliates shall, except to the extent not permitted by the insurers of the relevant welfare benefit plans of Purchaser or its Affiliates despite the commercially reasonable efforts of Purchaser, (i) cause there to be waived any pre-existing condition or eligibility limitations or exclusions, actively-at-work requirements, evidence of insurability and required physical examinations with respect to the Company Employees and their eligible dependents and (ii) take into account and give credit for, in the year in which the Closing Date occurs, for purposes of satisfying any deductible and maximum out-of-pocket limitations, all claims incurred and amounts paid by, and amounts reimbursed to, Company Employees and their

eligible dependents under similar plans maintained by Seller in which such Company Employees and their eligible dependents participated immediately prior to the Closing Date.

(d) In respect of each Company Employee, following the Closing, Purchaser and its Affiliates shall have, or cause Purchaser Plans to have, the liability and obligation for, and neither Seller nor any of its Affiliates shall have any liability or obligation for, short-term disability benefits and long-term disability benefits (and any medical, dental and health benefits or claims incurred) for such Company Employee with respect to benefits accrued or claims incurred on or after the Closing Date. For purposes of this Section 8.3(d) a claim is deemed to have been incurred when services for the claim first occurred or a course of treatment has begun.

(e) Purchaser shall honor the paid time off of each Company Employee that is accrued but unused under the policies of the Acquired Companies at the Closing Date.

(f) In the event that a Company Employee makes a voluntary election pursuant to Section 401(a)(31) of the Code to roll over such Company Employee's vested account balance in any 401(k) plan of Seller in which the Company Employee participates to a tax-qualified defined contribution plan sponsored by Purchaser or any of its Affiliates, Purchaser agrees to cause such tax-qualified defined contribution plan to accept such rollover to the extent permitted by applicable Law. The parties hereto shall use commercially reasonable efforts to effect the rollover of such account balances.

(g) Purchaser will be responsible for all liabilities relating to or arising out of or in connection with a Company Employee's employment with Purchaser or its Affiliates on or after the Closing Date, including any liabilities arising under any Acquired Plans on or after the Closing Date. Purchaser and its Affiliates will not assume, and Seller shall retain, any Employee Benefit Plans sponsored, maintained or contributed to by Seller and all liabilities associated with such plans and all liabilities arising with respect to any Acquired Plans prior to the Closing Date other than (i) severance obligations described in Section 8.3(b) and (ii) any 401(k) plan rollovers accepted by Purchaser pursuant to Section 8.3(f).

(h) Purchaser agrees to provide any required notice under the Worker Adjustment and Retraining Notification Act, 29 U.S.C. §2109 et seq. or the regulations promulgated thereunder ("WARN") and any other similar domestic or foreign applicable law and to otherwise comply with any such statute with respect to any "plant closing" or "mass layoff' (as defined in WARN) or similar event affecting employees and occurring after the Closing. Purchaser shall indemnify and hold harmless Seller and its Affiliates with respect to any liability under WARN or other similar domestic or foreign applicable law arising from the actions (or inactions) of Purchaser or its Affiliates after the Closing. Nothing expressed or implied in this Section 8.3 shall confer upon any of the Company Employees, as third party beneficiaries or otherwise, any additional rights or remedies, including any additional right to employment or continued employment for any specified period, of any nature or kind whatsoever under or by reason of this Agreement. Notwithstanding anything in this Agreement to the contrary, no provision of this Agreement is intended to, or does, constitute the establishment or adoption of, or amendment to, any employee benefit plan (within the

meaning of Section 3(3) of ERISA or otherwise) of Seller, the Acquired Companies or Purchaser (or any of their respective Affiliates), and no person participating in any such employee benefit plan maintained by either Seller, the Acquired Companies or Purchaser (or any of their respective Affiliates) shall have any claim or cause of action, under ERISA or otherwise, in respect of any provision of this Agreement as it relates to any such employee benefit plan or otherwise.

(i) Seller shall bear the cost of any change of control or retention bonuses or accelerated share vesting put in place by Seller or the Acquired Companies prior to the Closing, that are not included in the definition of Adjusted Liability Book Value.

8.4 Non-Competition and Non-Solicitation. As further consideration for the purchase and sale of the Purchased Securities and the other transactions contemplated hereby:

(a) Seller agrees with Purchaser that during the period of two (2) years following the Closing Date, Seller shall not, and shall cause its Affiliates not to, directly or indirectly, for Seller or on behalf of or in conjunction with any other Person, engage in the United States as an owner, lender, contractor, agent or otherwise, in any business, or in developing, selling, manufacturing, distributing or marketing any product or service, that competes directly or indirectly, or is reasonably likely to compete directly or indirectly, with the Business; and

(b) Seller covenants and agrees with Purchaser that, except as set forth in Schedule 8.4(b), Seller shall not, and shall cause its Affiliates not to, during the period of two (2) years following the Closing Date, directly or indirectly, for such Seller or on behalf of or in conjunction with any other Person (A) employ or hire any Restricted Person or (B) solicit or communicate with any Restricted Person for the purpose or with the intent of encouraging or enticing, or in a manner reasonably likely to encourage or entice, such Restricted Person to resign employment with an Acquired Company or otherwise cease doing business with an Acquired Company and/or the Purchaser or its Affiliates; provided that this Section 8.4(b) shall not at any time prohibit (x) Seller from soliciting or hiring any Restricted Persons whose employment or other service providing relationship with an Acquired Company and/or Purchaser or its Affiliates has been terminated by Purchaser or its Affiliates or (y) Seller from soliciting or hiring any Restricted Person who has resigned from any of the Acquired Companies, without any encouragement from Seller or any of its Affiliates or with the purpose of avoiding the application of this provision, at least six (6) months prior to the commencement of such solicitation or hiring or (z) the placement of advertisements in publications of general circulation not directed at any Restricted Person. "Restricted Person" means any Person who is, at that time, or who has been, within twelve (12) months prior to that time, within the United States, an employee, contractor, subcontractor, consultant or sales representative of any Acquired Company.

ARTICLE 9
TERMINATION

9.1 Termination. This Agreement may be terminated at any time prior to the Closing solely:

(a) by mutual written consent of Purchaser and Seller;

(b) by either Purchaser or Seller if the Closing shall not have occurred by May 31, 2016 (the "Termination Date");

(c) by either Purchaser or Seller, if any Governmental Authority shall have issued a final, non-appealable Order, or there shall exist any Law, in each case that prohibits, makes illegal, enjoins or prevents the consummation of the transactions contemplated hereby;

(d) by Purchaser (if it is not in material breach of its representations, warranties, covenants and obligations under this Agreement) if there has been a material breach of, or material inaccuracy in, any representation, warranty, covenant or agreement of Seller set forth in this Agreement, which breach or inaccuracy would cause any condition set forth in Section 7.1 not to be satisfied if it remained uncured as of the Termination Date (and such breach or inaccuracy has not been cured or such condition has not been satisfied within ten (10) Business Days after the receipt of written notice thereof);

(e) by Seller (if it is not in material breach of its representations, warranties, covenants and obligations under this Agreement) if there has been a material breach of, or material inaccuracy in, any representation, warranty, covenant or agreement of Purchaser set forth in this Agreement, which breach or inaccuracy would cause any condition set forth in Section 7.2 not to be satisfied if it remained uncured as of the Termination Date (and such breach or inaccuracy has not been cured or such condition has not been satisfied within ten (10) Business Days after the receipt of written notice thereof); or

(f) by Purchaser if there has been an event, change or occurrence that has or could reasonably be expected to have a Material Adverse Effect.

9.2 Effect of Termination. In the event of any termination of this Agreement pursuant to Section 9.1, this Agreement forthwith shall become void and of no further force or effect, and no Party (or any of its Affiliates or representatives) shall have any liability or obligation hereunder, except (i) the provisions of Article 1 (definitions), Article 12 (Miscellaneous) and Sections 6.2(b) (continued effect of Confidentiality Agreement) and 9.2 (Effect of Termination) shall survive any such termination and (ii) nothing herein shall relieve any Party from liability for fraud, intentional misrepresentation or breach of this Agreement prior to such termination.

ARTICLE 10
INDEMNIFICATION

10.1 Survival.

(a) Representations and Warranties. The representations and warranties of Seller and Purchaser set forth in this Agreement, and in any certificate or instrument delivered at the Closing, shall survive the execution and delivery of this Agreement and the Closing and continue in full force and effect thereafter until the 18 month anniversary of the Closing Date, except that (i) the representations and warranties set forth Section 3.17 (Taxes) will survive until thirty (30) days after the expiration of the statute of limitations applicable thereto and (ii) the representations and warranties set forth in Section 3.1 (Organization), Section 3.6 (Capitalization), Section 3.20 (Brokers' Fees), Section 4.1 (Organization; Power and Authority), Section 4.2 (Authorization of Transaction), Section 4.3 (Due Execution; Enforceability), Section 4.7 (Title to Securities) and Section 4.8 (Brokers' Fees) (collectively, the "Fundamental Representations") will survive indefinitely. No claim for indemnification pursuant to Section 10.2 or Section 10.3 based on the breach of a representation or warranty may be asserted after the date on which such representation or warranty expires, except to the extent that such claim is based on fraud in which case it may be asserted at any time prior to the expiration of the statute of limitations applicable thereto. A claim for indemnification pursuant to Section 10.2 or Section 10.3 based on the breach of a representation or warranty that is asserted prior to the date on which such representation or warranty expires may be maintained until such claim is finally resolved in accordance with this Article 10.

(b) Covenants. All covenants and agreements made by the Parties in this Agreement shall survive the execution and delivery of this Agreement and the Closing and continue in full force and effect thereafter pursuant to their respective terms.

10.2 Indemnification by Seller. Subject to the limitations set forth in Section 10.5, from and after the Effective Time, Seller shall be obligated to indemnify, defend and hold harmless Purchaser and its Affiliates (including the Acquired Companies) and their respective directors, managers, officers, employees and agents (collectively, the "Purchaser Indemnitees") from and against, and shall reimburse Purchaser Indemnitees for, any costs or expenses (including reasonable attorneys' fees and expenses but excluding any allocated costs of internal counsel), judgments, fines, claims, settlements (whether monetary, equitable, declaratory and/or injunctive), damages, liabilities and assessments (collectively, "Losses") that are imposed on or incurred by any Purchaser Indemnitee, PFS Purchase Holdings LLC or the Business that results from or arises out of, any one or more of the following:

(a) any breach or inaccuracy of any representation or warranty contained in Article 3 or in any certificate or instrument delivered at the Closing by or on behalf of Seller;

(b) any breach or inaccuracy of any representation or warranty contained in Article 4 or in any certificate or instrument delivered at the Closing by or on behalf of Seller;

(c) any breach or non-performance by Seller of any covenant, agreement or undertaking contained in this Agreement;

(d) the David Billings and Tressa Billings v. Propel Financial Services, LLC and the Blanca Torres v. Propel Financial Services, LLC Proceedings (the "Special Matters");

(e) the OCCC Examination Report of Propel Financial Services, LLC, dated August 28, 2013; and

(f) the matters set forth on items 3 and 4 of Schedule 3.7(f).

10.3 Indemnification by Purchaser. From and after the Effective Time, Purchaser shall be obligated to indemnify, defend and hold harmless Seller and its Affiliates and their respective directors, officers, employees and agents (collectively, the "Seller Indemnitees") from and against, and shall reimburse Seller Indemnitees for, any Losses that are imposed on or incurred by any Seller Indemnitee that results from or arises out of any one or more of the following:

(a) any breach or inaccuracy of any representation or warranty contained in Article 5 or in any certificate or instrument delivered at the Closing by or on behalf of Purchaser;

(b) any breach or non-performance by Purchaser of any covenant, agreement or undertaking contained in this Agreement.; and

(c) any matter arising out of the operation of the Business after the Effective Time but only to the extent (i) that it would have resulted in a Loss to Seller if it were still in its capacity as a member of Propel or (ii) it arises out of the use of the OCCC Licenses (as defined in the Interim Operating Agreement) pursuant to the terms of the Interim Operating Agreement.

10.4 Matters Involving Third Parties.

(a) Notice. If any third party (including any Taxing Authority) shall make or assert a claim against any party entitled to indemnification hereunder (the "Indemnified Party") with respect to any matter that may give rise to a claim for indemnification against a party required to provide indemnification under this Article 10 (the "Indemnifying Party"), then the Indemnified Party shall notify each Indemnifying Party thereof promptly, which notice shall specify in reasonable detail and in good faith the nature of the claim being made and a good faith estimate of the aggregate dollar amount of the Losses reasonably expected to be incurred; provided, however, that no delay on the part of the Indemnified Party in notifying any Indemnifying Party shall relieve the Indemnifying Party from any liability or obligation under this Agreement unless (and then solely to the extent) the Indemnifying Party is damaged or prejudiced thereby.

(b) Defense and Settlement of Claims. With respect to third party actions, the Indemnifying Party may, by giving written notice to the Indemnified Party, assume the defense thereof, and the Indemnified Party shall cooperate in the defense thereof provided, however, that the (i) defense of such claim by the Indemnifying Party will not, in the reasonable judgment of the Indemnified Party and pursuant to an opinion of legal counsel to the Indemnified Party, potentially creates a conflict of interest; (ii) claim seeks (and continues to seek) only monetary damages; (iii) claim does not include criminal charges and (iv) Indemnifying Party expressly agrees in writing to be responsible for all Losses relating to such claim, subject to the limitation set forth in this Article 10 (the conditions set forth in clauses (i) through (iv) are, collectively, the "Litigation Conditions"). In such case, (i) the Indemnifying Party will defend the Indemnified Party against such matter with

counsel of its choice (after consultation with the Indemnified Party) and (ii) the Indemnified Party may retain separate co-counsel at its sole cost and expense to participate in such defense (except that the Indemnifying Party will be responsible for the fees and expenses of any separate counsel to the Indemnified Party incurred prior to the date upon which the Indemnifying Party effectively assumes control of such defense). In the event that the Indemnifying Party does not assume control of the defense of a claim pursuant to the terms of this Section 10.4(b), the Indemnified Party may continue to defend such claim and the Indemnifying Party may retain separate co-counsel at its sole cost and expense to participate in such defense. If the Indemnifying Party has assumed the defense of a claim as provided in this Section 10.4(b), the Indemnifying Party will not be liable for any legal expenses subsequently incurred by the Indemnified Party in connection with the defense of such claim; provided, however, that if (i) any of the Litigation Conditions ceases to be met or (ii) the Indemnifying Party fails to take reasonable steps necessary to defend diligently such claim, the Indemnified Party may assume its own defense, and the Indemnifying Party will be liable, subject to the limitations set forth in this Article 10, for all reasonable costs or expenses paid or incurred in connection with such defense. The Indemnifying Party, if it has assumed the defense of any claim as provided in this Agreement, may not, without the prior written consent of the Indemnified Party, consent to a settlement of, or the entry of any judgment arising from, any such claim that (i) does not include as an unconditional term thereof the giving by the claimant or the plaintiff to the Indemnified Party of a complete release from all liability in respect of such claim or (ii) grants any injunctive or equitable relief. If the Indemnifying Party has not assumed the defense of a claim as provided in this Agreement, the Indemnified Party may settle such claim or consent to the entry of a judgment arising from such claim, subject to the same limitations with respect to treatment of the Indemnifying Party set forth in the previous sentence if the Indemnifying Party is also a party to such claim. If the Indemnifying Party could not assume the defense of such claim (or continue the defense of such claim) because any of the Litigation Conditions (other than the Litigation Condition set forth in clause (iv) thereof) were not met (or ceased to be met), the Indemnified Party may not, without the prior written consent of the Indemnified Party (which consent shall not be unreasonably withheld, conditioned or delayed), consent to the settlement of, or the entry of any judgment arising from, any such claim that would give rise to indemnifiable Losses. In the case of any third party action by a Taxing Authority, an Indemnifying Party that is defending such action shall (A) provide the Indemnified Party with all material information requested by such party relating to the defense of such claim, (B) confer with the Indemnified Party as to the most cost-effective manner in which to defend such claim and (C) not consent to the entry of any judgment or enter into any settlement with respect to such action without the written consent of the Indemnified Party (not to be withheld unreasonably withheld, conditioned or delayed).

10.5 Limitations on Liability.

(a) Basket.

(i) The Purchaser Indemnitees shall not be entitled to indemnification under Section 10.2(a) or Section 10.2(b) unless the aggregate amount of all Losses for which indemnification under Section 10.2(a) and Section 10.2(b) is sought by the Purchaser Indemnitees, collectively, exceeds $500,000 (Five

Hundred Thousand Dollars) (the "Threshold Amount"), at which time the Purchaser Indemnitees shall be entitled to indemnification for such Losses to the extent they exceed the Threshold Amount; provided, however, that the limitation set forth in this Section 10.5(a)(i) shall not be applicable to the Special Matters, breaches of Fundamental Representations or any Losses resulting from fraud.

(ii) The Seller Indemnitees shall not be entitled to indemnification under Section 10.3(a) unless the aggregate amount of all Losses for which indemnification under Section 10.3(a) is sought by Seller Indemnitees, collectively, exceeds the Threshold Amount, at which time Seller Indemnitees shall be entitled to indemnification for such Losses to the extent they exceed by the Threshold Amount; provided, however, that the limitation set forth in this Section 10.5(a)(ii) shall not be applicable to any Losses resulting from fraud.

(b) Cap. The aggregate liability of Seller to the Purchaser Indemnitees pursuant to Section 10.2(a) shall not exceed $25 million and the aggregate liability of Purchaser to Seller Indemnitees pursuant to Section 10.3(a) shall not exceed $25 million; provided, however, that the limitations set forth in this Section 10.5(b) shall not be applicable to the Special Matters, breaches of Fundamental Representations or any Losses resulting from fraud.

(c) Disclaimer of Certain Damages. Each Party waives any rights to assert or receive any indirect, remote or speculative damages or punitive damages suffered or incurred by such Party as a result of the breach by another Party of any of its representations, warranties or obligations hereunder. For purposes of the foregoing, actual damages may, however, include indirect, remote or speculative damages or punitive damages to the extent that (a) the injuries or losses resulting in or giving rise to such damages are incurred or suffered by a third party that is not an Indemnified Party or an Affiliate of any Indemnified Party and (b) such damages are required to be paid by an Indemnified Party to a third party.

(d) No Double Recovery. No Purchaser Indemnitee shall have any right to assert any claims with respect to any Loss, cause of action or other claim to the extent such Loss was taken into account in the calculation to reduce the final Purchase Price as determined pursuant to Section 2.4 (including all liabilities included in the Adjusted Liability Book Value as finally determined pursuant to Section 2.4).

(e) Knowledge of Purchaser. Notwithstanding any other provision of this Agreement to the contrary, Seller shall not be liable under this Article 10 or otherwise to the extent, and only to the extent, any Losses result from or arise out of any breach or inaccuracy of any representation or warranty contained in Article 3 or Article 4 or in the certificate delivered pursuant to Section 2.6(iv) due to an event or circumstance of which a Purchaser Knowledge Party had actual knowledge at or prior to the date of this Agreement; provided, that on or prior to the date of this Agreement, Seller made due inquiry of Jack Nelson regarding the accuracy of the representations and warranties of Seller set forth in this Agreement and none of the Seller or any of its Affiliates (other than the Acquired Companies), or their respective officers, directors, members or employees

had actual knowledge on or prior to the date of this Agreement with respect to such event or circumstance. As used herein, "Purchaser Knowledge Party" means the individuals listed on Schedule 10.5(e).

10.6 Procedures for Assertion of Claims.

(a) Claim Certificate. In connection with any claim (including any Tax claim) for reimbursement of Losses subject to indemnification under this Article 10, including any Losses attributable to matters subject to Section 10.4 that are not paid by an Indemnifying Party directly to third parties, the Indemnified Party shall prepare, and deliver to the Indemnifying Party, a certificate (a "Claim Certificate"): (i) stating that the Indemnified Party has paid or sustained Losses subject to indemnification pursuant to this Article 10 and (ii) specifying in reasonable detail the Loss included in the amount so stated.

(b) Resolution of Claims. As soon as practicable following the delivery of a Claim Certificate, the Indemnified Party and the Indemnifying Party shall attempt to agree upon the rights of the respective parties with respect to each claim set forth therein. If the Indemnified Party and the Indemnifying Party should so agree, a written memorandum setting forth such agreement shall be prepared and signed by the Indemnified Party and the Indemnifying Party. Such memorandum and the agreements contained therein shall be final and binding on the Indemnified Party and the Indemnifying Party and all other Persons having any interest therein.

(c) Failure to Resolve Objections. If the Indemnified Party and the Indemnifying Party cannot agree upon the rights of the respective parties with respect to each of the claims in a Claim Certificate within thirty (30) days after delivery of the Claim Certificate (as such period may be extended only by mutual written agreement of the Indemnified Party and the Indemnifying Party, the Indemnified Party may pursue any and all legal remedies that may be available to it.

(d) Entitlement to Indemnity. The Indemnified Party shall be entitled to receive payment for all amounts that the Indemnifying Party (i) has agreed in writing to pay pursuant to Section 10.6(b) or (ii) has been found liable to pay pursuant to a final order of a court of competent jurisdiction.

(e) Payment of Claims. The Indemnifying Party shall pay all amounts to which the Indemnified Party is entitled pursuant to Section 10.6(d) promptly upon demand of the Indemnified Party by certified check or wire transfer of immediately available funds, as the Indemnified Party may specify.

10.7 Contribution. From and after the Closing, Seller shall not seek to be indemnified by or contribution from any Acquired Company for any payments by Seller to any Purchaser Indemnitee required hereunder.

10.8 Exclusive Remedy. Except for claims for specific performance of the terms of this Agreement or claims based upon fraud, the indemnification provisions set forth in this Article 10

will be the sole and exclusive remedy of the Indemnified Parties with respect to any and all claims from and after the Effective Time relating to the subject matter of this Agreement.

