

The background of the entire page is a low-angle, upward-looking photograph of a modern building's glass facade. The glass panels are dark and reflect the sky, creating a complex pattern of light and dark lines. The building's structure is composed of many rectangular panels, some of which are slightly offset, giving it a dynamic, almost crystalline appearance. The overall color palette is dark, with shades of grey and black, punctuated by the yellow and white of the text and logo.

ferratumbank

**HALF YEAR REPORT
AND FINANCIAL
STATEMENTS
30 JUNE 2018**





Review of the business

The Bank registered a profit of €3,697,908 during the period ended 30 June 2018 compared with €3,359,230 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, 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, Spain and Germany.

Results and dividends

No dividends were proposed during the period under review. Retained earnings as at 30 June 2018 amounted to €10,473,179.

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 €821,022 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.

Furthermore, the Bank has adopted IFRS 9 as issued by the IASB in July 2014 with a date of transition of 1 January 2018, which resulted in changes in accounting policies and adjustments to the amounts previously recognised in the financial statements. The Bank did not early adopt any of IFRS 9 in previous periods. As permitted by the transitional provisions of IFRS9, the Bank elected not to restate comparative figures. Any adjustments to the carrying amounts of financial assets and liabilities at the date of transition were recognised in the opening retained earnings and other reserves in the current period.

Statement of financial position

EUR '000	30 June 2018	31 Dec 2017
ASSETS		
Balances with Central Bank of Malta	62,814,544	76,745,851
Loans and advances to banks	47,903,202	35,235,371
Loans and advances to customers	131,247,550	122,538,593
Loans and advances to group companies	7,963,539	4,469,479
Held-to-maturity financial assets	8,792,064	8,950,729
Property, plant and equipment	1,149,103	501,682
Intangible assets	478,047	513,209
Deferred tax asset	1,742,123	-
Other assets	20,419,457	12,293,079
Total assets	282,509,629	261,247,993
EQUITY AND LIABILITIES		
Equity		
Share capital	10,000,000	10,000,000
Capital contribution reserve	20,500,000	20,500,000
Other reserves	821,022	821,022
Retained earnings	10,473,179	10,028,247
Total equity	41,794,201	41,349,269
Liabilities		
Borrowed funds	39,427	64,804
Amounts owed to customers	186,669,745	171,205,580
Debt securities in issue	39,687,477	39,549,991
Provisions	895,402	-
Other liabilities	10,775,260	8,174,423
Current tax liabilities	2,648,117	903,926
Total liabilities	240,715,428	219,898,724
Total equity and liabilities	282,509,629	261,247,993
MEMORANDUM ITEMS		
Commitments	4,319,814	3,902,255

Statement of comprehensive income

EUR '000	30 June 2018	31 Dec 2017
Interest and similar income	50,325,547	90,653,973
Interest and similar expense	(2,375,377)	(3,994,168)
Net interest income	47,950,170	86,659,805
Fee and commission income	1,396,998	2,716,789
Fee and commission expense	(3,332,901)	(7,283,649)
Net fee and commission expense	(1,935,903)	(4,566,860)
Operating income	46,014,267	82,092,945
Employee compensation and benefits	(4,342,764)	(8,555,061)
Other operating costs	(19,071,726)	(29,171,881)
Depreciation and amortisation	(215,356)	(338,992)
Net impairment losses	(16,695,331)	(33,277,385)
Profit before tax	5,689,090	10,749,626
Tax expense	(1,991,182)	(661,456)
Profit for the year – total comprehensive income	3,697,908	10,088,170

Statement of changes in equity

EUR '000	Share capital	Capital contribution reserve	Other reserves	Retained earnings	Total equity
Balance at 1 January 2017	10,000,000	12,000,000	709,100	2,851,999	25,561,099
Comprehensive income					
Profit for the year	-	-	-	10,088,170	10,088,170
Other comprehensive income					
Transfers and other movements	-	-	111,922	(111,922)	-
Total comprehensive income for the year	-	-	111,922	9,976,248	10,088,170
Transactions with owners					
Capital contribution from shareholders	-	8,500,000	-	-	8,500,000
Dividends distributed to shareholders	-	-	-	(2,800,000)	(2,800,000)
Total transactions with owners	-	8,500,000	-	(2,800,000)	5,700,000
Balance at 31 December 2017	10,000,000	20,500,000	821,022	10,028,247	41,349,269
Comprehensive income					
Profit for the year	-	-	-	3,697,908	3,697,908
Other comprehensive income					
Transfers and other movements	-	-	-	(3,252,976)	(3,252,976)
Total comprehensive income for the year	-	-	-	444,932	444,932
Balance at 30 June 2018	10,000,000	20,500,000	821,022	10,473,179	41,794,201

Statement of cash flows

EUR '000	30 June 2018	31 Dec 2017
Cash flows from operating activities		
Interest and commission receipts	51,723,769	93,788,163
Interest and commission payments	(5,570,792)	(11,734,058)
Income tax paid	(246,991)	-
Payments to employees and suppliers	(33,777,690)	(39,750,716)
Cash flows from operating profit before changes in operating assets and liabilities	12,128,296	42,303,389
Changes in operating assets and liabilities		
Loans and advances to group companies	(3,494,060)	(4,117,654)
Loans and advances to customers	(24,508,886)	(66,682,302)
Amounts owed to customers	15,464,165	72,720,952
Amounts paid in favour of Depositor Compensation Scheme	-	(933,236)
Net cash (used in)/from operating activities	(410,485)	43,291,149
Cash flows from investing activities		
Purchase of property, plant and equipment	(746,176)	(298,343)
Purchase of intangible assets	(81,438)	(146,708)
Proceeds from maturity of held-to-maturity financial Assets	-	2,202,599
Net cash generated (used in)/from investing activities	(827,614)	1,757,548
Cash flows from financing activities		
Issue of debt securities	-	15,305,695
Repayment of debt securities	-	(13,500,000)
Shareholders' contribution	-	8,500,000
Dividends paid to equity holders of the Bank	-	(2,800,000)
Net cash generated from financing activities	-	7,505,695
Net increase in cash and cash equivalents	(1,238,099)	52,554,392
Cash and cash equivalents at beginning of year	111,916,418	59,362,026
Cash and cash equivalents at end of year	110,678,319	111,916,418

A low-angle, upward-looking photograph of a modern skyscraper with a glass facade. The building's lines converge towards the top of the frame, creating a sense of height and scale. The sky is a uniform, light gray. A solid yellow vertical bar runs along the right edge of the image. The logo 'ferratumbank' is positioned at the bottom center, with 'ferratum' in white and 'bank' in yellow.

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