

HALF YEARLY REPORT AND FINANCIAL STATEMENTS 30 JUNE 2021

Ferratum Bank plc

ferratum

Directors' report

Review of the business

The Bank registered a profit of €3.1 million during the period ended 30 June 2021 compared with €3.9 million for the same period last year.

The Bank's principal activity comprises of consumer, short-term, unsecured lending and other financial products, distributed through a mobile phone platform and through the internet. The Bank provides services in Poland, Estonia, Latvia, the Czech Republic, Germany, Bulgaria, Sweden, Norway, Spain, Croatia, Denmark and Finland. During 2021, the Bank also started to provide lending services in Romania. To support its lending activities, the Bank offers savings and term deposits to its customers in Germany and Latvia.

Results and dividends

The net interest income earned by the Bank amounted to €62.7 million during the first half of 2021, reflecting a decrease of 6% over the same period last year. The net fee and commission expense amounted to €4.1 million and this resulted in an operating income of €58.5 million.

The Bank's operating expenditure reached a total of €26.7 million, whilst the net impairment losses on the Bank's lending business amounted to €20.7 million.

In view of the above, the Bank reported a profit before tax of €11.1 million during H1 2021, which is equivalent to €3.1 million after tax respectively. During the period under review, the Bank reversed a deferred tax asset which had an impact of €4.2 million on the tax charge.

The statement of financial position reflects total assets of €536.8 million, with the main assets of the Bank comprising of loans and advances to customers and balances with central banks and other banks, which amounted to €293.5 million and €151.2 million respectively as at 30 June 2021.

The Bank continued to fund its business through customer deposits, which stood at €430.6 million as at 30 June 2021. During the first half of 2021, the Bank paid out dividends amounting to €15 million and received a capital contribution amounting to €15 million from its ultimate parent company. This continued to strengthen the Bank's equity structure. Retained earnings as at 30 June 2021 amounted to €21.3 million.

Statement of financial position as at 31 December

	HY 2021	2020
	€'000	€'000
ASSETS		
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
Right-of-use asset	1,149	2,212
Property plant and equipment	673	786
Intangible assets	1,196	1,320
Deferred tax assets	-	4,168
Other assets	22,555	16,106
Total assets	536,766	440,940
EQUITY AND LIABILITIES		
Equity		
Share capital	10,000	10,000
Capital contribution reserve	57,500	42,500
Other reserves	2,592	2,592
Retained earnings	21,315	33,223
Total equity	91,407	88,315
Liabilities		
Amounts owed to customers	430,572	340,427
Lease liability	1,141	2,247
Other liabilities	8,332	8,462
Current tax liabilities	5,314	1,489
Total liabilities	445,359	352,625
Total equity and liabilities	536,766	440,940
MEMORANDUM ITEMS		
Commitments	5,400	4,530

Statement of comprehensive income year ended 31 December

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

Statement of changes in equity

	Share capital €'000	Capital contribution reserve €'000	Other reserves €'000	Retained earnings €'000	Total equity €'000
At 1 January 2020	10,000	39,500	1,839	15,027	66,366
Comprehensive income					
Profit for the year	-	-	-	18,949	18,949
Other comprehensive income					
Transfers and other movements	-	-	753	(753)	-
Total comprehensive income for the year	-	-	753	18,196	18,949
Transactions with owners					
Capital contribution from shareholders	-	3,000	-	-	3,000
Total transactions with owners	-	3,000	-	-	3,000
Balance at 31 December 2020	10,000	42,500	2,592	33,223	88,315
Comprehensive income					
Profit for the year	-	-	-	3,092	3,092
Total comprehensive income for the year	-	-	-	3,092	3,092
Transactions with owners					
Capital contribution from shareholders	-	15,000	-	-	15,000
Dividends distributed to shareholders	-	-	-	(15,000)	(15,000)
Total transactions with owners	-	15,000	-	(15,000)	-
Balance at 31 December 2021	10,000	57,500	2,592	21,315	91,407

Statement of cash flows year ended 31 December

	HY 2021	2020
	€'000	€'000
Cash flows from operating activities		
Interest and commission receipts	65,632	136,091
Interest and commission payments	(7,649)	(10,971)
Income tax paid	(84)	(857)
Payments to employees and suppliers	(30,942)	(71,578)
Cash flows from operating profit before changes in operating assets and liabilities	26,957	52,685
Changes in operating assets and liabilities:		
Loans and advances to group companies	642	10,270
Loans and advances to customers	(74,339)	(94,342)
Amounts owed to customers	90,587	98,008
Amounts paid in favour of Depositor Compensation Scheme	(353)	(216)
Net cash generated from operating activities	43,494	66,405
Cash flows from investing activities		
Purchase of investment in securitisation portfolio	(44,402)	(7,600)
Purchase of property and equipment	(6)	(114)
Purchase of intangible assets	(83)	(702)
Net cash used in investing activities	(44,491)	(8,416)
Cash flows from financing activities		
Payment of lease liability	(375)	(967)
Repayment of debt securities in issue	-	(40,000)
Shareholders' contribution	15,000	3,000
Dividends paid to equity holders of the Bank	(15,000)	-
Net cash used in financing activities	(375)	(37,967)
Net movement in cash and cash equivalents	(1,372)	20,022
Cash and cash equivalents at beginning of the year	152,637	132,615
Cash and cash equivalents at end of period/year	151,265	152,637

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