



N26 Group Announces FY 2021 Financial Results – Focus on Customer Activity Drives Strong Revenue Growth

- Gross revenue grew by 50.3% to EUR 182.4 million (FY-20: EUR 121.3 million), while net interest and commission income grew by 67% to EUR 120.3 million (FY-20: EUR 72.1 million)
- Transaction volume grew 59% YoY to EUR 80 billion (FY-20: EUR 50.3 billion), while customer deposits grew by 52% YoY to EUR 6.1 billion (FY-20: EUR 4.0 billion)
- Income margin continued to improve in 2021, even as investments in talent, product and platform scalability, as well as online fraud prevention measures increased significantly

Valentin Stalf, CEO and Co-founder of N26, said:

“2021 saw us solidify our position as a leader in Europe’s digital banking market. We made further investments in our product, in our team, and in the scalability of our platform. On average, customers log in to their N26 app 3 times a week, making us the mobile bank with the most active customer base in Europe. This is reflected in a significant increase of transaction volume by around 60 % to more than EUR 80 billion.”

Jan Kemper, Managing Director and COO/CFO at N26:

“In 2021, we focused on building a pathway to sustainable future growth. We increased revenues for the year and grew our premium subscriber base significantly. We also saw deposit volumes increase by 52% to EUR 6.1 billion in 2021, opening up additional revenue streams that will make us even more resilient as we look to the future.”

Financial performance

	FY 2020 (€m)	FY 2021 (€m)	Change YoY
Gross revenue	121.3	182.4	50.3%
Net Revenue	72.1	120.3	66.9%
Net interest income	14.8	29.7	100.7%
Net commission income	57.3	90.6	58.1%
Administrative expenditure	-206.3	-269.8	30.8%
Personnel expenses	-92.2	-102.1	10.7%
Administrative expenses	-114.1	-167.7	47.0%
Depreciation of tangible assets	-5.6	-5.0	-10.7%
Other operating profit / loss	-2.0	-1.8	-10.0%
Operating profit / loss before risk provisioning	-141.8	-156.3	10.2%

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Risk provisioning	-8.9	-16.1	80.9%
Operating profit / loss after risk provisioning	-150.7	-172.4	14.4%
Operating profit / loss from core EU business	-110.0	-144.2	31.1%
Operating profit / loss from non-EU business	-40.7	-28.2	-30.7%
Net income / net loss for the year	- 150.7	-172.4	14.4%

BERLIN - The Mobile Bank, N26 Group ("N26" or "Group"), today announces its financial results for the year ended 31 December 2021, which saw significant growth in net interest and commission income, alongside a continued focus on driving platform scalability and strengthening the organization's systems and structures.

Following on from FY-20, N26 continued to focus on increasing day-to-day account activity within its customer base and extending its position as the leading digital bank across its core European markets. This strategy drove increased deposits and higher customer retention in 2021, while further investment in product development and expanding the bank's subscription offering also helped drive top-line and customer based growth. Total gross income rose 50.3% and amounted to EUR 182.4 million (FY-20: EUR 121.3 million). Net income from commissions rose almost 60% compared to FY-20, while treasury activities drove a twofold increase in net interest income compared to the previous year. The company also grew its user base by over 1 million YoY to 8 million customers, and increased revenue-relevant customers to more than 3.7 million.

N26 additionally made substantial investments in strengthening regulatory frameworks, including systems and personnel to bolster the organization's key business functions, driving an increase in administrative expenditure compared to the previous year.

To end the year, N26 solidified its leading position in the market with a landmark EUR 700 million Series E funding round, ultimately valuing the company at over EUR 7.7 billion.

Investment in building future-proof structures and platform scalability

As a 100% digital bank with no costly branch network or legacy infrastructure, N26's banking platform was one of the first to be built fully in the cloud, making for an extremely efficient cost base. In 2021, it made conscious investments to build on this, investing in further developments to build an even more scalable banking platform. These investments included the strengthening of N26's team with experienced experts, as well as continuous enhancements in governance, compliance and online fraud prevention frameworks. Simultaneously, the company began its transition into a Financial Holding Company.

N26 further invested in the optimization of its customer response platform, deploying additional automation, increasing personalization and reducing response times to customer requests. As a result, it saw a 78% increase in fully-automated resolution of customer queries through its chatbot, allowing the company to ensure reachability and prompt resolution to those requiring assistance from customer service personnel.

Customer engagement

N26 brought on over 1 million new customers in 2021, and delivered on its strategy to grow customer activity and account usage. This increase in engagement and share-of-wallet was driven by innovative product development and innovative engagement and retention strategies, resulting in increased daily account usage where customers access their N26 app three times a week on average.



Correspondingly, transaction volume grew 59% to EUR 80 billion (FY-20: EUR 50.3 billion) while customer deposits increased by 52% to EUR 6.1 billion (FY-20: EUR 4.0 billion).

Almost 30 new features and platform upgrades

In 2021, N26 introduced over a dozen new features alongside more than 15 platform upgrades to enhance the user experience. It saw strong growth driven by the launch of two new premium accounts at the end of 2020, which helped drive an increase in the number of Premium Subscribers by more than 60% over the course of 2021. In addition, two new automated savings features launched in 2021, “Round-Ups“ and “Income Sorter“, have helped further simplify money management for customers, driving increases in activity, engagement and deposits. Together, they have helped customers set aside over EUR 350 million to date automatically.

The company also advanced on its path to further expand the number of services that customers can access through the mobile app, introducing its first product offerings in the insurance space with N26 Insurance.

Focus on European core markets

In November 2021, N26 announced its exit from the US market to sharpen the Group’s focus on Europe. The mid-term internationalization strategy will continue to deepen the company’s footprint in existing core European markets, primarily Germany, France, Italy, Spain and Austria.

Outlook

Having successfully completed a Series E funding round in October 2021, the company is well-positioned to build on the progress made in 2021. With the consistent broadening and deepening of its revenue streams, the digital banking pioneer continues to showcase the resilience of its business model, even in the face of near-term macroeconomic uncertainty.

About N26

N26 is building the first mobile bank the world loves to use. Valentin Stalf and Maximilian Tayenthal founded N26 in 2013 and launched the initial product in early 2015. Today, N26 has welcomed more than 8 million customers in 24 markets. N26 has a 1,500-strong team of 80 nationalities based across the globe. It has teams based in 10 locations: Amsterdam, Berlin, Barcelona, Belgrade, Madrid, Milan, Paris, Vienna, New York and São Paulo. With a full German banking license, state-of-the-art technology and no branch network, N26 has redesigned banking for the 21st century and is available on Android, iOS, and desktop. Valued at more than US\$ 9 billion, N26 has raised close to US\$ 1.8 billion from the world’s most established investors, including Third Point Ventures, Coatue Management LLC, Dragoneer Investment Group, Insight Venture Partners, GIC, Tencent, Allianz X, Peter Thiel’s Valar Ventures, Li Ka-Shing’s Horizons Ventures, Earlybird Venture Capital, Greyhound Capital, Battery Ventures, in addition to members of the Zalando management board, and Redalpine Ventures. N26 currently operates in: Austria, Belgium, Denmark, Estonia, Finland, France, Germany, Greece, Iceland, Ireland, Italy, Latvia, Liechtenstein, Lithuania, Luxembourg, Netherlands, Norway, Poland, Portugal, Slovakia, Slovenia, Spain, Sweden and Switzerland.

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