10.9 Special Matters Indemnity. Notwithstanding anything to the contrary in this Article 10, this Section 10.9 shall govern all obligations of the Parties hereto relating to the Special Matters. Seller shall indemnify, defend and hold harmless the Purchaser Indemnitees from and against, and shall reimburse Purchaser Indemnitees for, any Losses incurred by the Purchaser Indemnitees relating to the Special Matters. Seller shall not be liable to indemnify Purchaser for any Losses relating to any change in business practices or disclosures or otherwise relating to origination of Tax Lien Transfers after the Closing Date as a result of any settlement of or any ruling related to the Special Matters. Seller shall control the defense of the Special Matters and Purchaser shall cooperate in the defense thereof. Purchaser may retain separate counsel with respect to the Special Matters but Seller shall have no obligation to pay any amounts incurred by Purchaser with respect to such separate counsel. Seller shall have the right to settle the Special Matters with the written consent of Purchaser (not to be unreasonably withheld). Except as expressly provided herein in the event there has been a Settlement Refusal (as defined below), Purchaser shall not have any right to settle the Special Matters unless it agrees to forego any indemnification right it has under this Section 10.9. If Purchaser unreasonably withholds its consent to a settlement offer that Seller has agreed to accept (a "Settlement Refusal"), thereafter the indemnification liability of Seller shall be capped at the amount it would have paid had such offer been accepted (the "Refused Settlement Indemnification Amount"). Following a Settlement Refusal, Purchaser shall assume full defense of the Special Matters at its own expense, and the cost of retaining legal counsel for such defense after the date of the Settlement Refusal ("Excluded Counsel Fees") shall not be an indemnifiable Loss under this Agreement. In the event the Special Matters are finally resolved by the Purchaser following a Settlement Refusal, and the indemnifiable Losses of Purchaser arising therefrom are in excess of the Refused Settlement Indemnification Amount, the Refused Settlement Indemnification Amount shall be payable by Seller to Purchaser in full satisfaction of its indemnification obligations hereunder with respect to the Special Matters. In the event the Special Matters are finally resolved by the Purchaser following a Settlement Refusal, and the indemnifiable Losses to Purchaser arising therefrom are equal to or less than the Refused Settlement Indemnification Amount, then Seller shall pay to Purchaser, in full satisfaction of its indemnification obligations hereunder with respect to the Special Matters, an amount equal to the lesser of (a) the Refused Settlement Indemnification Amount and (b) the sum of the indemnifiable Losses to Purchaser arising from the Special Matters and the amount of the Excluded Counsel Fees. The provisions of Section 10.6 shall govern the procedures for reimbursement of any claim under this Section 10.9. For purposes of this Section 10.9, Purchaser will be deemed to have "unreasonably withheld" its consent to any settlement offer it does not consent to, unless the settlement offer would impose new restrictions or limitations on any line of business in which any of the Acquired Companies is engaged on the date hereof, other than the residential Tax Lien Transfer business in Texas.

ARTICLE 11
TAX MATTERS

11.1 Preparation of Tax Returns.

(a) Non-Income Tax Returns. Except as otherwise provided in Section 11.1(b), and with respect to each Tax Return covering either (i) a Tax period or year commencing at or before and ending after the Effective Time (each, a "Straddle Period") or (ii) a Tax period ending at or before the Effective Time or a portion of any Straddle Period that ends at and includes the Effective Time (each, a "Pre-Closing Tax Period") that, in any such case, is required to be filed for, by, on behalf of or with respect to any Acquired Company after the Effective Time, Purchaser (A) shall prepare or cause to be prepared each such Tax Return and (B) shall determine the portion of the Taxes shown as due on such Tax Return that is allocable to a Pre-Closing Tax Period (any such Taxes, "Pre-Closing Taxes") and the portion of the Taxes shown as due on such Tax Return that is allocable to the Tax period (or portion thereof) beginning after the Effective Time (each, a "Post-Closing Tax Period"), which determination shall be set forth in a statement ("Statement") prepared by Purchaser. Purchaser shall deliver a copy of such Tax Return and the Statement related thereto (including related work papers) to Seller for its review and approval (such approval not to be unreasonably withheld, conditioned or delayed) to the extent commercially reasonable and feasible, sufficiently in advance of the due date (including any extensions thereof) for filing such Tax Return to provide Seller with a meaningful opportunity to analyze and comment on such Tax Return and have such Tax Return modified based on such review and approval before the filing of such Tax Return. With respect to each Tax Return described in this Section 11.1(a) and in Section 11.1(b), Purchaser and Seller, as applicable, will join in the execution and filing of such Tax Return and other documentation as required by applicable Law. Within seven (7) Business Days after Purchaser delivers such a Statement to Seller, the Seller shall pay to Purchaser the amount of Pre-Closing Taxes reflected in such Statement. Seller shall reimburse Purchaser for all out-of-pocket costs and expenses incurred by Purchaser in connection with preparing any such Tax Return for a Pre-Closing Tax Period that shall have ended as of or before the Effective Time and a *pro rata* portion (determined based on the ratio of Pre-Closing Taxes to all Taxes reflected on such Tax Return) of such costs and expenses incurred in the preparation of any such Tax Return for a Straddle Period.

(b) Pre-Closing Income Tax Returns. Notwithstanding the foregoing provisions of Section 11.1(a), Seller shall cause to be timely prepared, in a manner consistent with past practice, all Tax Returns for income Taxes with respect to the Acquired Companies for all Pre-Closing Tax Periods that are due after the Effective Time, including such income Tax Returns for those jurisdictions and Taxing Authorities that permit or require a short period Tax Return for income Taxes for the period ending at and including the Effective Time and also including federal income Tax Returns and any state or local income Tax Returns with respect to which all applicable Acquired Companies are disregarded as separate entities and incur no material liability for Tax. Seller shall bear the costs of the preparation of all such Tax Returns required to be prepared by Seller pursuant to this Section 11.1(b)

11.2 Straddle Period Allocation. Except as otherwise provided in the next sentence, in the case of any Straddle Period, the amount of any Taxes allocable to the Pre-Closing Tax Period portion of such Straddle Period shall be determined based on an interim closing of the books as of the close of business at the Effective Time. In the case of any liability for any real or personal property or

ad valorem Taxes and other Taxes imposed on a periodic basis attributable to a Straddle Period, the total amount of such Taxes allocable to the Pre-Closing Tax Period of such Straddle Period shall be the product of (a) such Tax for the entirety of such Straddle Period, multiplied by (b) a fraction, the numerator of which is the number of days for such Straddle Period included in the Pre-Closing Tax Period and the denominator of which is the total number of days in such Straddle Period, and the balance of such Taxes shall be allocable to the Post-Closing Tax Period.

11.3 Post-Closing Actions. None of Purchaser, any Affiliate of Purchaser, or any Acquired Company shall (or shall cause or permit any Acquired Company to) amend, re-file or otherwise modify any Tax Return relating in whole or in part to any Acquired Company with respect to any Pre-Closing Tax Period, enter into any closing agreement, extend or waive the limitation period applicable to any Tax claim or assessment, surrender any right to claim a refund of Taxes, make or change any Tax election or take any similar action, or omit to take any action relating to the filing of any Tax Return for any Pre-Closing Tax Period or the payment of any Tax imposed with respect to a Pre-Closing Tax Period, without the prior written permission of Seller, which permission shall not be unreasonably withheld, conditioned or delayed.

11.4 Pre-Closing Tax Refunds. Any refunds of Taxes with respect to any Pre-Closing Tax Period, including refunds arising by reason of estimated Tax payments made by an Acquired Company prior to Closing and any refunds actually received by Purchaser or an Acquired Company after the Closing Date (any such refund, a "Pre-Closing Tax Refund"), shall be for the account of Seller, and Purchaser shall pay over or cause the Acquired Companies to pay over to Seller any such Pre-Closing Tax Refund (less the amount of any and all Taxes and other costs incurred in respect of such Pre-Closing Tax Refund) within fifteen (15) days after receipt thereof. Purchaser shall take commercially reasonable steps to cooperate with Seller in obtaining such refunds, including through the filing of amended Tax Returns or refund claims, it being understood that Pre-Closing Tax Refunds shall be claimed in cash rather than as a credit against future Tax liabilities.

11.5 Transfer Taxes. All documentary, sales, use, registration and other transfer Taxes (including all applicable real estate transfer or securities transfer Taxes) and fees incurred in connection with the Purchase Transaction or this Agreement shall be paid by Seller. The Party required by law to file a Tax Return with respect to such ttransfer Taxes shall do so in the time and manner prescribed by law, and the Seller, if not the filing party, shall promptly reimburse the filing party for any transfer Taxes upon receipt of evidence reasonably satisfactory to the Seller of the amount of such transfer Taxes.

11.6 Cooperation on Tax Matters. The Parties shall cooperate fully, as and to the extent reasonably requested by any other Party, in connection with the filing of Tax Returns, and in connection with any audit or Proceeding, including making employees available on a mutually convenient basis in connection therewith. Upon request by Purchaser, Seller shall deliver to Purchaser originals or copies of all books and records within Seller's control with respect to Tax matters pertinent to the Acquired Companies relating to any Pre-Closing Tax Period. The Parties agree to use their reasonable best efforts to obtain any certificate or other document from any Taxing Authority or any other Person as may be

necessary to mitigate, reduce or eliminate any Tax that could be imposed on any Party as a result of the consummation of the transactions contemplated by this Agreement.

11.7 Conflict. In the event of a conflict between the provisions of this Article 11 and any other provision of this Agreement, the provisions of this Article 11 shall control.

11.8 Survival; Exclusivity; Tax Indemnification. Notwithstanding any provision of this Agreement to the contrary, (a) each Party's representations, warranties, covenants, agreements, rights and obligations with respect to any Tax or Tax matter covered by this Agreement shall survive the Closing and shall not terminate until thirty (30) days after the expiration of all statutes of limitations (including any and all extensions thereof) applicable to such Tax (or the assessment thereof) or Tax matter and (b) Seller shall pay and indemnify and hold Purchaser and each Acquired Company harmless from and against all Taxes of any Acquired Company with respect to each and every Pre-Closing Tax Period, including all Taxes allocable to the portion of any Straddle Period ending at the Effective Time.

11.9 Tax Treatment of Indemnity Payments. To the extent permitted by applicable Law, the Parties agree to treat any indemnity payment made pursuant to this Agreement as an adjustment to the Purchase Price for federal, state, local and foreign income Tax purposes.

11.10 Termination of Tax Sharing Agreements. Seller shall cause any and all Tax sharing or allocation agreements, intercompany agreements or other agreements or arrangements between or among one or more of the Acquired Companies and any one or more other Persons relating to any Tax matters to be terminated with respect to each of the Acquired Companies no later than as of immediately before the Effective Time, and as of, from and after the Effective Time, the Acquired Companies shall not be bound thereby or have any liability thereunder for any taxable period (whether past, current or future taxable periods).

ARTICLE 12
MISCELLANEOUS

12.1 Public Disclosure. No Party shall issue (and each Party shall cause its Affiliates not to issue) any press release or public disclosure relating to the subject matter of this Agreement without the prior written approval of the other Party; provided, however, that any Party may make any public disclosure it believes in good faith is required by law, regulation or stock exchange rule (in which case the disclosing Party shall (i) so advise the other Party and (ii) use reasonable best efforts to provide such disclosure to the other Party as soon as reasonably practicable, and the other Party shall, if practicable, have the right to review and comment on such press release or announcement prior to its publication).

12.2 No Third-Party Beneficiaries. This Agreement (other than Article 10 to the extent it confers rights upon the Purchaser Indemnitees and Seller Indemnitees) shall not confer any rights or remedies upon any Person other than the Parties and their respective successors and permitted assigns.

12.3 Entire Agreement. This Agreement (including the documents referred to herein) constitutes the entire agreement among the Parties and supersedes any prior understandings, agreements,

or representations by or among the Parties, written or oral, that may have related in any way to the subject matter hereof.

12.4 Succession and Assignment. This Agreement and all of the provisions hereof shall be binding upon, inure to the benefit of, and be enforceable by, the Parties and their respective successors and permitted assigns. Neither this Agreement nor any of the rights, interests or obligations of any Party under this Agreement may be assigned or delegated, in whole or in part, by operation of law or otherwise, by any Party without the prior written consent of each other Party, and any such assignment without such prior written consent shall be null and void; provided, however, that Purchaser may, without the consent of any other Party, assign this Agreement to any Affiliate of Purchaser, provided that such assignee assumes the obligations of Purchaser hereunder and that Purchaser remains liable for its obligations hereunder.

12.5 Notices. All notices, requests, demands, claims, and other communications hereunder will be in writing. Any notice, request, demand, claim, or other communication hereunder shall be deemed duly given (a) when delivered, if personally delivered, (b) when receipt is confirmed by non-electronic means, if faxed (with hard copy to follow via first class mail, postage prepaid, or overnight courier), or (c) on the next Business Day after deposit with a reputable overnight courier, in each case addressed to the intended recipient as set forth below:

If to Purchaser:

Partners in Prophet, LTD

c/o Prophet Capital Management LLP

5000 Plaza on the Lake Blvd. Suite 180

Austin, Texas 78746

Attn: Chief Operations Officer

If to Seller:

Encore Capital Group, Inc.

3111 Camino Del Rio North, Suite 103

San Diego, California 92108

Attention: General Counsel.

12.6 Headings. The section headings contained in this Agreement are inserted for convenience only and shall not affect in any way the meaning or interpretation of this Agreement.

12.7 Governing Law. This Agreement shall be governed by and construed in accordance with the domestic Laws of the State of New York, without giving effect to any choice of law or conflict of law provision or rule (whether of the State of New York or any other jurisdiction) that would cause the application of the Laws of any jurisdiction other than the State of New York.

12.8 **WAIVER OF JURY TRIAL.**

(a) **WAIVER. EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY THAT MAY ARISE UNDER THIS AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES, AND THEREFORE SUCH PARTY HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.**

(b) **CERTIFICATION. EACH PARTY CERTIFIES AND ACKNOWLEDGES THAT (I) NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER, (II) IT UNDERSTANDS AND HAS CONSIDERED THE IMPLICATIONS OF SUCH WAIVER, (III) IT MAKES SUCH WAIVER VOLUNTARILY AND (IV) IT HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVER AND CERTIFICATIONS IN THIS SECTION.**

12.9 Amendments and Waivers. No amendment or waiver of any provision of this Agreement shall be valid unless the same shall be in writing and signed by each Party. No waiver by any Party of any default, misrepresentation or breach of warranty or covenant hereunder, whether intentional or not, shall be deemed to extend to any prior or subsequent default, misrepresentation or breach of warranty or covenant hereunder or affect in any way any rights arising by virtue of any prior or subsequent such occurrence.

12.10 Severability. Any term or provision of this Agreement that is invalid or unenforceable in any situation in any jurisdiction shall not affect the validity or enforceability of the remaining terms and provisions hereof or the validity or enforceability of the offending term or provision in any other situation or in any other jurisdiction. If the final judgment of a court of competent jurisdiction declares that any term or provision hereof is invalid or unenforceable, the Parties agree that the court making the determination of invalidity or unenforceability shall have the power to reduce the scope, duration or area of the term or provision, to delete specific words or phrases, or to replace any invalid or unenforceable term or provision with a term or provision that is valid and enforceable and that comes closest to expressing the intention of the invalid or unenforceable term or provision, and this Agreement

shall be enforceable as so modified after the expiration of the time within which the judgment may be appealed.

12.11 Expenses. Except as otherwise provided in this Agreement, each Party will bear its own expenses (including fees and disbursements of legal counsel, accountants, financial advisors and other professional advisors) incurred in connection with the preparation, negotiation, execution, delivery and performance of this Agreement (and each of the other agreements and instruments contemplated by or executed in connection with this Agreement) and the consummation of the transactions contemplated by this Agreement, provided that Seller will pay any such expenses of the Acquired Companies incurred prior to the Effective Time.

12.12 Construction. The Parties have jointly participated in the negotiation and drafting of this Agreement. In the event of an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties and no presumptions or burdens of proof shall arise favoring any Party by virtue of the authorship of any of the provisions of this Agreement.

12.13 Incorporation of Exhibits and Schedules. The exhibits and schedules identified in this Agreement are incorporated herein by reference and made a part hereof.

12.14 Number and Gender. Each defined term used in this Agreement has a comparable meaning when used in its plural or singular form. Each gender-specific term used herein has a comparable meaning whether used in a masculine, feminine or gender-neutral form.

12.15 Remedies. Each of the Parties acknowledges and agrees that each other Party would be damaged irreparably in the event any of the provisions of this Agreement are not performed in accordance with their specific terms or otherwise are breached. Accordingly, each of the Parties agrees that each other Party shall be entitled to an injunction or injunctions to prevent breaches of the provisions of this Agreement and to enforce specifically this Agreement and the terms and provisions hereof in any action instituted in any court of the United States or any state thereof having jurisdiction over the Parties and the matter, in addition to any other remedy to which it may be entitled, at law or in equity.

12.16 Directly or Indirectly. Where any provision in this Agreement refers to action to be taken by any person or entity, or that such person or entity is prohibited from taking action, such provision shall be applicable whether the action in question is taken directly or indirectly by such person or entity.

12.17 Including. As used in this Agreement, the word “including” shall be deemed to mean “including, without limitation” and, unless otherwise expressly provided, shall not limit the words or terms preceding such word.

12.18 Non-Business Days. If any time period for giving notice or taking action hereunder expires on a day that is not a Business Day, the time period shall automatically be extended to the Business Day immediately following such day. Any reference in this Agreement to a number of days other than Business Days shall be deemed to be reference to such number of calendar days.

12.19 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together will constitute one and the same instrument. This Agreement may be executed by facsimile, photo or electronic signature and such facsimile, photo or electronic signature shall constitute an original for all purposes.

* * * * *

{Remainder of Page Intentionally Left Blank;
Signature Page to Follow}

IN WITNESS WHEREOF, the Parties hereto have executed this Securities Purchase Agreement as of the date first above written.

PURCHASER:

TL FUNDING PARTNERS LP

By Prophet Asset Management LLC
Its general partner

By: /s/ Kurt Rechner

Name: Kurt Rechner

Title: Vice President

TL FUNDING PARTNERS LP – Series OP

By Prophet Asset Management LLC
Its general partner

By: /s/ Kurt Rechner

Name: Kurt Rechner

Title: Vice President

TL FUNDING PARTNERS LP – Series TL

By Prophet Asset Management LLC
Its general partner

By: /s/ Kurt Rechner

Name: Kurt Rechner

Title: Vice President

TL FUNDING PARTNERS LP – Series REO

By Prophet Asset Management LLC
Its general partner

By: /s/ Kurt Rechner

Name: Kurt Rechner

Title: Vice President

SELLER:

ENCORE CAPITAL GROUP, INC.

By: _/s/ Kenneth A. Vecchione_____
Name: Kenneth A. Vecchione
Title: President and Chief Executive Officer

SOLELY FOR THE PURPOSES OF SECTION 2.1:

PROPEL:

PROPEL ACQUISITION LLC

By Encore Capital Group, Inc.
Its manager

By: _/s/ Kenneth A. Vecchione_____

Name: Kenneth A. Vecchione
Title: President and Chief Executive Officer

PFS:

PROPEL FINANCIAL SERVICES, LLC

By Propel Acquisition LLC
Its manager
By Encore Capital Group, Inc.
Its manager

By: _/s/ Kenneth A. Vecchione_____

Name: Kenneth A. Vecchione
Title: President and Chief Executive Officer

[Signature Page to Securities Purchase Agreement]

Schedule I

Directions on Assignment of Purchased Securities

Name of Assignee	**Name of Assignor**	**Purchased Securities (Subsidiary Securities)**	**List of Subsidiary(ies)**
TL Funding Partners LP	Encore Capital Group Inc.	100% of the limited liability company membership interests of Propel Acquisition, LLC, a Delaware limited liability company	
TL Funding Partners LP - Series OP	Propel Acquisition LLC	100% of the limited liability company membership interests of Propel Financial Services, LLC, a Texas limited liability company	• Desert Tree Capital, LLC, a Delaware limited liability company • Fireside Funding, LLC, a Delaware limited liability company • Green Meadow Financial, LLC, a Delaware limited liability company • Bayfront Investment, LLC, a Delaware limited liability company • Snowcap Financial, LLC, a Delaware limited liability company
TL Funding Partners LP - Series OP	Propel Acquisition LLC	100% of the limited liability company membership interests of Propel Funding REL, LLC, a Delaware limited liability company	None
TL Funding Partners LP - Series REO	Propel Financial Services, LLC	100% of the limited liability company membership interests of RioProp Holdings, LLC, a Texas limited liability company	None
TL Funding Partners LP - Series TL	Propel Acquisition LLC	100% of the limited liability company membership interests of Propel Funding Holdings 1, LLC, a Delaware limited liability company	Propel Financial 1, LLC, a Delaware limited liability company

<table>
<tr>
<td>TL Funding Partners LP - Series TL</td>
<td>Propel Acquisition LLC</td>
<td>100% of the limited liability company membership interests of Propel Funding LLC, a Delaware limited liability company</td>
<td>• Propel Funding Texas 2, LLC, a Delaware limited liability company
• Propel Funding National 1, LLC, a Delaware limited liability company
• PFS Finance Holdings, LLC, a Delaware limited liability company
• Propel Funding Nevada, LLC, a Delaware limited liability company
• Propel Funding Ohio, LLC, a Delaware limited liability company
• Propel Funding Multistate, LLC, a Delaware limited liability company</td>
</tr>
</table>

Schedules and Exhibits

Item	**Description**
Schedule A	Subsidiaries
Schedule 1.1	Certain Indebtedness
Schedule 2.3(a)(i)	Specified Indebtedness
Schedule 2.3(a)(ii)	Seller Intercompany Indebtedness
Schedule 2.6(b)(iii)	Consents
Schedule 2.6(b)(xv)	Resignations
Schedule 6.1(e)	Actions Under Benefit Plans
Schedule 8.4(b)	Exceptions to Restricted Persons
Schedule 10.5(e)	Purchaser Knowledge Parties
Exhibit A	Estimated Statement
Exhibit B	Assignment of Limited Liability Company Interests
Exhibit C-1	Form of Seller Acknowledgement and Release Agreement
Exhibit C-2	Form of Acquired Company Acknowledgement and Release Agreement
Exhibit D	[reserved]
Exhibit E-1	Interim Operating Agreement 1
Exhibit E-2	Interim Operating Agreement 2
Exhibit E-3	Interim Operating Agreement 3
Exhibit F	Severance

Certain schedules and exhibits to this agreement have been omitted in accordance with Item 601(b)(2) of Regulation S-K. A copy of any omitted schedule or exhibit will be furnished supplementally to the Securities and Exchange Commission upon request.

