

**ferratum**

# Ferratum Bank plc Presentation to Investors

October 2021



# Agenda

- Bond Issue
- Issuer Overview
- Financial Performance
- Agenda Next Steps
- Contact Details



# Bond Issue



# Bond Issue Information

Issuer	Ferratum Bank plc
Initial Volume	Up to EUR 20 million
Total Framework	EUR 40 million (option to issue further EUR 20 million within the first 24 months of the duration of the bond programme)
Term	Due in 10 years from issue date of each tranche
Coupon	6% p.a., payable annually in arrears
Status	Unsecured and Subordinated, senior only to the share capital in the Issuer
Redemption	The bonds are not subject to early redemption
Purpose of the Bond Issue	In line with the Capital Plan of the Bank, the issue aims to strengthen the Tier 2 capital and will be used to support the business growth, regulatory requirements and long-term strategy

# Bond Issue Information

Availability of the Bond Issue	The subordinated bonds are considered as complex instruments under MiFID II rules. It is available to the general public, which includes, retail clients, professional clients and eligible counterparties. Investors may need to undertake an appropriateness/suitability test, as may be applicable
Minimum Subscription	Applications shall be subject to a minimum subscription of EUR 10,000 subject to a suitability test
Listing	The bonds will be admitted on the Official List of the Malta Stock Exchange and tradeable according to the MSE Bye laws
Governing Law	The bonds are subject to Maltese law
Co-Sponsors	Calamatta Cuschieri Investment Services Ltd & Rizzo Farrugia & Co (Stockbrokers) Ltd
Registrar	Malta Stock Exchange

# Issuer Characteristics

## Business Overview

The Issuer was registered under the laws of Malta on 9 May 2012 and was granted a credit institution licence in terms of the Banking Act from the MFSA on 12 September 2012.

At present, the Issuer offers four main consumer lending products:

- Credit Line
- Prime Loans
- Plus Loans
- Micro Loans

## Previous capital market experience

The Issuer entered a Bond Issuance Programme on the EWSM in December 2016. This was fully settled in March 2020.

## Other Issuer characteristics

Country of Registry: Malta

Headquarters: Malta

Country of operations: 13 European countries, which include: Sweden, Finland, Denmark, Norway, Germany, the Czech Republic, Latvia, Croatia, Romania, Bulgaria, Estonia, Poland & Spain.

## Identity of Advisors and Auditors of the Issuer

**Legal advisors** – Camilleri Preziosi



**Co-Sponsors, Managers & Registrars** – Calamatta Cuschieri  
Investment Services Ltd and Rizzo Farrugia & Co. (Stockbrokers) Ltd.



**Financial advisors** – PricewaterhouseCoopers Malta

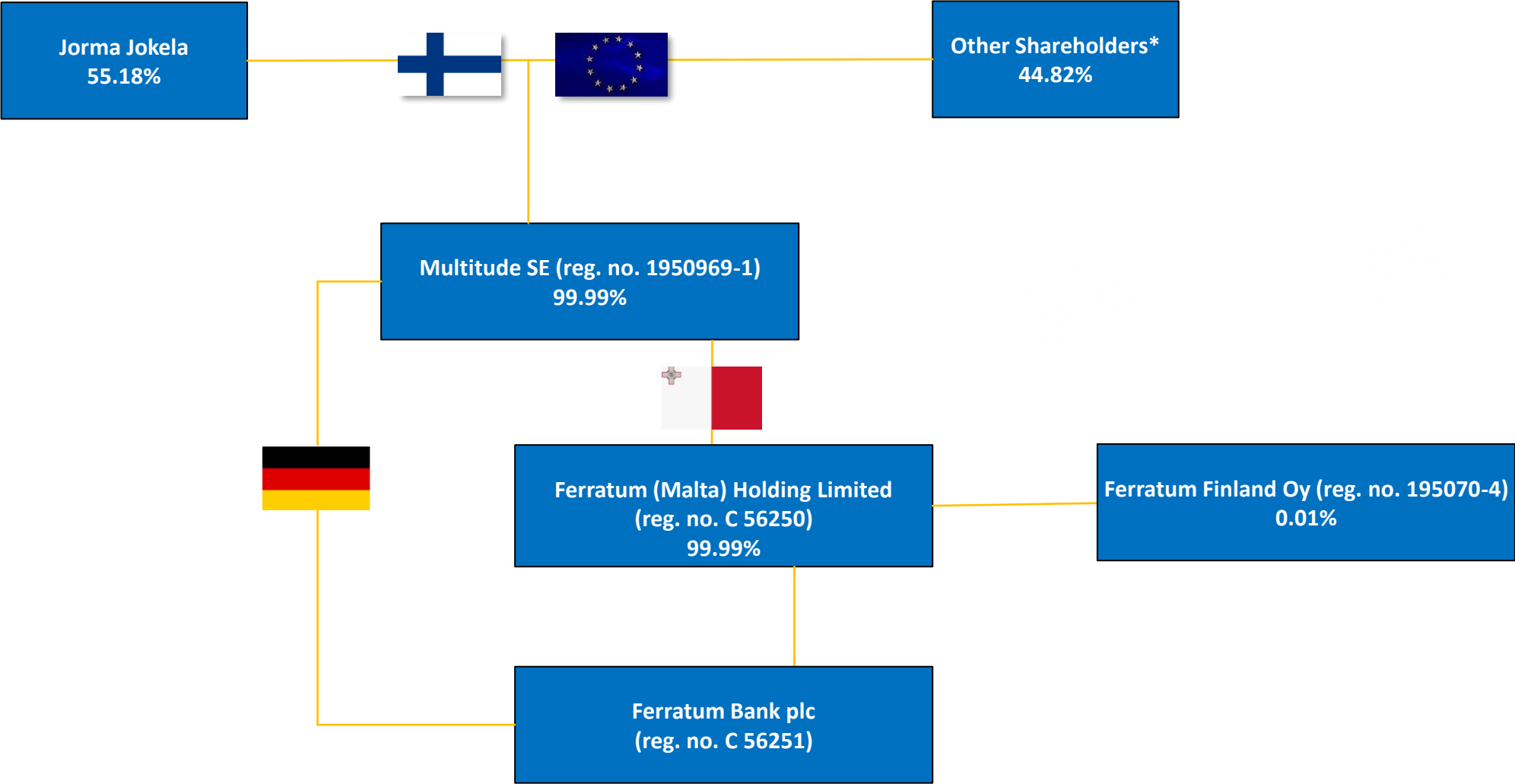


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# Issuer Overview



# Shareholder Structure



*\*<https://www.multitude.com/investors/share-price-information/major-shareholders>*

# Multitude in brief

## Pioneer in fintech, digital banking and owner of Ferratum Bank

### Overview

**Multitude is a financial technology** company that develops and operates a big data based global financial platform for real-time scoring, lending and banking services.

Multitude operates through three business segments: Ferratum, CapitalBox and SweepBank, offering its customers fast and easy-to-use mobile lending and banking services, unsecured digital consumer loans and small business loans across **13 European markets**.

The Group was founded in 2005 and is:

- **Listed on the Frankfurt Stock Exchange** Prime Standard since February 2015;
- Operations across **19 countries**, with 95.9% of revenues contributed from Europe, of which the Nordics contribute with the highest share of revenues.

The Group was **granted a credit institution** license in terms of the Maltese Banking Act from the MFSA on the 12<sup>th</sup> September 2012.

**Revenues** reached **EUR 213 million** and operating **profit EUR 26.1 million** in the LTM H1 2021.



Founded in Finland in 2005,  
HQ in Helsinki



EU wide banking license

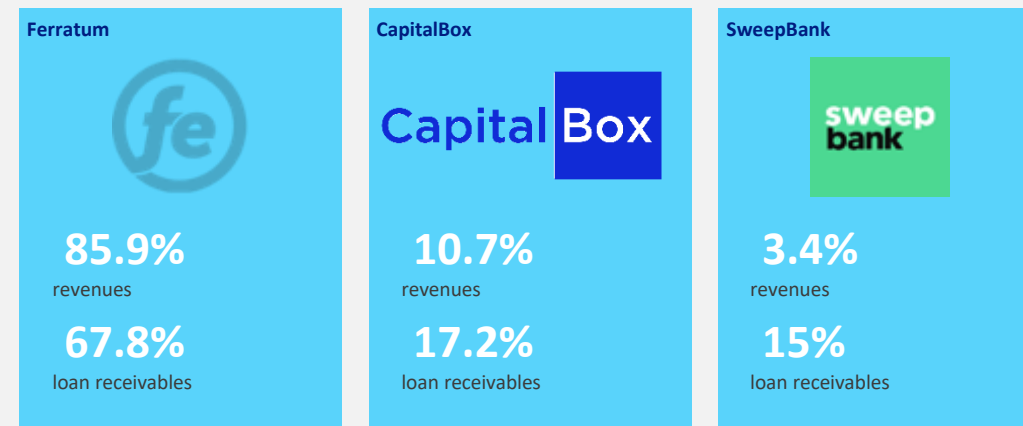


Listed on Frankfurt Stock Exchange  
Prime Standard

### Development of operating profit over last 12 months (EURm)



### Revenue and asset breakdown by business segment (H1 2021)



# History

## 16 years of global growth

### Commentary

In 2007 and 2008, the **Group expanded** into Central and Eastern Europe as well as certain Western countries.

