Alisa Bank Plc

Financial Statements Bulletin

January - December 2023

Alisa
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Contents

ALISA BANK PLC'S FINANCIAL STATEMENTS BULLETIN JANUARY - DECEMBER 2023

PROFITABLE RESULT

January-December 2023 in brief

- January-December result before non-recurring items and taxes was EUR 0.8 million (-7.8). The result before taxes was EUR 0.3 million (-9.7).
- Net interest income increased from last year and was EUR 14.8 million (9.1). Net interest income increased mainly due to the increase in market interest rates and the increase in the loan portfolio.
- Total operating income EUR 16.7 million increased clearly compared to the previous year (10.2).
- Realized and expected credit losses were at a moderate level and amounted to EUR -5.0 million (-8.3).
- Total capital ratio was 15.2 percent.
- The loan portfolio before reducing expected credit losses increased by 6 percentage to EUR 172.9 million (163.8) in the accounting period.
- The deposit base increased by 9 percentage to EUR 268.9 million (246.8).
- The company changed its name from Fellow Bank Plc to Alisa Bank Plc on April 21, 2023.

GROUP'S KEY FIGURES (EUR 1,000)	Jan-Dec 2023	Jan-Dec 2022	July-Dec 2023	July–Dec 2022
Net interest income	14,757	9,053	7,331	6,590
Net commission and fee income	1,785	1,511	938	1,502
Total operating expenses	-11,398	-11,601	-5,651	-6,024
Impairment of receivables	-4,999	-8,321	-2,765	-4,147
Profit before taxes	303	-9,684	-87	-2,303
*Profit before non-recurring items and taxes	832	-7,750	238	-
* Cost / income ratio, %	68	113	68	77
Balance sheet total	312,841	291,661	312,841	291,661
* Return on equity (ROE), %	1,2	neg.	0,3	neg.
Total capital ratio (TC), %	15.2	16.8	15.2	16.8
Common Equity Tier (CET1), %	12.0	12.6	12.0	12.6
Number of employees, end of period	78	78	78	78
Earnings per share (EPS), EUR	0.00	-0.14	0.00	-0.05
* Impairment of receivables / loan portfolio, %	2.9	5.1	3.2	2.5

* The calculation principles of alternative performance measures are presented in Appendix A.

July-December in brief

- July-December profit before taxes was EUR -0.1 million (-2.4). The result for the second half of the year was weaker than the first, because lending was tightened due to the unfavorable economic cycle and capital requirements. In addition, the number of bad debts increased slightly.
- The deposit base grew by 11 percent and the credit base by 2 percent in the second half of the year.

Teemu Nyholm, CEO

Profitable result achieved

The result before non-recurring items and taxes for the 2023 financial year was EUR 0.8 million, and the result before taxes was EUR 0.3 million. Due to the difficult economic situation, we did not manage to strengthen the company's equity according to our plans. This held back the growth of our credit portfolio in the second half of the year, as well as the tightening of our lending in certain industries. At the same time, we also wanted to maintain our strong capital adequacy level. Because of this, the second half's earnings, EUR 8.3 million, were slightly below the level of the first half and the result before taxes in the second half was EUR -0.1 million.

Development of business

Our credit base grew to EUR 173 million by the end of 2023 before reducing provisions for credit losses.

The growth of corporate customer business was limited by the challenging operating environment of SMEs and our caution in credit risk management in industries with increased credit risk. However, our credit base for corporate financing increased by 31 percent to EUR 41 million in the fiscal year. The quality of the corporate loan portfolio remained good and stable in the second half of the year. Due to successful risk management, we avoided significant credit losses in the second half of the year in corporate lending. As the economic operating environment improves, we believe that our strong competitiveness will create a basis for our growth in the future as well.

In personal customers, our credit base remained unchanged at EUR 132 million. In the market, the demand for consumer financing continued to grow moderately, but our growth was limited by capital restrictions and our tightened credit policy. In the second half of the year, we invested especially in strengthening our profitability in consumer financing and succeeded in improving the net interest income despite the slight increase in financing costs.

At the end of December, our deposit base was EUR 269 million. The structure and sources of our deposit base diversified: the share of time deposits increased and we managed to increase the collection of deposit funds through our digital channels. In November, we opened a savings account product on Europe's leading deposit comparison portal Raisin in Germany, and further in December we also opened this channel in the Netherlands. After the end of the financial year, our deposit base has strengthened strongly, reaching EUR 388 million at the end of January. As the interest rate rose, our financing costs increased somewhat, and at the end of the financial year, the average interest rate on the deposit portfolio was 2.7 percent. At the same time, the bank's interest margin on liquid assets clearly increased with the increase in liquid assets.

The number of active customers continued to grow and was 57,500 at the end of the year. Customer satisfaction also remained at a high level in the second half of the year (Net Promoter Score 45). We achieved the industry's top reviews (4.3/5) in app store reviews.

We continued to implement the cost-saving program, with which we aimed for significant savings in the bank's fixed costs. We have succeeded in cost savings and our operational efficiency developed positively during the review period, with the cost-to-income ratio in the review period being 68 percent. We will enter 2024 at a lower level of fixed costs compared to 2023.

In June, we started offering banking services (BaaS) integrated into financial management systems in cooperation with Talenom Oyj. The services enable Talenom's business customers to have easy-to-use banking services integrated directly into the financial management software. At the beginning of the year, we also announced an online shopping payment solution for SMEs with Paytrail, Finland's largest payment intermediary. Both projects support our strategy in utilizing digital channels for new customer acquisition.

Market environment and risk position

During 2023, the general economic situation deteriorated significantly. Inflation and rising interest rates increased consumers' living costs considerably. At the same time, especially the strong contraction of the construction sector led to unprecedented levels of bankruptcies of SMEs. We expect inflation and the weakening of consumers' purchasing power to subside and the operating conditions of SMEs to gradually strengthen during 2024. The interest rate is also expected to decline during 2024, which supports the recovery of the economic situation.

The bank's liquidity position is very strong, with liquid assets of EUR 135 million. The predicted drop in the interest rate creates challenges for increasing deposit assets and interest margin on deposits, but thanks to our diversified deposit base, we will also be able to generate a significant return on liquid deposit assets in the future.

The bank's solvency remained at a good level of 15.2 percent, however, falling short of the target of 16 percent.

Despite the challenging market environment, we were extremely successful in the bank's credit risk management. Credit losses fell to 2.9 percent of the loan portfolio.

Outlook for the future

Achieving a positive result in 2023 was a significant step in Alisa Bank's growth story. In the future, growth and improving profitability will require strengthening the bank's own capital and thereby increasing the credit base. We have actively promoted measures to strengthen the capital structure and we believe that we will be able to inform about these during the first half of 2024.

In our business during 2024, we will emphasize banking services and financing for SMEs. In proportion to the committed capital, invoice and working capital financing of SMEs is the most profitable business for the bank. We continue to invest in the development of BaaS services together with financial administration operators, which will significantly increase our customer potential in SMEs. In our development projects, we also focus on the development of smooth banking and financial services for SMEs. Our competitiveness in this customer segment is strong, and as the economic situation gradually improves, we believe that our growth will continue to be strong in corporate financing.

Despite the challenging operating environment, we look optimistically at the coming year. I thank our customers, staff and shareholders for the past year.

Teemu Nyholm

CEO

Financial targets and outlook for 2024

In 2023, we achieved a positive result, but due to the unfavorable market situation, the measures aimed at strengthening the capital structure did not proceed according to the targeted schedule during 2023.