Exhibit 4.22

EXECUTION VERSION

THIS FOURTH SUPPLEMENTAL INDENTURE (this "Supplemental Indenture") dated as of May 28, 2015, among CABOT ASSET PURCHASES (IRELAND) LIMITED, CABOT FINANCIAL (IRELAND) LIMITED, both limited liability companies incorporated under the laws of Ireland, (the "New Guarantors"), CABOT FINANCIAL (LUXEMBOURG) S.A., a *société anonyme* incorporated under Luxembourg law with registered office at L-5365 Munsbach, 6, rue Gabriel Lippmann, registered with the register of commerce and companies of Luxembourg under the number B 171.245 (the "Issuer"), CABOT CREDIT MANAGEMENT LIMITED, a limited liability company organized under the laws of England and Wales, CABOT FINANCIAL LIMITED, a limited liability company incorporated under the laws of England and Wales (the "Company"), certain subsidiaries of the Company from time to time parties hereto and CITIBANK, N.A., LONDON BRANCH, as trustee (the "Trustee"), under the Indenture referred to below.

WITNESSETH:

WHEREAS the Issuer, the Company, and the Trustee are parties to an Indenture, dated as of September 20, 2012 (as amended, supplemented, waived or otherwise modified (the "Indenture")), providing for the issuance of the Issuer's 10.375% Senior Secured Notes due 2019;

WHEREAS the Issuer, the Guarantors and the Trustee have entered into the first supplemental indenture to the Indenture dated as of June 13, 2013 (the "First Supplemental Indenture"), the second supplemental indenture to the Indenture dated as of March 14, 2014 (the "Second Supplemental Indenture"), and the third supplemental indenture to the Indenture dated as of May 19, 2014 (the "Third Supplemental Indenture") pursuant to which certain amendments set out therein become operative on the date hereof;

WHEREAS, pursuant to Section 4.16 of the Indenture, each New Guarantor is required to execute a supplemental Indenture;

WHEREAS, pursuant to Section 9.01 of the Indenture, the Trustee and the Issuer are authorized to execute and deliver this Guarantee Agreement;

NOW THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged, each New Guarantor, the Issuer, and the Trustee mutually covenant and agree for the equal and ratable benefit of the Holders as follows:

1. Definitions. Capitalized terms used but not defined herein shall have the meanings assigned to them in the Indenture.

2. Agreement to Guarantee. Pursuant to, and subject to the provisions of, Article XI of the Indenture, each New Guarantor (which term includes each other New Guarantor that hereinafter guarantees the Notes pursuant to the terms of the Indenture) hereby unconditionally and irrevocably guarantees, jointly and severally with each other New Guarantor and all Guarantors, to each Holder and to the Trustee and their successors and assigns to the extent set forth in the Indenture and subject to the provisions thereof (a) the full and punctual payment when due, whether at Stated Maturity, by acceleration, by redemption or otherwise, of all obligations of the Issuer under the Indenture (including obligations to the Trustee) and the Notes, whether for payment of principal of, or interest, premium, if any, on, the Notes and all other monetary obligations of the Issuer under the Indenture and the Notes and (b) the full and punctual performance within applicable grace periods of all other obligations of the Issuer whether for fees, expenses, indemnification or otherwise under the Indenture and the Notes (all the foregoing being hereinafter collectively called the "Guaranteed Obligations"). Each New Guarantor further agrees that the Guaranteed Obligations maybe extended or renewed, in whole or in part, without notice or further assent from such New Guarantor and that such New Guarantor will remain bound under Article XI of the Indenture, notwithstanding any extension or renewal of any Guaranteed Obligation.

The Guaranteed Obligations of the New Guarantors to the Holders of Notes and to the Trustee pursuant to the Indenture as supplemented hereby, are expressly set forth in Article XI of the Indenture and reference is hereby made to the Indenture for the precise terms of the Guarantee.

Without prejudice to Section 11.02 of the Indenture, the guarantee created by each New Guarantor pursuant to this Supplemental Indenture does not apply to any Guaranteed Obligations to the extent that it would result in the guarantee constituting unlawful financial assistance within the meaning of section 60 of the Companies Act 1963 of Ireland or to the extent that it would result in the guarantee breaching section 31 of the Companies Act, 1990 of Ireland.

3. Ratification of Indenture: Supplemental Indenture Part of Indenture. Except as expressly amended hereby, the Indenture is in all respects ratified and confirmed and all the terms, conditions and provisions thereof shall remain in full force and effect. This Supplemental Indenture shall form a part of the Indenture for all purposes, and each Holder of Notes, by accepting the Notes whether heretofore or hereafter authenticated and delivered (a) agrees to and shall be bound by such provisions, (b) authorizes and directs the Trustee, on behalf of such Holder, to take such action as may be necessary or appropriate to effectuate the subordination as provided in the Indenture and (c) appoints the Trustee attorney-in-fact of such Holder for such purpose; provided, however, that each New Guarantor and each Guarantor shall be released from all its obligations with respect to this Guarantee in accordance with the terms of the Indenture, including Section 11.08 of the Indenture and upon any defeasance of the Notes in accordance with Article VIII of the Indenture.

4. Governing Law. **THIS SUPPLEMENTAL INDENTURE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.**

5. Agent for Service; Submission to Jurisdiction; Waiver of Immunities. The Issuer and each New Guarantor irrevocably submit to the non-exclusive jurisdiction of any New York State or U.S. federal court located in the Borough of Manhattan in the City and State of New York over any suit, action or proceeding arising out of or relating to this Indenture and irrevocably waive any right to trial by jury in connection with any such suit, action or proceeding. The Issuer and each New Guarantor irrevocably waive, to the fullest extent permitted by law, any objection which they may have, pursuant to New York law or otherwise, to the laying of the venue of any such suit, action or proceeding brought in such a court and any claim that any such suit, action or proceeding brought in such a court has been brought in any inconvenient forum. In furtherance of the foregoing, the Issuer and each New Guarantor hereby irrevocably designate and appoint Corporation Service Company (at its office at 1180 Avenue of the Americas, Suite 210, New York, New York 10036-8401) as its agent to receive service of all process brought against them with respect to any such suit, action or proceeding in any such court in the City and State of New York, such service being hereby acknowledged by it to be effective and binding service in every respect. Copies of any such process so served shall also be given to the Issuer in accordance with Section 13.02 of the Indenture, but the failure of the Issuer to receive such copies shall not affect in any way the service of such process as aforesaid.

6. Trustee Makes No Representation. The Trustee has entered into the Supplemental Indenture solely upon request of the Issuer and assumes no obligations hereunder. The Trustee makes no representation as to the validity or sufficiency of this Supplemental Indenture. The recitals of fact contained herein shall be treated as statements of the other parties hereto and not the Trustee.

7. Counterparts. The parties may sign any number of copies of this Supplemental Indenture. Each signed copy shall be an original, but all of them together represent the same agreement.

8. Effect of Headings. The Section headings herein are for convenience only and shall not affect the construction thereof.

9. Conflicts. To the extent of any inconsistency between the terms of the Indenture or the Global Notes and this Supplemental Indenture, the terms of this Supplemental Indenture will control.

10. Successors. All covenants and agreements in this Supplemental Indenture given by the parties hereto shall bind their successors.

EMEA 4825317

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed as of the date first above written.

Given under the common seal of
CABOT ASSET PURCHASES (IRELAND) LIMITED
And this deed was delivered
In the presence of

/s/ Eoin Hamdam
Name: Eoin Hamdam
Title: Witness

/s/ Sean Webb
Name: Sean Webb
Title: Director

/s/ David Downing
Name: David Downing
Title: Secretary

Signature page to 2019 Cabot Notes Supplemental Indenture

Given under the common seal of
CABOT FINANCIAL (IRELAND) LIMITED
And this deed was delivered
In the presence of

/s/ Eoin Hamdam
Name: Eoin Hamdam
Title: Witness

/s/ Sean Webb
Name: Sean Webb
Title: Director

/s/ David Downing
Name: David Downing
Title: Secretary

CABOT FINANCIAL (LUXEMBOURG) S.A.,

by /s/ Duncan Smith

Name: Duncan Smith
Title: Director

CABOT CREDIT MANAGEMENT LIMITED,

by /s/ Christopher Ross-Roberts

Name: Christopher Ross-Roberts

Title: Director

CABOT FINANCIAL LIMITED,

by /s/ Christopher Ross-Roberts

Name: Christopher Ross-Roberts

Title: Director

SIGNED for and on behalf of
CITIBANK, N.A., LONDON BRANCH,
as Trustee,

by /s/ John Kane

Name: John Kane

Title: Vice President

Exhibit 4.23

EXECUTION VERSION

THIS THIRD SUPPLEMENTAL INDENTURE (this "Supplemental Indenture") dated as of May 28, 2015, among CABOT ASSET PURCHASES (IRELAND) LIMITED, CABOT FINANCIAL (IRELAND) LIMITED, both limited liability companies incorporated under the laws of Ireland, (the "New Guarantors"), CABOT FINANCIAL (LUXEMBOURG) S.A., a *société anonyme* incorporated under Luxembourg law with registered office at L-5365 Munsbach, 6, rue Gabriel Lippmann, registered with the register of commerce and companies of Luxembourg under the number B 171.245 (the "Issuer"), CABOT CREDIT MANAGEMENT LIMITED, a limited liability company organized under the laws of England and Wales, CABOT FINANCIAL LIMITED, a limited liability company incorporated under the laws of England and Wales (the "Company"), certain subsidiaries of the Company from time to time parties hereto, CITIBANK, N.A., LONDON BRANCH, as trustee (the "Trustee"), under the Indenture referred to below.

WITNESSETH:

WHEREAS the Issuer, the Company, and the Trustee are parties to an Indenture, dated as of August 2, 2013, as amended (as amended, supplemented, waived or otherwise modified (the "Indenture"), providing for the issuance of the Issuer's 8.375% Senior Secured Notes due 2020;

WHEREAS the Issuer, the Guarantors and the Trustee have entered into the first supplemental indenture to the Indenture dated as of March 14, 2014 (the "First Supplemental Indenture"), and the second supplemental indenture to the Indenture dated as of May 19, 2014 (the "Second Supplemental Indenture"), pursuant to which certain amendments set out therein become operative on the date hereof;

WHEREAS, pursuant to Section 4.16 of the Indenture, each New Guarantor is required to execute a supplemental Indenture;

WHEREAS, pursuant to Section 9.01 of the Indenture, the Trustee and the Issuer are authorized to execute and deliver this Guarantee Agreement;

NOW THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged, each New Guarantor, the Issuer, and the Trustee mutually covenant and agree for the equal and ratable benefit of the Holders as follows:

1. Definitions. Capitalized terms used but not defined herein shall have the meanings assigned to them in the Indenture.

2. Agreement to Guarantee. Pursuant to, and subject to the provisions of, Article XI of the Indenture, each New Guarantor (which term includes each other New

Guarantor that hereinafter guarantees the Notes pursuant to the terms of the Indenture) hereby unconditionally and irrevocably guarantees, jointly and severally with each other New Guarantor and all Guarantors, to each Holder and to the Trustee and their successors and assigns to the extent set forth in the Indenture and subject to the provisions thereof (a) the full and punctual payment when due, whether at Stated Maturity, by acceleration, by redemption or otherwise, of all obligations of the Issuer under the Indenture (including obligations to the Trustee) and the Notes, whether for payment of principal of, or interest, premium, if any, on, the Notes and all other monetary obligations of the Issuer under the Indenture and the Notes and (b) the full and punctual performance within applicable grace periods of all other obligations of the Issuer whether for fees, expenses, indemnification or otherwise under the Indenture and the Notes (all the foregoing being hereinafter collectively called the "Guaranteed Obligations"). Each New Guarantor further agrees that the Guaranteed Obligations maybe extended or renewed, in whole or in part, without notice or further assent from such New Guarantor and that such New Guarantor will remain bound under Article XI of the Indenture, notwithstanding any extension or renewal of any Guaranteed Obligation.

The Guaranteed Obligations of each New Guarantor to the Holders of Notes and to the Trustee pursuant to the Indenture as supplemented hereby, are expressly set forth in Article XI of the Indenture and reference is hereby made to the Indenture for the precise terms of the Guarantee.

Without prejudice to Section 11.02 of the Indenture, the guarantee created by each New Guarantor pursuant to this Supplemental Indenture does not apply to any Guaranteed Obligations to the extent that it would result in the guarantee constituting unlawful financial assistance within the meaning of section 60 of the Companies Act 1963 of Ireland or to the extent that it would result in the guarantee breaching section 31 of the Companies Act, 1990 of Ireland.

3. Ratification of Indenture: Supplemental Indentures Part of Indenture. Except as expressly amended hereby, the Indenture is in all respects ratified and confirmed and all the terms, conditions and provisions thereof shall remain in full force and effect. This Supplemental Indenture shall form a part of the Indenture for all purposes, and each Holder of Notes, by accepting the Notes whether heretofore or hereafter authenticated and delivered (a) agrees to and shall be bound by such provisions, (b) authorizes and directs the Trustee, on behalf of such Holder, to take such action as may be necessary or appropriate to effectuate the subordination as provided in the Indenture and (c) appoints the Trustee attorney-in-fact of such Holder for such purpose; provided, however, that [the][each] New Guarantor and each Guarantor shall be released from all its obligations with respect to this Guarantee in accordance with the terms of the Indenture, including Section 11.08 of the Indenture and upon any defeasance of the Notes in accordance with Article VIII of the Indenture.

4. Governing Law. **THIS SUPPLEMENTAL INDENTURE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.**

5. Agent for Service; Submission to Jurisdiction; Waiver of Immunities. The Issuer and each New Guarantor irrevocably submit to the non-exclusive jurisdiction of any New York State or U.S. federal court located in the Borough of Manhattan in the City and State of New York over any suit, action or proceeding arising out of or relating to this Indenture and irrevocably waive any right to trial by jury in connection with any such suit, action or proceeding. The Issuer and each New Guarantor irrevocably waive, to the fullest extent permitted by law, any objection which they may have, pursuant to New York law or otherwise, to the laying of the venue of any such suit, action or proceeding brought in such a court and any claim that any such suit, action or proceeding brought in such a court has been brought in any inconvenient forum. In furtherance of the foregoing, the Issuer and each New Guarantor hereby irrevocably designate and appoint Corporation Service Company (at its office at 1180 Avenue of the Americas, Suite 210, New York, New York 10036-8401) as its agent to receive service of all process brought against them with respect to any such suit, action or proceeding in any such court in the City and State of New York, such service being hereby acknowledged by it to be effective and binding service in every respect. Copies of any such process so served shall also be given to the Issuer in accordance with Section 13.02 of the Indenture, but the failure of the Issuer to receive such copies shall not affect in any way the service of such process as aforesaid.

6. Trustee Makes No Representation. The Trustee has entered into the Supplemental Indenture solely upon request of the Issuer and assumes no obligation hereunder. The Trustee makes no representation as to the validity or sufficiency of this Supplemental Indenture. The recitals of fact contained herein shall be treated as statements of the other parties hereto and not the Trustee.

7. Counterparts. The parties may sign any number of copies of this Supplemental Indenture. Each signed copy shall be an original, but all of them together represent the same agreement.

8. Effect of Headings. The Section headings herein are for convenience only and shall not affect the construction thereof.

9. Conflicts. To the extent of any inconsistency between the terms of the Indenture or the Global Notes and this Supplemental Indenture, the terms of this Supplemental Indenture will control.

10. Successors. All covenants and agreements in this Supplemental Indenture given by the parties hereto shall bind their successors.

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed as of the date first above written.

Given under the common seal of

CABOT ASSET PURCHASES (IRELAND) LIMITED

And this deed was delivered

In the presence of

/s/ Eoin Hamdam

Name: Eoin Hamdam

Title: Witness

/s/ Sean Webb

Name: Sean Webb

Title: Director

/s/ David Downing

Name: David Downing

Title: Secretary

Given under the common seal of

CABOT FINANCIAL (IRELAND) LIMITED

And this deed was delivered

In the presence of

/s/ Eoin Hamdam

Name: Eoin Hamdam

Title: Witness

/s/ Sean Webb

Name: Sean Webb

Title: Director

/s/ David Downing

Name: David Downing

Title: Secretary

CABOT FINANCIAL (LUXEMBOURG)
S.A.,

by /s/ Duncan Smith

Name: Duncan Smith

Title: Director

Signature page to 2020 Cabot Notes Supplemental Indenture

CABOT CREDIT MANAGEMENT LIMITED,

by /s/ Christopher Ross-Roberts

Name: Christopher Ross-Roberts

Title: Director

Signature page to 2020 Cabot Notes Supplemental Indenture

CABOT FINANCIAL LIMITED,

by /s/ Christopher Ross-Roberts

Name: Christopher Ross-Roberts

Title: Director

SIGNED for and on behalf of
CITIBANK, N.A., LONDON BRANCH,
as Trustee,

by /s/ John Kane

Name: John Kane

Title: Vice President

This FOURTH SUPPLEMENTAL INDENTURE (this "Supplemental Indenture") dated as of May 28, 2015, among CABOT ASSET PURCHASES (IRELAND) LIMITED, CABOT FINANCIAL (IRELAND) LIMITED, both limited liability companies incorporated under the laws of Ireland, (the "New Guarantors"), MARLIN INTERMEDIATE HOLDINGS PLC, a public limited company incorporated under the laws of England and Wales with its registered office at Marlin House, 16-22 Grafton Road, Worthing, West Sussex, United Kingdom, BN11 1QP (the "Issuer"), MARLIN FINANCIAL GROUP LIMITED, a private limited company organized under the laws of England and Wales, MARLIN FINANCIAL INTERMEDIATE LIMITED, a private limited company organized under the laws of England and Wales, MARLIN FINANCIAL INTERMEDIATE II LIMITED, a private limited company organized under the laws of England and Wales (the "Company"), certain subsidiaries of the Company from time to time parties hereto and THE BANK OF NEW YORK MELLON, LONDON BRANCH, as trustee (the "Trustee"), under the Indenture referred to below.

WITNESSETH:

WHEREAS the Issuer, the Company, and the Trustee are parties to an Indenture, dated as of July 25, 2013, (as amended, supplemented, waived or otherwise modified (the "Indenture")), providing for the issuance of the Issuer's 10.5% Senior Secured Notes due 2020;

WHEREAS the Issuer, the Guarantors and the Trustee have entered into the first supplemental indenture to the Indenture dated as of February 19, 2014 (the "First Supplemental Indenture"), the second supplemental indenture to the Indenture dated as of March 14, 2014 and the third supplemental indenture to the Indenture dated as of May 19, 2014 pursuant to which certain amendments set out therein become operative on the date hereof;

WHEREAS, pursuant to Section 4.16 of the Indenture, each New Guarantor is required to execute a supplemental Indenture;

WHEREAS, pursuant to Section 9.01 of the Indenture, the Trustee and the Issuer are authorized to execute and deliver this Guarantee Agreement;

NOW THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged, each New Guarantor, the Issuer, and the Trustee mutually covenant and agree for the equal and ratable benefit of the Holders as follows:

1. Definitions. Capitalized terms used but not defined herein shall have the meanings assigned to them in the Indenture.

2. Agreement to Guarantee. Pursuant to, and subject to the provisions of, Article XI of the Indenture, each New Guarantor (which term includes each other New Guarantor that hereinafter guarantees the Notes pursuant to the terms of the Indenture) hereby unconditionally and irrevocably guarantees, jointly and severally with each other New Guarantor and all Guarantors, to each Holder and to the Trustee and their successors and assigns to the extent set forth in the Indenture and subject to the provisions thereof (a) the full and punctual payment when due, whether at Stated Maturity, by acceleration, by redemption or otherwise, of all obligations of the Issuer under the Indenture (including obligations to the Trustee) and the Notes, whether for payment of principal of, or interest, premium, if any, on, the Notes and all other monetary obligations of the Issuer under the Indenture and the Notes and (b) the full and punctual performance within applicable grace periods of all other obligations of the Issuer whether for fees, expenses, indemnification or otherwise under the Indenture and the Notes (all the foregoing being hereinafter collectively called the "Guaranteed Obligations"). Each New Guarantor further agrees that the Guaranteed Obligations maybe extended or renewed, in whole or in part, without notice or further assent from such New Guarantor and that such New Guarantor will remain bound under Article XI of the Indenture, notwithstanding any extension or renewal of any Guaranteed Obligation.

The Guaranteed Obligations of each New Guarantor to the Holders of Notes and to the Trustee pursuant to the Indenture as supplemented hereby, are expressly set forth in Article XI of the Indenture and reference is hereby made to the Indenture for the precise terms of the Guarantee.

Without prejudice to Section 11.02 of the Indenture, the guarantee created by each New Guarantor pursuant to this Supplemental Indenture does not apply to any Guaranteed Obligations to the extent that it would result in the guarantee constituting unlawful financial assistance within the meaning of section 60 of the Companies Act 1963 of Ireland or to the extent that it would result in the guarantee breaching section 31 of the Companies Act, 1990 of Ireland.

3. Ratification of Indenture: Supplemental Indenture Part of Indenture. Except as expressly amended hereby, the Indenture is in all respects ratified and confirmed and all the terms, conditions and provisions thereof shall remain in full force and effect. This Supplemental Indenture shall form a part of the Indenture for all purposes, and each Holder of Notes, by accepting the Notes whether heretofore or hereafter authenticated and delivered (a) agrees to and shall be bound by such provisions, (b) authorizes and directs the Trustee, on behalf of such Holder, to take such action as may be necessary or appropriate to effectuate the subordination as provided in the Indenture and (c) appoints the Trustee attorney-in-fact of such Holder for such purpose; provided, however, that each New Guarantor and each Guarantor shall be released from all its obligations with respect to this Guarantee in accordance with the terms of the Indenture, including Section 11.08 of the Indenture and upon any defeasance of the Notes in accordance with Article VIII of the Indenture.

4. Governing Law. **THIS SUPPLEMENTAL INDENTURE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.**

5. Agent for Service; Submission to Jurisdiction; Waiver of Immunities. The Issuer and each New Guarantor irrevocably submit to the non-exclusive jurisdiction of any New York State or U.S. federal court located in the Borough of Manhattan in the City and State of New York over any suit, action or proceeding arising out of or relating to this Indenture and irrevocably waive any right to trial by jury in connection with any such suit, action or proceeding. The Issuer and each New Guarantor irrevocably waive, to the fullest extent permitted by law, any objection which they may have, pursuant to New York law or otherwise, to the laying of the venue of any such suit, action or proceeding brought in such a court and any claim that any such suit, action or proceeding brought in such a court has been brought in any inconvenient forum. In furtherance of the foregoing, the Issuer and each New Guarantor hereby irrevocably designate and appoint Corporation Service Company (at its office at 1180 Avenue of the Americas, Suite 210, New York, New York 10036-8401) as its agent to receive service of all process brought against them with respect to any such suit, action or proceeding in any such court in the City and State of New York, such service being hereby acknowledged by it to be effective and binding service in every respect. Copies of any such process so served shall also be given to the Issuer in accordance with Section 13.02 of the Indenture, but the failure of the Issuer to receive such copies shall not affect in any way the service of such process as aforesaid.

