Ferratum™
More than money to everyone

Ferratum Group
Interim condensed consolidated Financial Report
for the period January 1, 2015 - March 31, 2015

CONTENT

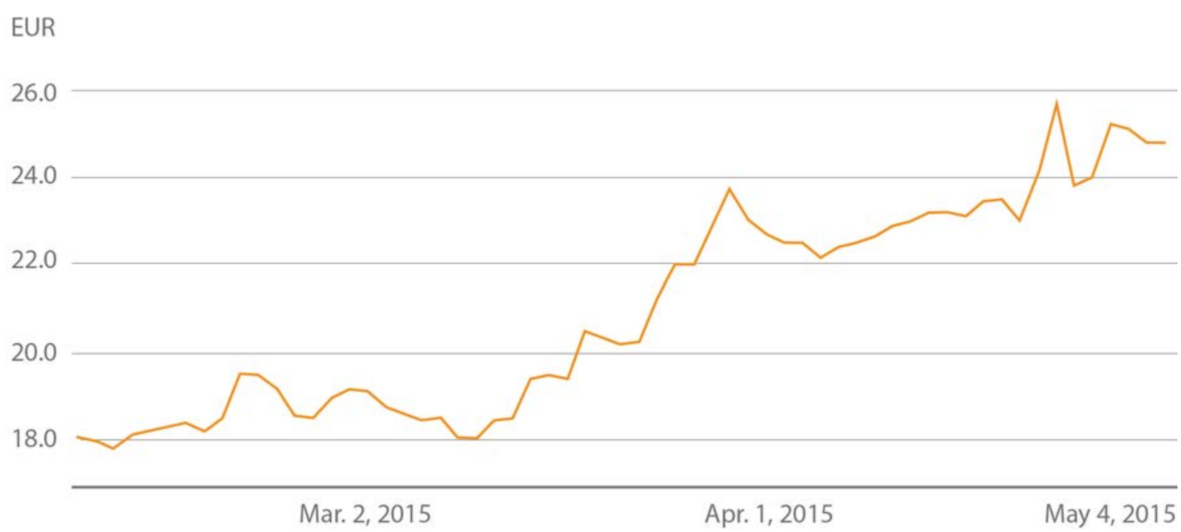
FERRATUM OYJ SHARE

Initial public offering and share price performance

Ferratum Group successfully concluded its Initial Public Offering in the Prime Standard segment of the Frankfurt Stock Exchange on February 6, 2015. The placement volume amounted to EUR 110.8 million and comprised 6,517,188 shares, including the over-allotment. Of these shares, 2,833,560 shares derive from a capital increase and from selling shareholders who additionally granted a Greenshoe option for the over-allotment of 850,068 shares. The Greenshoe option was fully exercised as early as February 16, 2015. Ferratum received EUR 48.2 million as gross issue proceeds from the capital increase, being used to implement its growth strategy.

On February 6, 2015 saw the start to trading at an initial price of EUR 17.50, which was around 3 % above the issue price of EUR 17 per share. On the first day of trading the share closed at EUR 18.08. Since then, the share price has performed well during the reporting period. On March 30, 2015 this resulted in its high of EUR 23.75 in the first quarter 2015. The upward trend continued over the course of the months of April resulting in a monthly high of EUR 25.68 on April 27, 2015. On May 6, 2015 the stock closed at EUR 24.78, which is equivalent to a market capitalization of EUR 538.3 million and an increase of some 37 percent since the first day of trading.

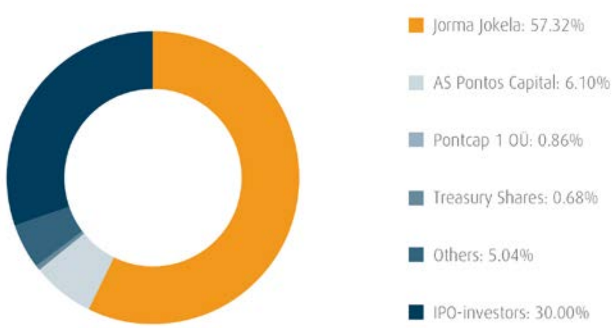
Share price performance (February 6, 2015 – May 6, 2015)



Share fact sheet

ISIN	FI4000106299
German securities code number (WKN)	A1W9NS
Stock exchange symbol	FRU
Sector	Specialist Credit Institution (no pawn lending business)
Stock exchange	Frankfurt Stock Exchange
Market segment	Regulated Market / Prime Standard
Designated sponsor	ICF BANK AG
Initial listing	February 6, 2015
Issue price (EUR)	17
Opening / Closing Price (Q1 2015)	EUR 18.08 / EUR 23.05
High / Low (Q1 2015)	EUR 23.75 / EUR 17.81
Number and class of shares	21,723,960 ordinary shares with no nominal value

Shareholder structure



Following the IPO, Jorma Jokela, founder and CEO of the Ferratum Group, remains the majority shareholder with 57.32 %. As a result of the full exercise of the Greenshoe option on February 16, 2015, the total number of shares placed in the IPO of Ferratum Oyj amounts to 6,517,188 shares, bringing free float to 30.00 %.

AS Pontos Capital and Pontcap 1 OÜ – two of the three largest shareholders of Ferratum Oyj before the IPO – now hold 6.10 % and 0.86 %.

BUSINESS OVERVIEW 3 MONTHS ENDED MARCH 31, 2015

Ferratum Oyj and its subsidiaries form a group, Ferratum Group, which is an international leading provider of mobile consumer loans. Ferratum Group headquartered in Helsinki, Finland is listed in the Prime Standard segment of the Frankfurt Stock Exchange.

The Ferratum Group commenced its activities in May 2005 and has grown rapidly with a presence in 25 countries across Europe, North America and the APAC region (21 countries with operational activities as per April 10, 2015). The Group has one million active and former customers who have been granted one or more loans in the past and a total of 2.8 million user accounts in its database (as of December 31, 2014).

As one of the leading players in developing the credibility of the microloan business and standard industry processes, the Ferratum Group operates under generally accepted ethical principles. It has geared its business model and processes to be efficient and customer-oriented. The identification and scoring (assessment of creditworthiness) of customers are key factors in conducting the business in the global arena.