The uncertainty of the operating environment and the company's capital structure continue to challenge the earnings development in 2024. Likewise, the expected decrease in interest rates will have a slightly weakening effect on the bank's result. In preparation for these, we have adjusted the company's cost structure during the second half of 2023.

We believe that we will be able to implement the actions to strengthen equity capital during the first half of 2024. If this happens, the total income will increase in 2024 compared to 2023, and the result before non-recurring items and taxes for the financial year 2024 is estimated to be profitable. However, the result for the first half of 2024 before one-off items and taxes is estimated to be slightly loss-making.

The target for the group's total capital ratio is 16 percent.

Key figures January – December 2023

Loan portfolio **173** EUR million	Deposits **269** EUR million
Operating income **16.7** EUR million	Active customers **57,500**
ROE **1.2%**	Cost / income ratio **68%**
Capital adequacy **15.2%**	NPS-result **45**

Business environment

The development of the Finnish economy has been weak, and inflation and rising interest rates have challenged economic growth. Inflation and the rise in interest rates weakened toward the end of the year, but both consumers' and companies' confidence in the economy remained low. The year-on-year increase in consumer prices in Finland was 6.2 percent in 2023, with the ECB's long-term target being 2 percent. The number of bankruptcies in Finland increased in 2023 to a record for the entire 2000s. During 2023, the ECB raised all three key interest rates by 2.0 percentage points.

Economic development is expected to continue weak in 2024 as well, but the mild recession is predicted to be short-lived. Despite the economic uncertainty, the employment rate has remained fairly stable in Finland. The employment rate in 2023 was 73.6% and the unemployment rate was 7.2%. The impact of the recession is also mitigated by the strengthening of consumers' purchasing power at the same time due to last year's significant salary increases and the beginning of the fall in inflation. The market's inflation expectations are starting to approach the ECB's target. When inflation slows down, interest rates also fall.

In Finland, consumer loans were granted by 2.5 percent more compared to last year and the amount of household deposits slowed by 2.7 percent compared to a year ago. With the increase in interest rates, deposit rates also saw an increase after a gap of years.

Financial performance

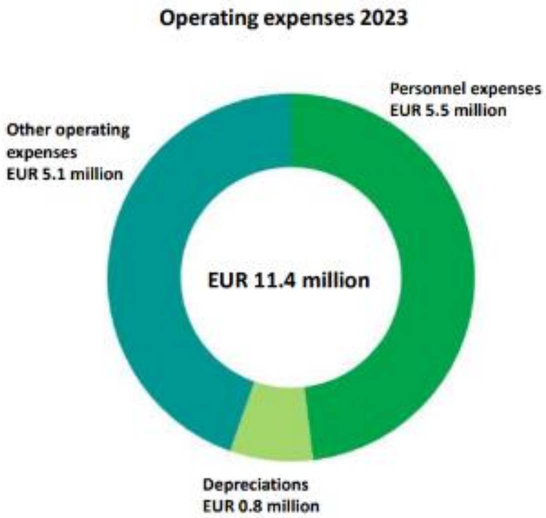
In the items of the income statement, the comparison period is December 31, 2022, and the balance sheet and capital adequacy comparison period is December 31, 2022.

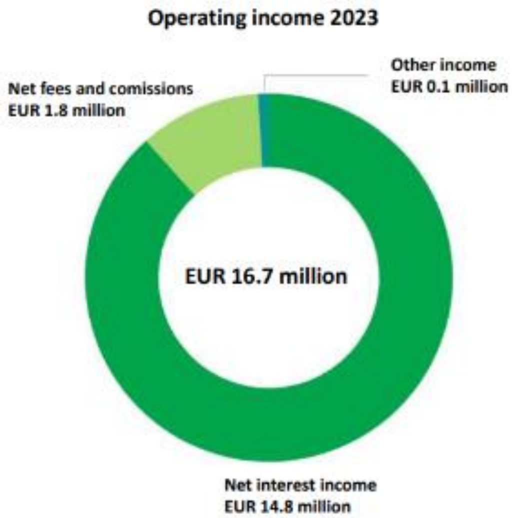
In **January-December**, the group's result before non-recurring items and taxes was EUR 0.8 million (-7.8). The result before taxes turned profitable and was EUR 0.3 (-9.7) million, and the profit for the financial year was EUR 0.3 (-10.6) million (-10.6).

The group's income for the financial year - including net interest income, net fee income, net investment income and other operating income – totaled EUR 16.7 million (10.2). Net interest income strengthened by 63.0 percent to EUR 14.8 million (9.1). Interest income accumulated for the review period totaled EUR 20.1 million (11.1) and interest expenses EUR 5.3 million (2.0). The rise in interest rates and increase in loan portfolio has had a positive effect on the development of the bank's net interest income. Fee income and expenses increased from EUR 1.5 million in the comparison period of the previous year to EUR 1.8 million.

The total costs of the review period, including depreciation and write-downs, decreased slightly to EUR 11.4 million (11.6). Personnel expenses were EUR 5.5 million (5.4), including an estimate of performance bonuses for personnel. Other administrative expenses - including office, IT, representation and marketing expenses as well as costs related to consulting – were EUR 4.5 million (4.5). Depreciation and write-downs were EUR 0.8 million (0.7) and other business expenses EUR 0.6 million (1.0). A total of EUR 0.2 million of stability contribution was recorded in other operating expenses. In addition, the deposit guarantee fee of EUR 0.1 million assigned to the company was fully covered by refunds from the old deposit guarantee fund (VTS fund). The item other business expenses include authority fees and rent-related expenses.

Realized and expected credit losses amounted to EUR 5.0 million (8.3). The change in expected credit losses decreased compared to the comparison period and was EUR -1.7 million (4.4). Realized credit losses increased from EUR 3.9 million to EUR 6.7 million mainly due to the sale of the Polish business.





The result for **July-December** was EUR -0.1 million (-2.4). The result of the second half of the year was weaker than the first, because lending was held back due to the unfavorable business cycle and capital requirements. Amount of credit losses increased slightly. The deposit base grew by 11 percentage and credit base by 2 percentage in the second half of the year.

Balance sheet

The total amount of the group's balance sheet was EUR 312.8 million (291.7) at the end the year.

Assets, EUR 312.8 million, mainly consisted of cash EUR 129.4 million and loans granted to customers (Claims on the public and public sector entities EUR 166.9 million). Intangible assets, EUR 8.2 million, include EUR 6.0 million goodwill generated in business acquisitions and EUR 2.2 million of capitalized product development costs. No need for a write-down was found in the goodwill impairment testing. During the period, EUR 0.7 million (0.8) of product development expenses related to the development of digital banking services were capitalized.

The Group’s liabilities, EUR 286.7 million, mainly consisted of liabilities to the public and public-sector entities (268.9).

The Group’s equity stood at EUR 26.2 million (26.0).

Risk and capital adequacy management and risk position

Alisa Bank operates in a constantly changing market environment, which subjects the company to the changes in the business environment and risks arising from the company's own operations. Risk-taking is managed with principles approved by the company's Board of Directors. The goals, principles and responsibilities of Alisa Bank's risk management and the organization of risk management are described in note G2 of Alisa Bank's 2023 financial statements. No essential changes have been made to the risk management goals, principles and organization described in the financial statements during the review period.