6. Trustee Makes No Representation. The Trustee has entered into this Supplemental Indenture solely upon request of the Issuer and assumes no obligation hereunder. The Trustee makes no representation as to the validity or sufficiency of this Supplemental Indenture. The recitals of fact contained herein shall be treated as statements of the other parties hereto and not the Trustee.

7. Counterparts. The parties may sign any number of copies of this Supplemental Indenture. Each signed copy shall be an original, but all of them together represent the same agreement.

8. Effect of Headings. The Section headings herein are for convenience only and shall not affect the construction thereof.

9. Conflicts. To the extent of any inconsistency between the terms of the Indenture or the Global Notes and this Supplemental Indenture, the terms of this Supplemental Indenture will control.

10. Successors. All covenants and agreements in this Supplemental Indenture given by the parties hereto shall bind their successors.

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed as of the date first above written.

Given under the common seal of

CABOT ASSET PURCHASES (IRELAND) LIMITED

And this deed was delivered

In the presence of

/s/ Eoin Hamdam

Name: Eoin Hamdam

Title: Witness

/s/ Sean Webb

Name: Sean Webb

Title: Director

/s/ David Downing

Name: David Downing

Title: Secretary

Given under the common seal of

CABOT FINANCIAL (IRELAND) LIMITED

And this deed was delivered

In the presence of

/s/ Eoin Hamdam

Name: Eoin Hamdam

Title: Witness

/s/ Sean Webb

Name: Sean Webb

Title: Director

/s/ David Downing

Name: David Downing

Title: Secretary

MARLIN INTERMEDIATE HOLDINGS PLC,

by /s/ Christopher Ross-Roberts

Name: Christopher Ross-Roberts

Title: Director

MARLIN FINANCIAL GROUP LIMITED,

by /s/ Christopher Ross-Roberts

Name: Christopher Ross-Roberts

Title: Director

MARLIN FINANCIAL INTERMEDIATE LIMITED,

by /s/ Christopher Ross-Roberts

Name: Christopher Ross-Roberts

Title: Director

MARLIN FINANCIAL INTERMEDIATE II LIMITED,

by /s/ Christopher Ross-Roberts

Name: Christopher Ross-Roberts

Title: Director

THE BANK OF NEW YORK MELLON,
LONDON BRANCH,
as Trustee,

by /s/ Paul Cattermole

Name: Paul Cattermole

Title: Vice President

CABOT FINANCIAL LIMITED

by /s/ Christopher Ross-Roberts

Name: Christopher Ross-Roberts

Title: Director

THIS SUPPLEMENTAL INDENTURE (this "Supplemental Indenture") dated as of May 28, 2015, among CABOT ASSET PURCHASES (IRELAND) LIMITED, CABOT FINANCIAL (IRELAND) LIMITED, both limited liability companies incorporated under the laws of Ireland, (the "New Guarantors"), CABOT FINANCIAL (LUXEMBOURG) S.A., a *société anonyme* incorporated under the laws of Luxembourg with registered office at 6, rue Gabriel Lippmann, L-5365 Munsbach, Luxembourg, registered with the register of commerce and companies of Luxembourg under the number B 171.245 (the "Issuer"), CABOT CREDIT MANAGEMENT LIMITED, a limited liability company organized under the laws of England and Wales, CABOT FINANCIAL LIMITED, a limited liability company incorporated under the laws of England and Wales (the "Company"), certain subsidiaries of the Company from time to time parties hereto and CITIBANK, N.A., LONDON BRANCH, as trustee (the "Trustee"), under the Indenture referred to below.

WITNESSETH:

WHEREAS the Issuer, the Company, and the Trustee are parties to an Indenture, dated as of March 27, 2014 (as amended, supplemented, waived or otherwise modified (the "Indenture")), providing for the issuance of the Issuer's 6.500% Senior Secured Notes due 2021;

WHEREAS, pursuant to Section 4.16 of the Indenture, each New Guarantor is required to execute a Supplemental Indenture;

WHEREAS, pursuant to Section 9.01 of the Indenture, the Trustee and the Issuer are authorized to execute and deliver this Supplemental Indenture, including the agreement to guarantee contained herein;

NOW THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged, each New Guarantor, the Issuer, and the Trustee mutually covenant and agree for the equal and ratable benefit of the Holders as follows:

1. Definitions. Capitalized terms used but not defined herein shall have the meanings assigned to them in the Indenture.

2. Agreement to Guarantee. Pursuant to, and subject to the provisions of, Article XI of the Indenture, each New Guarantor (which term includes each other New Guarantor that hereinafter guarantees the Notes pursuant to the terms of the Indenture) hereby unconditionally and irrevocably guarantees, jointly and severally with each other New Guarantor and all Guarantors, to each Holder and to the Trustee and their successors and assigns to the extent set forth in the Indenture and subject to the provisions thereof (a) the full

and punctual payment when due, whether at Stated Maturity, by acceleration, by redemption or otherwise, of all obligations of the Issuer under the Indenture (including obligations to the Trustee) and the Notes, whether for payment of principal of, or interest, premium, if any, on, the Notes and all other monetary obligations of the Issuer under the Indenture and the Notes and (b) the full and punctual performance within applicable grace periods of all other obligations of the Issuer whether for fees, expenses, indemnification or otherwise under the Indenture and the Notes (all the foregoing being hereinafter collectively called the "Guaranteed Obligations"). Each New Guarantor further agrees that the Guaranteed Obligations maybe extended or renewed, in whole or in part, without notice or further assent from such New Guarantor and that such New Guarantor will remain bound under Article XI of the Indenture, notwithstanding any extension or renewal of any Guaranteed Obligation.

The Guaranteed Obligations of each New Guarantor to the Holders of Notes and to the Trustee pursuant to the Indenture as supplemented hereby, are expressly set forth in Article XI of the Indenture and reference is hereby made to the Indenture for the precise terms of the Guarantee.

Without prejudice to Section 11.02 of the Indenture, the guarantee created by each New Guarantor pursuant to this Supplemental Indenture does not apply to any Guaranteed Obligations to the extent that it would result in the guarantee constituting unlawful financial assistance within the meaning of section 60 of the Companies Act 1963 of Ireland or to the extent that it would result in the guarantee breaching section 31 of the Companies Act, 1990 of Ireland.

3. Ratification of Indenture; Supplemental Indentures Part of Indenture. Except as expressly amended hereby, the Indenture is in all respects ratified and confirmed and all the terms, conditions and provisions thereof shall remain in full force and effect. This Supplemental Indenture shall form a part of the Indenture for all purposes, and each Holder of Notes, by accepting the Notes whether heretofore or hereafter authenticated and delivered (a) agrees to and shall be bound by such provisions, (b) authorizes and directs the Trustee, on behalf of such Holder, to take such action as may be necessary or appropriate to effectuate the subordination as provided in the Indenture and (c) appoints the Trustee attorney-in-fact of such Holder for such purpose; provided, however, that [the][each] New Guarantor and each Guarantor shall be released from all its obligations with respect to this Guarantee in accordance with the terms of the Indenture, including Section 11.08 of the Indenture and upon any defeasance of the Notes in accordance with Article VIII of the Indenture.

4. Governing Law. **THIS SUPPLEMENTAL INDENTURE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.**

5. Agent for Service; Submission to Jurisdiction; Waiver of Immunities. The Issuer and each New Guarantor irrevocably submit to the non-exclusive jurisdiction of any

New York State or U.S. federal court located in the Borough of Manhattan in the City and State of New York over any suit, action or proceeding arising out of or relating to this Indenture and irrevocably waive any right to trial by jury in connection with any such suit, action or proceeding. The Issuer and each New Guarantor irrevocably waive, to the fullest extent permitted by law, any objection which they may have, pursuant to New York law or otherwise, to the laying of the venue of any such suit, action or proceeding brought in such a court and any claim that any such suit, action or proceeding brought in such a court has been brought in any inconvenient forum. In furtherance of the foregoing, the Issuer and each New Guarantor hereby irrevocably designate and appoint Corporation Service Company (at its office at 1180 Avenue of the Americas, Suite 210, New York, New York 10036-8401) as its agent to receive service of all process brought against them with respect to any such suit, action or proceeding in any such court in the City and State of New York, such service being hereby acknowledged by it to be effective and binding service in every respect. Copies of any such process so served shall also be given to the Issuer in accordance with Section 13.02 of the Indenture, but the failure of the Issuer to receive such copies shall not affect in any way the service of such process as aforesaid.

6. Trustee Makes No Representation. The Trustee has entered into the Supplemental Indenture solely upon request of the Issuer and assumes no obligations hereunder. The Trustee makes no representation as to the validity or sufficiency of this Supplemental Indenture. The recitals of fact contained herein shall be treated as statements of the other parties hereto and not the Trustee.

7. Counterparts. The parties may sign any number of copies of this Supplemental Indenture. Each signed copy shall be an original, but all of them together represent the same agreement.

8. Effect of Headings. The Section headings herein are for convenience only and shall not affect the construction thereof.

9. Conflicts. To the extent of any inconsistency between the terms of the Indenture or the Global Notes and this Supplemental Indenture, the terms of this Supplemental Indenture will control.

10. Successors. All covenants and agreements in this Supplemental Indenture given by the parties hereto shall bind their successors.

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed as of the date first above written.

Exhibit 4.25

EXECUTION VERSION

Given under the common seal of

CABOT ASSET PURCHASES (IRELAND) LIMITED

And this deed was delivered

In the presence of

/s/ Eoin Hamdam

Name: Eoin Hamdam

Title: Witness

/s/ Sean Webb

Name: Sean Webb

Title: Director

/s/ David Downing

Name: David Downing

Title: Secretary

Given under the common seal of

CABOT FINANCIAL (IRELAND) LIMITED

And this deed was delivered

In the presence of

/s/ Eoin Hamdam

Name: Eoin Hamdam

Title: Witness

/s/ Sean Webb

Name: Sean Webb

Title: Director

/s/ David Downing

Name: David Downing

Title: Secretary

CABOT FINANCIAL (LUXEMBOURG) S.A.,

by /s/ Duncan Smith

Name: Duncan Smith

Title: Director

Signature page to 2021 Cabot Notes Supplemental Indenture

CABOT CREDIT MANAGEMENT LIMITED,

by /s/ Christopher Ross-Roberts

Name: Christopher Ross-Roberts

Title: Director

CABOT FINANCIAL LIMITED,

by /s/ Christopher Ross-Roberts

Name: Christopher Ross-Roberts

Title: Director

SIGNED for and on behalf of
CITIBANK, N.A., LONDON BRANCH,
as Trustee,

by /s/ John Kane

Name: John Kane

Title: Vice President

Exhibit 4.26

EXECUTION VERSION

THIS FIFTH SUPPLEMENTAL INDENTURE (this "Supplemental Indenture") dated as of July 28, 2015, among HILLESDEN SECURITIES LIMITED, a private limited company incorporated under the laws of England and Wales (the "New Guarantor"), CABOT FINANCIAL (LUXEMBOURG) S.A., a *société anonyme* incorporated under Luxembourg law with registered office at L-5365 Munsbach, 6, rue Gabriel Lippmann, registered with the register of commerce and companies of Luxembourg under the number B 171.245 (the "Issuer"), CABOT CREDIT MANAGEMENT LIMITED, a limited liability company organized under the laws of England and Wales, CABOT FINANCIAL LIMITED, a limited liability company incorporated under the laws of England and Wales (the "Company"), certain subsidiaries of the Company from time to time parties hereto and CITIBANK, N.A., LONDON BRANCH, as trustee (the "Trustee"), under the Indenture referred to below.

WITNESSETH:

WHEREAS the Issuer, the Company, and the Trustee are parties to an Indenture, dated as of September 20, 2012 (as amended, supplemented, waived or otherwise modified (the "Indenture")), providing for the issuance of the Issuer's 10.375% Senior Secured Notes due 2019;

WHEREAS the Issuer, the Guarantors and the Trustee have entered into the first supplemental indenture to the Indenture dated as of June 13, 2013 (the "First Supplemental Indenture"), the second supplemental indenture to the Indenture dated as of March 14, 2014 (the "Second Supplemental Indenture"), the third supplemental indenture to the Indenture dated as of May 19, 2014 (the "Third Supplemental Indenture"), and the fourth supplemental indenture to the Indenture dated as of May 28, 2015 (the "Fourth Supplemental Indenture"), pursuant to which certain amendments set out therein become operative on the date hereof;

WHEREAS, pursuant to Section 4.16 of the Indenture, the New Guarantor is required to execute a supplemental Indenture;

WHEREAS, pursuant to Section 9.01 of the Indenture, the Trustee and the Issuer are authorized to execute and deliver this Guarantee Agreement;

NOW THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged, the New Guarantor, the Issuer, and the Trustee mutually covenant and agree for the equal and ratable benefit of the Holders as follows:

1. Definitions. Capitalized terms used but not defined herein shall have the meanings assigned to them in the Indenture.

2. Agreement to Guarantee. Pursuant to, and subject to the provisions of, Article XI of the Indenture, the New Guarantor (which term includes each other New Guarantor that hereinafter guarantees the Notes pursuant to the terms of the Indenture) hereby unconditionally and irrevocably guarantees, jointly and severally with all Guarantors, to each Holder and to the Trustee and their successors and assigns to the extent set forth in the Indenture and subject to the provisions thereof (a) the full and punctual payment when due, whether at Stated Maturity, by acceleration, by redemption or otherwise, of all obligations of the Issuer under the Indenture (including obligations to the Trustee) and the Notes, whether for payment of principal of, or interest, premium, if any, on, the Notes and all other monetary obligations of the Issuer under the Indenture and the Notes and (b) the full and punctual performance within applicable grace periods of all other obligations of the Issuer whether for fees, expenses, indemnification or otherwise under the Indenture and the Notes (all the foregoing being hereinafter collectively called the "Guaranteed Obligations"). The New Guarantor further agrees that the Guaranteed Obligations may be extended or renewed, in whole or in part, without notice or further assent from the New Guarantor and that the New Guarantor will remain bound under Article XI of the Indenture, notwithstanding any extension or renewal of any Guaranteed Obligation.

The Guaranteed Obligations of the New Guarantor to the Holders of Notes and to the Trustee pursuant to the Indenture as supplemented hereby, are expressly set forth in Article XI of the Indenture and reference is hereby made to the Indenture for the precise terms of the Guarantee.

3. Ratification of Indenture: Supplemental Indenture Part of Indenture. Except as expressly amended hereby, the Indenture is in all respects ratified and confirmed and all the terms, conditions and provisions thereof shall remain in full force and effect. This Supplemental Indenture shall form a part of the Indenture for all purposes, and each Holder of Notes, by accepting the Notes whether heretofore or hereafter authenticated and delivered (a) agrees to and shall be bound by such provisions, (b) authorizes and directs the Trustee, on behalf of such Holder, to take such action as may be necessary or appropriate to effectuate the subordination as provided in the Indenture and (c) appoints the Trustee attorney-in-fact of such Holder for such purpose; provided, however, that the New Guarantor and each Guarantor shall be released from all its obligations with respect to this Guarantee in accordance with the terms of the Indenture, including Section 11.08 of the Indenture and upon any defeasance of the Notes in accordance with Article VIII of the Indenture.

4. Governing Law. **THIS SUPPLEMENTAL INDENTURE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.**

5. Agent for Service; Submission to Jurisdiction; Waiver of Immunities. The Issuer and the New Guarantor irrevocably submit to the non-exclusive jurisdiction of any New York State or U.S. federal court located in the Borough of Manhattan in the City and

State of New York over any suit, action or proceeding arising out of or relating to this Indenture and irrevocably waive any right to trial by jury in connection with any such suit, action or proceeding. The Issuer and the New Guarantor irrevocably waive, to the fullest extent permitted by law, any objection which they may have, pursuant to New York law or otherwise, to the laying of the venue of any such suit, action or proceeding brought in such a court and any claim that any such suit, action or proceeding brought in such a court has been brought in any inconvenient forum. In furtherance of the foregoing, the Issuer and the New Guarantor hereby irrevocably designate and appoint Corporation Service Company (at its office at 1180 Avenue of the Americas, Suite 210, New York, New York 10036-8401) as its agent to receive service of all process brought against them with respect to any such suit, action or proceeding in any such court in the City and State of New York, such service being hereby acknowledged by it to be effective and binding service in every respect. Copies of any such process so served shall also be given to the Issuer in accordance with Section 13.02 of the Indenture, but the failure of the Issuer to receive such copies shall not affect in any way the service of such process as aforesaid.

6. Trustee Makes No Representation. The Trustee has entered into the Supplemental Indenture solely upon request of the Issuer and assumes no obligations hereunder. The Trustee makes no representation as to the validity or sufficiency of this Supplemental Indenture. The recitals of fact contained herein shall be treated as statements of the other parties hereto and not the Trustee.

7. Counterparts. The parties may sign any number of copies of this Supplemental Indenture. Each signed copy shall be an original, but all of them together represent the same agreement.

8. Effect of Headings. The Section headings herein are for convenience only and shall not affect the construction thereof.

9. Conflicts. To the extent of any inconsistency between the terms of the Indenture or the Global Notes and this Supplemental Indenture, the terms of this Supplemental Indenture will control.

10. Successors. All covenants and agreements in this Supplemental Indenture given by the parties hereto shall bind their successors.

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed as of the date first above written.

HILLESDEN SECURITIES LIMITED

by

/s/ Christopher Ross-Roberts

Name: Christopher Ross-Roberts

Title: Director

CABOT FINANCIAL (LUXEMBOURG) S.A.,

by /s/ Duncan Smith

Name: Duncan Smith

Title: Director

CABOT CREDIT MANAGEMENT LIMITED,

by /s/ Christopher Ross-Roberts

Name: Christopher Ross-Roberts

Title: Director

CABOT FINANCIAL LIMITED,

by /s/ Christopher Ross-Roberts

Name: Christopher Ross-Roberts

Title: Director

SIGNED for and on behalf of
CITIBANK, N.A., LONDON BRANCH,
as Trustee,

by /s/ Jillian Hamblin

Name: Jillian Hamblin

Title: Vice President

Exhibit 4.27

EXECUTION VERSION

THIS FOURTH SUPPLEMENTAL INDENTURE (this "Supplemental Indenture") dated as of July 28, 2015, among HILLESDEN SECURITIES LIMITED, a private limited company incorporated under the laws of England and Wales (the "New Guarantor"), CABOT FINANCIAL (LUXEMBOURG) S.A., a *société anonyme* incorporated under Luxembourg law with registered office at L-5365 Munsbach, 6, rue Gabriel Lippmann, registered with the register of commerce and companies of Luxembourg under the number B 171.245 (the "Issuer"), CABOT CREDIT MANAGEMENT LIMITED, a limited liability company organized under the laws of England and Wales, CABOT FINANCIAL LIMITED, a limited liability company incorporated under the laws of England and Wales (the "Company"), certain subsidiaries of the Company from time to time parties hereto, CITIBANK, N.A., LONDON BRANCH, as trustee (the "Trustee"), under the Indenture referred to below.

WITNESSETH:

WHEREAS the Issuer, the Company, and the Trustee are parties to an Indenture, dated as of August 2, 2013, as amended (as amended, supplemented, waived or otherwise modified (the "Indenture"), providing for the issuance of the Issuer's 8.375% Senior Secured Notes due 2020;

WHEREAS the Issuer, the Guarantors and the Trustee have entered into the first supplemental indenture to the Indenture dated as of March 14, 2014 (the "First Supplemental Indenture"), the second supplemental indenture to the Indenture dated as of May 19, 2014 (the "Second Supplemental Indenture"), and the third supplemental indenture to the Indenture dated as of May 28, 2015 (the "Third Supplemental Indenture"), pursuant to which certain amendments set out therein become operative on the date hereof;

WHEREAS, pursuant to Section 4.16 of the Indenture, the New Guarantor is required to execute a supplemental Indenture;

WHEREAS, pursuant to Section 9.01 of the Indenture, the Trustee and the Issuer are authorized to execute and deliver this Guarantee Agreement;

NOW THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged, the New Guarantor, the Issuer, and the Trustee mutually covenant and agree for the equal and ratable benefit of the Holders as follows:

1. Definitions. Capitalized terms used but not defined herein shall have the meanings assigned to them in the Indenture.

2. Agreement to Guarantee. Pursuant to, and subject to the provisions of, Article XI of the Indenture, the New Guarantor (which term includes each other New Guarantor that hereinafter guarantees the Notes pursuant to the terms of the Indenture) hereby unconditionally and irrevocably guarantees, jointly and severally with all Guarantors, to each Holder and to the Trustee and their successors and assigns to the extent set forth in the Indenture and subject to the provisions thereof (a) the full and punctual payment when due, whether at Stated Maturity, by acceleration, by redemption or otherwise, of all obligations of the Issuer under the Indenture (including obligations to the Trustee) and the Notes, whether for payment of principal of, or interest, premium, if any, on, the Notes and all other monetary obligations of the Issuer under the Indenture and the Notes and (b) the full and punctual performance within applicable grace periods of all other obligations of the Issuer whether for fees, expenses, indemnification or otherwise under the Indenture and the Notes (all the foregoing being hereinafter collectively called the "Guaranteed Obligations"). The New Guarantor further agrees that the Guaranteed Obligations may be extended or renewed, in whole or in part, without notice or further assent from the New Guarantor and that the New Guarantor will remain bound under Article XI of the Indenture, notwithstanding any extension or renewal of any Guaranteed Obligation.

The Guaranteed Obligations of the New Guarantor to the Holders of Notes and to the Trustee pursuant to the Indenture as supplemented hereby, are expressly set forth in Article XI of the Indenture and reference is hereby made to the Indenture for the precise terms of the Guarantee.

3. Ratification of Indenture: Supplemental Indentures Part of Indenture. Except as expressly amended hereby, the Indenture is in all respects ratified and confirmed and all the terms, conditions and provisions thereof shall remain in full force and effect. This Supplemental Indenture shall form a part of the Indenture for all purposes, and each Holder of Notes, by accepting the Notes whether heretofore or hereafter authenticated and delivered (a) agrees to and shall be bound by such provisions, (b) authorizes and directs the Trustee, on behalf of such Holder, to take such action as may be necessary or appropriate to effectuate the subordination as provided in the Indenture and (c) appoints the Trustee attorney-in-fact of such Holder for such purpose; provided, however, that the New Guarantor and each Guarantor shall be released from all its obligations with respect to this Guarantee in accordance with the terms of the Indenture, including Section 11.08 of the Indenture and upon any defeasance of the Notes in accordance with Article VIII of the Indenture.

