

HALF YEARLY REPORT AND FINANCIAL STATEMENTS 30 JUNE 2022

Ferratum Bank plc

ferratumbank

Directors' report

Review of the business

The Bank registered a profit before tax of €10.4 million during the period ended 30 June 2022, compared with €11.2 million for the same period last year.

The Bank's principal activity comprises the origination of unsecured lending and credit products which are distributed through an online platform. During 2022, the Bank provided its services in Estonia, Latvia, Czech Republic, Germany, Bulgaria, Sweden, Norway, Croatia, Denmark, Finland, Romania and Slovenia. To part finance its lending activities, the Bank offers savings and term deposits for private individuals to its customers in Germany.

Results and dividends

The net interest income earned by the Bank amounted to €70.8 million during the first half of 2022, reflecting an increase of 14% over the same period last year. The net fee and commission expense amounted to €2.7 million, and this resulted in an operating income of €67.7 million.

The Bank's operating expenditure reached a total of €29.7 million, whilst the net impairment losses on the Bank's lending business amounted to €27.6 million.

In view of the above, the Bank reported a profit before tax of €10.4 million during H1 2022, which is equivalent to €10.1 million after tax.

The statement of financial position reflects total assets of €552 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 €357 million and €73 million respectively as at 30 June 2022.

The Bank's investments are made up of investment in securitisation portfolio which amounted to €69 million and investment securities which amounted to €10 million.

The investment in securitisation portfolio is made up of notes in Ferratum Portfolio S.À.R.L, a private limited liability company incorporated under the laws of Luxembourg as an unregulated securitisation company. As of June 2022, Ferratum Portfolio S.À.R.L, acquired a portfolio of SME loans in Netherlands, Sweden, Finland and Lithuania. Ferratum Bank PLC is the holder of Class A notes, which are senior notes, have a higher credit quality and the highest payment ranking amongst the other creditors.

The investment securities reflect the Bank's acquisition of 100 Series C secured bonds with a nominal value of €100,000 each issued by Cream Finance Holding Ltd, a company registered in Cyprus. The bonds have a four-year maturity period with the possibility to extend the term by mutual agreement and an early redemption option.

The Bank continued to fund its business primarily through customer deposits which stood at €426 million as at 30 June 2022.

The Bank also raised funding through debt securities which stood at €5 million as at 30 June 2022. The issue of the debt securities took place on 27 April 2022 and are part of a Bond Issuance Programme amounting to €40,000,000 for a duration of 10 years. As at 30 June 2022, the Bank has issued 5,052 bonds with a nominal value of €1,000 per bond, which are listed on the Malta Stock Exchange. The bonds are subject to fixed interest of 6% per annum payable annually.

During the first half of 2022, the Bank paid out dividends amounting to €18 million and received a capital contribution amounting to €18 million from its ultimate parent company. This continued to strengthen the Bank's equity structure. Retained earnings as at 30 June 2022 amounted to €21 million.

Statement of financial position

	As at 31 December	
	HY 2022	2021
	€'000	€'000
ASSETS		
Balances with Central Banks	38,654	138,921
Loans and advances to banks	33,933	48,165
Loans and advances to customers	356,975	323,932
Loans and advances to group companies	22,283	15,486
Derivative financial instruments	321	-
Investments	78,913	60,685
Right-of-use asset	484	805
Property plant and equipment	584	640
Intangible assets	1,176	1,256
Other assets	18,573	10,029
Total assets	551,896	599,919
EQUITY AND LIABILITIES		
Equity		
Share capital	10,000	10,000
Capital contribution reserve	78,500	60,500
Other reserves	2,592	2,592
Retained earnings	20,853	28,747
Total equity	111,945	101,839
Liabilities		
Amounts owed to customers	425,664	486,040
Derivative financial instruments	-	297
Debt securities in issue	4,817	-
Lease liability	420	776
Other liabilities	7,824	8,757
Current tax liabilities	1,226	2,210
Total liabilities	439,951	498,080
Total equity and liabilities	551,896	599,919
MEMORANDUM ITEMS		
Commitments	7,138	6,515

Statement of comprehensive income

	Year ended 31 December	
	HY 2022	2021
	€'000	€'000
Interest and similar income	72,567	137,702
Interest and similar expense	(1,795)	(4,200)
Net interest income	70,772	133,502
Fee and commission income	852	1,918
Fee and commission expense	(3,601)	(9,621)
Net fee and commission expense	(2,749)	(7,703)
Net trading expense	(277)	(86)
Total operating income	67,746	125,713
Employee compensation and benefits	(4,081)	(7,779)
Other operating costs	(25,013)	(48,868)
Depreciation and amortisation	(607)	(1,348)
Credit impairment losses	(27,644)	(52,221)
Profit before tax	10,401	15,497
Tax expense	(295)	(4,973)
Profit for the period/year - total comprehensive income	10,106	10,524

Statement of changes in equity

	Share capital €'000	Capital contribution reserve €'000	Other reserves €'000	Retained earnings €'000	Total equity €'000
At 1 January 2021	10,000	42,500	2,592	33,223	88,315
Comprehensive income					
Profit for the year	-	-	-	10,524	10,524
Total comprehensive income for the year	-	-	-	10,524	10,524
Transactions with owners					
Capital contribution from shareholders	-	18,000	-	-	18,000
Dividends	-	-	-	(15,000)	(15,000)
Total transactions with owners	-	18,000	-	(15,000)	3,000
Balance at 31 December 2021	10,000	60,500	2,592	28,747	101,839
Comprehensive income					
Profit for the year	-	-	-	10,106	10,106
Total comprehensive income for the year	-	-	-	10,106	10,106
Transactions with owners					
Capital contribution from shareholders	-	18,000	-	-	18,000
Dividends distributed to shareholders	-	-	-	(18,000)	(18,000)
Total transactions with owners	-	18,000	-	(18,000)	-
Balance at 30 June 2022	10,000	78,500	2,592	20,853	111,945

Statement of cash flows

	Year ended 31 December	
	HY 2022	2021
	€'000	€'000
Cash flows from operating activities		
Interest and commission receipts	73,356	139,461
Interest and commission payments	(5,683)	(13,649)
Net trading expense	35	(61)
Income tax paid	(1,279)	(84)
Payments to employees and suppliers	(39,391)	(50,373)
Cash flows from operating profit before changes in operating assets and liabilities	27,038	75,294
<i>Changes in operating assets and liabilities:</i>		
Loans and advances to group companies	(6,797)	(611)
Loans and advances to customers	(60,728)	(134,054)
Amounts owed to customers	(60,377)	145,441
Amounts paid in favour of Depositor Scheme Compensation	-	(562)
Net cash generated (used in)/ from operating activities	(100,864)	85,508
Cash flows from investing activities		
Purchase of investment in securitisation portfolio	(8,165)	(52,897)
Purchase of investment securities	(10,000)	-
Purchase of property and equipment	(55)	(89)
Purchase of intangible assets	(56)	(337)
Net cash used in investing activities	(18,276)	(53,323)
Cash flows from financing activities		
Proceeds from issuing of debt securities	5,052	-
Payment of lease liability	(411)	(736)
Shareholders' contribution	18,000	18,000
Dividends paid to equity holders of the Bank	(18,000)	(15,000)
Net cash generated from financing activities	4,641	2,264
Net movement in cash and cash equivalents	(114,499)	34,449
Cash and cash equivalents at beginning of period/year	187,086	152,637
Cash and cash equivalents at end of period/year	72,587	187,086

ferratumbank