Risk position

Alisa Bank's key types of risks are credit risk, operational risk, market risk and liquidity risks. The most significant risks that can affect profitability, capital adequacy and liquidity are related to credit losses, the general interest rate changes, and the unfavourable development financial market conditions.

Uncertainties in the economic environment, such as the increase in the general cost level and interest rates, as well as uncertainty about economic development affect the everyday life of households and their payback ability, as well as the profitability and investment willingness of SMEs.

Uncertainty factors can be seen in Alisa Bank's business in the form of an increase in net interest income, as funding costs, a slower growth in lending volumes, and as a weakening of business customer's profitability. The general weakening of the economic environment has not been significantly reflected in the repayment ability of Alisa Bank's private customers. The financial profitability of loan customers and the development of payment delays are monitored even more closely and, if necessary, changes are reacted to. The company has no Russia-related liabilities. The effects of the Russia-Ukraine war on Alisa Bank's business are indirect.

During the review period, the growth of the loan portfolio clearly decreased from the previous year, and the relative credit risk position has remained stable. With a distributed customer base, the significance of individual large customer risks or risk concentrations is minor. The loan balance was EUR 172.9 million at the end of the financial year.

The bank's deposit base has remained stable during the review period. Most of the deposit base is covered by deposit guarantee. The stable deposit base enabled the company's liquidity position to remain at an excellent level during the review period. The LCR ratio, which describes the company's liquidity requirement, was 689 (403) percent at the end of the review period.

Capital adequacy and capital adequacy management

The objective of Alisa Bank's capital adequacy and capital management is to secure capital adequacy in relation to all material risks of its operations. The company constantly monitors that its capital is sufficient to cover the material risks facing the company.

Group's total capital ratio was 15.2% and common equity tier 1 ratio was 12.0%, exceeding the total capital requirement for banks (10.5%). The bank´s total capital requirement consists of a minimum capital requirement (8.0%) in accordance with Pillar I and an additional capital requirement (2.5%) in accordance with the Act on Credit Institutions. The system risk buffer requirement of 1 percentage point set by the Financial Supervisory Authority will enter into force on April 1, 2024. The requirement was set for Finnish credit institutions in order to strengthen the risk-bearing capacity of the banking sector.

At the end of the review period, the group's capital structure mostly consisted of common tier 1 capital (CET 1) and secondary capital (Tier 2). The group's own funds (TC) were EUR 22.3 million: primary capital (T1) EUR 17.7 million was entirely common equity Tier 1 ratio (CET 1) and secondary capital (T2) EUR 4.6 million consisted of a debenture loan. At the end of the review period, Alisa Bank's minimum leverage ratio was 5.8 percent.

The minimum requirement for own funds and eligible liabilities (MREL requirement) set by the financial supervisors for the company in the resolution plan is 8% based on the total risk. Minimum leverage ratio requirement is 3%.

CAPITAL AND RISK POSITION, EUR 1,000	**Dec 31, 2023**	**Dec 31, 2022**
Common Tier 1 Capital before adjustments	25,856	28,281
Adjustments to Common Tier 1 Capital	-8,172	-10,582
Common Tier 1 Capital in total (CET1)	**17,684**	**17,700**
Additional Tier 1 Capital before adjustments	0	0
Adjustments to Tier 1 Capital	0	0
Additional Tier 1 Capital in total (AT1)	**0**	**0**
Total Capital (T1 = CET1 + AT1)	**17,684**	**17,700**
Tier 2 Capital before adjustments	6,100	6,100
Adjustments to Tier 2 Capital	-1,471	-250
Tier 2 Capital in total (T2)	**4,629**	**5,849**
Total risk weighted exposure amounts		
Credit and Counterparty risk	120,969	120,512
Market	853	756
Operational risk	25,138	19,198
Risk weighted exposures in total	**146,960**	**140,466**
Common Equity Tier 1 ratio (CET 1), %	**12.0**	**12.6**
Tier 1 ratio (T1), %	**12.0**	**12.6**
Total Capital Ratio (TC), %	**15.2**	**16.8**

LEVERAGE RATIO, EUR 1,000	**Dec 31, 2023**	**Dec 31, 2022**
Total Equity	17,684	17,700
Total Exposure Amount	305,649	283,819
Leverage ratio (LR), %	**5.8**	**6.2**

Credit risk

The credit risk of the company’s operations mostly stems from lending to its customers. Credit risk is defined as the risk of loss resulting from Alisa Bank’s loan customers and other counterparties not being able to meet their contractual obligations, and from issued collateral not covering Alisa Bank’s receivables. Alisa Bank has procedures and instructions in place for identifying, measuring, and monitoring credit risk. The procedures and instructions are based on the risk appetite approved by the company's board of directors.

Loans with payment delays and expected credit loss

An operating model for monitoring the loans of customers with payment delays is outlined in the company’s credit policy guidelines. Overdue loans refer to commitments for which repayment of the loan capital is overdue by more than 15 days. A loan becomes non-performing when there are indications that the borrower is unlikely to repay the loan, or if more than 90 days have passed without the borrower paying the agreed installments.

The occurrence of payment delays and significant indications of uncertain repayment increase the credit risk and thus affect the expected credit loss (ECL) stage categorization. If there are overdue payments more than 30 days or customer’s financial position has materially weakened, the loan will be transferred from ECL stage 1 to ECL stage 2. Loans are recorded to stage 3 if the value of the financial obligation has provably diminished. If there are one or more events that have occurred on the customer side, that will affect future cash flows negatively. These events can be for example:

- Payments (amortization or interest) have been delayed for more than 90 days
- Bankruptcy or liquidation of the debtor, or other significant financial difficulties
- Customer is defaulted.

If the customer has clear indications of uncertainty about repayment, the credit can be transferred directly from stage 1 to stage 3 on a discretionary basis.

Alisa Bank regularly monitors the payment delays and financial situation of private and business customers and aims to identify loan customers whose ability to repay is uncertain at an early stage. Customers can be offered payment holidays or arrangements to the repayment schedule. Forbearance measure is a concession or arrangement granted by an institution to exposure when a customer is experiencing or likely to experience repayment difficulties. Forborne exposure and more than 90 days delayed loans are classified in ECL phase 3.

The share of private customers' overdue loans has increased moderately during accounting period. Alisa Bank's business customers mainly consist of small and medium-sized companies whose profitability has been affected by the weakened economic situation. The company monitors the development of the credit risk of the loan portfolio through the number of payment delays and payment plan change applications. In particular, the repayment ability of companies in the construction industry is monitored more intensively.

The number of non-performing loans in the loan portfolio has not significantly increased during the review period. At the end of the review period, the amount of non-performing receivables was EUR 7.2 million (6.6). The NPL ratio, which describes non-performing receivables in relation to loans and advances, was 4.2 (4.0) percent at the end of the review period. At the end of the review period, non-performing forborne exposure amounted to EUR 0.4 million. There were EUR 0.7 million of performing forborne exposures.

Loan receivables with a payment delay of more than 30 days but less than 90 days accounted for approximately 3.5 (3.6) percent of the entire loan portfolio. The proportion of loans having more than 90 days delayed payments was 3.0 (3.6) percent. In the comparison period, most of the insolvent loans consisted of foreign loans. In the first half of the year, the loan portfolio in the Polish company with expected credit losses has been fully written down in connection with the sale. The ECL model for expected credit losses was updated by considering the uncertain market economy outlook by updating the short-term macroeconomic forecast.