4. Governing Law. **THIS SUPPLEMENTAL INDENTURE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.**

5. Agent for Service; Submission to Jurisdiction; Waiver of Immunities. The Issuer and the New Guarantor irrevocably submit to the non-exclusive jurisdiction of any New York State or U.S. federal court located in the Borough of Manhattan in the City and

State of New York over any suit, action or proceeding arising out of or relating to this Indenture and irrevocably waive any right to trial by jury in connection with any such suit, action or proceeding. The Issuer and the New Guarantor irrevocably waive, to the fullest extent permitted by law, any objection which they may have, pursuant to New York law or otherwise, to the laying of the venue of any such suit, action or proceeding brought in such a court and any claim that any such suit, action or proceeding brought in such a court has been brought in any inconvenient forum. In furtherance of the foregoing, the Issuer and the New Guarantor hereby irrevocably designate and appoint Corporation Service Company (at its office at 1180 Avenue of the Americas, Suite 210, New York, New York 10036-8401) as its agent to receive service of all process brought against them with respect to any such suit, action or proceeding in any such court in the City and State of New York, such service being hereby acknowledged by it to be effective and binding service in every respect. Copies of any such process so served shall also be given to the Issuer in accordance with Section 13.02 of the Indenture, but the failure of the Issuer to receive such copies shall not affect in any way the service of such process as aforesaid.

6. Trustee Makes No Representation. The Trustee has entered into the Supplemental Indenture solely upon request of the Issuer and assumes no obligation hereunder. The Trustee makes no representation as to the validity or sufficiency of this Supplemental Indenture. The recitals of fact contained herein shall be treated as statements of the other parties hereto and not the Trustee.

7. Counterparts. The parties may sign any number of copies of this Supplemental Indenture. Each signed copy shall be an original, but all of them together represent the same agreement.

8. Effect of Headings. The Section headings herein are for convenience only and shall not affect the construction thereof.

9. Conflicts. To the extent of any inconsistency between the terms of the Indenture or the Global Notes and this Supplemental Indenture, the terms of this Supplemental Indenture will control.

10. Successors. All covenants and agreements in this Supplemental Indenture given by the parties hereto shall bind their successors.

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed as of the date first above written.

HILLESDEN SECURITIES LIMITED

by

/s/ Christopher Ross-Roberts

Name: Christopher Ross-Roberts

Title: Director

CABOT FINANCIAL (LUXEMBOURG)
S.A.,

by /s/ Duncan Smith

Name: Duncan Smith

Title: Director

CABOT CREDIT MANAGEMENT LIMITED,

by /s/ Christopher Ross-Roberts

Name: Christopher Ross-Roberts

Title: Director

CABOT FINANCIAL LIMITED,

by /s/ Christopher Ross-Roberts

Name: Christopher Ross-Roberts

Title: Director

SIGNED for and on behalf of
CITIBANK, N.A., LONDON BRANCH,
as Trustee,

by /s/ Jillian Hamblin

Name: Jillian Hamblin

Title: Vice President

This FIFTH SUPPLEMENTAL INDENTURE (this "Supplemental Indenture") dated as of July 28, 2015, among HILLESDEN SECURITIES LIMITED, a private limited company incorporated under the laws of England and Wales (the "New Guarantor"), MARLIN INTERMEDIATE HOLDINGS PLC, a public limited company incorporated under the laws of England and Wales with its registered office at Marlin House, 16-22 Grafton Road, Worthing, West Sussex, United Kingdom, BN11 1QP (the "Issuer"), MARLIN FINANCIAL GROUP LIMITED, a private limited company organized under the laws of England and Wales, MARLIN FINANCIAL INTERMEDIATE LIMITED, a private limited company organized under the laws of England and Wales, MARLIN FINANCIAL INTERMEDIATE II LIMITED, a private limited company organized under the laws of England and Wales (the "Company"), certain subsidiaries of the Company from time to time parties hereto and THE BANK OF NEW YORK MELLON, LONDON BRANCH, as trustee (the "Trustee"), under the Indenture referred to below.

WITNESSETH:

WHEREAS the Issuer, the Company, and the Trustee are parties to an Indenture, dated as of July 25, 2013, (as amended, supplemented, waived or otherwise modified (the "Indenture")), providing for the issuance of the Issuer's 10.5% Senior Secured Notes due 2020;

WHEREAS the Issuer, the Guarantors and the Trustee have entered into the first supplemental indenture to the Indenture dated as of February 19, 2014 (the "First Supplemental Indenture"), the second supplemental indenture to the Indenture dated as of March 14, 2014 (the "Second Supplemental Indenture"), the third supplemental indenture to the Indenture dated as of May 19, 2014 (the "Third Supplemental Indenture"), and the fourth supplemental indenture to the Indenture dated as of May 28, 2015 (the "Fourth Supplemental Indenture"), pursuant to which certain amendments set out therein become operative on the date hereof;

WHEREAS, pursuant to Section 4.16 of the Indenture, the New Guarantor is required to execute a supplemental Indenture;

WHEREAS, pursuant to Section 9.01 of the Indenture, the Trustee and the Issuer are authorized to execute and deliver this Guarantee Agreement;

NOW THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged, the New Guarantor, the Issuer, and the Trustee mutually covenant and agree for the equal and ratable benefit of the Holders as follows:

1. Definitions. Capitalized terms used but not defined herein shall have the meanings assigned to them in the Indenture.

2. Agreement to Guarantee. Pursuant to, and subject to the provisions of, Article XI of the Indenture, the New Guarantor (which term includes each other New Guarantor that hereinafter guarantees the Notes pursuant to the terms of the Indenture) hereby unconditionally and irrevocably guarantees, jointly and severally with all Guarantors, to each Holder and to the Trustee and their successors and assigns to the extent set forth in the Indenture and subject to the provisions thereof (a) the full and punctual payment when due, whether at Stated Maturity, by acceleration, by redemption or otherwise, of all obligations of the Issuer under the Indenture (including obligations to the Trustee) and the Notes, whether for payment of principal of, or interest, premium, if any, on, the Notes and all other monetary obligations of the Issuer under the Indenture and the Notes and (b) the full and punctual performance within applicable grace periods of all other obligations of the Issuer whether for fees, expenses, indemnification or otherwise under the Indenture and the Notes (all the foregoing being hereinafter collectively called the "Guaranteed Obligations"). The New Guarantor further agrees that the Guaranteed Obligations may be extended or renewed, in whole or in part, without notice or further assent from the New Guarantor and that the New Guarantor will remain bound under Article XI of the Indenture, notwithstanding any extension or renewal of any Guaranteed Obligation.

The Guaranteed Obligations of the New Guarantor to the Holders of Notes and to the Trustee pursuant to the Indenture as supplemented hereby, are expressly set forth in Article XI of the Indenture and reference is hereby made to the Indenture for the precise terms of the Guarantee.

3. Ratification of Indenture: Supplemental Indenture Part of Indenture. Except as expressly amended hereby, the Indenture is in all respects ratified and confirmed and all the terms, conditions and provisions thereof shall remain in full force and effect. This Supplemental Indenture shall form a part of the Indenture for all purposes, and each Holder of Notes, by accepting the Notes whether heretofore or hereafter authenticated and delivered (a) agrees to and shall be bound by such provisions, (b) authorizes and directs the Trustee, on behalf of such Holder, to take such action as may be necessary or appropriate to effectuate the subordination as provided in the Indenture and (c) appoints the Trustee attorney-in-fact of such Holder for such purpose; provided, however, that the New Guarantor and each Guarantor shall be released from all its obligations with respect to this Guarantee in accordance with the terms of the Indenture, including Section 11.08 of the Indenture and upon any defeasance of the Notes in accordance with Article VIII of the Indenture.

4. Governing Law. **THIS SUPPLEMENTAL INDENTURE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.**

5. Agent for Service; Submission to Jurisdiction; Waiver of Immunities. The Issuer and the New Guarantor irrevocably submit to the non-exclusive jurisdiction of any New York State or U.S. federal court located in the Borough of Manhattan in the City and State of New York over any suit, action or proceeding arising out of or relating to this Indenture and irrevocably waive any right to trial by jury in connection with any such suit, action or proceeding. The Issuer and the New Guarantor irrevocably waive, to the fullest extent permitted by law, any objection which they may have, pursuant to New York law or otherwise, to the laying of the venue of any such suit, action or proceeding brought in such a court and any claim that any such suit, action or proceeding brought in such a court has been brought in any inconvenient forum. In furtherance of the foregoing, the Issuer and the New Guarantor hereby irrevocably designate and appoint Corporation Service Company (at its office at 1180 Avenue of the Americas, Suite 210, New York, New York 10036-8401) as its agent to receive service of all process brought against them with respect to any such suit, action or proceeding in any such court in the City and State of New York, such service being hereby acknowledged by it to be effective and binding service in every respect. Copies of any such process so served shall also be given to the Issuer in accordance with Section 13.02 of the Indenture, but the failure of the Issuer to receive such copies shall not affect in any way the service of such process as aforesaid.

6. Trustee Makes No Representation. The Trustee has entered into this Supplemental Indenture solely upon request of the Issuer and assumes no obligation hereunder. The Trustee makes no representation as to the validity or sufficiency of this Supplemental Indenture. The recitals of fact contained herein shall be treated as statements of the other parties hereto and not the Trustee.

7. Counterparts. The parties may sign any number of copies of this Supplemental Indenture. Each signed copy shall be an original, but all of them together represent the same agreement.

8. Effect of Headings. The Section headings herein are for convenience only and shall not affect the construction thereof.

9. Conflicts. To the extent of any inconsistency between the terms of the Indenture or the Global Notes and this Supplemental Indenture, the terms of this Supplemental Indenture will control.

10. Successors. All covenants and agreements in this Supplemental Indenture given by the parties hereto shall bind their successors.

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed as of the date first above written.

HILLESDEN SECURITIES LIMITED,

by

/s/ Christopher Ross-Roberts

Name: Christopher Ross-Roberts

Title: Director

MARLIN INTERMEDIATE HOLDINGS PLC,

by /s/ Christopher Ross-Roberts

Name: Christopher Ross-Roberts

Title: Director

MARLIN FINANCIAL GROUP LIMITED,

by /s/ Christopher Ross-Roberts

Name: Christopher Ross-Roberts

Title: Director

MARLIN FINANCIAL INTERMEDIATE LIMITED,

by /s/ Christopher Ross-Roberts

Name: Christopher Ross-Roberts

Title: Director

MARLIN FINANCIAL INTERMEDIATE II LIMITED,

by /s/ Christopher Ross-Roberts

Name: Christopher Ross-Roberts

Title: Director

THE BANK OF NEW YORK MELLON,
LONDON BRANCH,
as Trustee,

by /s/ Trevor Blewer

Name: Trevor Blewer

Title: Vice President

Signature page to 2021 Marlin Notes Supplemental Indenture

CABOT FINANCIAL LIMITED

by /s/ Christopher Ross-Roberts

Name: Christopher Ross-Roberts

Title: Director

Signature page to 2021 Marlin Notes Supplemental Indenture

EXECUTION VERSION

THIS SECOND SUPPLEMENTAL INDENTURE (this "Supplemental Indenture") dated as of July 28, 2015, among HILLESDEN SECURITIES LIMITED, a private limited company incorporated under the laws of England and Wales (the "New Guarantor"), CABOT FINANCIAL (LUXEMBOURG) S.A., a *société anonyme* incorporated under the laws of Luxembourg with registered office at 6, rue Gabriel Lippmann, L-5365 Munsbach, Luxembourg, registered with the register of commerce and companies of Luxembourg under the number B 171.245 (the "Issuer"), CABOT CREDIT MANAGEMENT LIMITED, a limited liability company organized under the laws of England and Wales, CABOT FINANCIAL LIMITED, a limited liability company incorporated under the laws of England and Wales (the "Company"), certain subsidiaries of the Company from time to time parties hereto and CITIBANK, N.A., LONDON BRANCH, as trustee (the "Trustee"), under the Indenture referred to below.

WITNESSETH:

WHEREAS the Issuer, the Company, and the Trustee are parties to an Indenture, dated as of March 27, 2014 (as amended, supplemented, waived or otherwise modified (the "Indenture")), providing for the issuance of the Issuer's 6.500% Senior Secured Notes due 2021;

WHEREAS the Issuer, the Guarantors and the Trustee have entered into the first supplemental indenture to the Indenture dated as of May 28, 2015 (the "First Supplemental Indenture"), pursuant to which certain amendments set out therein become operative on the date hereof;

WHEREAS, pursuant to Section 4.16 of the Indenture, the New Guarantor is required to execute a Supplemental Indenture;

WHEREAS, pursuant to Section 9.01 of the Indenture, the Trustee and the Issuer are authorized to execute and deliver this Supplemental Indenture, including the agreement to guarantee contained herein;

NOW THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged, the New Guarantor, the Issuer, and the Trustee mutually covenant and agree for the equal and ratable benefit of the Holders as follows:

1. Definitions. Capitalized terms used but not defined herein shall have the meanings assigned to them in the Indenture.

2. Agreement to Guarantee. Pursuant to, and subject to the provisions of, Article XI of the Indenture, the New Guarantor (which term includes each other New

Guarantor that hereinafter guarantees the Notes pursuant to the terms of the Indenture) hereby unconditionally and irrevocably guarantees, jointly and severally with all Guarantors, to each Holder and to the Trustee and their successors and assigns to the extent set forth in the Indenture and subject to the provisions thereof (a) the full and punctual payment when due, whether at Stated Maturity, by acceleration, by redemption or otherwise, of all obligations of the Issuer under the Indenture (including obligations to the Trustee) and the Notes, whether for payment of principal of, or interest, premium, if any, on, the Notes and all other monetary obligations of the Issuer under the Indenture and the Notes and (b) the full and punctual performance within applicable grace periods of all other obligations of the Issuer whether for fees, expenses, indemnification or otherwise under the Indenture and the Notes (all the foregoing being hereinafter collectively called the "Guaranteed Obligations"). The New Guarantor further agrees that the Guaranteed Obligations may be extended or renewed, in whole or in part, without notice or further assent from the New Guarantor and that the New Guarantor will remain bound under Article XI of the Indenture, notwithstanding any extension or renewal of any Guaranteed Obligation.

The Guaranteed Obligations of the New Guarantor to the Holders of Notes and to the Trustee pursuant to the Indenture as supplemented hereby, are expressly set forth in Article XI of the Indenture and reference is hereby made to the Indenture for the precise terms of the Guarantee.

3. Ratification of Indenture; Supplemental Indentures Part of Indenture. Except as expressly amended hereby, the Indenture is in all respects ratified and confirmed and all the terms, conditions and provisions thereof shall remain in full force and effect. This Supplemental Indenture shall form a part of the Indenture for all purposes, and each Holder of Notes, by accepting the Notes whether heretofore or hereafter authenticated and delivered (a) agrees to and shall be bound by such provisions, (b) authorizes and directs the Trustee, on behalf of such Holder, to take such action as may be necessary or appropriate to effectuate the subordination as provided in the Indenture and (c) appoints the Trustee attorney-in-fact of such Holder for such purpose; provided, however, that the New Guarantor and each Guarantor shall be released from all its obligations with respect to this Guarantee in accordance with the terms of the Indenture, including Section 11.08 of the Indenture and upon any defeasance of the Notes in accordance with Article VIII of the Indenture.

4. Governing Law. **THIS SUPPLEMENTAL INDENTURE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.**

5. Agent for Service; Submission to Jurisdiction; Waiver of Immunities. The Issuer and the New Guarantor irrevocably submit to the non-exclusive jurisdiction of any New York State or U.S. federal court located in the Borough of Manhattan in the City and State of New York over any suit, action or proceeding arising out of or relating to this Indenture and irrevocably waive any right to trial by jury in connection with any such suit,

action or proceeding. The Issuer and the New Guarantor irrevocably waive, to the fullest extent permitted by law, any objection which they may have, pursuant to New York law or otherwise, to the laying of the venue of any such suit, action or proceeding brought in such a court and any claim that any such suit, action or proceeding brought in such a court has been brought in any inconvenient forum. In furtherance of the foregoing, the Issuer and the New Guarantor hereby irrevocably designate and appoint Corporation Service Company (at its office at 1180 Avenue of the Americas, Suite 210, New York, New York 10036-8401) as its agent to receive service of all process brought against them with respect to any such suit, action or proceeding in any such court in the City and State of New York, such service being hereby acknowledged by it to be effective and binding service in every respect. Copies of any such process so served shall also be given to the Issuer in accordance with Section 13.02 of the Indenture, but the failure of the Issuer to receive such copies shall not affect in any way the service of such process as aforesaid.

6. Trustee Makes No Representation. The Trustee has entered into the Supplemental Indenture solely upon request of the Issuer and assumes no obligations hereunder. The Trustee makes no representation as to the validity or sufficiency of this Supplemental Indenture. The recitals of fact contained herein shall be treated as statements of the other parties hereto and not the Trustee.

7. Counterparts. The parties may sign any number of copies of this Supplemental Indenture. Each signed copy shall be an original, but all of them together represent the same agreement.

8. Effect of Headings. The Section headings herein are for convenience only and shall not affect the construction thereof.

9. Conflicts. To the extent of any inconsistency between the terms of the Indenture or the Global Notes and this Supplemental Indenture, the terms of this Supplemental Indenture will control.

10. Successors. All covenants and agreements in this Supplemental Indenture given by the parties hereto shall bind their successors.

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed as of the date first above written.

HILLESDEN SECURITIES LIMITED

by

/s/ Christopher Ross-Roberts

Name: Christopher Ross-Roberts

Title: Director

CABOT FINANCIAL (LUXEMBOURG) S.A.,

by /s/ Duncan Smith

Name: Duncan Smith

Title: Director

CABOT CREDIT MANAGEMENT LIMITED,

by /s/ Christopher Ross-Roberts

Name: Christopher Ross-Roberts

Title: Director

Signature page to 2021 Cabot Notes Supplemental Indenture

CABOT FINANCIAL LIMITED,

by /s/ Christopher Ross-Roberts

Name: Christopher Ross-Roberts

Title: Director

SIGNED for and on behalf of
CITIBANK, N.A., LONDON BRANCH,
as Trustee,

by /s/ Jillian Hamblin

Name: Jillian Hamblin

Title: Vice President

Signature page to 2021 Cabot Notes Supplemental Indenture

Exhibit 4.31

[EXECUTION VERSION]

THIS SIXTH SUPPLEMENTAL INDENTURE (this "Supplemental Indenture") dated as of November 11, 2015, among CABOT FINANCIAL (LUXEMBOURG) II S.A., a public limited liability company (*société anonyme*) incorporated under laws of Luxembourg with its registered office at 6, rue Gabriel Lippmann, L-5365 Munsbach, Luxembourg, registered with the register of commerce and companies of Luxembourg under the number B 201.268, BRAMLEYSIDE LIMITED (in the process of changing its name to CABOT FINANCIAL (TREASURY) IRELAND), a private company limited by shares incorporated under the laws of Ireland, (the "New Guarantors"), CABOT FINANCIAL (LUXEMBOURG) S.A., a *société anonyme* incorporated under Luxembourg law with registered office at L-5365 Munsbach, 6, rue Gabriel Lippmann, registered with the register of commerce and companies of Luxembourg under the number B 171.245 (the "Issuer"), CABOT CREDIT MANAGEMENT LIMITED, a limited liability company organized under the laws of England and Wales, CABOT FINANCIAL LIMITED, a limited liability company incorporated under the laws of England and Wales (the "Company"), certain subsidiaries of the Company from time to time parties hereto and CITIBANK, N.A., LONDON BRANCH, as trustee (the "Trustee"), under the Indenture referred to below.

WITNESSETH:

WHEREAS the Issuer, the Company, and the Trustee are parties to an Indenture, dated as of September 20, 2012 (as amended, supplemented, waived or otherwise modified (the "Indenture")), providing for the issuance of the Issuer's 10.375% Senior Secured Notes due 2019;

WHEREAS the Issuer, the Guarantors and the Trustee have entered into the first supplemental indenture to the Indenture dated as of June 13, 2013 (the "First Supplemental Indenture"), the second supplemental indenture to the Indenture dated as of March 14, 2014 (the "Second Supplemental Indenture"), the third supplemental indenture to the Indenture dated as of May 19, 2014 (the "Third Supplemental Indenture"), the fourth supplemental indenture to the Indenture dated as of May 28, 2015 (the "Fourth Supplemental Indenture"), and the fifth supplemental indenture to the Indenture dated as of July 28, 2015 (the "Fifth Supplemental Indenture") pursuant to which certain amendments set out therein become operative on the date hereof;

WHEREAS, pursuant to Section 4.16 of the Indenture, each New Guarantor is required to execute a supplemental Indenture;

WHEREAS, pursuant to Section 9.01 of the Indenture, the Trustee and the Issuer are authorized to execute and deliver this Guarantee Agreement;

NOW THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged, each New Guarantor, the Issuer, and the Trustee mutually covenant and agree for the equal and ratable benefit of the Holders as follows:

1. Definitions. Capitalized terms used but not defined herein shall have the meanings assigned to them in the Indenture.

2.Agreement to Guarantee.

(a) Pursuant to, and subject to the provisions of, Article XI of the Indenture, each New Guarantor (which term includes each other New Guarantor that hereinafter guarantees the Notes pursuant to the terms of the Indenture) hereby unconditionally and irrevocably guarantees, jointly and severally with each other New Guarantor and all Guarantors, to each Holder and to the Trustee and their successors and assigns to the extent set forth in the Indenture and subject to the provisions thereof (a) the full and punctual payment when due, whether at Stated Maturity, by acceleration, by redemption or otherwise, of all obligations of the Issuer under the Indenture (including obligations to the Trustee) and the Notes, whether for payment of principal of, or interest, premium, if any, on, the Notes and all other monetary obligations of the Issuer under the Indenture and the Notes and (b) the full and punctual performance within applicable grace periods of all other obligations of the Issuer whether for fees, expenses, indemnification or otherwise under the Indenture and the Notes (all the foregoing being hereinafter collectively called the "Guaranteed Obligations"). Each New Guarantor further agrees that the Guaranteed Obligations maybe extended or renewed, in whole or in part, without notice or further assent from such New Guarantor and that such New Guarantor will remain bound under Article XI of the Indenture, notwithstanding any extension or renewal of any Guaranteed Obligation.

The Guaranteed Obligations of the New Guarantors to the Holders of Notes and to the Trustee pursuant to the Indenture as supplemented hereby, are expressly set forth in Article XI of the Indenture and reference is hereby made to the Indenture for the precise terms of the Guarantee.