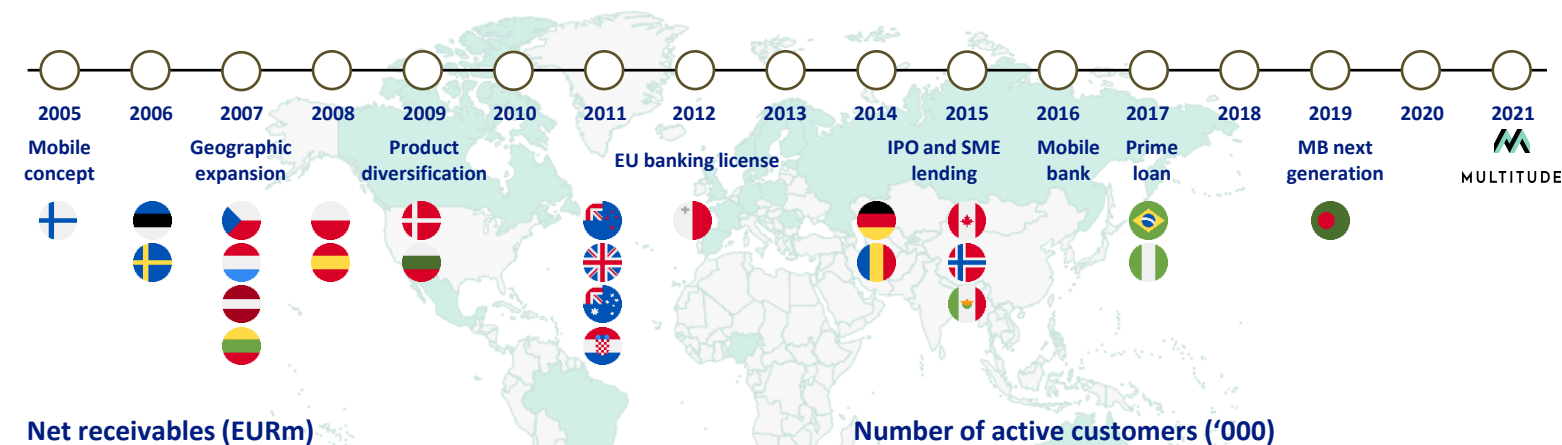
In 2011, the Group initiated an **international** expansion and entered the markets in **New Zealand and Australia**.

Prior to 2015, the Group shifted its operations towards longer tenor products with higher customer lifetime value, and also established **profitable** SME lending operations.

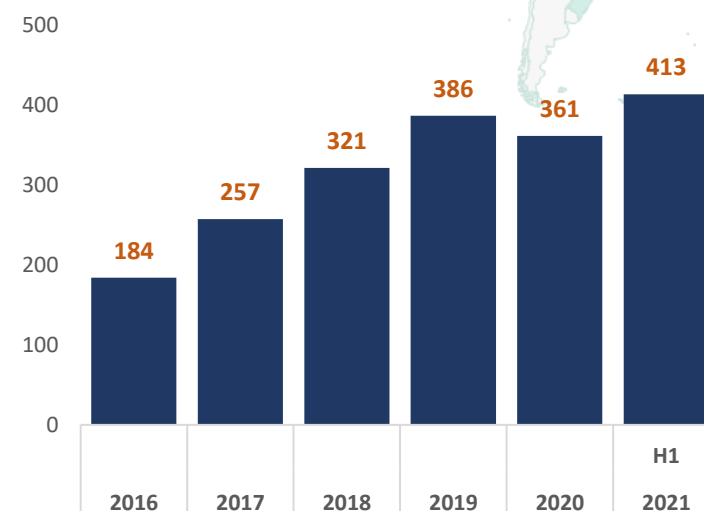
As at June 2021, the Group had a total **loan portfolio** of **EUR 413m** with **468 thousand active customers** across **19** markets.

In May 2021, the Group announced its **strategic shift** to become Multitude and operate the business through the three business segments: Ferratum, CapitalBox and SweepBank.

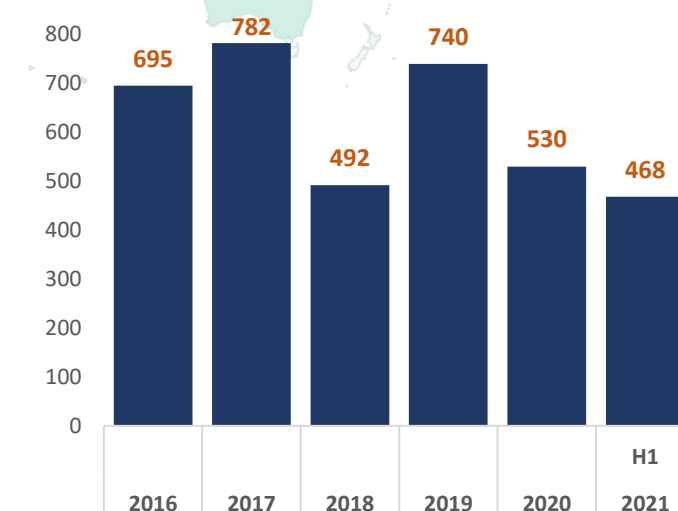
### History line



### Net receivables (EURm)



### Number of active customers ('000)



# Corporate responsibility

## Commentary

**Multitude** is committed to:

- **protect** customers' data and privacy, ensuring that sufficient and relevant information is securely obtained and provided to customers applying for lending products;
- Use of **sophisticated** loan scoring systems;
- Latest **technology** at the heart of Multitude's decision-making processes, ensuring that customers are provided the most suitable products.

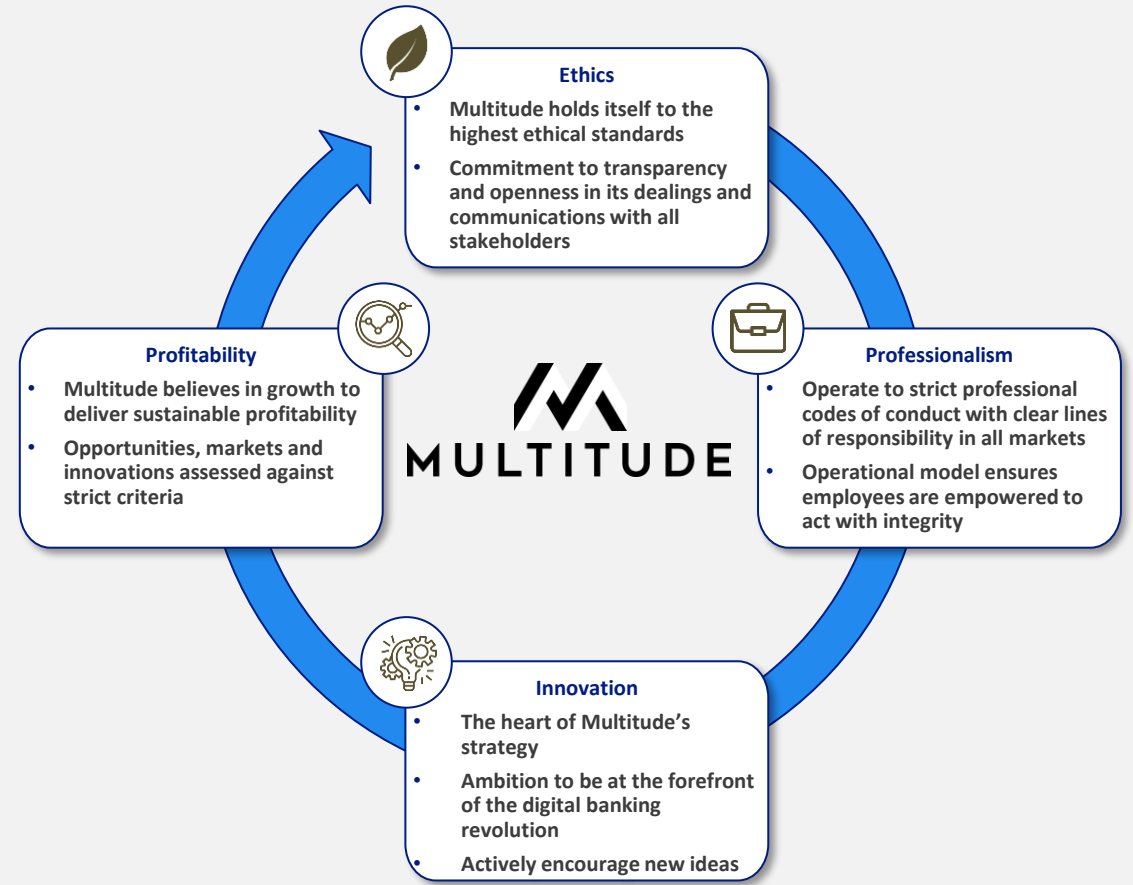
Several **procedures and processes** have been put in place, designed to reduce the risk of unaffordable loans being granted, varying from country to country and from product to product.

Lending activities are governed by a number of internal rules prohibiting granting more than one short term loan to the same customer.

Marketing **guidelines in place** focus on matters of general application, which are **reviewed periodically** to ensure that they remain appropriate:

- **Obligation** not to advertise any service in a misleading, false or deceptive manner;
- Clearly detailing all **relevant information** to consumers including updated interest rate and fee information.

## Multitude's values



# Competitive landscape

## Multitude enjoys a strong position on the market

### Commentary

The EU consumer credit market is becoming **increasingly digitalised** with many niche players having entered the market in recent years.

Traditional banks are forced to adapt to the industry tailwinds in order to stay competitive in the new landscape.

Digital mobile **consumer loans serve as an important driver** of the digitalisation of the banking sector.

