



**FerratumBank™**  
More than money **to everyone**

HALF YEAR  
REPORT AND  
FINANCIAL  
STATEMENTS  
30 JUNE 2017







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## REVIEW OF THE BUSINESS

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The Bank registered a profit of €3,359,230 during the period ended 30 June 2017 compared with €968.482 for the same period last year. The directors expect the Bank's trading activity to continue improving in the forthcoming financial year. The Bank's financial position is satisfactory and the directors expect that the current position will be sustained in the foreseeable future. The Bank's principal activity comprises the provision of unsecured consumer loans and other consumer and business orientated financial products, distributed through a mobile phone platform and through the internet. The Bank is currently providing services in Poland, Estonia, Latvia, the Czech Republic, Germany, Bulgaria, Sweden, Norway, France, Spain and Croatia. As from 2015, the Bank also commenced offering deposit products, which primarily consist of savings and time deposits, to its customers in Sweden, Norway. In the course of 2017 these products were also made available to its customers in Spain.

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## RESULTS AND DIVIDENDS

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No dividends were proposed during the period under review. Retained earnings as at 30 June 2017 amounted to €6,211,229.

In compliance with the revised Banking Rule 09: 'Measures addressing credit risks arising from the assessment of the quality of asset portfolios of credit institutions authorised under the Banking Act, 1994' issued by the MFSA, the Bank has €709,100 allocated to the Bank's Reserve for General Banking Risks. The balance will be once again reassessed at year end and any required allocations will be made accordingly.

## STATEMENT OF FINANCIAL POSITION

	Period ended 30 June		
	30 Jun 2017 €	30 Jun 2016 €	31 Dec 2016 €
<b>ASSETS</b>			
Balances with Central Bank of Malta, Treasury Bills and cash	35,365,152	1,125,082	21,288,297
Loans and advances to banks	30,098,876	20,015,416	38,228,035
Loans and advances to customers	109,708,875	62,462,428	89,133,676
Loans and advances to group companies	4,073,276	-	351,825
Held-to-maturity financial assets	11,358,809	1,290,514	11,570,732
Property, plant and equipment	445,164	186,131	332,982
Intangible assets	555,440	521,482	575,850
Other assets	5,366,163	4,717,321	7,357,187
<b>Total assets</b>	<b>196,971,755</b>	<b>90,318,374</b>	<b>168,838,584</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	10,000,000	10,000,000	10,000,000
Capital contribution reserve	12,000,000	-	12,000,000
Other reserves	709,100	535,603	709,100
Retained earnings	6,211,229	5,331,256	2,851,999
<b>Total equity</b>	<b>28,920,329</b>	<b>15,866,859</b>	<b>25,561,099</b>
<b>Liabilities</b>			
Borrowed funds	109,497	156,829	154,306
Amounts owed to customers	118,607,465	30,167,273	98,484,628
Debt securities in issue	39,847,427	20,777,257	38,200,537
Loans and advances from group companies	46,938	9,305,191	-
Other liabilities	7,388,813	10,934,237	6,195,544
Current tax liabilities	2,051,286	3,110,728	242,470
<b>Total liabilities</b>	<b>168,051,426</b>	<b>74,451,515</b>	<b>143,277,485</b>
<b>Total equity and liabilities</b>	<b>196,971,755</b>	<b>90,318,374</b>	<b>168,838,584</b>
<b>MEMORANDUM ITEMS</b>			
Commitments	<b>3,682,209</b>	<b>1,496,947</b>	<b>3,682,209</b>

## STATEMENT OF COMPREHENSIVE INCOME

	Period ended 30 June		
	30 Jun 2017 €	30 Jun 2016 €	31 Dec 2016 €
Interest and similar income	43,274,265	28,472,361	42,788,395
Interest and similar expense	(1,501,029)	(1,314,804)	(1,442,398)
<b>Net interest income</b>	<b>41,773,236</b>	<b>27,157,557</b>	<b>41,345,997</b>
Fee and commission income	274,611	380,613	344,210
Fee and commission expense	(3,986,554)	(2,402,642)	(2,729,103)
<b>Net fee and commission expense</b>	<b>(3,711,943)</b>	<b>(2,022,029)</b>	<b>(2,384,893)</b>
<b>Operating profit</b>	<b>38,061,294</b>	<b>25,135,528</b>	<b>38,961,104</b>
Employee compensation and benefits	(4,686,002)	(3,309,675)	(4,535,017)
Other operating costs	(11,178,690)	(9,288,519)	(13,169,722)
Depreciation and amortisation	(155,412)	(26,569)	(33,960)
Net impairment losses	(16,873,144)	(11,020,797)	(13,835,065)
<b>Profit before tax</b>	<b>5,168,046</b>	<b>1,489,968</b>	<b>7,387,340</b>
Tax expense	(1,808,816)	(521,486)	(2,585,569)
<b>Profit for the year - total comprehensive income</b>	<b>3,359,230</b>	<b>968,482</b>	<b>4,801,771</b>

## STATEMENT OF CHANGES IN EQUITY

Period ended 30 June 2017

	Share capital €	Capital contribution reserve €	Other reserves €	Retained earnings €	Total equity €
<b>Balance at 1 January 2016</b>	10,000,000	-	535,605	4,362,774	14,898,379
<b>Comprehensive income</b>					
Profit for the year	-	-	-	3,025,490	3,025,490
<b>Other comprehensive income</b>					
Transfers and other movements	-	-	173,495	(173,495)	-
<b>Total comprehensive income for the year</b>	-	-	173,495	2,851,995	3,025,490
<b>Transactions with owners</b>					
Capital contribution from shareholders	-	12,000,000	-	-	12,000,000
Dividends distributed to shareholders	-	-	-	(4,362,770)	(4,362,770)
<b>Total transactions with owners</b>	-	12,000,000	-	(4,362,770)	7,637,230
<b>Balance at 31 December 2016</b>	10,000,000	12,000,000	709,100	2,851,999	25,561,099
<b>Comprehensive income</b>					
Profit for the year	-	-	-	3,359,230	3,359,230
<b>Other comprehensive income</b>					
Transfers and other movements	-	-	-	-	-
<b>Total comprehensive income for the year</b>	-	-	-	3,359,230	3,359,230
<b>Transactions with owners</b>					
Capital contribution	-	-	-	-	-
Dividends	-	-	-	-	-
<b>Total transactions with owners</b>	-	-	-	-	-
<b>Balance at 30 June 2017</b>	10,000,000	12,000,000	709,100	6,211,229	28,920,329

## STATEMENT OF CASH FLOWS

Period ended  
30 June

<b>Cash flow from operating activities before</b>	
Interest and commission income receipts	43,548,878
Interest and commission expense payments	(5,503,771)
Tax payments	-
Cash payments to employees and suppliers	(12,680,399)
<b>Cash flows from operating activities before</b>	
Changes in operating assets and liabilities	25,364,708
Net increase in loans and advances to group companies	(3,674,513)
Net increase in loans and advances to/from customers	(17,325,506)
Net cash used in operating activities	4,364,689
<b>Cash flows from investing activities</b>	
Purchase of property, plant and equipment	(267,594)
Purchase/Sale of investments	-
Disposal of investments	-
Purchase of intangible assets	20,410
Net cash used in investing activities	(247,184)
<b>Cash flows from financing activities</b>	
Issue of debt securities	40,375,000
Repayment of debt securities	(38,500,000)
Net cash used in financing activities	1,875,000
Movement	5,992,505
Cash and cash equivalents at beginning of year	59,362,026
<b>Cash and cash equivalents at end of period</b>	65,354,531





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