(b) Ireland. Without prejudice to Section 11.02 of the Indenture, the guarantee created by each New Guarantor pursuant to this Supplemental Indenture does not apply to any Guaranteed Obligations to the extent that it would result in the guarantee constituting unlawful financial assistance within the meaning of section 82 of the Companies Act 2014 of Ireland or to the extent that it would result in the guarantee breaching section 239 of the Companies Act, 2014 of Ireland.

(c) Luxembourg: Notwithstanding anything to the contrary in this Supplemental Indenture, the aggregate obligations and liabilities of any New Guarantor incorporated and existing under the laws of Luxembourg ("Luxembourg Guarantor") under Article XI of the Indenture for the obligations of the Issuer or any Guarantor which is not a direct or indirect subsidiary of such Luxembourg Guarantor shall, together with any similar guarantee and/or payment obligations

(*garanties personnelles*) of such Luxembourg Guarantor arising under any other Debt Documents (as defined in the Intercreditor Agreements), be limited to an aggregate amount not exceeding the higher of:

(i) 95% of such Luxembourg Guarantor's *capitaux propres* (as referred to in article 34 of the Luxembourg law dated 19 December 2002 on the commercial register and annual accounts) determined as at the date on which a demand is made under the Guarantee, increased by the amount of any Intra-Group Liabilities (without double counting); and

(ii) 95% of such Luxembourg Guarantor's *capitaux propres* (as referred to in article 34 of the Luxembourg law dated 19 December 2002 on the commercial register and annual accounts) determined as at the date of this Supplemental Indenture, increased by the amount of any Intra-Group Liabilities (without double counting).

For the purposes of this clause (c), “Intra-Group Liabilities” shall mean any amounts owed by such Luxembourg Guarantor to any other member of the Restricted Group that have not been financed (directly or indirectly) by a borrowing under the Debt Documents (as defined in the Intercreditor Agreements).

The guarantee limitation specified in clause (a) shall not apply to (i) any amounts borrowed by such Luxembourg Guarantor under the Debt Documents (as defined in the Intercreditor Agreements) and (ii) any amounts borrowed under the Debt Documents (as defined in the Intercreditor Agreements) and on-lent to such Luxembourg Guarantor (in any form whatsoever).

3. Ratification of Indenture: Supplemental Indenture Part of Indenture. Except as expressly amended hereby, the Indenture is in all respects ratified and confirmed and all the terms, conditions and provisions thereof shall remain in full force and effect. This Supplemental Indenture shall form a part of the Indenture for all purposes, and each Holder of Notes, by accepting the Notes whether heretofore or hereafter authenticated and delivered (a) agrees to and shall be bound by such provisions, (b) authorizes and directs the Trustee, on behalf of such Holder, to take such action as may be necessary or appropriate to effectuate the subordination as provided in the Indenture and (c) appoints the Trustee attorney-in-fact of such Holder for such purpose; provided, however, that each New Guarantor and each Guarantor shall be released from all its obligations with respect to this Guarantee in accordance with the terms of the Indenture, including Section 11.08 of the Indenture and upon any defeasance of the Notes in accordance with Article VIII of the Indenture.

4. Governing Law. **THIS SUPPLEMENTAL INDENTURE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.**

5. Agent for Service; Submission to Jurisdiction; Waiver of Immunities. The Issuer and each New Guarantor irrevocably submit to the non-exclusive jurisdiction of any New York State or U.S. federal court located in the Borough of Manhattan in the City and State of New York over any suit, action or proceeding arising out of or relating to this Indenture and irrevocably waive any right to trial by jury in connection with any such suit, action or proceeding. The Issuer and each New Guarantor irrevocably waive, to the fullest extent permitted by law, any objection which they may have, pursuant to New York law or otherwise, to the laying of the venue of any such suit, action or proceeding brought in such a court and any claim that any such suit, action or proceeding brought in such a court has been brought in any inconvenient forum. In furtherance of the foregoing, the Issuer and each New Guarantor hereby irrevocably designate and appoint Corporation Service Company (at its office at 1180 Avenue of the Americas, Suite 210, New York, New York 10036-8401) as its agent to receive service of all process brought against them with respect to any such suit, action or proceeding in any such court in the City and State of New York, such service being hereby acknowledged by it to be effective and binding service in every respect. Copies of any such process so served shall also be given to the Issuer in accordance with Section 13.02 of the Indenture, but the failure of the Issuer to receive such copies shall not affect in any way the service of such process as aforesaid.

6. Trustee Makes No Representation. The Trustee has entered into the Supplemental Indenture solely upon request of the Issuer and assumes no obligations hereunder. The Trustee makes no representation as to the validity or sufficiency of this Supplemental Indenture. The recitals of fact contained herein shall be treated as statements of the other parties hereto and not the Trustee.

7. Counterparts. The parties may sign any number of copies of this Supplemental Indenture. Each signed copy shall be an original, but all of them together represent the same agreement.

8. Effect of Headings. The Section headings herein are for convenience only and shall not affect the construction thereof.

9. Conflicts. To the extent of any inconsistency between the terms of the Indenture or the Global Notes and this Supplemental Indenture, the terms of this Supplemental Indenture will control.

10. Successors. All covenants and agreements in this Supplemental Indenture given by the parties hereto shall bind their successors.

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed as of the date first above written.

CABOT FINANCIAL (LUXEMBOURG) II S.A.,

by

/S/ Duncan Smith

Name: Duncan Smith

Title: Director and authorized signatory

Given under the common seal of

BRAMLEYSIDE LIMITED

(in the process of changing its name to

CABOT FINANCIAL (TREASURY) IRELAND)

And this deed was delivered

In the presence of

_____/S/ Sean Webb______ _________

Name: Sean Webb

Title: Director

____/S/ Orla Hughes___________ __

Name: Olga Hughes

Title: Director/Secretary

CABOT FINANCIAL (LUXEMBOURG) S.A.,

by

/S/ Duncan Smith

Name: Duncan Smith

Title: Director and authorized signatory

CABOT CREDIT MANAGEMENT LIMITED,

by

/S/ Chris Ross- Roberts

Name: Chris Ross- Roberts

Title: Group CFO

CABOT FINANCIAL LIMITED,

by

/S/ Chris Ross- Roberts

Name: Chris Ross- Roberts

Title: Group CFO

SIGNED for and on behalf of
CITIBANK, N.A., LONDON BRANCH,
as Trustee,

by

/S/ Jillian Hamblin

Name: Jillian Hamblin

Title: Vice President

Exhibit 4.32

[EXECUTION VERSION]

THIS FIFTH SUPPLEMENTAL INDENTURE (this "Supplemental Indenture") dated as of November 11, 2015, among CABOT FINANCIAL (LUXEMBOURG) II S.A., a public limited liability company (*société anonyme*) incorporated under laws of Luxembourg with its registered office at 6, rue Gabriel Lippmann, L-5365 Munsbach, Luxembourg, registered with the register of commerce and companies of Luxembourg under the number B 201.268, BRAMLEYSIDE LIMITED (in the process of changing its name to CABOT FINANCIAL (TREASURY) IRELAND), a private company limited by shares incorporated under the laws of Ireland, (the "New Guarantors"), CABOT FINANCIAL (LUXEMBOURG) S.A., a *société anonyme* incorporated under Luxembourg law with registered office at L-5365 Munsbach, 6, rue Gabriel Lippmann, registered with the register of commerce and companies of Luxembourg under the number B 171.245 (the "Issuer"), CABOT CREDIT MANAGEMENT LIMITED, a limited liability company organized under the laws of England and Wales, CABOT FINANCIAL LIMITED, a limited liability company incorporated under the laws of England and Wales (the "Company"), certain subsidiaries of the Company from time to time parties hereto, CITIBANK, N.A., LONDON BRANCH, as trustee (the "Trustee"), under the Indenture referred to below.

WITNESSETH:

WHEREAS the Issuer, the Company, and the Trustee are parties to an Indenture, dated as of August 2, 2013, as amended (as amended, supplemented, waived or otherwise modified (the "Indenture"), providing for the issuance of the Issuer's 8.375% Senior Secured Notes due 2020;

WHEREAS the Issuer, the Guarantors and the Trustee have entered into the first supplemental indenture to the Indenture dated as of March 14, 2014 (the "First Supplemental Indenture"), the second supplemental indenture to the Indenture dated as of May 19, 2014 (the "Second Supplemental Indenture"), the third supplemental indenture to the Indenture dated as of May 28, 2015 (the "Third Supplemental Indenture"), and the fourth supplemental indenture to the Indenture dated as of July 28, 2015 (the "Fourth Supplemental Indenture") pursuant to which certain amendments set out therein become operative on the date hereof;

WHEREAS, pursuant to Section 4.16 of the Indenture, each New Guarantor is required to execute a supplemental Indenture;

WHEREAS, pursuant to Section 9.01 of the Indenture, the Trustee and the Issuer are authorized to execute and deliver this Guarantee Agreement;

NOW THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged, each New Guarantor, the Issuer, and the Trustee mutually covenant and agree for the equal and ratable benefit of the Holders as follows:

1. Definitions. Capitalized terms used but not defined herein shall have the meanings assigned to them in the Indenture.

2.Agreement to Guarantee.

(a) Pursuant to, and subject to the provisions of, Article XI of the Indenture, each New Guarantor (which term includes each other New Guarantor that hereinafter guarantees the Notes pursuant to the terms of the Indenture) hereby unconditionally and irrevocably guarantees, jointly and severally with each other New Guarantor and all Guarantors, to each Holder and to the Trustee and their successors and assigns to the extent set forth in the Indenture and subject to the provisions thereof (a) the full and punctual payment when due, whether at Stated Maturity, by acceleration, by redemption or otherwise, of all obligations of the Issuer under the Indenture (including obligations to the Trustee) and the Notes, whether for payment of principal of, or interest, premium, if any, on, the Notes and all other monetary obligations of the Issuer under the Indenture and the Notes and (b) the full and punctual performance within applicable grace periods of all other obligations of the Issuer whether for fees, expenses, indemnification or otherwise under the Indenture and the Notes (all the foregoing being hereinafter collectively called the "Guaranteed Obligations"). Each New Guarantor further agrees that the Guaranteed Obligations maybe extended or renewed, in whole or in part, without notice or further assent from such New Guarantor and that such New Guarantor will remain bound under Article XI of the Indenture, notwithstanding any extension or renewal of any Guaranteed Obligation.

The Guaranteed Obligations of the New Guarantors to the Holders of Notes and to the Trustee pursuant to the Indenture as supplemented hereby, are expressly set forth in Article XI of the Indenture and reference is hereby made to the Indenture for the precise terms of the Guarantee.

(b) Ireland. Without prejudice to Section 11.02 of the Indenture, the guarantee created by each New Guarantor pursuant to this Supplemental Indenture does not apply to any Guaranteed Obligations to the extent that it would result in the guarantee constituting unlawful financial assistance within the meaning of section 82 of the Companies Act 2014 of Ireland or to the extent that it would result in the guarantee breaching section 239 of the Companies Act, 2014 of Ireland.

(c) Luxembourg: Notwithstanding anything to the contrary in this Supplemental Indenture, the aggregate obligations and liabilities of any New Guarantor incorporated and existing under the laws of Luxembourg ("Luxembourg Guarantor") under Article XI of the Indenture for the obligations of the Issuer or any Guarantor which is not a direct or indirect subsidiary of such

Luxembourg Guarantor shall, together with any similar guarantee and/or payment obligations (*garanties personnelles*) of such Luxembourg Guarantor arising under any other Debt Documents (as defined in the Intercreditor Agreements), be limited to an aggregate amount not exceeding the higher of:

(i) 95% of such Luxembourg Guarantor's *capitaux propres* (as referred to in article 34 of the Luxembourg law dated 19 December 2002 on the commercial register and annual accounts) determined as at the date on which a demand is made under the Guarantee, increased by the amount of any Intra-Group Liabilities (without double counting); and

(ii) 95% of such Luxembourg Guarantor's *capitaux propres* (as referred to in article 34 of the Luxembourg law dated 19 December 2002 on the commercial register and annual accounts) determined as at the date of this Supplemental Indenture, increased by the amount of any Intra-Group Liabilities (without double counting).

For the purposes of this clause (c), "Intra-Group Liabilities" shall mean any amounts owed by such Luxembourg Guarantor to any other member of the Restricted Group that have not been financed (directly or indirectly) by a borrowing under the Debt Documents (as defined in the Intercreditor Agreements).

The guarantee limitation specified in clause (a) shall not apply to (i) any amounts borrowed by such Luxembourg Guarantor under the Debt Documents (as defined in the Intercreditor Agreements) and (ii) any amounts borrowed under the Debt Documents (as defined in the Intercreditor Agreements) and on-lent to such Luxembourg Guarantor (in any form whatsoever).

3. Ratification of Indenture: Supplemental Indentures Part of Indenture. Except as expressly amended hereby, the Indenture is in all respects ratified and confirmed and all the terms, conditions and provisions thereof shall remain in full force and effect. This Supplemental Indenture shall form a part of the Indenture for all purposes, and each Holder of Notes, by accepting the Notes whether heretofore or hereafter authenticated and delivered (a) agrees to and shall be bound by such provisions, (b) authorizes and directs the Trustee, on behalf of such Holder, to take such action as may be necessary or appropriate to effectuate the subordination as provided in the Indenture and (c) appoints the Trustee attorney-in-fact of such Holder for such purpose; provided, however, that each New Guarantor and each Guarantor shall be released from all its obligations with respect to this Guarantee in accordance with the terms of the Indenture, including Section 11.08 of the Indenture and upon any defeasance of the Notes in accordance with Article VIII of the Indenture.

4. Governing Law. **THIS SUPPLEMENTAL INDENTURE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.**

5. Agent for Service; Submission to Jurisdiction; Waiver of Immunities. The Issuer and each New Guarantor irrevocably submit to the non-exclusive jurisdiction of any New York State or U.S. federal court located in the Borough of Manhattan in the City and State of New York over any suit, action or proceeding arising out of or relating to this Indenture and irrevocably waive any right to trial by jury in connection with any such suit, action or proceeding. The Issuer and each New Guarantor irrevocably waive, to the fullest extent permitted by law, any objection which they may have, pursuant to New York law or otherwise, to the laying of the venue of any such suit, action or proceeding brought in such a court and any claim that any such suit, action or proceeding brought in such a court has been brought in any inconvenient forum. In furtherance of the foregoing, the Issuer and each New Guarantor hereby irrevocably designate and appoint Corporation Service Company (at its office at 1180 Avenue of the Americas, Suite 210, New York, New York 10036-8401) as its agent to receive service of all process brought against them with respect to any such suit, action or proceeding in any such court in the City and State of New York, such service being hereby acknowledged by it to be effective and binding service in every respect. Copies of any such process so served shall also be given to the Issuer in accordance with Section 13.02 of the Indenture, but the failure of the Issuer to receive such copies shall not affect in any way the service of such process as aforesaid.

6. Trustee Makes No Representation. The Trustee has entered into the Supplemental Indenture solely upon request of the Issuer and assumes no obligation hereunder. The Trustee makes no representation as to the validity or sufficiency of this Supplemental Indenture. The recitals of fact contained herein shall be treated as statements of the other parties hereto and not the Trustee.

7. Counterparts. The parties may sign any number of copies of this Supplemental Indenture. Each signed copy shall be an original, but all of them together represent the same agreement.

8. Effect of Headings. The Section headings herein are for convenience only and shall not affect the construction thereof.

9. Conflicts. To the extent of any inconsistency between the terms of the Indenture or the Global Notes and this Supplemental Indenture, the terms of this Supplemental Indenture will control.

10. Successors. All covenants and agreements in this Supplemental Indenture given by the parties hereto shall bind their successors.

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed as of the date first above written.

CABOT FINANCIAL (LUXEMBOURG) II S.A.,

by

/S/ Duncan Smith

Name: Duncan Smith

Title: Director and authorized signatory

Given under the common seal of

BRAMLEYSIDE LIMITED

(in the process of changing its name to

CABOT FINANCIAL (TREASURY) IRELAND)

And this deed was delivered

In the presence of

_____/S/ Sean Webb__________________

Name: Sean Webb

Title: Director

____/S/ Orla Hughes_____________

Name: Olga Hughes

Title: Director/Secretary

CABOT FINANCIAL (LUXEMBOURG) S.A.,

by

/S/ Duncan Smith

Name: Duncan Smith

Title: Director and authorized signatory

CABOT CREDIT MANAGEMENT LIMITED,

by

/S/ Chris Ross- Roberts

Name: Chris Ross- Roberts

Title: Group CFO

CABOT FINANCIAL LIMITED,

by

/S/ Chris Ross- Roberts

Name: Chris Ross- Roberts

Title: Group CFO

SIGNED for and on behalf of
CITIBANK, N.A., LONDON BRANCH,
as Trustee,

by

/S/ Jillian Hamblin

Name: Jillian Hamblin

Title: Vice President

Exhibit 4.33

[EXECUTION VERSION]

This SIXTH SUPPLEMENTAL INDENTURE (this "Supplemental Indenture") dated as of November 11, 2015, among CABOT FINANCIAL (LUXEMBOURG) II S.A., a public limited liability company (*société anonyme*) incorporated under laws of Luxembourg with its registered office at 6, rue Gabriel Lippmann, L-5365 Munsbach, Luxembourg, registered with the register of commerce and companies of Luxembourg under the number B 201.268, BRAMLEYSIDE LIMITED (in the process of changing its name to CABOT FINANCIAL (TREASURY) IRELAND), a private company limited by shares incorporated under the laws of Ireland, (the "New Guarantors"), MARLIN INTERMEDIATE HOLDINGS PLC, a public limited company incorporated under the laws of England and Wales with its registered office at Marlin House, 16-22 Grafton Road, Worthing, West Sussex, United Kingdom, BN11 1QP (the "Issuer"), MARLIN FINANCIAL GROUP LIMITED, a private limited company organized under the laws of England and Wales, MARLIN FINANCIAL INTERMEDIATE LIMITED, a private limited company organized under the laws of England and Wales, MARLIN FINANCIAL INTERMEDIATE II LIMITED, a private limited company organized under the laws of England and Wales (the "Company"), certain subsidiaries of the Company from time to time parties hereto and THE BANK OF NEW YORK MELLON, LONDON BRANCH, as trustee (the "Trustee"), under the Indenture referred to below.

WITNESSETH:

WHEREAS the Issuer, the Company, and the Trustee are parties to an Indenture, dated as of July 25, 2013, (as amended, supplemented, waived or otherwise modified (the "Indenture")), providing for the issuance of the Issuer's 10.5% Senior Secured Notes due 2020;

WHEREAS the Issuer, the Guarantors and the Trustee have entered into the first supplemental indenture to the Indenture dated as of February 19, 2014 (the "First Supplemental Indenture"), the second supplemental indenture to the Indenture dated as of March 14, 2014 (the "Second Supplemental Indenture), the third supplemental indenture to the Indenture dated as of May 19, 2014 (the "Third Supplemental Indenture"), the fourth supplemental indenture to the Indenture dates as of May 28, 2015 (the "Fourth Supplemental Indenture)"and the fifth supplemental indenture to the Indenture dates as of July 28, 2015 (the "Fifth Supplemental Indenture)" pursuant to which certain amendments set out therein become operative on the date hereof;

WHEREAS, pursuant to Section 4.16 of the Indenture, each New Guarantor is required to execute a supplemental Indenture;

WHEREAS, pursuant to Section 9.01 of the Indenture, the Trustee and the Issuer are authorized to execute and deliver this Guarantee Agreement;

NOW THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged, each New Guarantor, the Issuer, and the Trustee mutually covenant and agree for the equal and ratable benefit of the Holders as follows:

1. Definitions. Capitalized terms used but not defined herein shall have the meanings assigned to them in the Indenture.

2.Agreement to Guarantee.

(a) Pursuant to, and subject to the provisions of, Article XI of the Indenture, each New Guarantor (which term includes each other New Guarantor that hereinafter guarantees the Notes pursuant to the terms of the Indenture) hereby unconditionally and irrevocably guarantees, jointly and severally with each other New Guarantor and all Guarantors, to each Holder and to the Trustee and their successors and assigns to the extent set forth in the Indenture and subject to the provisions thereof (a) the full and punctual payment when due, whether at Stated Maturity, by acceleration, by redemption or otherwise, of all obligations of the Issuer under the Indenture (including obligations to the Trustee) and the Notes, whether for payment of principal of, or interest, premium, if any, on, the Notes and all other monetary obligations of the Issuer under the Indenture and the Notes and (b) the full and punctual performance within applicable grace periods of all other obligations of the Issuer whether for fees, expenses, indemnification or otherwise under the Indenture and the Notes (all the foregoing being hereinafter collectively called the "Guaranteed Obligations"). Each New Guarantor further agrees that the Guaranteed Obligations maybe extended or renewed, in whole or in part, without notice or further assent from such New Guarantor and that such New Guarantor will remain bound under Article XI of the Indenture, notwithstanding any extension or renewal of any Guaranteed Obligation.

The Guaranteed Obligations of the New Guarantors to the Holders of Notes and to the Trustee pursuant to the Indenture as supplemented hereby, are expressly set forth in Article XI of the Indenture and reference is hereby made to the Indenture for the precise terms of the Guarantee.

(b) Ireland. Without prejudice to Section 11.02 of the Indenture, the guarantee created by each New Guarantor pursuant to this Supplemental Indenture does not apply to any Guaranteed Obligations to the extent that it would result in the guarantee constituting unlawful financial assistance within the meaning of section 82 of the Companies Act 2014 of Ireland or to the extent that it would result in the guarantee breaching section 239 of the Companies Act, 2014 of Ireland.

(c) Luxembourg: Notwithstanding anything to the contrary in this Supplemental Indenture, the aggregate obligations and liabilities of any New Guarantor incorporated and existing under the laws of Luxembourg ("Luxembourg Guarantor") under Article XI of the Indenture for the obligations of the Issuer or any Guarantor which is not a direct or indirect subsidiary of such Luxembourg Guarantor shall, together with any similar guarantee and/or payment obligations (*garanties personnelles*) of such Luxembourg Guarantor arising under any other Debt Documents (as defined in the Intercreditor Agreements), be limited to an aggregate amount not exceeding the higher of:

(i) 95% of such Luxembourg Guarantor's *capitaux propres* (as referred to in article 34 of the Luxembourg law dated 19 December 2002 on the commercial register and annual accounts) determined as at the date on which a demand is made under the Guarantee, increased by the amount of any Intra-Group Liabilities (without double counting); and

(ii) 95% of such Luxembourg Guarantor's *capitaux propres* (as referred to in article 34 of the Luxembourg law dated 19 December 2002 on the commercial register and annual accounts) determined as at the date of this Supplemental Indenture, increased by the amount of any Intra-Group Liabilities (without double counting).