Financial Highlights

Financial highlights, EUR	Jan-Mar 2015	Jan-Mar 2014
Revenue	23,032,500	14,654,881
Operating profit before IPO related items*)	3,071,881	n/a
Operating profit	2,582,940	1,974,839
Profit before tax	2,550,539	1,111,174
Net cash flows from operating activities	(9,019,415)	(1,296,022)
Net cash flows from investing activities	(77,753)	(39,786)
Net cash flows from financing activities	40,414,790	(3,327,804)
Net increase/decrease in cash and cash equivalents	31,317,622	(4,663,612)
Accounts receivable – consumer loans (net)	71,130,673	46,793,102
Cash and cash equivalents	38,990,159	12,855,238
Total assets	122,194,531	70,271,357
Non-current liabilities	29,162,926	24,784,073
Current liabilities	23,480,013	29,001,921
Equity	69,551,592	16,485,363
Equity ratio %	56.9	23.5
Net debt to equity ratio	0.20	2.48
Profit before tax %	11.1	7.6

*) IPO (initial public offering) related expenses in Q1 consist of expenses - mainly legal and consulting fees – in regard to the preparation of the IPO. These have been split up into two parts: one part regarding the newly issued shares, which has been deducted from the proceeds of the capital increase and recognized directly in equity, and the other part regarding the sale of existing shares which has been recognized in the income statement.

Calculation of Key Financial Ratios

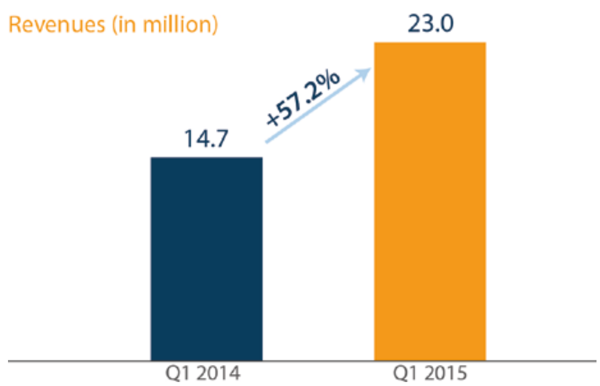
$$\text{Equity ratio (\%)} = 100 \times \frac{\text{Total equity}}{\text{Total assets}}$$

$$\text{Net debt to equity ratio} = \frac{\text{Total liabilities – cash and cash equivalents}}{\text{Total equity}}$$

$$\text{Profit before tax (\%)} = 100 \times \frac{\text{Profit before tax}}{\text{Revenue}}$$

Key actions and developments

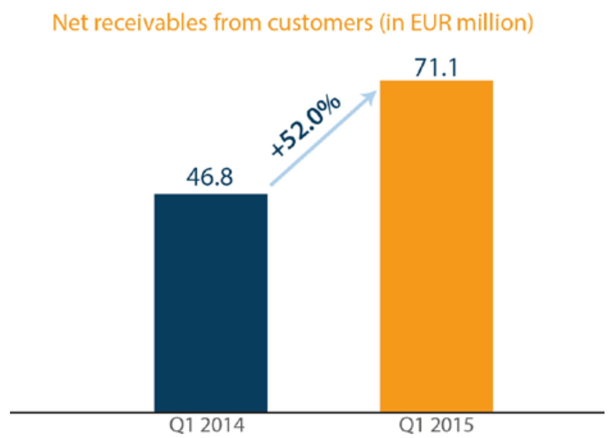
On February 6, 2015, the Ferratum Group successfully completed its Initial Public Offering and is now listed in the Prime Standard segment of Frankfurt Stock Exchange. The IPO is considered to be a very significant milestone for Ferratum Group and is supposed to strongly support Ferratum Group´s further development. Subsequently the Ferratum Group further emphasized and accelerated its efforts to execute its growth strategy. In the first three months of 2015 the Ferratum Group increased its revenues by 57.2% to EUR 23.0 million in comparison to the respective period of the previous year (Jan – Mar 2014: EUR 14.7 million). The operating profit before IPO related items grew by 55.6% to a level of EUR 3.1 million (Jan – Mar 2014: EUR 2.0 million). The net receivables from customers have increased from EUR 46.8 million at the end of the first quarter 2014 to EUR 71.1 at the end of the first quarter 2015, i.e. 52.0% increase.



Apart from the IPO these are the main developments in Q1 2015:

- The Ferratum Group launched operations in two new countries: on January 30, Canada and on April 10, Norway. With the launch of the Ferratum Group's services in Canada and Norway, the company is now active in 21 countries worldwide.

- The Ferratum Group continued to diversify its product portfolio and in addition to its established microloan product, the Ferratum Group offers an instalment loan product (PlusLoan) as well as a credit limit product. In Q1 PlusLoan was introduced in one more country (now available in nine countries) and credit limit in two more countries (now available in six countries). Based on these products the Ferratum Group can offer higher loan amounts and longer terms which increases revenues per customer.



- Further preparation of the mobile bank project, to be launched in 2015.

Treasury Update

The Ferratum Group successfully completed its Initial Public Offering on February 6, 2015, and is now listed in the Prime Standard segment of Frankfurt Stock Exchange. Based on an issue price of EUR 17 per share, the gross proceeds from the IPO totaled to EUR 110.8 million.

The offer included 6,517,188 ordinary shares with no nominal value, consisting of 2,833,560 newly issued shares of the company, 2,833,560 shares offered for sale by the existing shareholders of the Ferratum Group and another 850,068 shares from the Ferratum Group's two largest shareholders. Due to the capital increase from the newly issued shares the number of shares increased to 21,723,960 (including treasury shares). Jorma Jokela, CEO and founder of the Ferratum Group, remains the company's majority shareholder holding 57% of the shares after the IPO. As a result of the Greenshoe option, being fully exercised, free float amounts to 30.00%.