The following tables describe the geographical distribution of exposures. The decrease in overdue liabilities of individuals in other EU countries is due to the sale of the Polish business.

Exposure and home country			**Dec 31, 2023**
Exposures	**Amount of credit**	**Average remaining maturity, years**	**More than 90 days past due**
Private individuals Finland	124,498	5.1	2,071
Companies and entities Finland	39,942	2.3	1,596
Puyblic institutions Finland	1,122	6.9	0
Private individuals other EU countries	7,304	4.0	1,424
Companies and entities other EU countries	0	0.0	0
Total	**172,866**		**5,091**
Expected credit losses	-5,984		
Claims on the public and public sector entities	**166,882**		

Exposure and home country			**Dec 31, 2022**
Exposures	**Amount of credit**	**Average remaining maturity, years**	**More than 90 days past due**
Private individuals Finland	126,393	5.6	1,060
Companies and entities Finland	30,993	0.3	781
Private individuals other EU countries	6,130	0.0	4,500
Companies and entities other EU countries	277	0.0	239
Total	**163,793**		**6,580**
Expected credit losses	-9,137		
Claims on the public and public sector entities	**154,656**		

Risk concentrations

Risk concentrations arise or may arise, for example, when the credit portfolio contains large amounts of loans and other liabilities directly towards:

- single customer or counterparty
- group of connected customers
- single business industry
- against limited amount of collaterals
- within same maturity
- within same product.

Alisa Bank's loan portfolio is focused on consumer customers, mainly consisting of small loan amounts. The loans granted by the bank to consumer customers are almost always unsecured. The maximum loan amount for personal customers according to the credit granting policy is 30,000 euros. In business lending, credit risk is managed using collateral and guarantees. With a distributed customer base, the significance of individual large customer risks is minor. At the end of the financial year, the company had one exposure, where the amount exceeded 10 percent of Tier 1 own funds, and which has full collateral. Loans to business customers the largest industries are construction, transport and storage, and manufacturing. Exposures and customers related to construction industry are monitored more intensively.

Market risk

Market risk consists of the interest rate risk of the financial balance and a currency risk. The interest rate risk of the financial balance mainly consists of the differences between the interest rates and maturities of assets and liabilities. The share of fixed-rate long term loans (more than 1 year) of the bank's credit portfolio is currently less than a fifth, and the share is constantly decreasing. The new lending is mainly at floating rates and tied to the 3-month Euribor. Strong changes in market interest rates emphasize the importance of interest rate risk management. The company constantly monitors the development of the interest rate risk through, for example, the sensitivity analysis of changes in the current value of the balance sheet and net interest income. If the interest rate were to increase by two percentage points, the economic value of the company’s own funds would decrease by 1.9 percent at the end of review period. If the interest rate was to decrease by two percentage points, the economic value of own funds would decrease by 2.3 percent. If interest rates were to rise by 2 percent, it would have an estimated annual impact on net interest income of approx. EUR 1.3 million. If interest rates were to fall by 2 percent, the estimated annual impact on net interest income would be approx. EUR -1.3 million.

Liquidity risk

Liquidity risk can be defined as a lack of balance in incoming and outgoing cash flows. The risk may materialize if the company is unable to meet its payment obligations as they fall due. The company’s main liquidity risks arise from the maturity mismatch between borrowing and lending.

Group’s liquidity has been at an excellent level during the review period. The Group’s liquidity coverage ratio was 689% at the end of the reporting period, with the minimum requirement being 100%. Of its liquidity buffer, 100% consisted of Level 1 assets with a very high liquidity. The buffer consists of non-pledged, high-quality investments that can be sold very quickly. Net stable funding ratio was 200% at the end of the reporting period, with the minimum requirement being 100%.

The table below shows the liquidity requirement as a three-month average, which was 613 percent at the end of the review period.

LCR JA NSFR, EUR 1,000	Dec 31, 2023	Dec 31, 2022
Liquidity		
LCR-ratio (3 months average) %	**613**	**370**
Total high quality liquid assets (3 months average)	132,397	129,607
Cash outflow (3 months average)	34,318	53,000
Cash inflow (3 months average)	12,475	17,729
Total net cash outflow (3 months)	21,843	35,271
Net Stable Funding		
Total available stable funding	267,461	240,656
Total required stable funding	133,830	127,778
NSFR-ratio %	**200**	**188**

Operative risk

Operational risk management is applied in all the company's business units by identifying, measuring, monitoring, and evaluating operational risks related to the units. The operational risks realized during the review period were minor in relation to the own funds requirement reserved for them and were related to system failures and fraudulent customer abuse.

Alisa Bank publishes Pillar III information on capital adequacy and risk management in its Capital and Risk Management report. The report is published in connection with the publication of the annual report as a separate report and describes in more detail the capital adequacy data and risk position of the Alisa Bank Group. In connection with the publication of the Half-Year Financial Report, the information according to Pillar III is published as a separate report.

Responsibility

As a new Finnish digital bank, Alisa Bank is part of the Finnish financial sector. The financial sector plays an important role in building the economic and social stability of society, as well as taking into account climate and environmental issues in banking and financial operations.

Alisa Bank has high standards when conducting its business. The Bank requires that its business units and personnel thoroughly understand and strictly adhere to the applicable laws, regulations and standards in all markets and jurisdictions in which Alisa Bank operates.

For Alisa Bank, the well-being and commitment of its personnel are very important. Employee satisfaction is measured regularly, and improvements are made based on the results. The work community is equal, we do not accept discrimination in any form. We are committed to promoting equality and non-discrimination in all activities.

Customer satisfaction is in a key position, and Alisa Bank strives to communicate clearly and understandable to its customers. In personal and business customer lending, the aim is to find suitable solutions together with customers in the event of financial difficulties. Alisa Bank aims to ensure that customers’ ability to pay is maintained by offering changes to the payment program or other necessary flexibility for loan repayment.

In the coming years, the company is preparing for sustainability reporting in accordance with the CSRD (Corporate Sustainability Reporting Directive).

Board of Directors, CEO and auditor

Alisa Bank's board members were Markku Pohjola (chairman), Teuvo Salminen, Lea Keinänen, Kai Myllyneva, Jorma Pirinen and Tero Weckroth until 20 April 2023. At the annual general meeting on April 20, 2023, Lea Keinänen, Jorma Pirinen, Markku Pohjola, Teuvo Salminen and Tero Weckroth were re-elected as board members, and Sami Honkonen and Johanna Lamminen were elected as new members. The term of office of the board members ends at the end of the annual general meeting following the election.

Annual general meeting elected Markku Pohjola as chairman of the board and Teuvo Salminen as vice chairman of the board. Teemu Nyholm will continue as CEO and Juha Saari will act as deputy CEO.

The chairman of the Audit Committee is Teuvo Salminen and the members are Johanna Lamminen, Sami Honkonen and Tero Weckroth.

The Personnel Committee is chaired by Markku Pohjola and the members are Jorma Pirinen and Lea Keinänen.

KPMG Oy Ab was elected as the auditor of the company, with Tiia Kataja acting as the responsible auditor.

Board of Directors proposal for the distribution of profit and AGM

The parent company´s distributable assets on December 31, 2023 totaled EUR 3,594,743.19. The Board of Directors proposes to the Annual General Meeting of Shareholders that no dividend will be distributed for the financial year 2023.