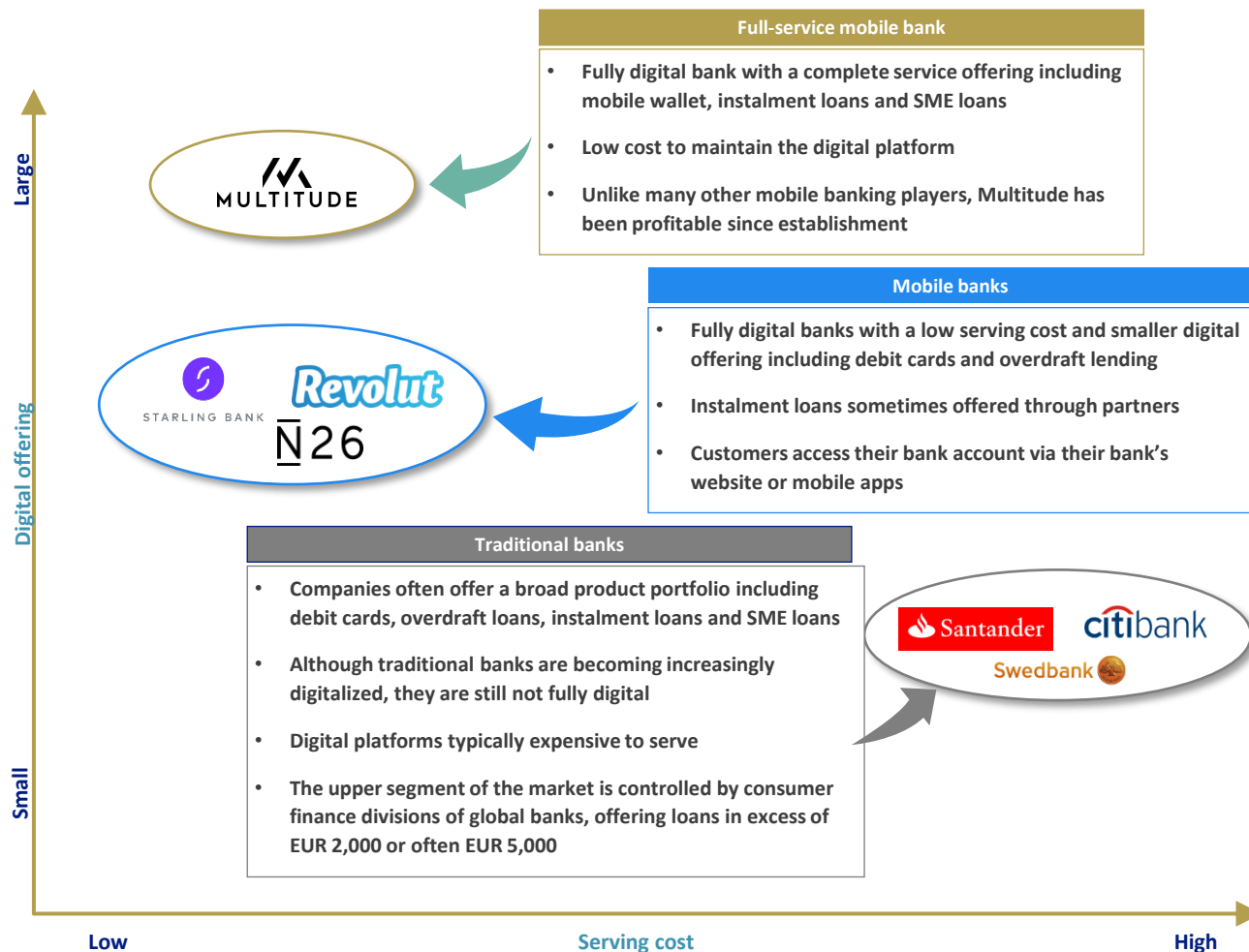
Mobile lending is a **modern** way of granting loans by utilising mobile telecommunications and online technology to enable **fast, easy** and **confidential** loan services.

Multitude is a fully digital bank with a complete service offering, thus uniquely positioned in the **competitive landscape**.

European mobile banking peer, including challenger banks such as Starling Bank, Revolut and N26, offer similar digital platforms with low serving costs, but they have smaller digital offerings.

Seamlessly integrating unsecured loans and future products with a mobile wallet offer Sweep Bank strategic market **opportunities** going forward.

### Competitive overview



# Evolving banking ecosystem

## Multitude is well-positioned for the changing banking environment

### Commentary

The financial industry is in the midst of a surge in **partnerships and collaborations** with banking products and services being redesigned.

The days of traditional financial services are over. Hence, financial service companies are required to increase their service offering to bolster **competitiveness**. Traditional banks must determine the role they wish to play to ensure they can leverage their strengths.

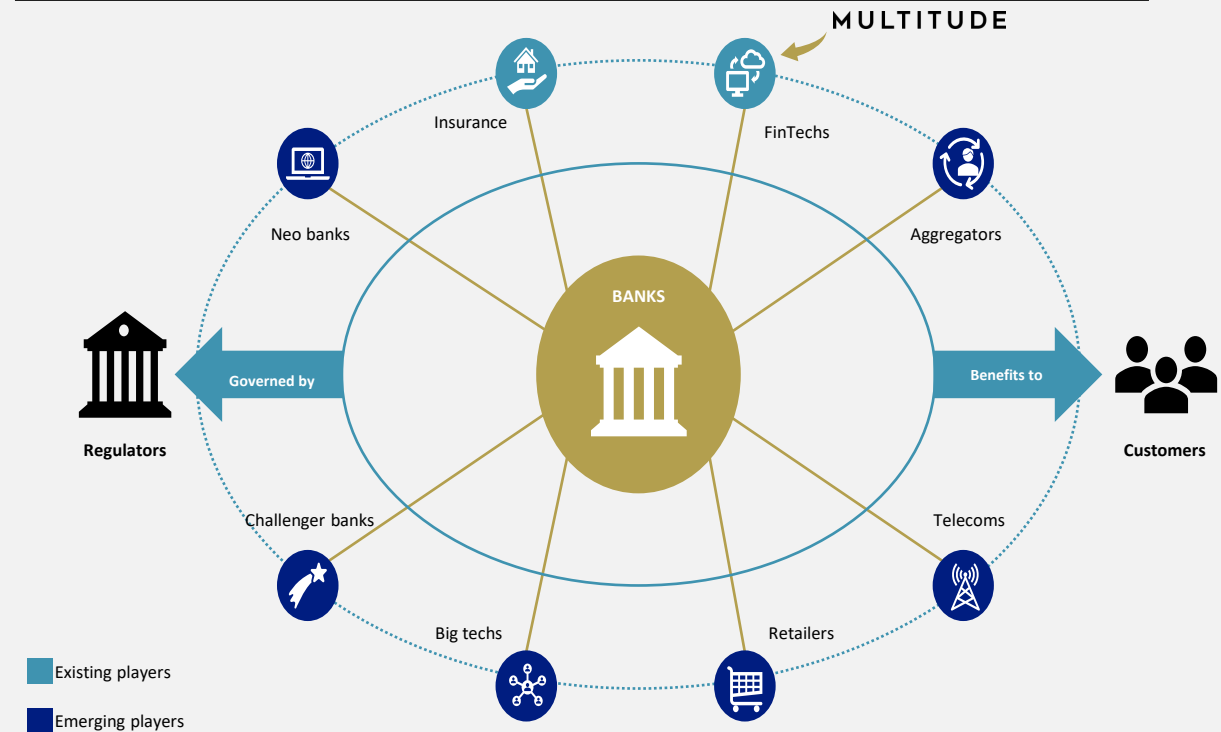
Data evolves as a critical asset:

- A **seamless customer experience** will be contingent upon banks understanding customers' needs, behaviours and individual journeys;
- Data will be strategically used to unlock new revenue, **create value** and **boost** insightful **decision making**;
- FinTechs typically differentiate through the wise use of **data**.

Due to the emergence of FinTechs, the retail banking industry is rapidly embracing the mobile-centric customer experience.

These developments will be beneficial for players like Multitude and the company is in the industry forefront of the digitalisation process.

### Illustration of banking ecosystem



# SweepBank - Mobile Wallet & Prime Loan

The '**Mobile Wallet**' will enable customers to gain access to a larger service base, whilst, in turn, allowing the Issuer to enhance its own customer base significantly at a **decreased cost per customer**.

The Issuer intends to offer the following services and products through the 'Mobile Wallet':

- **Virtual credit card;**
- **Prime loans.**

## Virtual credit card

The Issuer intends to complement its mobile banking platform with a virtual credit card allowing customers to shop online with flexible payment options.

## Prime loans

The Issuer intends to integrate its prime loan offering in the 'Mobile Wallet', with the aim of simplifying the financing of **high value services and products**, enabling clients to access credit in an easy digital manner, at a decreased cost. The aim is to offer this product in all the markets where Mobile Wallet will be available.



## Focus on customers who generate revenue not just volume:

- Credit hungry & revolving
- Tech Savvy
- Busy young parents
- Convenience seeking
- Loves online shopping.

## Customer centric value proposition – Flexibility to the customer.

### Flexible Financing:

- Use Saving or Current account
- Convert Debit to Credit
- Convert Credit to Prime Loan.

### Flexible Payment Methods:

- Pay instantly
- Buy now, pay later
- Pay in instalments
- Pay all invoices with one payment.



Simple and real-time pure mobile banking experiences



Proactive financial companion that will help customers to manage their finances better