An amount of EUR 48.2 million accrues to Ferratum Group in the form of gross issue proceeds arising from the capital increase. From the gross proceeds of the capital increase the IPO related expenses regarding the newly issued shares have been deducted and recognized directly in equity. The net proceeds of the IPO and the corresponding capital increase amounted to 46.2 million. Of the subscription price for the new shares, €1.00 per share was recorded in the share capital and the remainder in the unrestricted equity reserve.

Due to the IPO proceeds of EUR 46.2 million the funding situation at the end of the first quarter 2015 was very strong. The proceeds from the IPO were deployed with immediate effect in February 2015 to repay drawdowns on the Ferratum Group´s variable refinancing facilities (Nordea & Svea). Loan notes totaling EUR 5 million held with a German insurance company were notified, i.e. these are now to be paid as per August 30, 2015. These two initial measures form part of the changes planned in the company's debt structure, in the future, deposits are to replace a certain volume of capital market debt and thereby significantly reducing the group's funding costs. The net receivables from customers have increased from EUR 61.5 million at the end of 2014 to EUR 71.2 at the end of the first quarter 2015. The Ferratum Group ended the first quarter 2015 with a cash position of EUR 39.0 million (December 31, 2014: EUR 8.0 million).

Ferratum Bank Ltd is currently analyzing its potential participation in the capital markets with a view to exploring different funding mechanisms and hence widening its liquidity sources. As part of its liquidity management framework, Ferratum Bank Ltd will assess the possibility of structuring a debt issuance program taking into account the investment objectives of professional and other experienced investors.

Customer base

	Jan-Mar 2015	Jan-Mar 2014	Growth-%
Total user accounts	3,041,071	2,096,577	45.0%
Registered Accounts	2,016,747	1,291,605	56.1%
Active/former Customers	1,024,324	804,972	27.2%
New customers	65,569	43,859	49.5%

Significant events after the reporting date

During April 2015, selected key management employees were granted options to purchase total of 205,700 shares of the company. The vesting period is four years starting from May 1, 2015 and ending on April 30, 2019. After the vesting period the exercising period of the Options shall be two years starting from May 1, 2019 and ending on April 30, 2021.

The exercising of the Options during the Exercising Period is possible only if the EBITDA in the audited consolidated statement under IFRS of the Company has grown an average of 25% a year during the four financial years prior the commencement of the Exercising Period of the Options.

The share subscription price for each Option shall be EUR 11.90, which constitutes 70% of the initial public offering price of the Company's share in Frankfurt Stock Exchange on 6 February 2015.

The valuation of the share options is made using Black and Scholes model taking into consideration the terms and conditions of the grant. Due to the vesting period of four years to the shares, the total fair value of EUR 1,35 million will be recognized as share-based compensation expense in the Company's profit or loss for this vesting period of four years. The calculated impact to the 2015 result of these options is EUR 224 thousand and will be booked quarterly from Q2 on.

After the IPO Creditreform rating agency reviewed the Rating of the Ferratum´s German Bond (WKN: A1X3VZ) and increased it on April 2nd 2015 from BBB- to BBB.

On April 10th 2015 the Ferratum Group launched operations in Norway.

CONSOLIDATED INCOME STATEMENT

3 months ended March 31

EUR	Note	2015 Before IPO related items (unaudited)	2015 IPO related items (unaudited)	2015 Total (unaudited)	2014 (unaudited)
Revenue	4	23,032,500		23,032,500	14,654,881
Other income		152,623		152,623	269,333
Impairments on loans		(7,669,225)		(7,669,225)	(5,382,043)
Operating expenses:					
Personnel expenses		(3,670,024)		(3,670,024)	(2,533,940)
Selling and marketing expenses		(3,228,568)		(3,228,568)	(1,720,088)
Lending costs		(1,515,883)		(1,515,883)	(829,621)
Other administrative expenses		(957,450)		(957,450)	(524,337)
Depreciations and amortization		(196,052)		(196,052)	(134,577)
Other operating expenses	5	(2,876,040)	(488,941)	(3,364,981)	(1,824,770)
Operating profit		**3,071,881**	**(488,941)**	**2,582,940**	**1,974,839**
Finance income	6	973,415		973,415	55,879
Finance costs	7	(1,005,816)		(1,005,816)	(919,544)
Finance costs – net		(32,401)		(32,401)	(863,665)
Profit before income tax		**3,039,480**	**(488,941)**	**2,550,539**	**1,111,174**
Income tax expense		(362,187)		(362,187)	(222,235)
Profit for the period		**2,677,293**	**(488,941)**	**2,188,352**	**888,939**
Profit per share, basic and diluted					
Earnings per share, basic	8			0.11	0.05
Earnings per share, diluted	8			0.10	0.04
Profit attributable to:					
- owners of the parent company				2,188,352	888,939
- non-controlling interests				0	0

(i) No share-based compensation expenses were recognized in Q1 2015 (Q1 2014: EUR 24 thousand), since no new option schemes were launched in Q1 2015 and the related expenses to old option schemes were fully recognized till the end of the year 2014.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR	Note	3 months ended March 31 2015 (unaudited)	2014 (unaudited)
Profit for the period		2,188,352	888,939
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Translation differences		(102,721)	(60,004)
Total items that may be reclassified to profit or loss subsequently		(102,721)	(60,004)
Total comprehensive income		**2,085,631**	**828,935**
Allocation of total comprehensive income to:			
- owners of the parent company		2,085,631	828,935
- non-controlling interests		0	0