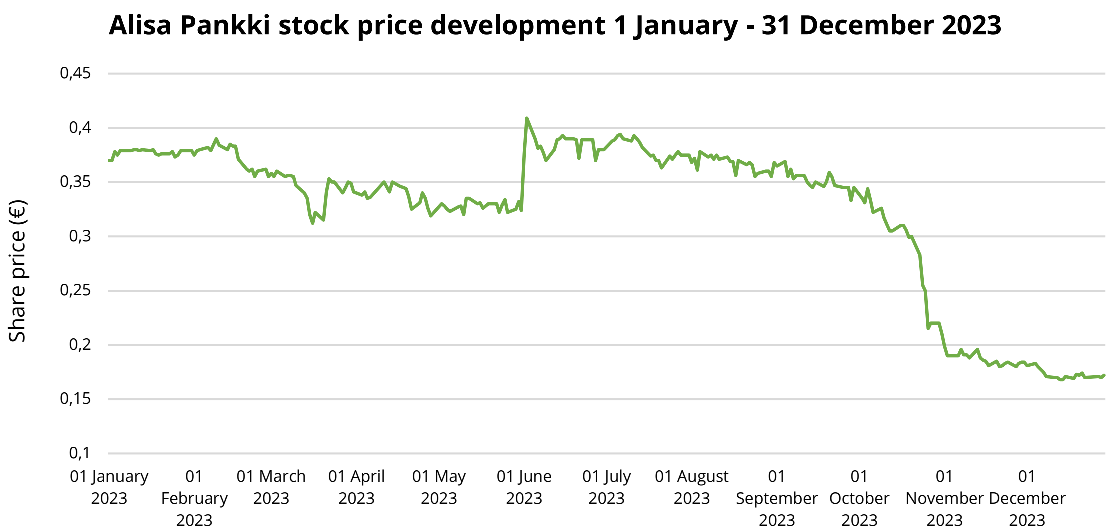
The company's annual general meeting will be held in Helsinki on March 20, 2024. The Financial Statements report will be available to the public in week 9.

Shares and shareholders

Shares of Alisa Bank Plc are listed on the main list of Nasdaq Helsinki under the trading symbol ALISA. The number of shares in the company was 88,332,182 at the end of December. The company’s share capital stood at EUR 18.3 million at the end of December.

The number of shares held by Alisa Bank at the end of December was 14,081. Alisa Bank transferred without consideration 206 289 own shares held by the company to participants of the Restricted Share Plans 2018 and 2019 as reward in accordance with the plan terms during the reporting period. Restricted Share Plans 2018 and 2019 are incentive systems aimed at Evli Plc´s personnel from the time of Evli Bank Plc. With the merger of Fellow Finance Plc and Evli Bank Plc, part of the remuneration will be paid in Alisa Bank Plc´s shares.

The closing price of Alisa Bank Plc share was EUR 0.17 on 29 December 2023, the last trading day of the review period. During January-December 2023 its lowest price was EUR 0.17, with the highest price being EUR 0.41. Alisa Bank's market value was EUR 15.2 million at the end of the reporting period.



Ten largest shareholders

The shareholders' holding information is based on the list of shareholders maintained by Euroclear Finland Ltd on 29 December 2023.

		Total number of shares	% of all shares
1.	Evli Plc	15,288,303	17.31
2.	Taaleri Plc	15,288,303	17.31
3.	TN Ventures Oy	5,497,354	6.22
4.	Oy Prandium Ab	4,754,100	5.38
4.	Oy Scripo Ab	4,754,100	5.38
6.	Oy T&T Nordcap Ab	3,938,616	4.46
7.	OP Fin Small Cap	3,368,986	3.81
8.	Rausanne Oy	1,242,848	1.41
9.	Skandinaviska Enskilda Banken AB (publ) Hgin sivukonttori	1,043,056	1.18
10.	Bure Capital Oy	969,770	1.10

Group structure

The Alisa Bank Group consists of the parent company Alisa Bank Plc and its wholly owned subsidiaries Mobify Invoices Oy, Lainaamo Ltd, Fellow Finance Estonia OÜ, Fellow Finance Česko s.r.o. and Fellow Finance Deutschland GmbH. The company has no active business operations in Lainaamo Ltd, Estonia and the Czech Republic.

Fellow Finance Sp. z o.o., a company that operated on the Polish market belonged to the group until May 30, after which the company was sold as a business transaction. In December, the boards of Alisa Bank and Lainaamo approved the merger plan, according to which Lainaamo plans to merge with the parent company by the end of April 2024. There is no active business in Lainaamo.

Personnel and locations

At the end of December 2023, the group employed 78 people (78). In Finland, 76 people (65) worked at the offices in Helsinki and Turku, and a total of 2 (8) people in other operating countries.

Material events after the review period

There are no known events after the end of the accounting period that would require the presentation of additional information or that would significantly affect the company's financial position.

Financial targets and outlook for 2024

In 2023, we achieved a positive result, but due to the unfavorable market situation, the measures aimed at strengthening the capital structure did not proceed according to the targeted schedule during 2023.

The uncertainty of the operating environment and the company's capital structure continue to challenge the earnings development in 2024. Likewise, the expected decrease in interest rates will have a slightly weakening effect on the bank's result. In preparation for these, we have adjusted the company's cost structure during the second half of 2023.

We believe that we will be able to implement the actions to strengthen equity capital during the first half of 2024. If this happens, the total income will increase in 2024 compared to 2023, and the result before non-recurring items and taxes for the financial year 2024 is estimated to be profitable. However, the result for the first half of 2024 before one-off items and taxes is estimated to be slightly loss-making.

The target for the group's total capital ratio is 16 percent.

Helsinki, 15 February 2024

Alisa Bank Plc
Board of Directors

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OTHER NOTES

Note A. Alternative Performance Measure

In the financial reporting, alternative key figures (Alternative Performance Measures, APM) are presented, which describe the financial position of Alisa Bank and which are not based on the financial reporting regulations applied by Alisa Bank. Alternative key figures are presented as additional information for other financial reporting, and the guidelines of the European Securities Market Authority, ESMA, have been followed in their preparation.

Cost-income ratio, % = $\frac{\text{Operating expenses total}}{\text{Income total}}$

Share of impairment of receivables in the loan portfolio, % = $\frac{\text{Impairment of receivables (annualized)}}{\text{Loan portfolio at the end of the review period}}$

Return on equity (ROE), % = $\frac{\text{Profit for the year, (annualized)}}{\text{Equity (average)}}$

Profit before non-recurring items and taxes = Profit before taxes +/- non-recurring items *

* Alisa Bank defines non-recurring income and expenses as non-recurring items. Non-recurring items include, among other things
• termination and business restructuring costs
• one-off depreciation of goodwill and assets (excl. credit losses on the loan portfolio)
• non-recurring capital gains and losses
• items with a profit impact from business acquisitions (excl. purchases and sales of loan receivables)