For the purposes of this clause (c), "Intra-Group Liabilities" shall mean any amounts owed by such Luxembourg Guarantor to any other member of the Restricted Group that have not been financed (directly or indirectly) by a borrowing under the Debt Documents (as defined in the Intercreditor Agreements).

The guarantee limitation specified in clause (a) shall not apply to (i) any amounts borrowed by such Luxembourg Guarantor under the Debt Documents (as defined in the Intercreditor Agreements) and (ii) any amounts borrowed under the Debt Documents (as defined in the Intercreditor Agreements) and on-lent to such Luxembourg Guarantor (in any form whatsoever).

3. Ratification of Indenture: Supplemental Indenture Part of Indenture. Except as expressly amended hereby, the Indenture is in all respects ratified and confirmed and all the terms, conditions and provisions thereof shall remain in full force and effect. This Supplemental Indenture shall form a part of the Indenture for all purposes, and each Holder of Notes, by accepting the Notes whether heretofore or hereafter authenticated and delivered (a) agrees to and shall be bound by such provisions, (b) authorizes and directs the Trustee, on behalf of such Holder, to take such action as may be necessary or appropriate to effectuate the subordination as provided in the Indenture and (c) appoints the Trustee attorney-in-fact of such Holder for such purpose; provided, however, that each New Guarantor and each Guarantor shall be released from all its obligations with respect to this Guarantee in accordance with the terms of the Indenture, including Section 11.08 of the Indenture and upon any defeasance of the Notes in accordance with Article VIII of the Indenture.

4. Governing Law. **THIS SUPPLEMENTAL INDENTURE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.**

5. Agent for Service; Submission to Jurisdiction; Waiver of Immunities. The Issuer and each New Guarantor irrevocably submit to the non-exclusive jurisdiction of any New York State or U.S. federal court located in the Borough of Manhattan in the City and State of New York over any suit, action or proceeding arising out of or relating to this Indenture and irrevocably waive any right to trial by jury in connection with any such suit, action or proceeding. The Issuer and each New Guarantor irrevocably waive, to the fullest extent permitted by law, any objection which they may have, pursuant to New York law or otherwise, to the laying of the venue of any such suit, action or proceeding brought in such a court and any claim that any such suit, action or proceeding brought in such a court has been brought in any inconvenient forum. In furtherance of the foregoing, the Issuer and each New Guarantor hereby irrevocably designate and appoint Corporation Service Company (at its office at 1180 Avenue of the Americas, Suite 210, New York, New York 10036-8401) as its agent to receive service of all process brought against them with respect to any such suit, action or proceeding in any such court in the City and State of New York, such service being hereby acknowledged by it to be effective and binding service in every respect. Copies of any such process so served shall also be given to the Issuer in accordance with Section 13.02 of the Indenture, but the failure of the Issuer to receive such copies shall not affect in any way the service of such process as aforesaid.

6. Trustee Makes No Representation. The Trustee has entered into this Supplemental Indenture solely upon request of the Issuer and assumes no obligation hereunder. The Trustee makes no representation as to the validity or sufficiency of this Supplemental Indenture. The recitals of fact contained herein shall be treated as statements of the other parties hereto and not the Trustee.

7. Counterparts. The parties may sign any number of copies of this Supplemental Indenture. Each signed copy shall be an original, but all of them together represent the same agreement.

8. Effect of Headings. The Section headings herein are for convenience only and shall not affect the construction thereof.

9. Conflicts. To the extent of any inconsistency between the terms of the Indenture or the Global Notes and this Supplemental Indenture, the terms of this Supplemental Indenture will control.

10. Successors. All covenants and agreements in this Supplemental Indenture given by the parties hereto shall bind their successors.

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed as of the date first above written.

CABOT FINANCIAL (LUXEMBOURG) II S.A.,

by **/S/ Duncan Smith**

Name: Duncan Smith

Title: Director and authorized signatory

Signature page to 2020 Marlin Notes Supplemental Indenture

Given under the common seal of

BRAMLEYSIDE LIMITED

(in the process of changing its name to

CABOT FINANCIAL (TREASURY) IRELAND) And this deed was delivered

In the presence of

_____/S/ Sean Webb______ _________

Name: Sean Webb

Title: Director

____/S/ Orla Hughes___________ __

Name: Olga Hughes

Title: Director/Secretary

MARLIN INTERMEDIATE HOLDINGS PLC,

by

/S/ Chris Ross- Roberts

Name: Chris Ross- Roberts

Title: Group CFO

Signature page to 2020 Marlin Notes Supplemental Indenture

MARLIN FINANCIAL GROUP LIMITED,

by

/S/ Chris Ross- Roberts

Name: Chris Ross- Roberts

Title: Group CFO

MARLIN FINANCIAL INTERMEDIATE LIMITED,

by

/S/ Chris Ross- Roberts

Name: Chris Ross- Roberts

Title: Group CFO

MARLIN FINANCIAL INTERMEDIATE II LIMITED,

by

/S/ Chris Ross- Roberts

Name: Chris Ross- Roberts

Title: Group CFO

Signature page to 2020 Marlin Notes Supplemental Indenture

THE BANK OF NEW YORK MELLON,
LONDON BRANCH,
as Trustee,

by

____

Name:

Title:

Signature page to 2020 Marlin Notes Supplemental Indenture

CABOT FINANCIAL LIMITED

by

/S/ Chris Ross- Roberts

Name: Chris Ross- Roberts

Title: Group CFO

[EXECUTION VERSION]

THIS THIRD SUPPLEMENTAL INDENTURE (this "Supplemental Indenture") dated as of November 11, 2015, among CABOT FINANCIAL (LUXEMBOURG) II S.A., a public limited liability company (*société anonyme*) incorporated under laws of Luxembourg with its registered office at 6, rue Gabriel Lippmann, L-5365 Munsbach, Luxembourg, registered with the register of commerce and companies of Luxembourg under the number B 201.268, BRAMLEYSIDE LIMITED (in the process of changing its name to CABOT FINANCIAL (TREASURY) IRELAND), a private company limited by shares incorporated under the laws of Ireland, (the "New Guarantors"), CABOT FINANCIAL (LUXEMBOURG) S.A., a *société anonyme* incorporated under the laws of Luxembourg with registered office at 6, rue Gabriel Lippmann, L-5365 Munsbach, Luxembourg, registered with the register of commerce and companies of Luxembourg under the number B 171.245 (the "Issuer"), CABOT CREDIT MANAGEMENT LIMITED, a limited liability company organized under the laws of England and Wales, CABOT FINANCIAL LIMITED, a limited liability company incorporated under the laws of England and Wales (the "Company"), certain subsidiaries of the Company from time to time parties hereto and CITIBANK, N.A., LONDON BRANCH, as trustee (the "Trustee"), under the Indenture referred to below.

WITNESSETH:

WHEREAS the Issuer, the Company, and the Trustee are parties to an Indenture, dated as of March 27, 2014 (as amended, supplemented, waived or otherwise modified (the "Indenture")), providing for the issuance of the Issuer's 6.500% Senior Secured Notes due 2021;

WHEREAS the Issuer, the Guarantors and the Trustee have entered into the first supplemental indenture to the Indenture dated as of May 28, 2015 (the "First Supplemental Indenture"), and the second supplemental indenture to the Indenture dated as of July 28, 2015 (the "Second Supplemental Indenture") pursuant to which certain amendments set out therein become operative on the date hereof;

WHEREAS, pursuant to Section 4.16 of the Indenture, each New Guarantor is required to execute a Supplemental Indenture;

WHEREAS, pursuant to Section 9.01 of the Indenture, the Trustee and the Issuer are authorized to execute and deliver this Supplemental Indenture, including the agreement to guarantee contained herein;

NOW THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged, each New Guarantor, the Issuer, and the Trustee mutually covenant and agree for the equal and ratable benefit of the Holders as follows:

1. Definitions. Capitalized terms used but not defined herein shall have the meanings assigned to them in the Indenture.

2. Agreement to Guarantee.

(a) Pursuant to, and subject to the provisions of, Article XI of the Indenture, each New Guarantor (which term includes each other New Guarantor that hereinafter guarantees the Notes pursuant to the terms of the Indenture) hereby unconditionally and irrevocably guarantees, jointly and severally with each other New Guarantor and all Guarantors, to each Holder and to the Trustee and their successors and assigns to the extent set forth in the Indenture and subject to the provisions thereof (a) the full and punctual payment when due, whether at Stated Maturity, by acceleration, by redemption or otherwise, of all obligations of the Issuer under the Indenture (including obligations to the Trustee) and the Notes, whether for payment of principal of, or interest, premium, if any, on, the Notes and all other monetary obligations of the Issuer under the Indenture and the Notes and (b) the full and punctual performance within applicable grace periods of all other obligations of the Issuer whether for fees, expenses, indemnification or otherwise under the Indenture and the Notes (all the foregoing being hereinafter collectively called the "Guaranteed Obligations"). Each New Guarantor further agrees that the Guaranteed Obligations maybe extended or renewed, in whole or in part, without notice or further assent from such New Guarantor and that such New Guarantor will remain bound under Article XI of the Indenture, notwithstanding any extension or renewal of any Guaranteed Obligation.

The Guaranteed Obligations of the New Guarantors to the Holders of Notes and to the Trustee pursuant to the Indenture as supplemented hereby, are expressly set forth in Article XI of the Indenture and reference is hereby made to the Indenture for the precise terms of the Guarantee.

(b) Ireland. Without prejudice to Section 11.02 of the Indenture, the guarantee created by each New Guarantor pursuant to this Supplemental Indenture does not apply to any Guaranteed Obligations to the extent that it would result in the guarantee constituting unlawful financial assistance within the meaning of section 82 of the Companies Act 2014 of Ireland or to the extent that it would result in the guarantee breaching section 239 of the Companies Act, 2014 of Ireland.

(c) Luxembourg: Notwithstanding anything to the contrary in this Supplemental Indenture, the aggregate obligations and liabilities of any New Guarantor incorporated and existing under the laws of Luxembourg ("Luxembourg Guarantor") under Article XI of the Indenture for the obligations of the Issuer or any Guarantor which is not a direct or indirect subsidiary of such Luxembourg Guarantor shall, together with any similar guarantee and/or payment obligations (*garanties personnelles*) of such Luxembourg Guarantor arising under any other Debt Documents (as

defined in the Intercreditor Agreements), be limited to an aggregate amount not exceeding the higher of:

(i) 95% of such Luxembourg Guarantor's *capitaux propres* (as referred to in article 34 of the Luxembourg law dated 19 December 2002 on the commercial register and annual accounts) determined as at the date on which a demand is made under the Guarantee, increased by the amount of any Intra-Group Liabilities (without double counting); and

(ii) 95% of such Luxembourg Guarantor's *capitaux propres* (as referred to in article 34 of the Luxembourg law dated 19 December 2002 on the commercial register and annual accounts) determined as at the date of this Supplemental Indenture, increased by the amount of any Intra-Group Liabilities (without double counting).

For the purposes of this clause (c), "Intra-Group Liabilities" shall mean any amounts owed by such Luxembourg Guarantor to any other member of the Restricted Group that have not been financed (directly or indirectly) by a borrowing under the Debt Documents (as defined in the Intercreditor Agreements).

The guarantee limitation specified in clause (a) shall not apply to (i) any amounts borrowed by such Luxembourg Guarantor under the Debt Documents (as defined in the Intercreditor Agreements) and (ii) any amounts borrowed under the Debt Documents (as defined in the Intercreditor Agreements) and on-lent to such Luxembourg Guarantor (in any form whatsoever).

3. Ratification of Indenture; Supplemental Indentures Part of Indenture. Except as expressly amended hereby, the Indenture is in all respects ratified and confirmed and all the terms, conditions and provisions thereof shall remain in full force and effect. This Supplemental Indenture shall form a part of the Indenture for all purposes, and each Holder of Notes, by accepting the Notes whether heretofore or hereafter authenticated and delivered (a) agrees to and shall be bound by such provisions, (b) authorizes and directs the Trustee, on behalf of such Holder, to take such action as may be necessary or appropriate to effectuate the subordination as provided in the Indenture and (c) appoints the Trustee attorney-in-fact of such Holder for such purpose; provided, however, that each New Guarantor and each Guarantor shall be released from all its obligations with respect to this Guarantee in accordance with the terms of the Indenture, including Section 11.08 of the Indenture and upon any defeasance of the Notes in accordance with Article VIII of the Indenture.

4. Governing Law. **THIS SUPPLEMENTAL INDENTURE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.**

5. Agent for Service; Submission to Jurisdiction; Waiver of Immunities. The Issuer and each New Guarantor irrevocably submit to the non-exclusive jurisdiction of any

New York State or U.S. federal court located in the Borough of Manhattan in the City and State of New York over any suit, action or proceeding arising out of or relating to this Indenture and irrevocably waive any right to trial by jury in connection with any such suit, action or proceeding. The Issuer and each New Guarantor irrevocably waive, to the fullest extent permitted by law, any objection which they may have, pursuant to New York law or otherwise, to the laying of the venue of any such suit, action or proceeding brought in such a court and any claim that any such suit, action or proceeding brought in such a court has been brought in any inconvenient forum. In furtherance of the foregoing, the Issuer and each New Guarantor hereby irrevocably designate and appoint Corporation Service Company (at its office at 1180 Avenue of the Americas, Suite 210, New York, New York 10036-8401) as its agent to receive service of all process brought against them with respect to any such suit, action or proceeding in any such court in the City and State of New York, such service being hereby acknowledged by it to be effective and binding service in every respect. Copies of any such process so served shall also be given to the Issuer in accordance with Section 13.02 of the Indenture, but the failure of the Issuer to receive such copies shall not affect in any way the service of such process as aforesaid.

6. Trustee Makes No Representation. The Trustee has entered into the Supplemental Indenture solely upon request of the Issuer and assumes no obligations hereunder. The Trustee makes no representation as to the validity or sufficiency of this Supplemental Indenture. The recitals of fact contained herein shall be treated as statements of the other parties hereto and not the Trustee.

7. Counterparts. The parties may sign any number of copies of this Supplemental Indenture. Each signed copy shall be an original, but all of them together represent the same agreement.

8. Effect of Headings. The Section headings herein are for convenience only and shall not affect the construction thereof.

9. Conflicts. To the extent of any inconsistency between the terms of the Indenture or the Global Notes and this Supplemental Indenture, the terms of this Supplemental Indenture will control.

10. Successors. All covenants and agreements in this Supplemental Indenture given by the parties hereto shall bind their successors.

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed as of the date first above written.

CABOT FINANCIAL (LUXEMBOURG) II S.A.,

by

/S/ Duncan Smith

Name: Duncan Smith

Title: Director and authorized signatory

Given under the common seal of

BRAMLEYSIDE LIMITED

(in the process of changing its name to

CABOT FINANCIAL (TREASURY) IRELAND) And this deed was delivered

In the presence of

_____/S/ Sean Webb______________

Name: Sean Webb

Title: Director

____/S/ Orla Hughes____________

Name: Olga Hughes

Title: Director/Secretary

CABOT FINANCIAL (LUXEMBOURG) S.A.,

by

/S/ Duncan Smith

Name: Duncan Smith

Title: Director and authorized signatory

CABOT CREDIT MANAGEMENT LIMITED,

by

/S/ Chris Ross- Roberts

Name: Chris Ross- Roberts

Title: Group CFO

CABOT FINANCIAL LIMITED,

by

/S/ Chris Ross- Roberts

Name: Chris Ross- Roberts

Title: Group CFO

Signature page to 2021 Cabot Notes Supplemental Indenture

SIGNED for and on behalf of
CITIBANK, N.A., LONDON BRANCH,
as Trustee,

by

/S/ Jillian Hamblin

Name: Jillian Hamblin

Title: Vice President

Exhibit 10.104

INCREMENTAL FACILITY AGREEMENT

CREDIT SUISSE AG 11 Madison Avenue New York, NY 10010	NORTHWEST BANK 925 4th Avenue, Suite 100 Seattle, WA 98104

November 19, 2015

Encore Capital Group, Inc.
3111 Camino Del Rio North
Suite 1300
San Diego, California
Attention: Chief Financial Officer

Re: Incremental Facility Agreement

Ladies and Gentlemen:

Reference is hereby made to that certain Second Amended and Restated Credit Agreement, dated as of February 25, 2014, as amended by that certain Amendment No. 1 to Second Amended and Restated Credit Agreement dated as of August 1, 2014 and that certain Amendment No. 2 to Second Amended and Restated Credit Agreement dated as of July 9, 2015 (as so amended, and as the same may be further amended, restated, modified, supplemented, extended or replaced from time to time, the "Credit Agreement"), by and among Encore Capital Group, Inc. ("Borrower"), the several banks and other financial institutions and lenders from time to time party thereto (the "Lenders"), SunTrust Bank, as administrative agent (in such capacity, the "Administrative Agent") and collateral agent, issuing bank and swingline lender. Unless otherwise defined herein, capitalized terms used herein shall have the respective meanings set forth in the Credit Agreement. This Incremental Facility Agreement (this "Agreement") (i) is an "Incremental Facility Amendment" (as defined in the Credit Agreement) and the Credit Agreement is hereby amended in accordance with the terms and conditions herein and (ii) shall be deemed to be a "Loan Document" under the Credit Agreement.

At the request of the Borrower, (i) Credit Suisse AG ("Credit Suisse") hereby agrees to provide an Incremental Revolving Commitment to the Borrower in the amount of $50,000,000 (the "Incremental Revolving Commitment") and (ii) Northwest Bank ("NWB" and together with Credit Suisse, the "Incremental Lenders" and each, an "Incremental Lender") hereby agrees to make an Incremental Term Loan in the amount of $5,000,000 (the "Incremental Term Loan" and together with the Incremental Revolving Commitment and the Incremental Revolving Loans funded pursuant to the Incremental Revolving Commitment, the "Incremental Facility"). The Incremental Facility provided pursuant to this Agreement shall be subject to all of the terms and conditions set forth in the Credit Agreement, including without limitation, Section 2.2 thereof with respect to the Incremental Revolving Commitment and Section 2.5 thereof with respect to the Incremental Term Loan.

Each Incremental Lender, the Borrower and the Administrative Agent each acknowledges and agrees that the Incremental Revolving Commitment provided pursuant to this Agreement shall constitute a "Revolving Commitment" for all purposes of the Credit Agreement and the other applicable Loan Documents and the Incremental Term Loan provided pursuant to this Agreement shall constitute a "Term Loan" for all purposes of the Credit Agreement and the other applicable Loan Documents. Furthermore, each of the parties to this Agreement hereby agrees that (i) the Incremental Facility shall be subject to the terms set forth on Annex III hereto, (ii) the Incremental Revolving Commitment, and the Revolving Loans funded thereunder, shall be on the same terms and conditions as the Revolving Commitments and Revolving Loans under the Credit Agreement, (iii) except as otherwise expressly set forth herein, the Incremental Term Loan shall be on the same terms and conditions as the Term Loans under the Credit Agreement (iv) Schedule II-A to the Credit Agreement is hereby amended and restated in its entirety to read as set forth in Annex I hereto and (v) Schedule III to the Credit Agreement is hereby amended and restated in its entirety to read as set forth in Annex II hereto.

Each Incremental Lender hereby (i) confirms that it has received a copy of the Credit Agreement and the other Loan Documents, together with copies of the financial statements referred to therein and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Agreement and to become a Lender under the Credit Agreement, (ii) agrees that it will, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Credit Agreement and the other Loan Documents, (iii) irrevocably authorizes the Administrative Agent to take such action on its behalf under this Agreement, the other Loan Documents and any other instruments and agreements referred to herein or therein and to exercise such powers and to perform such duties thereunder as are specifically delegated to or required of the Administrative Agent by the terms thereof and such other powers as are reasonably incidental thereto, (iv) agrees that it will perform in accordance with their terms all of the obligations which by the terms of the Credit Agreement and the other Loan Documents are required to be performed by it as a Lender and (v) in the case an Incremental Lender is a Foreign Lender, attaches the forms and/or certificates referred to in Section 2.20(g) of the Credit Agreement, certifying as to its entitlement as of the date hereof to a complete exemption from, or a reduction of, United States withholding taxes with respect to all payments to be made to it by the Borrower under the Credit Agreement and the other Loan Documents.

Upon the date of (i) the execution of a counterpart of this Agreement by the Incremental Lenders, the Administrative Agent, the Borrower and each Guarantor, (ii) the delivery to the Administrative Agent of a fully executed counterpart (including by way of facsimile or other form of electronic transmission permitted under the Credit Agreement) hereof, (iii) the payment of any fees then earned, due and payable in connection herewith and (iv) the satisfaction (or waiver in writing) of any other conditions precedent set forth in Section 6 of Annex III hereto (such date, the "Agreement Effective Date"), (a) Credit Suisse shall be obligated to fund the Incremental Revolving Loans pursuant to the Incremental Revolving Commitment to be made by it, and participate in Letters of Credit and Swingline Loans required to be participated in by it on the terms, and subject to the conditions, set forth in the Credit Agreement and in this Agreement, (b) NWB shall be obligated to fund the Incremental Term Loan on the terms, and subject to the conditions, set forth in the Credit Agreement and in this Agreement and (c) each Incremental Lender shall have the rights and obligations of a Lender thereunder and under the other applicable Loan Documents.

Each of the Borrower and each Guarantor acknowledges and agrees that (i) it shall be liable for all Obligations with respect to the Incremental Facility created hereunder and (ii) all such Obligations (including the Incremental Revolving Loans and the Incremental Term Loan) shall constitute (and be included in the definition of) "Secured Obligations" under the Credit Agreement and be entitled to the benefits of the respective Collateral Documents and the Guaranty Agreement as, and to the extent, provided in the Credit Agreement and in such other Loan Documents.

Attached hereto as Annex IV is the officer's certificate required pursuant to Section 2.24(a) of the Credit Agreement certifying as to compliance with clauses (i), (ii) and (iii) of such Section and containing the calculations (in reasonable detail) required by such clause (ii) thereof.

The Borrower may accept this Agreement by signing the enclosed copies in the space provided below, and returning one copy of same to each Incremental Lender and one copy to the Administrative Agent before the close of business on November 19, 2015. If the Borrower does not so accept this Agreement by such time, the obligations of the Incremental Lenders to provide the Incremental Facility set forth in this Agreement shall be deemed canceled and of no force or effect.