The notes 1 - 15 are an integral part of these condensed interim financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR	Note	31-Mar-2015 (unaudited)	31-Mar-2014 (unaudited)	31-Dec-2014 (unaudited)
Assets				
Non-current assets				
Property, plant and equipment		310,848	268,271	293,658
Intangible assets		4,242,061	3,000,269	4,383,520
Deferred income tax assets		2,731,104	1,935,607	2,711,290
Total non-current assets		**7,284,013**	**5,204,147**	**7,388,468**
Current assets				
Account receivables - consumer loans (net)	9	71,130,673	46,793,102	61,529,207
Other receivables		4,362,531	4,769,317	2,193,944
Income tax assets		427,155	649,552	667,737
Cash and cash equivalents (excluding bank overdrafts)		38,990,159	12,855,238	8,025,869
Total current Assets		**114,910,518**	**65,067,209**	**72,416,757**
Total assets		**122,194,531**	**70,271,357**	**79,805,225**
Equity and liabilities				
Equity attributable to owners of the parent				
Share capital	10	10,133,560	10,000	7,300,000
Treasury shares	10	(142,315)	(142,315)	(142,315)
Reserves	10	24,369	(80,610)	(392,343)
Unrestricted equity reserve	10	45,561,865	3,067,590	2,372,952
Retained earnings		13,974,113	13,630,698	12,305,194
Total equity		**69,551,592**	**16,485,363**	**21,443,488**
Liabilities				
Non-current liabilities				
Borrowings	11	28,999,108	24,613,215	28,719,385
Other payables		9,250	15,832	10,803
Deferred income tax liabilities		154,568	155,027	154,757
Total non-current liabilities		**29,162,926**	**24,784,073**	**28,884,945**
Current liabilities				
Income tax liabilities		1,406,512	710,782	1,633,965
Borrowings	11	13,734,231	18,561,331	20,233,026
Trade payables	12	3,274,871	6,037,897	4,400,650
Other current liabilities	12	5,064,399	3,691,911	3,209,151
Total current liabilities		**23,480,013**	**29,001,921**	**29,476,792**
Total liabilities		**52,642,939**	**53,785,994**	**58,361,737**
Total equity and liabilities		**122,194,531**	**70,271,357**	**79,805,225**

CONSOLIDATED STATEMENT OF CASH FLOW

	3 months ended March 31	
EUR	**2015 (unaudited)**	**2014 (unaudited)**
Cash flows from operating activities		
PROFIT/LOSS FOR THE PERIOD	2,188,352	888,939
Adjustments for:		
Depreciation and amortisation	196,052	134,577
Gains (-) and Losses (+) of disposals of fixed assets and other non-current assets		
Finance costs, net	32,401	863,666
Tax on income from operations	362,187	222,235
Transactions without cash flow	(59,339)	(13,633)
Working capital changes:		
Increase (-) /decrease(+) in interests accrued	(74,375)	4,294,541
Increase (+) /decrease(-) in allowances for doubtful current trade receivables	6,600,647	(263,996)
Increase (-) /decrease(+) in other current receivables	(2,168,587)	(806,172)
Increase (+) / decrease (-) in trade payables and other current liabilities	729,469	57,261
Interest paid	(259,624)	(235,950)
Interest received	2,140	55,806
Other financing items	(117,201)	(2,142)
Income taxes paid	(307,405)	(350,875)
Loans granted	(59,316,476)	(36,508,745)
Proceeds from repayments of loans	43,188,739	30,368,467
Net cash from operating activities	**(9,003,020)**	**(1,296,022)**
Cash flows from investing activities		
Purchase of tangible and intangible assets	(79,020)	(39,786)
Proceeds from sale of tangible and intangible assets	1,267	
Proceeds from sale of other assets		
Net cash used in investing activities	**(77,753)**	**(39,786)**

	3 months ended March 31	
EUR	2015 (unaudited)	2014 (unaudited)
Cash flows from financing activities		
New shares issue	2,833,560	
Share premium	43,188,913	
Proceeds from short-term borrowings	2,510,700	181,839
Repayment of short-term borrowings	(8,390,444)	(1,878,120)
Proceeds from long-term borrowings	279,723	
Repayment of long-term borrowings		(1,631,523)
Dividends paid / distribution of equity reserve		
Net cash used in financing activities	**40,422,452**	**(3,327,804)**
Net increase/decrease in cash and cash equivalents	**31,341,679**	**(4,663,612)**
Cash and cash equivalents at the beginning of the period	8,025,869	17,528,034
Exchange gains/(losses) on cash and cash equivalents	(377,388)	(9,184)
Net increase/decrease in cash and cash equivalents	31,341,679	(4,663,612)
Cash and cash equivalents at the end of the period	38,990,159	12,855,238

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Changes in equity 1 - 3 / 2014 (unaudited), EUR	Share capital	Treasury shares	Unrestricted equity reserve	Other reserves	Translation differences	Retained earnings	Equity holders of parent	NCI	Total equity
Opening balance 01/01/2014 (audited)	**10,000**	**(142,315)**	**3,067,590**	**1,829**	**(172,964)**	**12,914,623**	**15,678,763**	**0**	**15,678,763**
Comprehensive income									
Profit or loss						888,939	888,939	0	888,939
Other comprehensive income									
Currency translation difference:					90,526	(150,529)	(60,004)	0	(60,004)
Total comprehensive income					**90,526**	**738,410**	**828,935**	**0**	**828,935**
Transactions with owners									
Dividend distribution									
Acquisition of treasury shares									
Share based payments									
Other changes						(22,335)	(22,335)	0	(22,335)
Total transactions with owners						**(22,335)**	**(22,335)**	**0**	**(22,335)**
Total equity 31/03/2014 (unaudited)	**10,000**	**(142,315)**	**3,067,590**	**1,829**	**(82,439)**	**13,630,698**	**16,485,363**	**0**	**16,485,363**

Changes in equity 1 - 3 / 2015 (unaudited), EUR	Share capital	Treasury shares	Unrestricted equity reserve	Other reserves	Translation differences	Retained earnings	Equity holders of parent	NCI	Total equity
Opening balance 01/01/2015 (audited)	**7,300,000**	**(142,315)**	**2,372,952**	**1,820**	**(394,163)**	**12,305,194**	**21,443,488**	**0**	**21,443,488**
Comprehensive income									
Profit or loss						2,188,352	2,188,352	0	2,188,352
Other comprehensive income									
Currency translation difference:				6	416,707	(519,433)	(102,721)	0	(102,721)
Total comprehensive income				**6**	**416,707**	**1,668,919**	**2,085,631**	**0**	**2,085,631**
Transactions with owners									
New shares issue	2,833,560						2,833,560	0	2,833,560
Share premium			43,188,913				43,188,913	0	43,188,913
Share-based payments									
Total transactions with owners	**2,833,560**		**43,188,913**				**46,022,473**	**0**	**46,022,473**
Total equity 31/03/2015 (unaudited)	**10,133,560**	**(142,315)**	**45,561,865**	**1,826**	**22,543**	**13,974,113**	**69,551,592**	**0**	**69,551,592**

1. GENERAL INFORMATION

Ferratum Group is one of the leading providers of mobile consumer loans globally. It is a public company and it does not belong to any other group in the financial or commercial sector. Ferratum Group is operating under generally accepted ethical principles, and is one of the leading players in developing the credibility of mobile consumer lending and common industry processes, has developed its business model and processes to be efficient and customer-oriented. The identification and scoring of customers are key factors in the business globally.