TABLES AND NOTES

Consolidated income statement

EUR 1,000	Note	Jan 1-Dec 31, 2023	Jan 1- Dec 31, 2022	July 1-Dec 31, 2023	July 1-Dec 31, 2022
Interest income		20,071	11,101	10,692	7,742
Interest expenses		-5,314	-2,048	-3,361	-1,153
Net interest income	**3.**	**14,757**	**9,053**	**7,331**	**6,590**
Fee income		3,180	3,885	1,648	1,435
Fee expenses		-1,395	-2,374	-710	67
Net fee and commission income	**4.**	**1,785**	**1,511**	**938**	**1,502**
Net income from investments		32	-349	47	-248
Other operating income		126	24	13	24
Total income		**16,701**	**10,239**	**8,329**	**7,868**
Personnel- and administrative expenses		-5,481	-5,378	-2,707	-2,821
Other administrative expenses		-4,513	-4,487	-2,332	-2,710
Depreciation and amortization		-831	-691	-443	-367
Other operating expenses		-572	-1,046	-168	-125
Total operating expenses		**-11,398**	**-11,601**	**-5,651**	**-6,024**
Impairment of receivables	**5.**	-4,999	-8,321	-2,765	-4,147
Profit before taxes		**303**	**-9,684**	**-87**	**-2,303**
Income taxes		3	-901	128	-136
Result for the year		**306**	**-10,585**	**42**	**-2,439**
Result for the year attributable to					
Equity holders of parent company		306	-10,585	42	-2,439

Consolidated statement of comprehensive income

Result for the year		**306**	**-10,585**	**42**	**-2,439**
Other comprehensive income/loss					
Items that are or may be reclassified subsequently to profit or loss					
Foreign currency translation differences		-1	15	-1	7
Other comprehensive income after taxes		-1	15	-1	7
Comprehensive income, total		**304**	**-10,570**	**40**	**-2,431**
Total comprehensive income attributable to					
Equity holders of parent company		304	-10,570	40	-2,431
Earnings per share	**6.**				
Earnings per share (EPS), basic, EUR		0.00	-0.14	0.00	-0.03
Earnings per share (EPS), diluted, EUR		0.00	-0.14	0.00	-0.03

Consolidated balance sheet

EUR 1,000	Note	Dec 31, 2023	Dec 31, 2022
Assets			
Cash and equivalents		129,364	118,028
Claims on credit institutions		5,461	8,441
Claims on the public and public sector entities	**7./8.**	166,882	154,656
Intangible assets		8,169	8,157
Property, plant and equipment		516	140
Other assets		1,857	1,438
Accrued income and prepayments		346	210
Income tax assets		243	461
Deferred tax assets		3	129
Assets total		**312,841**	**291,661**
Liabilities			
Liabilities to the public and public sector entities	**8./9.**	268,864	246,810
Subordinated liabilities	**9.**	6,210	6,203
Other liabilities		5,551	8,796
Accrued expenses and deferred income		6,054	3,867
Liabilities total		**286,679**	**265,675**
Equity			
Equity attributable to equity holders of the parent			
Share capital		18,289	18,286
Fund of invested non-restricted equity		19,917	19,917
Retained earnings		-12,044	-12,218
Equity attributable to equity holders of the parent		**26,162**	**25,985**
Liabilities and equity total		**312,841**	**291,661**

Consolidated statement of changes in equity

EUR 1,000	Share capital	Fund of invested unrestricted equity	Translation difference	Retained earnings	Equity attributable to the owners of parent entity	Total equity
Equity 1 January 2023	**18,286**	**19,917**	**17**	**-12,233**	**25,985**	**25,985**
Result of the year				306	306	306
Other comprehensive income			-1		-1	-1
Total comprehensive income			**-1**	**306**	**304**	**304**
Other changes*	3			-145	-142	-142
Share based payments				15	15	15
Equity 31 December 2023	**18,289**	**19,917**	**14**	**-12,058**	**26,161**	**26,162**

* In the 2023 financial statements, corrections have been made for the following items against the accumulated profits of 2023. The 2022 results of Fellow Finance Deutschland GmbH and Lainaamo Oy changed by a total of -18 thousand euros after the publication of the 2022 results due to the final closing of the accounts. The balance sheet was found to contain a deferred tax receivable 127 thousand euros from the time before Alisa Bank was formed, which cannot be utilized. There was 116 thousand euros left in the balance sheet from the old share-based incentive system, which should have been written off in 2022 at the latest. If the corrections had been made to the 2022 income statement, the 2022 result would have improved by a total of 16 thousand euros. The rest of the corrections would have been recorded against the accumulated profits of 2022. In other changes, there is also 101 thousand euros from the share reward systems that were dissolved in 2023. There is also an adjustment to the share capital of previous financial periods (3 thousand euros).

EUR 1,000	Share capital	Fund of invested unrestricted equity	Translation difference	Retained earnings	Equity attributable to the owners of parent entity	Total equity
Equity 1 January 2022	**125**	**13,361**	**2**	**-1,699**	**11,790**	**11,790**
Result of the year				-10,585	-10,585	-10,585
Other comprehensive income			15		15	15
Total comprehensive income			**15**	**-10,585**	**-10,570**	**-10,570**
Reverse acquisition**	6,446	6,056			12,502	12,502
Share issue	11,715				11,715	11,715
Other changes*		500			500	500
Share based payments				51	51	51
Equity 31 December 2022	**18,286**	**19,917**	**17**	**-12,233**	**25,985**	**25,985**

* Other changes include an adjustment to the retained earnings of subsidiaries (-19) and an adjustment to the share capital of previous financial periods (3).

** The effect of the reverse acquisition consists of the amount of the fair value of the consideration for the acquisition, which takes into account the capital structure of the legal parent company, Alisa Bank Plc.

Consolidated cash flow statement

EUR 1,000	1 Jan-31 Dec, 2023	1 Jan-31 Dec, 2022
Cash flow from operating activities		
Profit (loss) for the period	**306**	**-10,585**
Adjustments for items not included in cash flow		
Depreciation and impairment	684	572
Credit losses	5,360	7,488
Income taxes	3	901
Other adjustments	-101	0
Adjustments total	**5,946**	**8,961**
Cash flows from operating from operating before changes in operating assets and liabilities	**6,252**	**-1,623**
Increase (-) or decrease (+) in operating assets		
Claims on the public and public sector entities	-17,586	-141,982
Other assets	-346	-444
Increase (-) or decrease (+) in operating liabilities		
Liabilities to the public and public sector entities	22,055	246,810
Other liabilities	-1,235	11,700
Cash flow from operating activities	**9,140**	**114,461**
Investing activities		
Investments in tangible assets	-2	-22
Investments in intangible assets	-744	-972
Acquisition of subsidiaries	0	-772
Disposal of subsidiaries	109	0
Cash flow from investing activities	**-637**	**-1,765**
Cash flow from financing activities		
Repayment of bond	0	-7,380
Issue of debenture loan	0	6,100
Paid directed share issue	0	11,715
Repayments of lease liabilities	-147	-119
Cash flow from financing activities	**-147**	**10,317**
Change in cash and cash equivalents	**8,356**	**123,012**
Cash and cash equivalents at the beginning of period	126,469	3,457
Translation differences	0	0
Cash and cash equivalents at the end of period	**134,825**	**126,469**
Cash and equivalents are formed by the following items:		
Cash and cash equivalents	129,364	118,028
Claims on credit institutions	5,461	8,441
Cash and cash equivalents at the end of period	**134,825**	**126,469**
Notes for cash flow		

Interest received	23,342	8,528
Interest paid	3,136	1,051

NOTES TO THE FINANCIAL STTEMENTS BULLETIN FOR 1 JANUARY TO 31 DECEMBER 2023

Note 1. Basic information and material changes during the review period

The company changed its name from Fellow Pankki Oyj to Alisa Pankki Oyj on April 21, 2023.