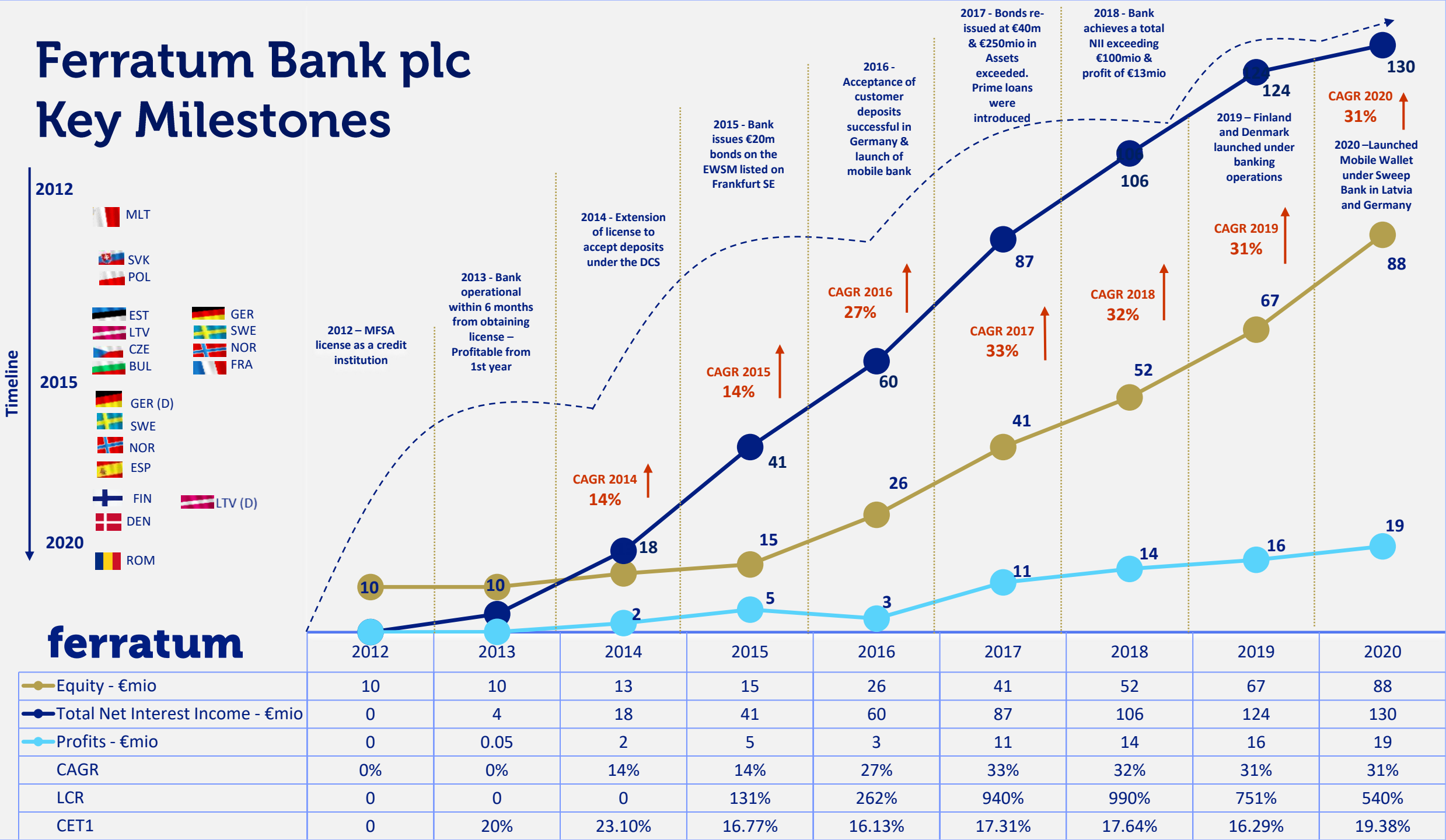


Providing best practices (A.I.) to excel and get on top of customers' finances

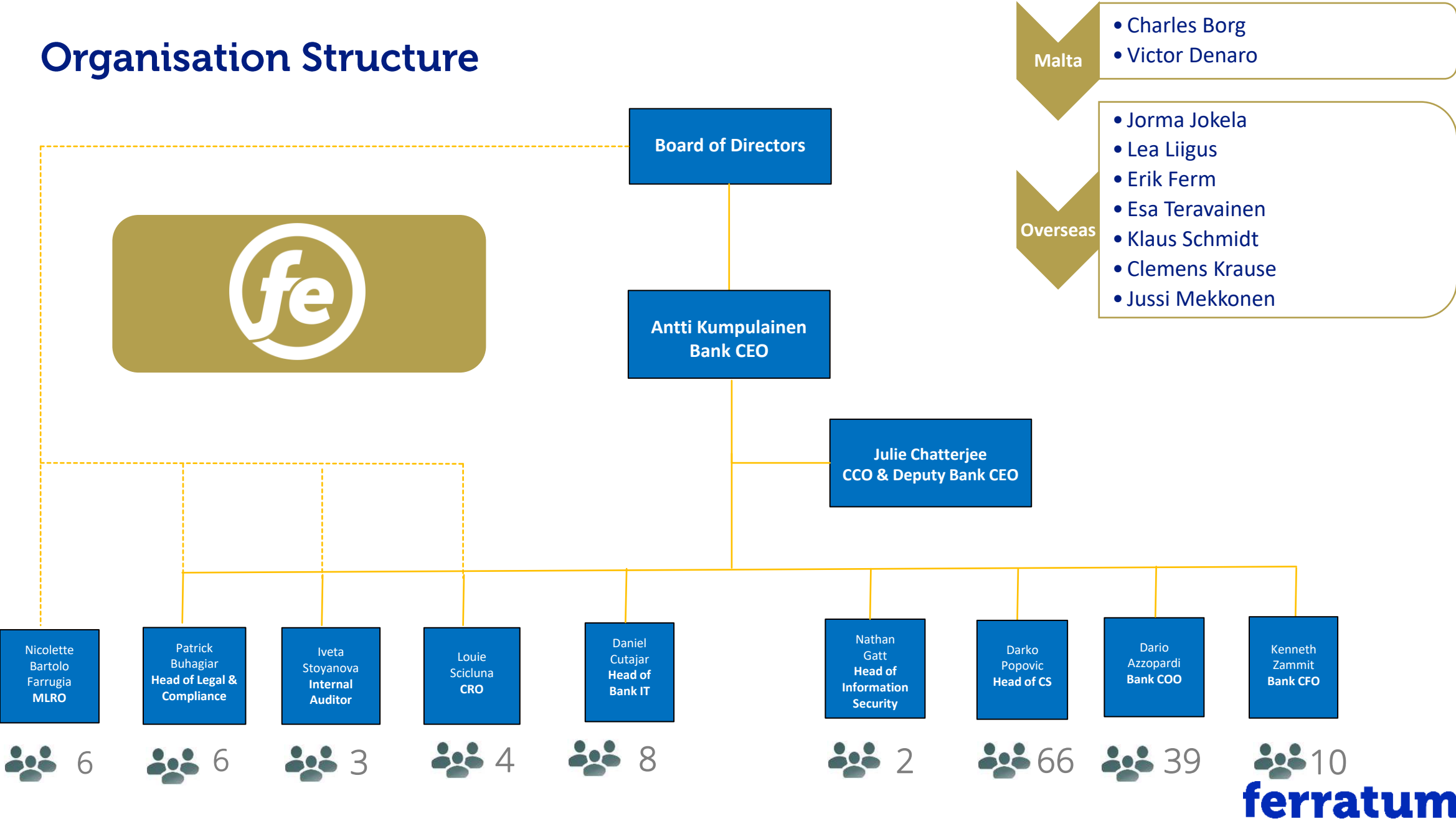
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# Ferratum Bank plc

