

ferratumbank

HALF YEAR REPORT AND FINANCIAL STATEMENTS 30 JUNE 2019





Review of the business

The Bank registered a profit of €6,286,194 during the period ended 30 June 2019 compared with €3,697,912 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, France and Germany.

Results and dividends

A dividend of €10 million was proposed and paid during the period under review. Furthermore, during the first half of 2019, the Bank received a capital contribution amounting to €10 million from its ultimate parent company which continued to strengthen its equity structure. Retained earnings as at 30 June 2019 amounted to €10,915,120.

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 €1,476,258 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.

Statement of financial position

As at 31 December

EUR '000	HY 2019	2018
ASSETS		
Balances with Central Bank of Malta	57,582,013	74,465,302
Loans and advances to banks	36,045,570	19,079,670
Loans and advances to customers	155,493,463	142,905,693
Loans and advances to group companies	8,292,605	7,720,551
Investment securities	-	8,633,176
Property, plant and equipment	1,034,246	1,167,898
Right-of-use asset	3,777,375	-
Intangible assets	680,189	517,793
Deferred tax asset	4,168,342	4,168,342
Other assets	40,211,937	22,926,903
Total assets	307,285,740	281,585,328
EQUITY AND LIABILITIES		
Equity		
Share capital	10,000,000	10,000,000
Capital contribution reserve	35,500,000	25,500,000
Other reserves	1,476,258	1,476,258
Retained earnings	10,915,120	14,628,926
Total equity	57,891,378	51,605,184
Liabilities		
Amounts owed to customers	187,321,626	180,975,803
Debt securities in issue	39,937,218	39,797,359
Lease liability	3,666,083	-
Other liabilities	14,249,786	7,681,458
Current tax liabilities	4,219,649	1,525,524
Total liabilities	249,394,362	229,980,144
Total equity and liabilities	307,285,740	281,585,328
MEMORANDUM ITEMS		
Commitments	4,798,640	4,410,155

Statement of comprehensive income

Year ended 31 December

EUR '000	HY 2019	2018
Interest and similar income	64,375,183	110,340,926
Interest and similar expense	(2,329,715)	(4,633,367)
Net interest income	62,045,468	105,707,559
Fee and commission income	1,520,085	2,738,866
Fee and commission expense	(4,234,823)	(7,486,519)
Net fee and commission expense	(2,714,738)	(4,747,653)
Operating income	59,330,730	100,959,906
Employee compensation and benefits	(4,258,391)	(8,690,178)
Other operating costs	(20,510,363)	(40,779,723)
Depreciation and amortisation	(742,074)	(436,046)
Net impairment losses	(24,148,835)	(37,188,247)
Profit before tax	9,671,067	13,865,712
Tax expense	(3,384,873)	(868,588)
Profit for the year – total comprehensive income	6,286,194	12,997,124

Statement of changes in equity

EUR '000	Share capital	Capital contribution reserve	Other reserves	Retained earnings	Total equity
At 1 January – as originally stated	10,000,000	20,500,000	821,022	10,028,247	41,349,269
Changes on initial application of IFRS 9	-	-	-	(11,909,551)	(11,909,551)
Deferred tax assets recognised with respect to the initial application of IFRS 9	-	-	-	4,168,342	4,168,342
At 1 January 2018 – as restated Comprehensive income	10,000,000	20,500,000	821,022	2,287,038	33,608,060
Profit for the year	-	-	-	12,997,124	12,997,124
Other comprehensive income	-	-	655,236	(655,236)	-
Transfers and other movements	-	-	-	-	-
Total comprehensive income for the year	-	-	655,236	12,341,888	12,997,124
Transactions with owners Capital contribution from shareholders	-	5,000,000	-	-	5,000,000
Total transactions with owners	-	5,000,000	-	-	5,000,000
Balance at 31 December 2018	10,000,000	25,500,000	1,476,258	14,628,926	51,605,184
Comprehensive income					
Profit for the period	-	-	-	6,286,194	6,286,194
Transactions with owners					
Capital contribution from shareholders	-	10,000,000	-	-	10,000,000
Dividend distributed to shareholders	-	-	-	(10,000,000)	(10,000,000)
Total transactions with owners	-	10,000,000	-	(10,000,000)	-
Balance at 30 June 2019	10,000,000	35,500,000	1,476,258	10,905,120	57,891,378

Statement of cash flows

Year ended 31 December

EUR '000	HY 2019	2018
Cash flows from operating activities		
Interest and commission receipts	66,081,358	113,397,344
Interest and commission payments	(7,807,778)	(11,872,518)
Income tax paid	(690,748)	(246,990)
Payments to employees and suppliers	(34,175,187)	(60,867,135)
Cash flows from operating profit before changes in operating assets and liabilities	23,407,645	40,410,701
Changes in operating assets and liabilities		
Loans and advances to group companies	(572,054)	(3,251,072)
Loans and advances to customers	(36,736,605)	(68,559,511)
Amounts owed to customers	6,345,823	9,770,223
Amounts paid in favour of Depositor Compensation Scheme	-	(634,941)
Net cash (used in) operating activities	(7,555,191)	(22,264,600)
Cash flows from investing activities		
Purchase of property, plant and equipment	(7,836)	(886,175)
Purchase of intangible assets	(259,574)	(220,671)
Proceeds from maturity of investment securities	8,447,087	-
Net cash generated from/(used in) investing activities	8,179,677	(1,106,846)
Cash flows from financing activities		
Payment of lease liability	(541,875)	-
Shareholders' contribution	10,000,000	5,000,000
Dividends paid to equity holders of the Bank	(10,000,000)	-
Net cash (used in)/generated from financing activities	(541,875)	5,000,000
Net increase in cash and cash equivalents	82,611	(18,371,446)
Cash and cash equivalents at beginning of year	(18,371,446)	(18,371,446)
Cash and cash equivalents at end of year	93,627,583	93,544,972



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