The parent company, Ferratum Oyj (business identity code 1950969-1), is headquartered in Helsinki, Finland. The registered address is Ratamestarinkatu 11 A, FI-00520 Helsinki.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These condensed interim financial statements for the three months ended March 31, 2015 have been prepared in accordance with IAS 34 Interim financial reporting. The condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2014, which have been prepared in accordance with IFRSs.

The accounting policies adopted are consistent with those of the previous financial year except as described below, and are not repeated in this condensed interim report.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual profit or loss. The interim period income taxes for the three months period ended March 31, 2015 have been accrued based on estimated annual effective income tax rate of 14,2 % for the Ferratum Group.

The preparation of financial statements in accordance with IFRS requires the management to use certain critical accounting estimates. The application of the company’s accounting policies also requires the management to make assumptions and exercise its judgment in the process of applying the group’s accounting policies. These assumptions and estimates affect the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing this financial statements release, the significant judgments made by management in applying the group’s accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended December 31, 2014.

2.2 Impairment of financial assets

Ferratum Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Assets carried at amortised cost

The criteria that Ferratum Group uses to determine that there is objective evidence of impairment loss include:

(a) a significant financial difficulty of the issuer or obligor;

(b) a breach of contract, such as a default or delinquency in interest or principal payments;

(c) the lender, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider or

(d) observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:

(i) adverse changes in the payment status of borrowers in the portfolio; and

(ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

Ferratum Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss.

For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics (that consider on the basis of the group's grading process asset type, past-due status and other relevant factors). Each entity of Ferratum Group tracks its historical data of collected amounts and unpaid amounts on receivables. Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

The provision for impairment of loan receivables are recognised in the financial statements based on historical trends and collective assessment of groups of microloans with similar credit risk characteristics. When receivables are impaired, the receivable's carrying amount is reduced to the receivable's recoverable amount. Impairment losses are recognised through an allowance account to reduce the asset's carrying amount to the present value of expected cash flows. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised the previously recognised impairment loss is reversed by adjusting the allowance account through profit or loss for the year. When the loans have been 100% impaired, they are written off.

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

Ferratum Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. Ferratum Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance. Ferratum Group uses derivative financial instruments to hedge certain risk exposures. Risk management is carried out by a central treasury department (group treasury). Group treasury identifies, evaluates and hedges financial risks in close co-operation with the group's operating units. The Board is responsible for the overall effectiveness of the risk management function, which function is however carried out by all the members of the group's management.

(a) Credit risk

Ferratum Group takes on exposure to credit risk, which is the risk that counterparty will cause a financial loss for the group by failing to discharge an obligation. Credit risk is the most important risk for the group's business; accordingly management carefully manages its exposure to this risk. Credit exposures arise principally through the group's participation in short-term lending. The group's principal credit risk exposures relating to on-balance sheet financial assets analysed by class and IAS 39 categorisation, reflecting the maximum exposure to credit risk before collateral held or other credit enhancements, are as follows:

EUR	31-Mar-2015	31-Mar-2014	31-Dec-2014
Loans and receivables:			
Cash and cash equivalents (i)	38,990,159	12,855,238	8,025,869
Accounts receivable – consumer loans	71,130,673	46,793,102	61,529,207
Other receivables	4,362,531	4,769,317	2,193,944
	114,483,363	**64,417,657**	**71,749,020**

(i) The balance is broadly diversified with over 200 bank accounts in 25 countries

The exposures set out in the table above are based on carrying amounts as reported in the statement of financial position for on-balance sheet financial assets. The fair value of loans and receivables are equivalent to their carrying amounts. The table represents a worst case scenario of credit risk exposure to the group at March 31, 2015 and 2014, without taking account of any collateral held or any other credit enhancements attached.

Loans and advances to customers

Credit risk is managed centrally. Scoring and credit policies in are centrally steered by the risk team. Measuring and monitoring the performance of the countries credit portfolio's actual risk KPIs is done on different aggregation levels on a daily, weekly and monthly rhythm. Credit Risk is managed and controlled on the basis of established credit processes, and within a framework of credit policy. Credit grading and monitoring systems are in place to accommodate the early identification and management of deterioration in loan quality. Credit decisions are always based on the ethical principles set by the central risk team and the business credit policy as well as being in accordance to the rules of crediting. Every agreement of crediting requires an individually shaped decision. To assess the potential customers' creditworthiness, the credit score is calculated for each new application received. An application scorecard is used for the assessment of new customers and a behavior scorecard is used for the assessment of repeated customers. Based on the obtained credit score, customers are grouped into risk classes that determine the possible credit decision.

Ferratum Group centrally calculates reserving needs for group accounting purposes and also supports subsidiaries in calculating their local reserving requirements. The reserving requirements are calculated based on Gross Roll Rate Model and Transition Matrices (mathematical model of Markov Chains), which measures the probability of delinquency based on payment behavior and calculates the required risk provisions for impairment of loan receivables (reserves) accordingly. The reserving needs based on the reserve model get impaired with the market value of bad debt, i.e. expected or recent sales prices for overdue loans.

(b) Market risk

Ferratum Group takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rate and currency products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates and foreign exchange rates.

Foreign exchange risk

Ferratum Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures. Transaction risk arises from future commercial transactions, recognised assets and liabilities. Translation risk arises from net investments in foreign operations.