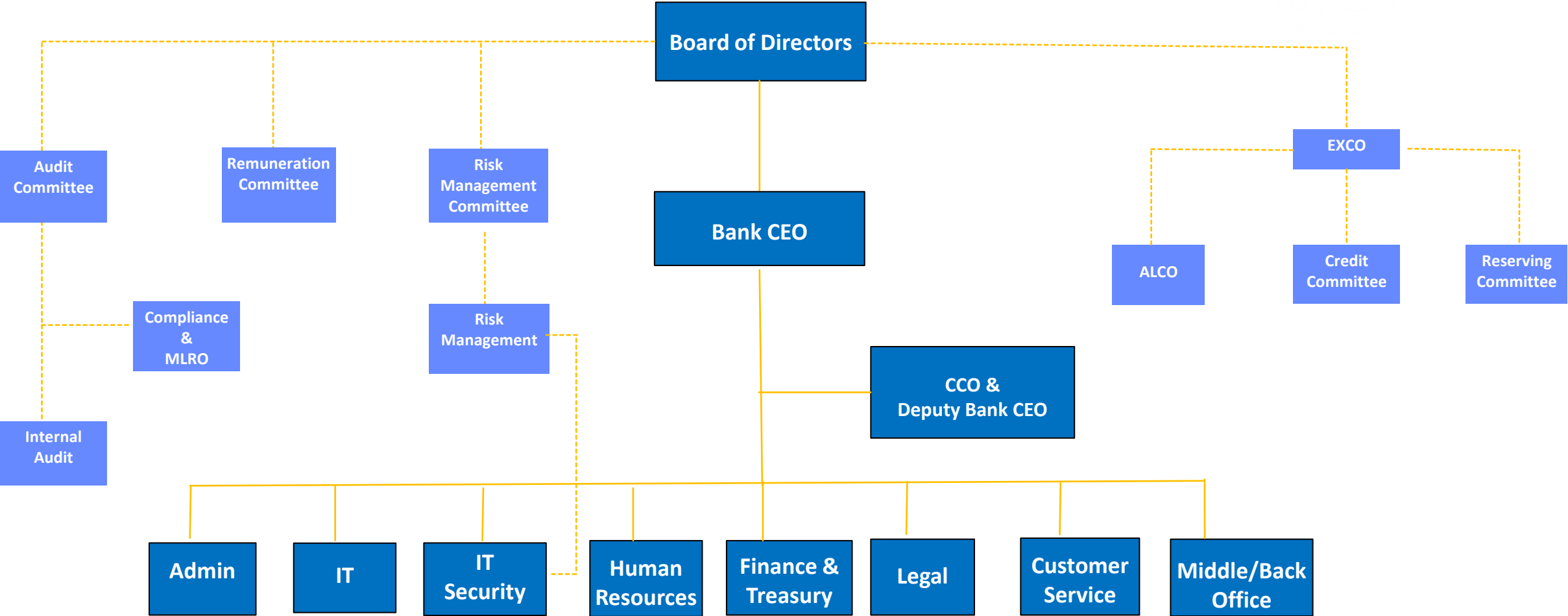
## Key Milestones



# Organisation Structure



# Corporate Governance Structure



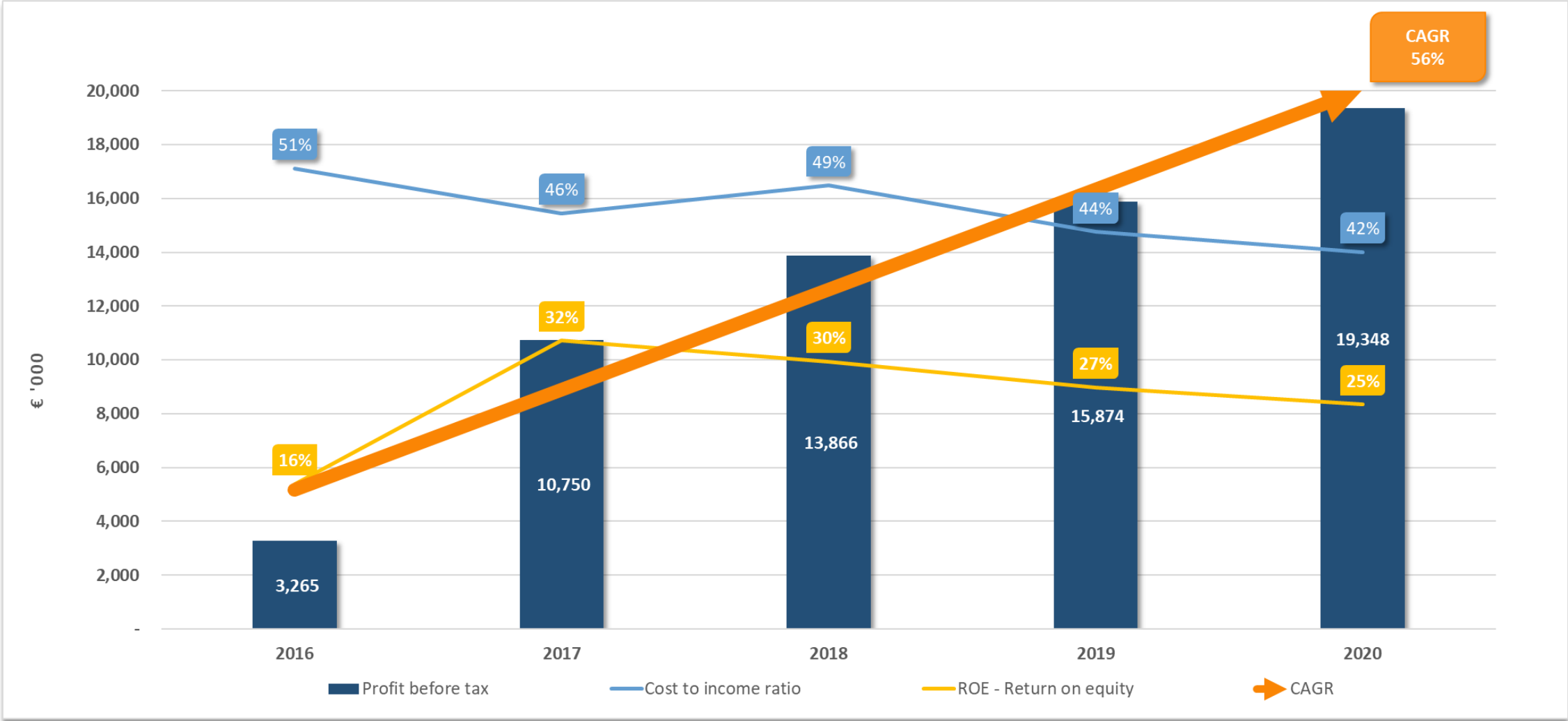
# Board of Directors

Director	Position in Board of Directors	Position in Board Committees
Charles Borg	Chairman of the Board	Chairman Remuneration Committee
Jorma Jokela	Non-executive director	Member Remuneration Committee
Lea Liigus	Non-executive director	Member Risk Management Committee
Clemens Krause	Non-executive director	Chairman ALCO, Chairman Reserving Committee, Member Audit Committee
Jussi Mekkonen	Independent non-executive director	-
Esa Teravainen	Independent non-executive director	Chairman Audit Committee
Erik Ferm	Independent non-executive director	Chairman Risk Management Committee
Victor Denaro	Independent non-executive director	Member Risk Management Committee
Klaus Schmidt	Independent non-executive director	Member Audit Committee

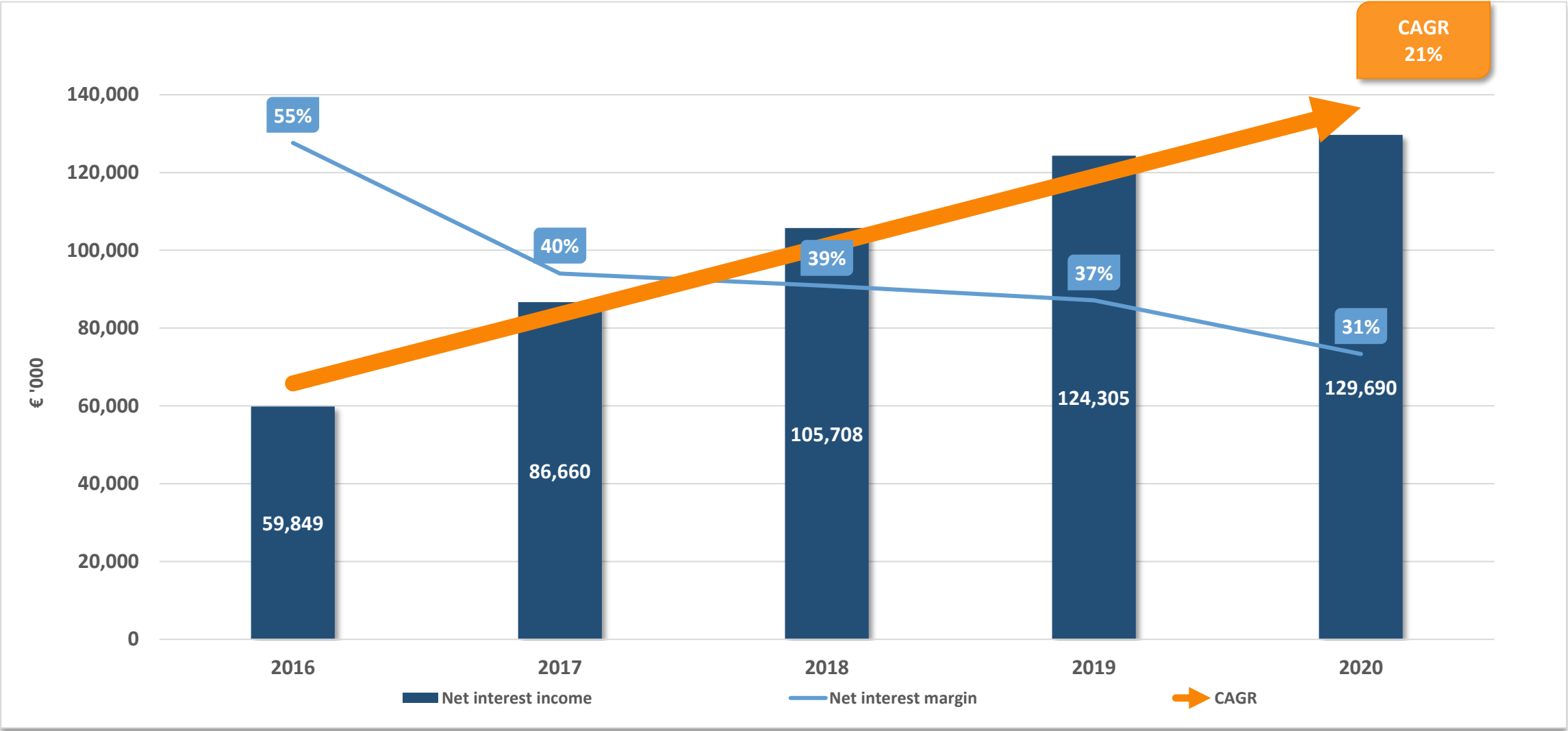
# Financial Performance



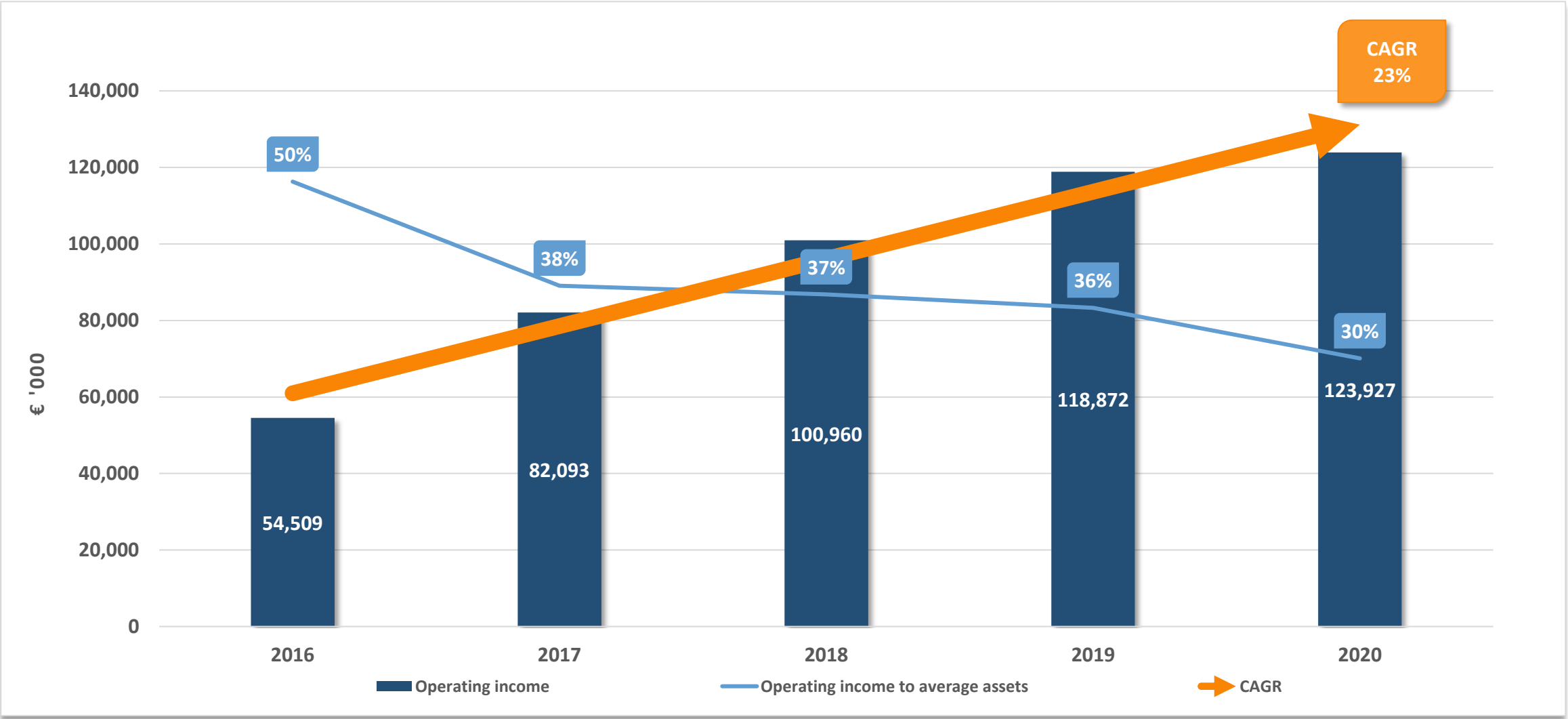
# Sustained Profitability and Efficiency