The Alisa Bank Group consists of the parent company Alisa Bank Plc and its wholly owned subsidiaries Mobify Invcoices Oy, Lainaamo Ltd, Fellow Finance Estonia OÜ, Fellow Finance Deutschland GmbH and Fellow Finance Česko s.r.o. Fellow Finance Sp., a subsidiary operating in Poland, belonged to a group until it was sold 30 May 2023.

Alisa Bank has been authorized by the Financial Supervisory Authority to engage in credit institution operations. In Germany, it has a credit intermediation license (Kreditvermittelungslizens). Its subsidiary Lainaamo Ltd is registered in the creditor register maintained by the Regional State Administrative Agency for Southern Finland. Alisa Bank Plc offers its services to Denmark across the border as enabled by its license for credit institution operations. The relevance of international operations to the group's financial position is minor. Alisa Bank Plc is listed on the main list of the Nasdaq Helsinki. Alisa Bank Plc’s head office is located at Pursimiehenkatu 4 A, 00150 Helsinki, Finland.

Note 2. Accounting policies

The group's financial statement bulletin has been prepared in accordance with the IAS 34 Interim Financial Statements standard and its figures are based on the audited 2023 financial statements of Alisa Bank Plc. The financial statement bulletin has been approved for publication on February 15, 2024.

The accounting principles are the same as in the 2022 financial statements. In the financial statements bulletin, the figures in the tables are presented in thousands of euros, unless otherwise stated. For the financial year, no new standard changes have entered into force and there are no known future standard changes that would have material effects on the consolidated financial statements.

The comparative figures for the period 1st January 1st April 2022 presented in this financial statements bulletin are not comparable as a result of the changed business model resulting from the merger. The figures from January 1st to April 1st, 2022 are the figures of the Fellow Finance group, and in that case the business model and earning logic were different.

Alisa Bank has only one reportable operating segment. The reported segment covers the entire group and the segment figures are consistent with the figures of the Alisa Bank Group and the management's reporting.

Preparing the Financial Statement Bulletin according to IFRS-standards requires judgment and estimates by the management. The main assumptions made by the group are related to uncertainty factors regarding estimates in the calculation of expected credit losses.

The profit impact of the sale of the Polish company is presented in other operating income and expected credit losses. The total effect of sales on the result was 30 thousand euros.

Note 3. Net interest income

	Jan 1-Dec 31, 2023	Jan 1-Dec 31, 2022
Interest income		
Receivables from credit institutions	4,067	480
Claims on the public and public sector entities*	16,004	10,622
Total interest income using the effective interest method	**20,071**	**11,101**
Interest expenses		
Liabilities to credit institutions and central banks	0	-219
Liabilities to the public and public sector entities	-4,803	-1,520
Debt securities issued to the public	-495	-283
Other interest expenses	-16	-25
Interest expenses, total	**-5,314**	**-2,048**
Net interest income	**14,757**	**9,053**

Note 4. Fee and commission income and expenses

	Jan 1-Dec 31, 2023	Jan 1-Dec 31, 2022
Fee and commission income		
Lending	2,014	1,615
Peer to peer lending	951	2,161
Other fee and commission income	215	108
Fee and commission income, total	**3,180**	**3,885**

	Jan 1-Dec 31, 2023	Jan 1-Dec 31, 2022
Fee and commission expenses		
Lending*	-1,266	-1,024
Peer to peer lending	0	-1,108
Other fee and commission expenses	-129	-242
Fee and commission expenses, total	**-1,395**	**-2,374**

	Jan 1-Dec 31, 2023	Jan 1-Dec 31, 2022
Timing of revenue recognition		
At a point of time	918	1,062
Over time	2,263	2,822
Total	**3,180**	**3,885**

All commission income under IFRS 15 is recognized based on when the control regarding payment obligations has transferred to the customer. The Group recognizes the amount of revenue from customers that it expects to be entitled to in return for the services provided to the customer. Commissions are recognized as revenue either over time or at one time, depending on the nature of the service.

Note 5. Impairment of receivables

Expected credit losses and impairment losses recognized during the period	**Jan 1-Dec 31, 2023**	**Jan 1-Dec 31, 2022**
Expected credit losses on receivables		
Realized credit losses on loans granted during the financial year	-320	-377
Realized credit losses on loans granted before the beginning of the financial year	-6,402	-3,562
Total	**-6,722**	**-3,939**
Expected credit loss change	1,723	-4,382
Realized and expected credit losses	**-4,999**	**-8,321**

The change in expected credit losses decreased from the comparison period, due to the stabilization of the growth of the loan portfolio, selling Poland's loan portfolio and the reduction of the relative share of the old peer-to-peer loan portfolio. At the beginning of the financial year, a significant part of stage 3 loan receivables was related to foreign business operations. The amount of Poland's credit portfolio at the end of 2022 was 3.4 million euros, of which 3.2 million euros had been recorded as a loan loss provision.

The effects of the development of the ECL calculation model applied by the company and discretionary parameter changes on the amount of the credit loss provision in the financial period were about EUR 0.5 million, reducing the ECL provision: PD coefficients were updated based on more recent historical data, which reduced the ECL provision by EUR 0.2 million. The price change in the sales contract for overdue receivables has the effect of reducing the provision by EUR 0.3 million. During the accounting period, macroeconomic parameters were also updated and their weight in the calculation was increased, which slightly increased the ECL reserve. At the beginning of the 2024 financial year, the company has introduced the spread effect of insolvency for stage 3 loans in the ECL calculation model. In the 2023 financial statements, the effect of the model change has been taken into account as an estimate that increases the ECL reserve by EUR 0.03 million.

In the accounting period, a discretionary provision of EUR 0.5 million for the corporate credit base was recorded under expected credit losses. The provision for expected credit losses in the financial statements on December 31, 2023 includes a total of EUR 0.9 million in increases in provisions at the management's discretion. Discretionary provisions are allocated to individual contracts and concern loans granted to corporate customers. Expected credit losses include both receivables from customers and off-balance sheet commitments.

Exposure to credit risk by risk category

Credit risk arises from receivables from personal and business customers and off-balance sheet commitments. The exposure to credit risk summary table shows the liabilities on the balance sheet that are exposed to credit risk and the corresponding ECL reservation by impairment stage. The off-balance sheet commitments and related ECL reservations are shown in Appendix 10.

The following tables present the cash amount exposed to credit risks, excluding collateral or other credit risk mitigation measures. The information is distributed across credit risk categories in the table. The probability of default is the highest in risk category 1 and the lowest in risk category 5. Non-performing loan receivables are presented by risk category in stage 3.

Exposure to credit risk by risk category (31 December 2023)	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Risk class 5	36,805	420	1,867	39,092
Risk class 4	72,528	2,443	1,942	76,912
Risk class 3	33,459	1,708	1,728	36,895
Risk class 2	12,213	606	693	13,513
Risk class 1	5,538	438	478	6,454
Cross carrying amount	**160,543**	**5,614**	**6,708**	**172,866**
ECL-reservation	-1,469	-444	-4,071	-5,984
Net carrying amount	**159,075**	**5,170**	**2,637**	**166,882**

Exposure to credit risk by risk category (31 December 2022)	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Risk class 5	33,823	109	660	34,592
Risk class 4	65,375	1,614	2,327	69,316
Risk class 3	41,864	1,672	1,950	45,486
Risk class 2	7,168	591	1,890	9,649
Risk class 1	2,816	261	1,673	4,750
Cross carrying amount	**151,045**	**4,248**	**8,500**	**163,793**
ECL-reservation	-1,825	-1,673	-5,639	-9,137
Net carrying amount	**149,221**	**2,575**	**2,861**	**154,656**

Transition of loan receivables in stages

The following reconciliations describe transitions and changes in expected credit losses per financial instrument category during the financial year.