Ferratum Group treasury's risk management policy is to hedge the main FX exposures in non-euro currencies. Management has set up a policy to require Ferratum Group companies to manage their foreign exchange risk against their functional currency. The group companies are required to hedge their entire foreign exchange risk exposure with the group treasury. At the reporting date, the group companies mainly had transactions in their respective functional currencies, and accordingly, the transaction risk in the group companies was minimal.

The group has several investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the group's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies.

Intra-group loans between the parent and other group companies are usually denominated in the group companies' functional currencies, which creates some transaction risk that is not eliminated in consolidation.

As result from intra-group borrowings, main foreign exchange risk arises from Polish zloty. At March 31, 2015, if euro had weakened/strengthened by 10% against the Polish zloty with all other variables held constant, pre-tax profit for the period would have been EUR 742 thousand higher/lower, mainly as a result of foreign exchange gains/losses on intra group borrowings (December 31, 2014: EUR 483 thousand).

Currency exposure arising from the net assets of the Ferratum Group's foreign operations is managed primarily through borrowings in local currencies or occasionally hedging with financial instruments.

Cash flow and fair value interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates.

Ferratum Group's main interest rate risk arises from long-term borrowings which are issued at fixed and variable rates. These expose Ferratum Group to cash flow interest rate risk which is partially offset by having a short term loan portfolio as main asset in the group. Increasing refinancing cost can be potentially covered by according price changes in new lending whereby the spread between lending interest and borrowing interest is comparably high. During 3 months ended March 31, 2015 and 3 months ended March 31, 2014, Ferratum Group's borrowings at variable rate were denominated in PLN and EUR.

Ferratum Group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, Ferratum Group calculates the impact on profit and loss of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies. The scenarios are run only for liabilities that represent the major interest-bearing positions.

Based on the various scenarios, the group occasionally manages its cash flow interest rate risk by using floating-to-fixed interest rate swaps. As per March 31, 2015 part of the interest rate risk arising from the credit line from Nordea was hedged using a floating-to-fixed interest rate swap. This interest rate swap has the economic effect of converting borrowings from floating rates to fixed rates. The swap's nominal value was EUR 5,000,000 covering 31% of the group's variable rate borrowings. Interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates.

At March 31, 2015, if interest rates at that date had been 100 basis points lower/higher with all other variables held constant, pre-tax profit for the period would have been EUR 130 thousand higher/lower, mainly as a result of lower/higher interest expense on variable interest liabilities.

(c) Liquidity risk

Cash flow forecasting is performed in the operating entities of Ferratum Group in and aggregated by Ferratum Group finance. Ferratum Group finance monitors rolling forecasts of the group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and, if applicable external regulatory or legal requirements – for example, currency restrictions. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the group treasury. Ferratum Group treasury invests surplus cash in interest bearing current accounts, time deposits, money market deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the above-mentioned forecasts. At the reporting date, the group had unused credit lines amounting to EUR 7,611 thousand.

Ferratum Group has entered into one factoring agreement in Finland, whereby a portfolio of loan receivables is transferred to counterparty against a cash payment. The risks and benefits related to the transferred assets are not, however, transferred given that the group has repurchase obligation in case of customer’s default. Accordingly, the transferred assets continue to be presented as the group’s accounts receivables, and a financial liability to the transferee is recognised.

Repayment schedule for financial liabilities as of March 31, 2015 including future interest payments is as follows. The amounts are undiscounted.

31-Mar-2015	**Less than 12 months**	**Between 1 – 2 years**	**Between 2-5 years**	**Over 5 years**
Bank borrowings	3,608,231			111,000
Interest	442,500	2,054	6,161	2,054
Corporate loan	5,000,000			
Interest	261,816			
Bonds issued	2,534,136		28,994,677	
Interest	2,583,674	2,466,350	4,233,175	
Deposits from customers	2,591,865			
Derivatives	25,813	25,813	77,438	
Trade payables and other current liabilities	8,247,280			
	25,295,314	**2,494,217**	**33,311,451**	**113,054**

31-Mar-2014	Less than 12 months	Between 1 – 2 years	Between 2-5 years	Over 5 years
Bank borrowings	2,501,895			11,000
Interest	147,500			
Corporate loan	5,000,000			
Interest	392,208			
Bonds issued	9,779,717	2,452,358		23,843,885
Interest	2,728,254	2,114,841	4,000,000	2,000,000
Deposits from customers	1,279,720			
Derivatives	9,090	9,090	27,269	
Trade payables and other current liabilities	9,729,808			
	31,568,191	**4,576,289**	**4,027,269**	**25,854,885**

3.2 Capital management

Ferratum Group's objectives when managing capital are to safeguard Ferratum Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for the Group's stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure Ferratum Group may adjust the amount of dividends paid to shareholders, issue new bonds or sell assets to reduce debt.

Ferratum Group monitors capital on the basis of the net debt to equity ratio. This ratio is calculated as net debt divided by equity. Net debt is calculated as total liabilities (including 'current and non-current liabilities' as shown in the consolidated balance sheet) less cash and cash equivalents.

During 3 months ended March 31, 2015, Ferratum Group's strategy, which was unchanged from 2014, was to maintain the net debt to equity ratio below 3.

Net debt to equity ratio	31-Mar-2015	31-Mar-2014	31-Dec-2014
Total liabilities	52,642,939	53,785,994	58,361,737
Less: cash and cash equivalents	38,990,159	12,855,238	8,025,869
Net debt	13,652,780	40,930,756	50,335,868
Total equity	69,551,592	16,485,363	21,443,488
Net debt to equity ratio	0.2	2.5	2.3

3.3 Carrying values and fair values of financial instruments

Financial assets and liabilities valued at fair value, and for which fair value is disclosed in the notes, are classified on three levels, depending on the estimated reliability of the valuation method:

LEVEL 1: A quoted market price for identical instruments in an active market where the group can access at the measurement date.