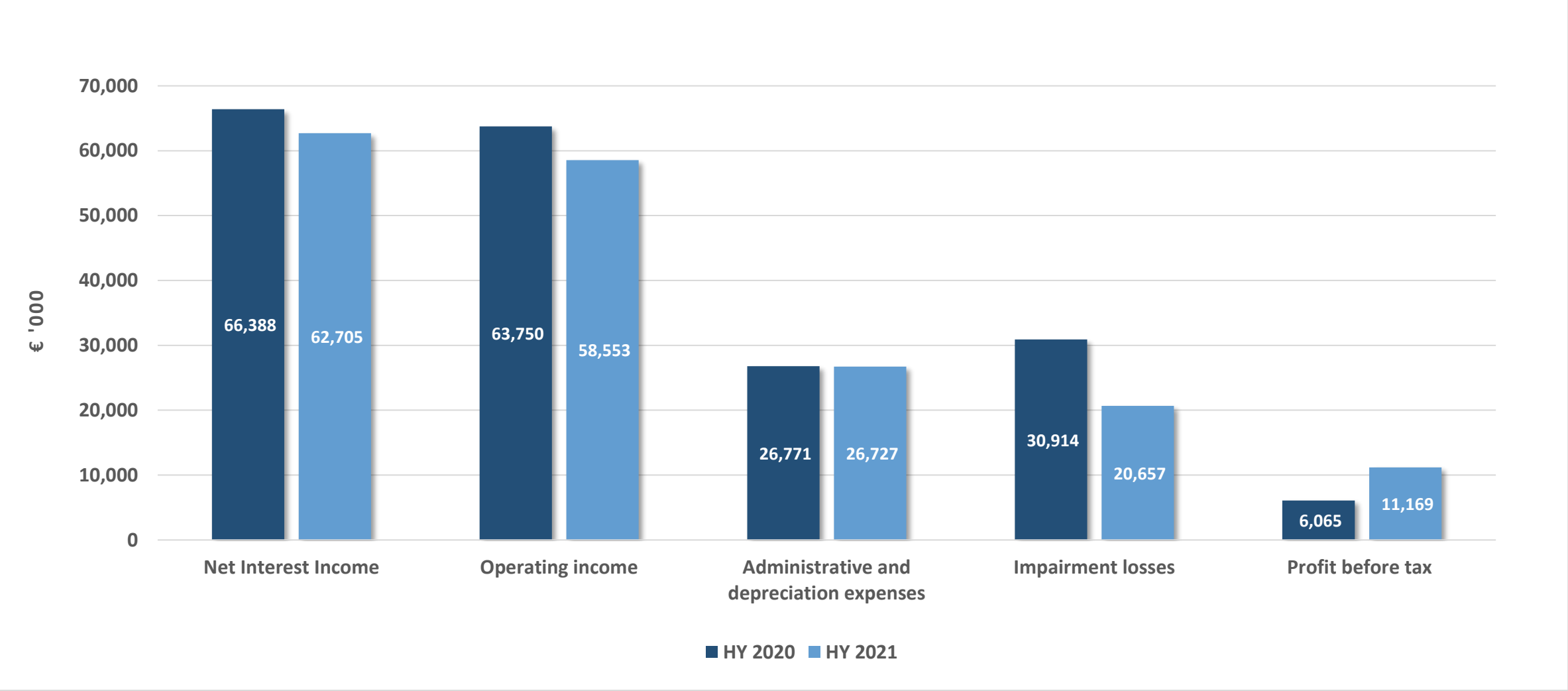
# Net Interest Income Trend



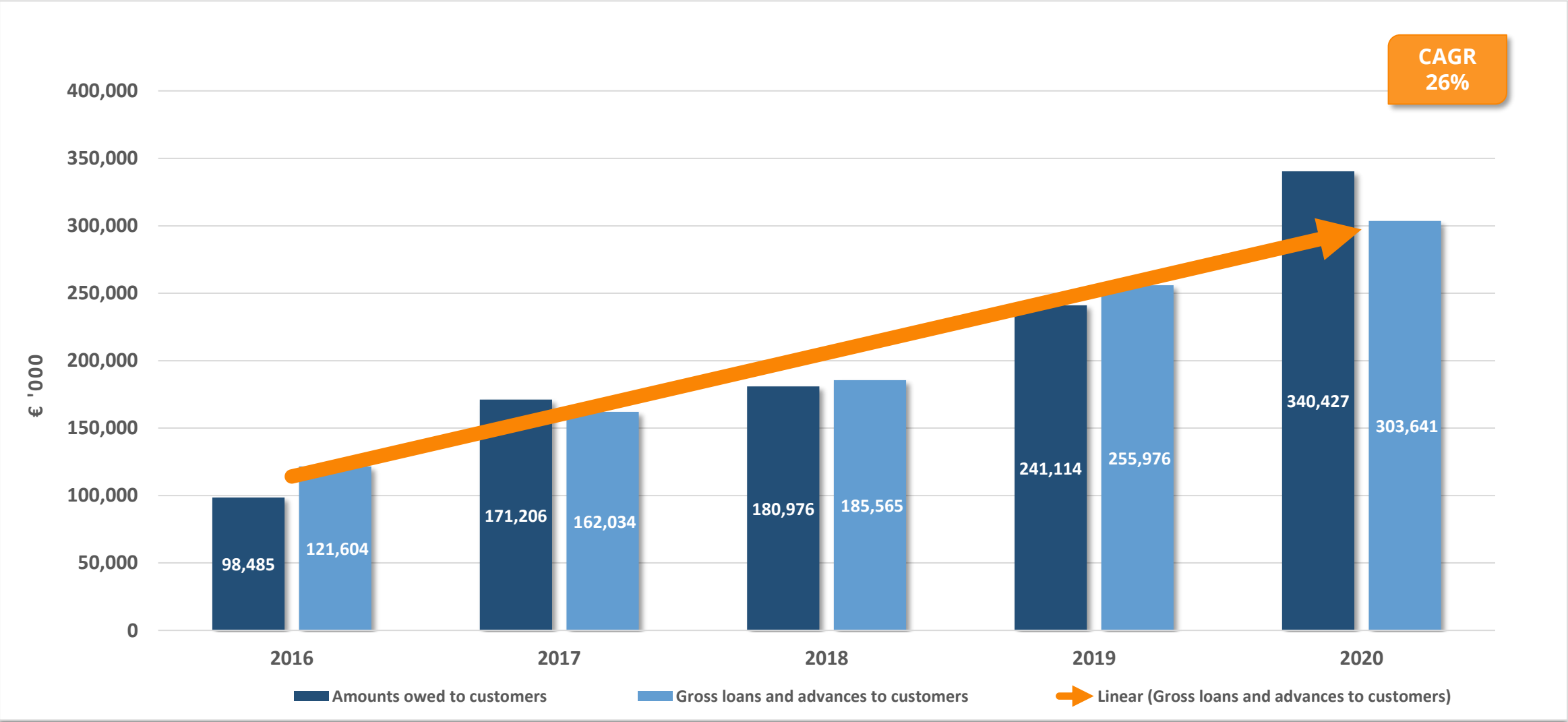
# Operating Income Trend



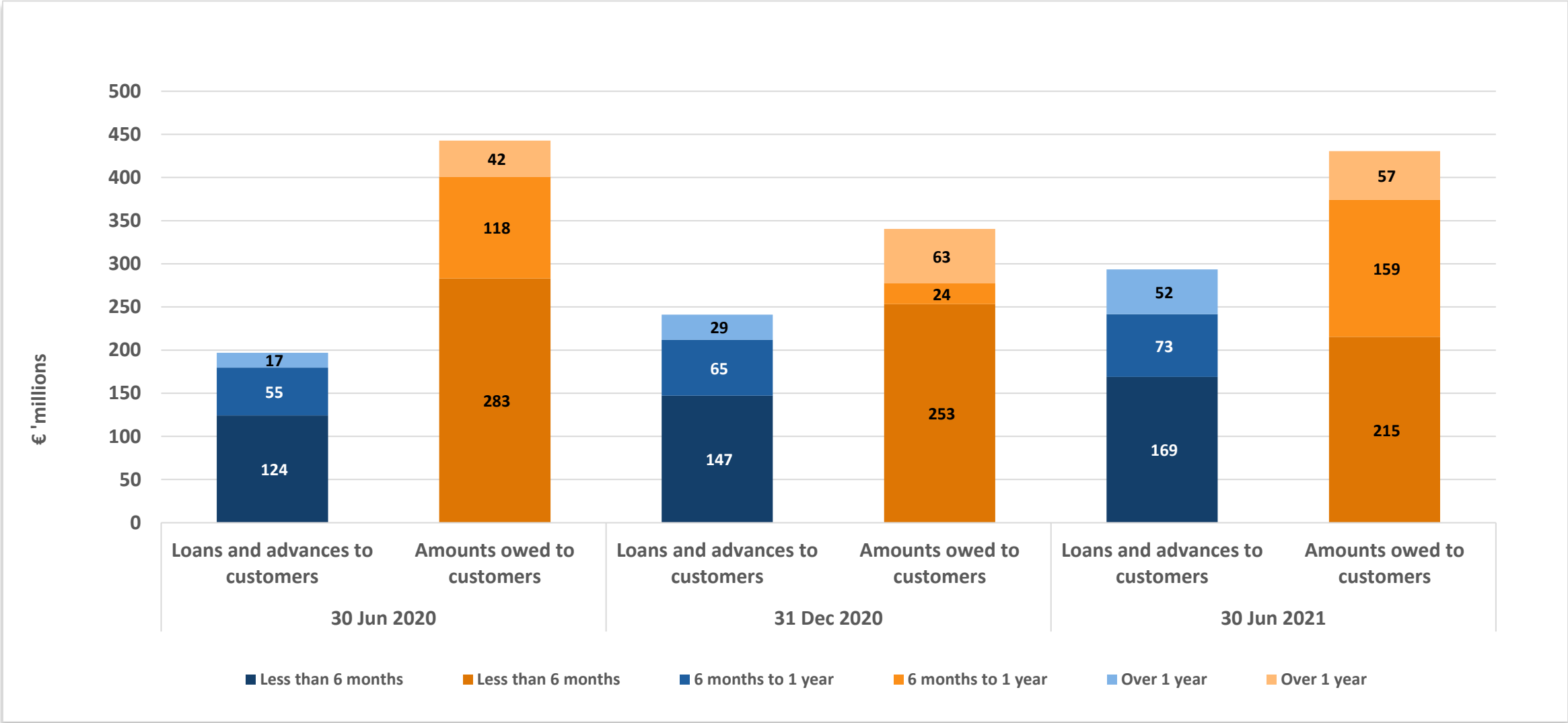