After the execution and delivery to the Administrative Agent of a fully executed copy of this Agreement (including by way of counterparts and by facsimile transmission) by the parties hereto, this Agreement may only be changed, modified or varied by written instrument in accordance with the requirements for the modification of Loan Documents pursuant to Section 10.2 of the Credit Agreement.

THIS AGREEMENT AND THE OBLIGATIONS HEREUNDER SHALL BE CONSTRUED IN ACCORDANCE WITH AND BE GOVERNED BY THE LAW OF THE STATE OF NEW YORK, WITHOUT REGARD TO CONFLICTS OF LAWS PRINCIPLES (BUT, IN ANY EVENT, GIVING EFFECT TO SECTIONS 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW).

[Signature Pages Follow]

Very truly yours,

CREDIT SUISSE AG, CAYMAN ISLANDS BRANCH

By: /s/ Doreen Barr
Name: Doreen Barr
Title: Authorized Signatory

By: /s/ Jayant Rao
Name: Jayant Rao
Title: Authorized Signatory

NORTHWEST BANK

By: /s/ Basant Singh
Name: Basant Singh
Title: Mkt President

Signature Page to
Incremental Facility Agreement

Agreed and Accepted as of the date first written above:

SUNTRUST BANK, as Administrative Agent,
Issuing Bank and Swingline Lender

By: /s/ Paula Mueller
Name: Paula Mueller
Title: Director

Agreed and Accepted as of the date first written above:

ENCORE CAPITAL GROUP, INC.

By: /s/ Jonathan Clark
Name: Jonathan Clark
Title: Executive Vice President, Chief Financial Officer and Treasurer

Each Guarantor acknowledges and agrees to each the foregoing provisions of this Incremental Facility Agreement and to the establishment of the Incremental Facility and the Obligations incurred related thereto.

MIDLAND CREDIT MANAGEMENT, INC.
MIDLAND FUNDING LLC
MIDLAND PORTFOLIO SERVICES, INC.
MIDLAND FUNDING NCC-2 CORPORATION
MIDLAND INTERNATIONAL LLC
MRC RECEIVABLES CORPORATION
PROPEL ACQUISITION LLC
PROPEL FUNDING LLC
ASSET ACCEPTANCE CAPITAL CORP.
ASSET ACCEPTANCE, LLC
ATLANTIC CREDIT & FINANCE, INC.

By: /s/ Jonathan Clark
Name: Jonathan Clark
Title: Treasurer

MIDLAND INDIA LLC

By: /s/ Glen V. Freter
Name: Glen V. Freter
Title: Treasurer

ASSET ACCEPTANCE RECOVERY SERVICES, LLC
ASSET ACCEPTANCE SOLUTIONS GROUP, LLC
LEGAL RECOVERY SOLUTIONS, LLC

By: /s/ Darin B. Herring
Name: Darin B. Herring
Title: Vice President

ATLANTIC CREDIT & FINANCE SPECIAL FINANCE UNIT, LLC
ATLANTIC CREDIT & FINANCE SPECIAL FINANCE UNIT III, LLC

By: /s/ Shawn Thomas
Name: Shawn Thomas
Title: General Manager

ANNEX I

Schedule II-A to Credit Agreement

Lender	**Revolving Commitment Amount**	**Term Loan A Commitment Amount**
SunTrust Bank	$ 83,278,619.73	$ 16,552,380.95
Bank of America, N.A.	73,435,714.00	17,028,571.43
Fifth Third Bank	51,070,190.48	9,523,809.52
ING Capital LLC	66,071,428.58	9,523,809.52
Morgan Stanley Bank, N.A.	40,625,000.00	10,000,000.00
California Bank &Trust	32,380,952.00	7,619,047.62
Citibank, N.A.	43,749,999.98	6,666,666.67
Bank Leumi USA	10,767,857.14	4,514,285.71
Israel Discount Bank of New York	16,190,476.19	3,809,523.81
First Bank	16,041,666.67	3,333,333.33
Amalgamated Bank	15,892,857.14	2,857,142.86
Union Bank	22,321,428.59	2,857,142.86
Cathay Bank, California Banking Corporation	13,164,285.70	1,904,761.90
Chang Hwa Commercial Bank, Ltd., New York Branch	19,345,238.10	1,904,761.90
Manufacturers Bank	8,214,285.70	1,904,761.90
Barclays Bank	20,000,000.00	0.00
RBS Citizens	35,000,000.00	0.00
Flagstar Bank	25,000,000.00	0.00
PrivateBank and Trust	25,000,000.00	0.00
Western Alliance Bank	25,000,000.00	0.00
Raymond James Bank	20,000,000.00	0.00
UBS AG, Stamford Branch	20,000,000.00	0.00
CTBC Bank	10,000,000.00	0.00
Credit Suisse AG	50,000,000.00	0.00
Total	**$742,550,000.00**	**$100,000,000**

ANNEX II

Schedule III to Credit Agreement
EXTENDING LENDERS AND NON-EXTENDING LENDERS

Extending Lenders:

Lender	**Revolving Commitment Amount**	**Term Loan A-2 Commitment Amount**
SunTrust Bank	$ 83,278,619.73	$ 15,040,427.92
Bank of America, N.A.	73,435,714.00	15,964,286.00
Fifth Third Bank	51,070,190.48	8,929,809.52
ING Capital LLC	66,071,428.58	8,928,571.42
Morgan Stanley Bank, N.A.	40,625,000.00	9,375,000.00
California Bank &Trust	32,380,952.00	7,619,048.00
Citibank, N.A.	43,749,999.98	6,250,000.02
Bank Leumi USA	10,767,857.14	4,232,142.86
First Bank	16,041,666.67	3,124,999.98
Union Bank	22,321,428.59	2,678,571.41
Cathay Bank, California Banking Corporation	13,164,285.70	1,785,714.30
Chang Hwa Commercial Bank, Ltd., New York Branch	19,345,238.10	1,785,714.30
Manufacturers Bank	8,214,285.70	1,785,714.30
Barclays Bank PLC	20,000,000.00	0.00
RBS Citizens	35,000,000.00	0.00
Flagstar Bank	25,000,000.00	0.00
PrivateBank and Trust	25,000,000.00	0.00
Western Alliance Bank	25,000,000.00	0.00
Raymond James Bank	20,000,000.00	0.00
UBS AG, Stamford Branch	20,000,000.00	0.00
CTBC Bank	10,000,000.00	0.00
Credit Suisse AG	50,000,000.00	0.00
Northwest Bank	0.00	5,000,000.00
Total	**$710,466,666.67**	**$92,500,000.03**

Non-Extending Lenders:

Lender	**Revolving Commitment Amount**	**Term Loan A Commitment Amount**
Israel Discount Bank of New York	16,190,476.19	3,571,428.56
Amalgamated Bank	15,892,857.14	2,678,571.41
Total	**$32,083,333.33**	**$6,249,999.97**

ANNEX III

TERMS AND CONDITIONS FOR
INCREMENTAL FACILITY AGREEMENT

1. Name of Borrower: Encore Capital Group, Inc., a Delaware corporation.

2. Date upon which the Incremental Facility is to become effective: November 19, 2015.

3. Maturity Dates:

(a) Date upon which the Incremental Revolving Loans mature: the Revolving Commitment Termination Date.

(b) Date upon which the Incremental Term Loan matures: the Term Loan A-2 Maturity Date.

4. Applicable Margin: Identical to the "Applicable Margin" as defined in the Credit Agreement.

5. Amortization: The Borrower unconditionally promised to pay to the Administrative Agent for the account of NWB, on the last Business Day of each of March, June, September and December, commencing on December 31, 2015 a principal amount equal to $5,000,000.00 multiplied by (i) 1.25%, for the first such quarterly installment, (ii) 1.875%, for the next four (4) quarterly installments thereafter and (iii) 2.5%, for the next eight (8) quarterly installments thereafter; provided, that, to the extent not previously paid, the aggregate unpaid principal balance of the Incremental Term Loan shall be due and payable on the Term Loan A-2 Maturity Date.

6. Other Conditions Precedent:

(a) No Default or Event of Default has occurred and is continuing or shall result from the Incremental Facility provided by the Incremental Lenders under the Incremental Facility Agreement as of the date hereof;

(b) the Borrower and its Restricted Subsidiaries are in pro forma compliance with each of the covenants set forth in Article VI of the Credit Agreement as of the last day of the most recently ended Fiscal Quarter after giving effect to the Incremental Facility provided by the Incremental Lenders under the Incremental Facility Agreement on the date hereof (assuming for such purpose that the Incremental Revolving Commitment provided under the Incremental Facility Agreement is fully drawn on the date hereof);

(c) each of the conditions in Section 3.2 of the Credit Agreement have been satisfied; and

(d) the Administrative Agent shall have received:

(i) a favorable written opinion of Pillsbury Winthrop Shaw Pittman LLP addressed to the Administrative Agent and the Incremental Lenders covering such matters relating to the Borrower and the transactions contemplated under the Incremental Facility Agreement as the Administrative Agent or the Incremental Lenders shall reasonably request; and

(ii) a certificate signed by a Responsible Officer of the Borrower substantially in the form of Annex IV.

Annex III

ANNEX IV

OFFICER'S CERTIFICATE

November __, 2015

This Officer's Certificate is being executed and delivered in connection with that certain Incremental Facility Agreement, dated as of the date hereof (the "Incremental Facility Agreement") by and among Encore Capital Group, Inc. (the "Borrower"), Credit Suisse AG ("Credit Suisse") and Northwest Bank ("NWB" and together with Credit Suisse, the "Incremental Lenders" and each, an "Incremental Lender") and SunTrust Bank, as administrative agent (the "Agent") under that certain Second Amended and Restated Credit Agreement, dated as of February 25, 2014, as amended by that certain Amendment No. 1 to Second Amended and Restated Credit Agreement August 1, 2014 and that certain Amendment No. 2 to Second Amended and Restated Credit Agreement dated as of July 9, 2015 (as so amended, and as the same may be further amended, restated, modified, supplemented, extended or replaced from time to time, the "Credit Agreement"), by and among the Borrower, the several banks and other financial institutions and lenders from time to time party thereto (the "Lenders"), the Agent, in its capacity as administrative agent for the Lenders, as collateral agent for the Secured Parties, as issuing bank and as swingline lender and the other agents and arrangers party thereto, pursuant to which (i) Credit Suisse is willing to extend to the Borrower an Incremental Revolving Commitment and (ii) NWB is willing to extend to the Borrower an Incremental Term Loan, in each case subject to the terms and conditions set forth in the Incremental Facility Agreement. Capitalized terms used herein but not otherwise defined herein shall have the meanings assigned to such terms in the Credit Agreement.

The undersigned, a Responsible Officer of the Borrower, in such capacity and not individually, hereby certifies on behalf of the Borrower the following:

(a) no Default or Event of Default has occurred and is continuing or will result from the consummation of the transactions contemplated by the Incremental Facility Agreement;

(b) the Borrower and its Restricted Subsidiaries are in pro forma compliance with each of the covenants set forth in Article VI of the Credit Agreement as of the last day of the most recently ended Fiscal Quarter after giving effect to the Incremental Facility provided by the Incremental Lenders under the Incremental Facility Agreement (assuming for such purpose that the Incremental Revolving Commitment is fully drawn at such time) and attached hereto as Exhibit A are the calculations (in reasonable detail) demonstrating such compliance;

(c) all of the conditions set forth in Section 3.2 of the Credit Agreement have been satisfied; and

(d) attached hereto as Exhibit B is a true and correct copy of the resolutions of the Borrower which approve the incurrence of the Incremental Facilities.

[*Signature page follows*]

IN WITNESS WHEREOF, the undersigned has executed this Officer's Certificate to be effective as of the date first written above.

ENCORE CAPITAL GROUP, INC.

By: ____________________________
Name:
Title:

[Signature Page to Officer’s Certificate]

Exhibit 21

Subsidiaries of Encore Capital Group, Inc.

Name	**Jurisdiction of Incorporation or Formation**
ACF Medical Services, Inc.	Virginia
Alliance Factoring Pty Limited	Australia
Alliance Group Holdings General Custodian Company Pty Limited	Australia
Apex Collections Limited	United Kingdom
Apex Credit Management Holdings Limited	United Kingdom
Apex Credit Management Limited	United Kingdom
Ascension Capital Group, Inc.	Delaware
Asset Acceptance Capital Corp.	Delaware
Asset Acceptance Recovery Services, LLC	Delaware
Asset Acceptance Solutions Group, LLC	Delaware
Asset Acceptance, LLC	Delaware
Atlantic Credit & Finance Special Finance Unit III, LLC	Virginia
Atlantic Credit & Finance Special Finance Unit, LLC	Virginia
Atlantic Credit & Finance, Inc.	Virginia
Backoffice BPO Pty Ltd	Australia
Baycorp (Aust) Pty Limited	Australia
Baycorp (NZ) Limited	New Zealand
Baycorp (WA) Pty Limited	Australia
Baycorp Collection Services (Aust) Pty Limited	Australia
Baycorp Collection Services Pty Limited	Australia
Baycorp Collections PDL (Australia) Pty Limited	Australia
Baycorp Document Services Pty Limited	Australia
Baycorp Finance (Aust) Pty Limited	Australia
Baycorp Group Finance Pty Limited	Australia
Baycorp Holdings (NZ) Limited	New Zealand
Baycorp Holdings Pty Limited	Australia
Baycorp International (Philippines Branch)	Philippines
Baycorp International Pty Limited	Australia
Baycorp Legal Pty Limited	Australia
Baycorp PDL (NZ) Limited	New Zealand
Bayfront Investment LLC	Delaware
BC Holdings I PTY LTD	Australia
BC Holdings II PTY LTD	Australia
Bedford S.A.S.	Colombia
Black Tip Capital Holdings Limited	United Kingdom
Cabot (Group Holdings) Limited	United Kingdom
Cabot Asset Purchases (Ireland) Limited	Ireland
Cabot Credit Management Group Limited	United Kingdom
Cabot Credit Management Limited	United Kingdom
Cabot Financial (Europe) Limited	United Kingdom
Cabot Financial (International) Limited	United Kingdom
Cabot Financial (Ireland) Limited	Ireland
Cabot Financial (Luxembourg) II S.A.	Luxembourg
Cabot Financial (Luxembourg) S.A.	Luxembourg

Name	Jurisdiction of Incorporation or Formation
Cabot Financial (Marlin) Limited	United Kingdom
Cabot Financial (Treasury) Ireland Limited	Republic of Ireland
Cabot Financial (UK) Limited	United Kingdom
Cabot Financial Debt Recovery Services Limited	United Kingdom
Cabot Financial Holdings Group Limited	United Kingdom
Cabot Financial Limited	United Kingdom
Cabot Financial Portfolios Limited	United Kingdom
Cabot Holdings S.a.r.L	Luxembourg
Cabot Securitisation (Europe) Limited	Ireland
Cabot Services (Europe) S.A.S	France
Cabot Spain S.L.	Spain
Carat UK Holdco Limited	United Kingdom
Carat UK Midco Limited	United Kingdom
Cuentas En Participacion	Colombia
Credit Provider Services PTY Limited	Australia
Desert Tree Capital LLC	Delaware
Dessetec Desarrollo De Sistemas, S.A. DE C.V.	Mexico
Encore Asset Reconstruction Company Private Ltd.	India
Encore Australia Holdings I PTY LTD	Australia
Encore Australia Holdings II PTY LTD	Australia
Encore Capital Group Singapore Pte. Ltd.	Singapore
Encore Europe Holdings S.a.r.L	Luxembourg
Encore Holdings Luxembourg S.a.r.L	Luxembourg
Encore Luxembourg Brazil S.a.r.L	Luxembourg
Encore Luxembourg India S.a.r.L	Luxembourg
Encore Luxembourg Mexico S.a.r.L	Luxembourg
Encore Mexico Nominee LLC	Delaware
Encore Real Estate Group	Delaware
Encoremex Holdings, S. de R.L. de C.V	Mexico
Encoremex S.A.de C.V.	Mexico
Fideiconmiso PA Refinancia	Colombia
Fideiconmiso PA Refinancia NPL	Colombia
Financial Investigations and Recoveries (Europe) Ltd.	United Kingdom
Fireside Funding LLC	Delaware
GC Encore Euro S.a.r.L	Luxembourg
GC Encore GBP S.a.r.L	Luxembourg
GEFO Nominee U.K Ltd.	United Kingdom
Gesif SAU	Spain
Global Security Refinancia Management	Cayman Islands
Green Box Asset Management, S.L.	Spain
Green Meadow Financial LLC	Delaware
Grove Capital Management Espana S.L.	Spain
Grove Capital Management Limited	United Kingdom
Grove Europe S.a.r.L.	Luxembourg
Grove Holdings	Cayman Islands
Grove Performance Management Limited	United Kingdom
Grove Services International Ltd.	Jersey
Hillesden Securities Limited	United Kingdom

Name	Jurisdiction of Incorporation or Formation
Heptus 229. gmbH	Germany
Janus Holdings Luxembourg S.a.r.L	Luxembourg
Legal Recovery Solutions, LLC	Delaware
Lucania Gestion, S.L	Spain
Lucania Software, S.L.	Spain
Macrocom (948) Limited	United Kingdom
Malwyn Pty Ltd	Australia
Marlin Capital Europe Limited	United Kingdom
Marlin Europe I Limited	United Kingdom
Marlin Europe II Limited	United Kingdom
Marlin Europe IV Limited	United Kingdom
Marlin Europe V Limited	United Kingdom
Marlin Europe VI Limited	United Kingdom
Marlin Europe IX Limited	United Kingdom
Marlin Europe X Limited	United Kingdom
Marlin Financial Group Limited	United Kingdom
Marlin Financial Intermediate II Limited	United Kingdom
Marlin Financial Intermediate Limited	United Kingdom
Marlin Intermediate Holdings plc	United Kingdom
Marlin Legal Services Limited	United Kingdom
Marlin Midway Limited	United Kingdom
Marlin Portfolio Holdings Limited	United Kingdom
Marlin Senior Holdings Limited	United Kingdom
Marlin Unrestricted Holdings Limited	United Kingdom
MCE Portfolio Limited	United Kingdom
MDB Collection Services Limited	United Kingdom
MCM Midland Management Costa Rica, S.r.L	Costa Rica
ME III Limited	United Kingdom
ME IV Limited	United Kingdom
Mercantile Data Bureau	United Kingdom
MFS Portfolio Limited	United Kingdom
Midland Credit Management (Mauritius) Ltd.	Mauritius
Midland Credit Management India Private Limited	India
Midland Credit Management Puerto Rico, LLC	Puerto Rico
Midland Credit Management UK Limited	United Kingdom
Midland Credit Management, Inc.	Kansas
Midland Funding LLC	Delaware
Midland Funding NCC-2 Corporation	Delaware
Midland India LLC	Minnesota
Midland International LLC	Delaware
Midland Portfolio Services, Inc.	Delaware
Morley Limited	United Kingdom
Mortimer Clarke Solicitors Limited	United Kingdom
MRC Receivables Corporation	Delaware
NFS Nominees No 2 Pty Limited	Australia
NFS Nominees Pty Limited	Australia
Nomad Acceptance Pty Limited	Australia
Nomad Financial Services Pty Limited	Australia

Name	Jurisdiction of Incorporation or Formation
PA FC Refinancia-Fenalco Bogotá	Colombia
PFS Finance Holdings, LLC	Delaware
PFS Financial 1, LLC	Delaware
PFS Financial 2, LLC	Delaware
PFS National Tax Lien Trust 2015-1	Delaware
PFS Tax Lien Trust 2014-1	Delaware
PFS Tax Lien Trust 2015-1	Delaware
PMG Collect Pty Limited	Australia
PMG Securities PTY Limited	Australia
Portfolio Management Group Pty Limited	Australia
Propel Acquisition LLC	Delaware
Propel Financial 1, LLC	Delaware
Propel Financial Services, LLC	Texas
Propel Funding Holdings 1, LLC	Delaware
Propel Funding LLC	Delaware
Propel Funding Multistate, LLC	Delaware
Propel Funding National 1, LLC	Delaware
Propel Funding Nevada, LLC	Delaware
Propel Funding Ohio LLC	Delaware
Propel Funding REL, LLC	Delaware
Propel Funding Texas 2, LLC	Delaware
Propela Capital, S.A. de C.V., SOFOM. E.N.R.	Mexico
Referencia Perú S.A.C.	Perú
Referencia S.A.S	Colombia
Refinancia Perú S.A.	Perú
Refinancia S.A.	Colombia
RF Encore Perú S.r.L	Republic of Peru
RF Encore S.a.S	Republic of Colombia
RioProp Holdings, LLC	Texas
RNPL Advisory Corp	Virgin Islands
Snowcap Financial LLC	Delaware
Trans-Tasman Collections Investments PTY Limited	Australia
Virginia Credit & Finance, Inc.	Virginia

Exhibit 23

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Encore Capital Group, Inc.
San Diego, California

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (No. 333-167074) and Form S-8 (Nos. 333-125340, 333-125341, 333-125342, 333-160042 and 333-189860) of Encore Capital Group, Inc. of our reports dated February 24, 2016, relating to the consolidated financial statements and the effectiveness of Encore Capital Group, Inc.'s internal control over financial reporting which appear in this Form 10-K.

/s/ BDO USA, LLP

Costa Mesa, California
February 24, 2016

Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

I, Kenneth A. Vecchione, certify that:

1. I have reviewed this annual report on Form 10-K of Encore Capital Group, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: /S/ KENNETH A. VECCHIONE

Kenneth A. Vecchione
President and Chief Executive Officer

Date: February 24, 2016

Exhibit 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

I, Jonathan C. Clark, certify that:

1. I have reviewed this annual report on Form 10-K of Encore Capital Group, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: /S/ JONATHAN C. CLARK

Jonathan C. Clark
Executive Vice President, Chief Financial Officer and Treasurer

Date: February 24, 2016

Exhibit 32.1

ENCORE CAPITAL GROUP, INC.

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Encore Capital Group, Inc. (the "Company") on Form 10-K for the year ended December 31, 2015 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of his knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
(2) The information contained in the Report fairly presents, in all material respects, the consolidated financial condition and results of operations of the Company.

/s/ KENNETH A. VECCHIONE

Kenneth A. Vecchione

President and Chief Executive Officer

February 24, 2016

/s/ JONATHAN C. CLARK

Jonathan C. Clark

**Executive Vice President,
Chief Financial Officer and Treasurer**

February 24, 2016

This certification accompanies the above described Report and is being furnished pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall be not be deemed filed as part of the Report.