LEVEL 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

LEVEL 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The following table shows the carrying amounts and fair values of the group's financial instruments and their level of measurement, where the carrying amount is not a reasonable approximation of the fair value due to the short maturity:

Financial instruments	31-Mar-2015	31-Mar-2015	31-Dec-2014	31-Dec-2014	Level of fair value measurement
	Carrying value	Fair value	Carrying value	Fair value	
Financial liabilities					
Items recognised at amortized cost					
Loans from financial institutions	3,608,231	3,866,918	2,501,895	2,458,791	Level 3
Bonds	36,528,812	38,429,865	39,392,932	38,810,981	Level 1
Items recognised at fair value through profit and loss					
Derivatives	129,064	129,064	45,449	45,449	Level 2

Derivatives consist of interest rate swaps whose fair value is calculated as the present value of the estimated future cash flows based on observable yield curves.

Bonds are measured directly by reference to their market price in an active market.

Loans from financial institutions are fair valued based on the present value of the estimated future cash flows using the approximate interest rate for which Ferratum Group would get loan at the reporting date. These are categorized within level 3, given that credit spread is a significant unobservable input based on the management estimation.

Carrying values for the group's loans and receivables and trade and other short term liabilities are reasonable approximation of their fair value and accordingly, fair value is not presented.

4. SEGMENT INFORMATION

Ferratum Group has two operating reportable segments. Operating segments are based on Group's management structure which consists of two geographical regions: West and East. The West region includes Australia, New Zealand, Canada, UK, Spain, Netherlands, Belgium (active until 2013), Sweden, Denmark, Norway (launched in April 2015), Germany and Finland. The East region includes Estonia, Lithuania, Latvia, Poland, Czech, Slovakia, Croatia, Bulgaria, Russia and Romania.

4.1 Business segments 2015

				3 months ended March 31
EUR	**West**	**East**	**Other**	**Group**
Revenue	13,436,341	9,596,159	-	23,032,500
Other income	10,985	141,638	-	152,623
Impairments on loans	(4,286,435)	(3,382,790)	-	(7,669,225)
Operating expenses:				
Selling, marketing and administration	(4,362,302)	(4,485,550)	(524,073)	(9,371,925)
Depreciations and amortisation	(61,548)	(53,334)	(81,170)	(196,052)
Other operating expenses	(801,310)	(982,625)	(1,581,046)	(3,364,981)
Operating profit	**3,935,731**	**833,498**	**(2,186,289)**	**2,582,940**
Total segment assets	**49,600,297**	**38,657,779**	**33,936,455**	**122,194,531**
Total segment liabilities	**29,838,626**	**18,652,864**	**4,151,449**	**52,642,939**

4.2 Business segments 2014

3 months ended March 31

EUR	West	East	Other*	Group
Revenue	8,590,070	6,064,811	-	14,654,881
Other income	9,795	259,538	-	269,333
Impairments on loans	(2,803,748)	(2,578,295)	-	(5,382,043)
Operating expenses:				
Selling, marketing and administration	(3,083,116)	(2,170,086)	(354,783)	(5,607,985)
Depreciations and amortisation	(60,778)	(18,982)	(54,817)	(134,577)
Other operating expenses	(517,407)	(659,939)	(647,424)	(1,824,770)
Operating profit	**2,134816**	**897,047**	**(1,057,024)**	**1,974,839**
Total segment assets	**37,757,629**	**29,224,443**	**3,289,284**	**70,271,356**
Total segment liabilities	**33,862,280**	**1816,804,964**	**3,118,750**	**53,785,994**

* Includes administration and other services of the parent company, as well as all other income and expenses, assets and liabilities not allocated to operating segments.

4.3 Geographical areas

EUR	Jan - Mar 2015	Jan - Mar 2014
Revenue, abroad	17,625,639	11,939,406
Revenue, domestic	5,406,861	2,715,475
Revenue, total	**23,032,500**	**14,654,881**

5. OTHER OPERATING EXPENSES

EUR	Jan - Mar 2015	Jan - Mar 2014
Rent and Other Office costs	(500,269)	(336,211)
Travel expenses	(297,979)	(224,374)
Professional fees (excl. Audit)	(1,058,974)	(630,431)
IPO related items	(488,941)	n/a
Audit fees	(111,079)	(62,187)
Other expenses	(907,739)	(571,567)
Other operating expenses	**(3,364,981)**	**(1,824,770)**

6. FINANCE INCOME

EUR	Jan - Mar 2015	Jan - Mar 2014
Interest income from cash and cash equivalents	11,892	55,879
Foreign exchange gain, realized	961,523	
Total finance income	**973,415**	**55,879**

7. FINANCE COSTS

EUR	Jan - Mar 2015	Jan - Mar 2014
Interest on borrowings	(992,331)	(1,027,846)
Derivatives held for trading – net gain / (loss)	(9,688)	-
Other finance expenses paid on borrowings	(3,797)	37,360
Foreign exchange loss, realized	(86,378)	16,354
Total	**(1,092,195)**	**(974,132)**

8. EARNINGS PER SHARE

Earnings per share is calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the year excluding ordinary shares purchased by the company and held as treasury shares. The group does not have any instruments that would have dilutive impact on the earnings per share.

The weighted average number of ordinary shares in issue has been calculated taking into account the share split that was registered on September 26, 2014. The share split ratio was 1:1700.

EUR	Jan - Mar 2015	Jan - Mar 2014
Profit for the reporting period attributable to owners of the parent	2,188,352	888,939
Weighted average number of ordinary shares in issue	20,399,763	18,744,200
Earnings per share, basic	**0.11**	**0.05**
Earnings per share, diluted	**0.10**	**0.04**

Taking into account the new number of shares after the IPO (21,577,760 – treasury shares excluded) completed on February 6, 2015, the earnings per share based on profit for the 3 months ended March 31, 2015 is EUR 0.11 (2014: EUR 0.05). Before the IPO related items the earnings per share were EUR 0.12 based on 21,577,760 shares.