# First Half of 2021 Performance



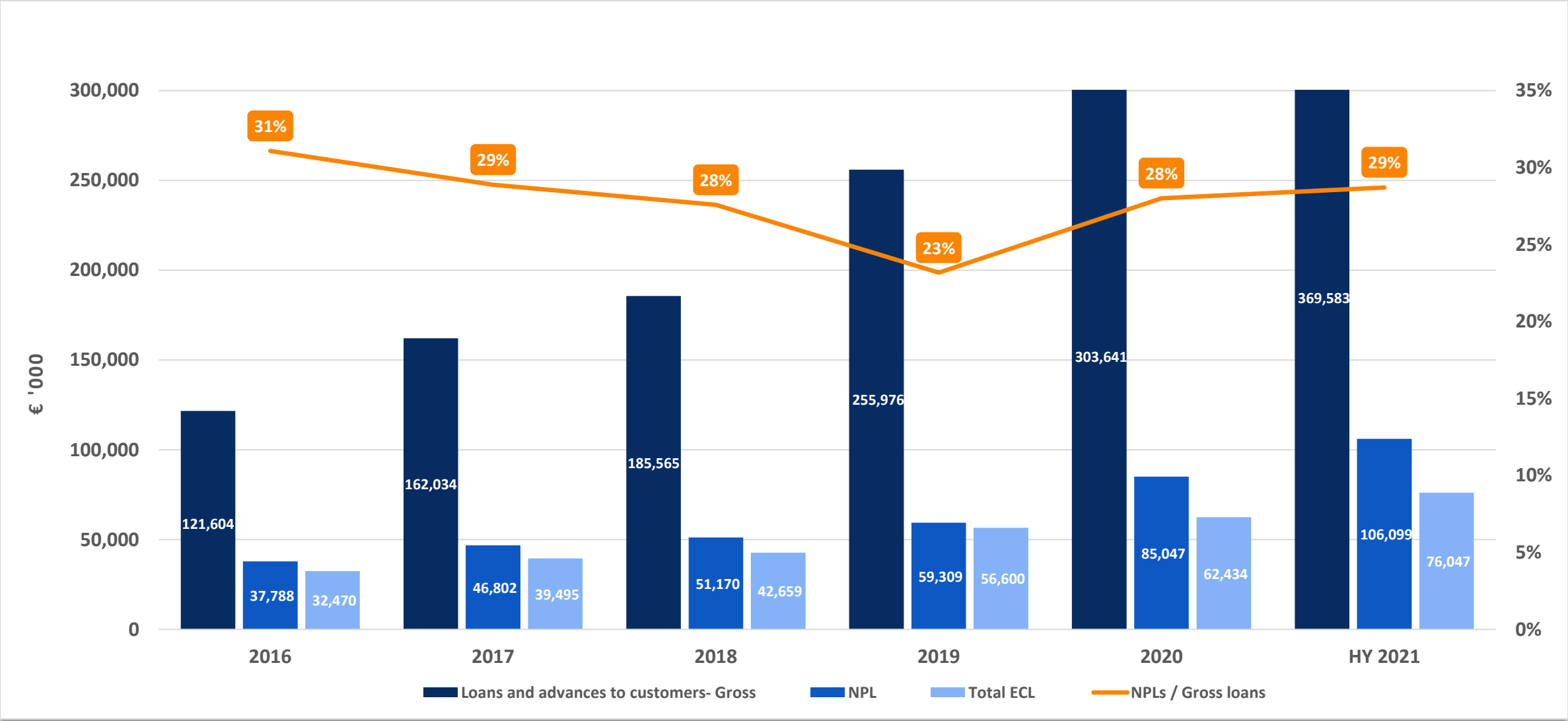
# Loan and Deposits Portfolio



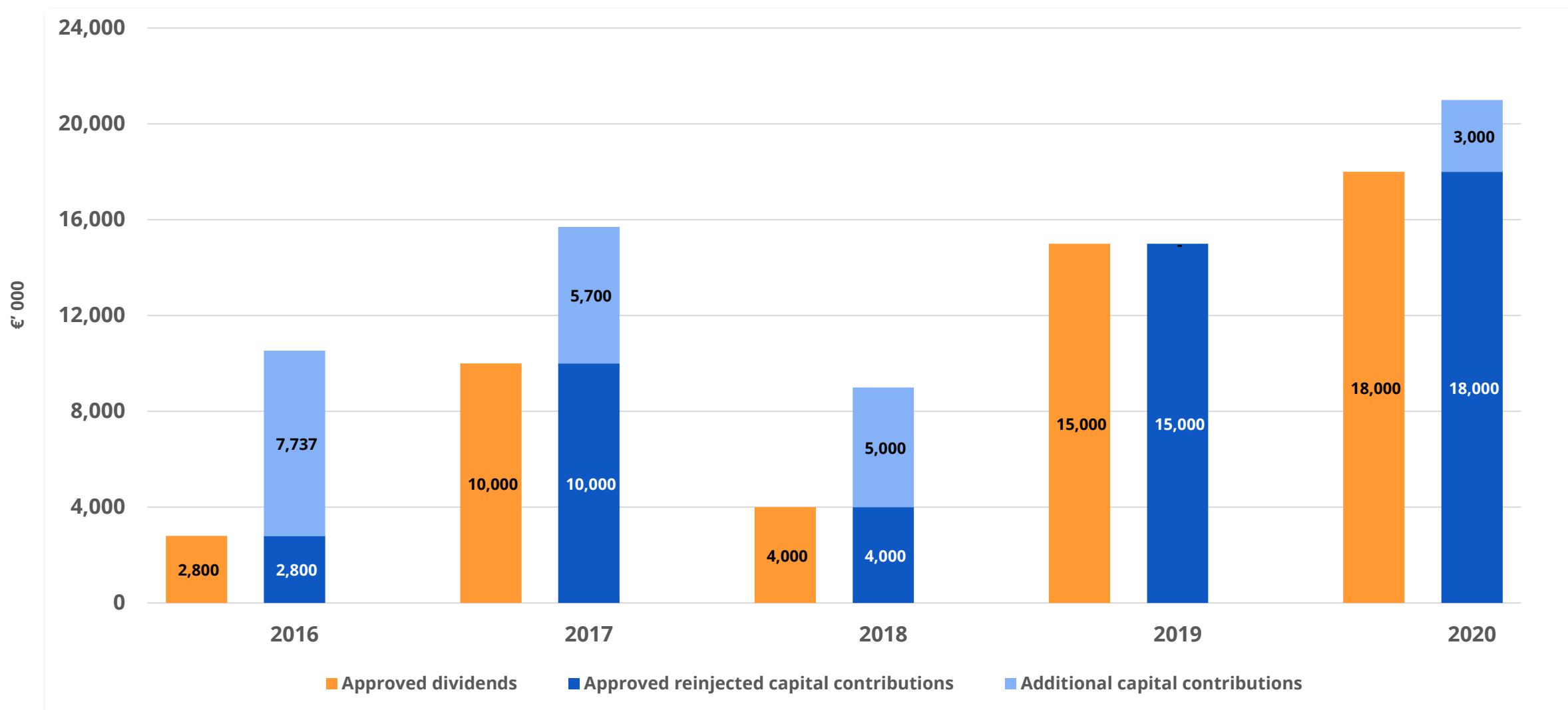
# Loan and Deposits Portfolio – H1 2020 vs H1 2021



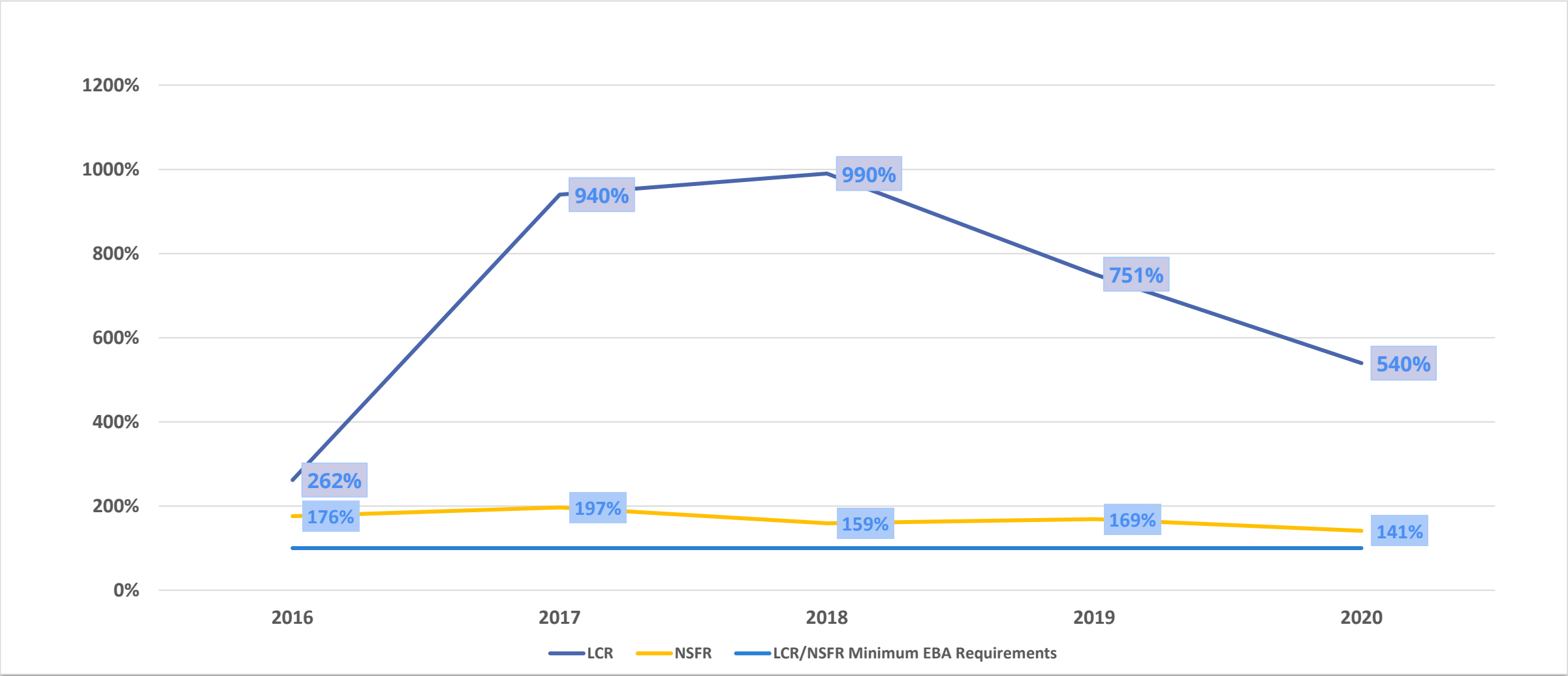
# Asset Quality and ECL



# Approved Dividends and Capital Contributions



# Liquidity Risk - LCR and NSFR



# Key Performance Indicators



KPI

	2016	2017	2018	2019	2020	HY 2021
ROE - Return on equity*	16%	32%	30%	27%	25%	25%
ROA - Return on assets*	3%	5%	5%	5%	5%	5%
Cost to income ratio**	51%	46%	49%	44%	42%	46%
Growth in gross loans and advances to customers	98%	33%	15%	38%	19%	22%
Growth in customers deposits	-	74%	6%	33%	41%	26%
Non-performing loans to total gross loans and advances	31%	29%	28%	23%	28%	29%
Common Equity Tier 1 (CET 1)	16.13%	17.31%	17.64%	16.29%	19.38%	16.74%

*\*Based on profit before tax*

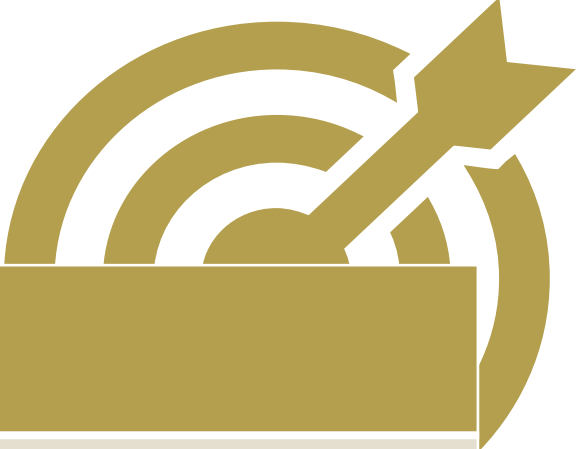
*\*\*Including staff costs, other operating costs, effect of depreciation and amortisation*

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# Agenda Next Steps



# Agenda next steps



Date	Activity
14-Oct-21 to 22-Oct-21	ROADSHOWS
1 <sup>st</sup> week November	PRESENTATION FEEDBACK FROM PROSPECTORS INVESTORS
1 <sup>st</sup> week December	EXPECTED FINAL SUBMISSION
2 <sup>nd</sup> week December	TARGET APPROVAL



Annex

## Statement of comprehensive income

	2020	2019	2018	2017	2016
	€'000	€'000	€'000	€'000	€'000
Interest and Similar Income	134,093	129,049	110,341	90,654	62,822
Interest and Similar Expenses	(4,403)	(4,744)	(4,633)	(3,994)	(2,973)
<b>Net interest income</b>	<b>129,690</b>	<b>124,305</b>	<b>105,708</b>	<b>86,660</b>	<b>59,849</b>
Fee and Commission Income	2,027	3,160	2,739	2,717	803
Fee and Commission Expense	(7,790)	(8,593)	(7,487)	(7,284)	(6,143)
<b>Net fee and commission expense</b>	<b>(5,763)</b>	<b>(5,433)</b>	<b>(4,748)</b>	<b>(4,567)</b>	<b>(5,340)</b>
<b>Operating profit</b>	<b>123,927</b>	<b>118,872</b>	<b>100,960</b>	<b>82,093</b>	<b>54,509</b>
Employee compensation and benefits	(7,701)	(9,052)	(8,690)	(8,555)	(7,621)
Other operating costs	(41,805)	(42,075)	(40,780)	(29,172)	(20,225)
Depreciation and amortisation	(2,561)	(1,478)	(436)	(339)	(136)
Net impairment losses	(52,512)	(50,393)	(37,188)	(33,277)	(23,262)
<b>Profit before tax</b>	<b>19,348</b>	<b>15,874</b>	<b>13,866</b>	<b>10,750</b>	<b>3,265</b>
Tax expense	(399)	(1,113)	(869)	(661)	(240)
<b>Profit for the year- total comprehensive income</b>	<b>18,949</b>	<b>14,761</b>	<b>12,997</b>	<b>10,089</b>	<b>3,025</b>

## Statement of financial position

	2020	2019	2018	2017	2016
	€'000	€'000	€'000	€'000	€'000
<b>Assets</b>					
Balances with Central Banks	96,334	109,943	74,465	76,746	21,288
Loans and advances to banks	56,303	22,672	19,080	35,235	38,228
Loans and advances to customers	241,207	199,376	142,906	122,539	89,134
Loans and advances to group companies	14,875	25,145	7,720	4,469	352
Investment in securitisation portfolio	7,629	-	-	-	-
Investment securities	-	-	8,633	8,951	11,571
Property, equipment and intangible assets	4,318	6,086	1,686	1,015	909
Other assets	20,274	20,981	27,095	12,293	7,357
<b>Total assets</b>	<b>440,940</b>	<b>384,203</b>	<b>281,585</b>	<b>261,248</b>	<b>168,839</b>
<b>Equity and liabilities</b>					
Equity	88,315	66,366	51,605	41,349	25,561
Amounts owed to customers	340,427	241,114	180,976	171,206	98,485
Debt securities in issue	-	40,083	39,797	39,550	38,201
Other liabilities	10,709	34,693	7,681	8,239	6,350
Current tax liabilities	1,489	1,947	1,526	904	242
<b>Total equity and liabilities</b>	<b>440,940</b>	<b>384,203</b>	<b>281,585</b>	<b>261,248</b>	<b>168,839</b>

Statement of comprehensive income		
	HY 2021	2020
	€'000	€'000
Interest and Similar Income	64,834	134,093
Interest and Similar Expenses	(2,129)	(4,403)
<b>Net interest income</b>	<b>62,705</b>	<b>129,690</b>
Fee and Commission Income	926	2,027
Fee and Commission Expense	(5,078)	(7,790)
<b>Net fee and commission expense</b>	<b>(4,152)</b>	<b>(5,763)</b>
<b>Operating profit</b>	<b>58,553</b>	<b>123,927</b>
Employee compensation and benefits	(3,795)	(7,701)
Other operating costs	(22,236)	(41,805)
Depreciation and amortisation	(696)	(2,561)
Net impairment losses	(20,657)	(52,512)
<b>Profit before tax</b>	<b>11,169</b>	<b>19,348</b>
Tax expense	(8,077)	(399)
<b>Profit for the period/year- total comprehensive income</b>	<b>3,092</b>	<b>18,949</b>

Statement of financial position		
	HY 2021	2020
	€'000	€'000
<b>Assets</b>		
Balances with Central Banks	80,166	96,334
Loans and advances to banks	71,099	56,303
Loans and advances to customers	293,536	241,207
Loans and advances to group companies	14,233	14,875
Investment in securitisation portfolio	52,159	7,629
Property, equipment and intangible assets	3,018	4,318
Other assets	22,555	20,274
<b>Total assets</b>	<b>536,766</b>	<b>440,940</b>
<b>Equity and liabilities</b>		
Equity	91,407	88,315
Amounts owed to customers	430,572	340,427
Other liabilities	9,473	10,709
Current tax liabilities	5,314	1,489
<b>Total equity and liabilities</b>	<b>536,766</b>	<b>440,940</b>

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Statement of comprehensive income		
	HY 2021	HY 2020
	€'000	€'000
Interest and Similar Income	64,834	68,533
Interest and Similar Expenses	(2,129)	(2,145)
<b>Net interest income</b>	<b>62,705</b>	<b>66,388</b>
Fee and Commission Income	926	953
Fee and Commission Expense	(5,078)	(3,591)
<b>Net fee and commission expense</b>	<b>(4,152)</b>	<b>(2,638)</b>
<b>Operating profit</b>	<b>58,553</b>	<b>63,750</b>
Employee compensation and benefits	(3,795)	(4,267)
Other operating costs	(22,236)	(21,738)
Depreciation and amortisation	(696)	(766)
Net impairment losses	(20,657)	(30,914)
<b>Profit before tax</b>	<b>11,169</b>	<b>6,065</b>
Tax expense	(8,077)	(2,124)
<b>Profit for the period- total comprehensive income</b>	<b>3,092</b>	<b>3,941</b>

Statement of financial position		
	HY 2021	HY 2020
	€'000	€'000
<b>Assets</b>		
Balances with Central Banks	80,166	231,840
Loans and advances to banks	71,099	45,776
Loans and advances to customers	293,536	196,796
Loans and advances to group companies	14,233	30,353
Investment in securitisation portfolio	52,159	-
Property, equipment and intangible assets	3,018	5,876
Other assets	22,555	25,728
<b>Total assets</b>	<b>536,766</b>	<b>536,369</b>
<b>Equity and liabilities</b>		
Equity	91,407	70,307
Amounts owed to customers	430,572	442,745
Loans and advances from group companies	-	573
Other liabilities	9,473	19,530
Current tax liabilities	5,314	3,214
<b>Total equity and liabilities</b>	<b>536,766</b>	<b>536,369</b>

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# Contact Details





# **ferratum**

Ferratum Bank p.l.c.

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