9. ACCOUNTS RECEIVABLE – CONSUMER LOANS

EUR	31-Mar-2015	31-Mar-2014	31-Dec-2014
Accounts receivable – consumer loans (gross)	121,912,555	84,217,186	105,710,443
Less: provision for impairment of loan receivables	(50,781,882)	(37,424,083)	(44,181,235)
Accounts receivable – consumer loans (net)	**71,130,673**	**46,793,102**	**61,529,207**

The group does not have a material amount of individually impaired loan receivables. The ageing analysis of loan receivables which are collectively assessed for impairment is as follows:

EUR	31-Mar-2015			31-Dec-2014		
	GBV	Impairments	NBV	GBV	Impairments	NBV
Not due	44,311,608	(2,958,904)	41,352,704	37,376,215	(2,395,374)	34,980,842
1-90 days due	20,056,005	(4,978,020)	15,077,985	18,330,285	(4,986,513)	13,343,772
91-180 days due	7,977,172	(4,129,134)	3,848,038	6,956,152	(3,484,713)	3,471,438
> 181 days due	49,567,770	(38,715,824)	10,851,946	43,047,791	(33,314,635)	9,733,155
Total	**121,912,555**	**(50,781,882)**	**71,130,673**	**105,710,443**	**(44,181,235)**	**61,529,207**

The group uses allowance account to recognize the impairment losses on consumer loans. Reconciliation of movements in the allowance account is as follows:

EUR	Jan - Mar 2015	Jan - Mar 2014
Provision for impairment at January 1	(44,181,235)	(37,688,079)
Provisions accruals	(7,669,225)	(5,382,043)
Amounts fully reserved and booked out	1,068,578	5,646,039
Provision for impairment at March 31	**(50,781,882)**	**(37,424,083)**

10. SHARE CAPITAL AND OTHER RESERVES AND DISTRIBUTIONS TO EQUITY HOLDERS OF THE PARENT

EUR	Number of shares (i)	Share capital	Treasury share	Unrestricted equity reserve	Other reserves
At 1-Jan-2014	**18,890,400**	**10,000**	**(142,315)**	**3,067,590**	**(171,135)**
Share issue					
Distribution of Equity reserve				(694,638)	
Increase of share capital		7,290,000			
Currency translation differences					(221,208)
At 31-Dec-2014	**18,890,400**	**7,300,000**	**(142,315)**	**2,372,952**	**(392,343)**
Share issue	2,833,560	2,833,560			
Distribution of Equity reserve					
Share Premium				43,188,913	
Currency translation differences					416,712
At 31-Mar-2015	**21,723,960**	**10,133,560**	**(142,315)**	**45,561,865**	**24,369**

(i) A share split has been registered on September 26, 2014 with a split ratio of 1:1700. The number of shares presented in the table reflects this split on each reported date, i.e. instead of 11.112 shares actually available on January 1, 2014, 18.890.400 shares are presented in the table at January 1, 2014.

The cumulative translation differences EUR 416 thousand in the statement of changes in consolidated shareholders' equity contain the translation differences arising from translating the financial statements of non-Euro area business units.

On March 31, 2015, Ferratum Group had 146,200 treasury shares in its possession which represent approximately 0.7 % of the share capital and voting rights. No consideration is paid to the treasury shares in a distribution of equity.

The unrestricted equity reserve contains the amount paid for shares in a share issue and the amount when converting convertible capital notes to shares. Other reserves include legal reserves in Ferratum Group companies.

11. INTEREST BEARING LIABILITIES

EUR	31-Mar-2015	31-Mar-2014	31-Dec-2014
Non-current interest bearing liabilities			
Bonds issued	28,999,108	24,613,215	28,719,385
Total Non-current interest bearing liabilities	**28,999,108**	**24,613,215**	**28,719,385**
Current interest bearing liabilities			
Bank borrowings	3,608,231	2,501,895	10,680,502
Bonds issued	7,534,136	14,779,717	7,415,724
Deposits from customers	2,591,865	1,279,720	2,136,800
Total Current interest bearing liabilities	**13,734,231**	**18,561,331**	**20,233,026**
Total interest bearing liabilities	**42,733,339**	**43,174,546**	**48,952,411**

12. CURRENT NON-INTEREST BEARING LIABILITIES

EUR	31-Mar-2015	31-Mar-2014	31-Dec-2014
Current tax liabilities	1,406,512	710,782	1,633,965
Trade payables	3,274,871	6,037,897	4,400,650
Factoring trade payables	444,800	4,859,124	714,300
Other trade payables	2,830,071	1,178,773	3,686,350
Other current liabilities	5,064,399	3,691,911	3,209,151
Derivatives	129,064	45,449	119,376
Interest liabilities	1,198,312	1,406,848	463,464
Accrued employee expenses	939,924	603,230	866,230
Other current accrued liabilities on expenses, interest-free	2,797,099	1,636,384	1,760,081
Total current non-interest bearing liabilities	**9,745,782**	**10,440,590**	**9,243,766**

13. RELATED PARTY DISCLOSURE

Ferratum Group is controlled by Jorma Jokela, who owns 57% of the parent company's shares. The remaining shares are held by investors and key management personnel.

Related parties of Ferratum Group are members of the board, senior management team, their close family members and the companies in which the member of the board or senior management team has significant influence.

Transactions with related parties

EUR	Jan - Mar 2015	Jan - Mar 2014
Purchase of goods from related parties – Entity controlled by key management personnel		
Purchase of services from related parties – Entity controlled by key management personnel	269,567	184,765
	269,567	**184,765**

Ferratum Group has business relationships with related party companies. The acquired services include administration services, project management, advisory and consulting services, IT services, legal counseling, flight travel services and warehousing services. Related party transactions have been carried out on generally accepted market terms and they have been based on market price of goods and services.

14. COMMITMENTS

EUR	31-Mar-2015	31-Mar-2014
Credit limit agreement		
Total amount of limits granted to Ferratum	7,611,000	7,611,000
Limit in use	0	7,263,061
Collateral on own debt		
Guarantees	32,558,623	32,199,814
Corporate pledge	10,000,000	10,000,000
Pledged subsidiary shares	11,000	11,000

15. APPROVAL OF INTERIM REPORT

The Ferratum Group Interim Report (3 months to March 31, 2015) is approved and submitted by the company's Management Board composed of:

Erik Ferm

Chairman of the Board

Lea Liigus

Member of the Board

Jorma Jokela

CEO, Member of the Board

Kai Becker

Member of the Board

Juhani Vanhala

Member of the Board

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