Transition of loan receivables	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Loan receivables from customers 1 January 2023	152,965	4,248	6,580	163,793
Transfers from stage 1 to stage 2	-6,105	5,366	0	-739
Transfers from stage 1 to stage 3	-4,145	0	3,976	-169
Transfers from stage 2 to stage 1	944	-1,148	0	-204
Transfers from stage 2 to stage 3	0	-560	508	-52
Transfers from stage 3 to stage 1	24	0	-31	-7
Transfers from stage 3 to stage 2	0	13	-14	-1
Increases due to origination and acquisition	354,939	165	237	355,341
Decreases due to derecognition	-331,022	-119	-2,262	-333,403
Decreases in the allowance account due to write-offs	-7,056	-2,351	-2,288	-11,694

Loan receivables from customers 31 December 2023	160,543	5,614	6,708	172,866

Transition of loan receivables	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Loan receivables from customers 1 January 2022	12,032	874	5,211	18,118
Transfers from stage 1 to stage 2	-4,987	4,524	0	-462
Transfers from stage 1 to stage 3	-1,353	0	1,257	-97
Transfers from stage 2 to stage 1	1 018	-1,165	0	-148
Transfers from stage 2 to stage 3	0	-298	280	-18
Transfers from stage 3 to stage 1	65	0	-77	-12
Transfers from stage 3 to stage 2	0	9	-11	-2
Increases due to origination and acquisition	359,254	3,007	1,666	363,926
Decreases due to derecognition	-209,943	-1,117	-288	-211,349
Decreases in the allowance account due to write-offs	-3,119	-1,586	-1,458	-6,163
Loan receivables from customers 31 December 2022	**152,965**	**4,248**	**6,580**	**163,793**

Reconciliation of expected credit losses

The following tables describe transitions and changes in expected credit losses during the financial year. The tables present the reconciliation between the opening and closing balances of the loss allowance.

Reconciliation of expected credit losses	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
ECL- reservation 1 January 2023	1,825	1,673	5,639	9,137
Transfers from stage 1 to stage 2	-84	789	0	705
Transfers from stage 1 to stage 3	-642	0	1,998	1,356
Transfers from stage 2 to stage 1	5	-113	0	-109
Transfers from stage 2 to stage 3	0	-109	233	125
Transfers from stage 3 to stage 1	0	0	-15	-14
Transfers from stage 3 to stage 2	0	2	-6	-4
Increases due to origination and acquisition	2,917	25	268	3,210
Changes in credit risk	-348	-480	462	-366
Changes in the ECL calculation model	0	0	0	0
Decreases due to derecognition	-1,530	-105	-2,864	-4,499
Decreases in the allowance account due to write-offs	-673	-1,236	-1,646	-3,555
ECL- reservation 31 December 2023	1,469	444	4,071	5,984

Reconciliation of expected credit losses	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
ECL- reservation 1 January 2022	347	200	4,160	4,708
Transfers from stage 1 to stage 2	-139	905		767
Transfers from stage 1 to stage 3	-146		827	681
Transfers from stage 2 to stage 1	9	-169		-160
Transfers from stage 2 to stage 3		-86	185	99
Transfers from stage 3 to stage 1	0		-51	-50
Transfers from stage 3 to stage 2		1	-7	-7
Increases due to origination and acquisition	3,108	668	1,304	5,080
Changes in credit risk	-409	373	495	458

Changes in the ECL calculation model	76	195	312	583
Decreases due to derecognition	-960	-7	-477	-1,444
Decreases in the allowance account due to write-offs	-63	-406	-1,110	-1,579
ECL- reservation 31 December 2022	**1,825**	**1,673**	**5,639**	**9,137**

Note 6. Earnings per share

	Jan 1-Dec 31, 2023	Jan 1-Dec 31, 2022
Profit attributable to the shareholders of the parent	306	-10,585
Weighted average number of the shares*	88,332,182	77,009,574
Share and option rights for share-based incentive programs	4,338,789	2,851,248
Earnings per share, basic, EUR	0.00	-0.14
Earnings per share, diluted, EUR	0.00	-0.14

* The weighted average of the following numbers of shares has been calculated in earnings per share in 2022:
1) The number of shares in Fellow Finance at the time of the merger multiplied by the exchange ratio (6), and
2) The number of Fellow Bank's outstanding shares at the time of reporting.
The EPS of the comparison period has been adjusted accordingly.

Note 7. Classification, fair values and carrying amounts of financial assets and liabilities

				Dec 31, 2023
Assets	**Amortised cost**	**Total**	**Measured at fair value**	**Value hierarchies**
Cash and equivalents	129,364	129,364	129,364	1
Claims on credit institutions	5,461	5,461	5,461	1
Claims on the public and public sector entities	166,882	166,882	166,882	2
Total	**301,707**	**301,707**	**301,707**	

Liabilities	**Amortised cost**	**Total**	**Measured at fair value**	**Value hierarchies**
Liabilities to the public and public sector entities	268,864	268,864	268,864	2
Subordinated liabilities	6,210	6,210	6,210	2
Total	**275,074**	**275,074**	**275,074**	

				Dec 31, 2022
Assets	**Amortised cost**	**Total**	**Measured at fair value**	**Value hierarchies**

Cash and equivalents	118,028	118,028	118,028	1
Claims on credit institutions	8,441	8,441	8,441	1
Claims on the public and public sector entities	154,656	154,656	154,656	2
Total	**281,125**	**281,125**	**281,125**	

Liabilities	Amortised cost	Total	Measured at fair value	Value hierarchies
Liabilities to the public and public sector entities	246,810	246,810	246,810	2
Subordinated liabilities	6,203	6,203	6,203	2
Total	**253,013**	**253,013**	**253,013**	

The company has classified fair values on the basis of the fair value hierarchy as follows:

Level 1: The fair values of financial instruments (such as publicly quoted derivatives and shares) traded on the active market are based on market prices quoted at the end of the reporting period. The quoted market price of financial assets is the current bid price, and the quoted market price of financial liabilities is the ask price.

Level 2: For financial instruments not traded on the active market, the fair value is determined using the measurement method. These methods use as much observable market information as possible and rely as little as possible on company-specific assessments. If all the significant input data required to determine the fair value of an instrument are observable, the instrument is classified as level 2.

Level 3: If one or several pieces of significant input data are not based on observable market data, the instrument is classified as level 3.

Note 8. Breakdown of financial assets and liabilities according to maturity

The table below shows the contractual payments of the company's financial assets and liabilities and off-balance sheet commitments. The cash flows include capital and contractual interest.

	Dec 31, 2023					
	under 3 months	3-12 months	1-5 years	5-10 years	over 10 years	Total
Assets						
Cash and equivalents	129,364					129,364
Claims on credit institutions	5,461					5,461
Claims on the public and public sector entities	29,730	5,576	72,982	47,535	17,042	172,866
Liabilities						
Liabilities to the public and public sector entities	204,192	47,406	17,267	0	0	268,864
Lease liabilities	40	122	342			503
Subordinated liabilities	110		6,100			6,210

	under 3 months	3-12 months	1-5 years	5-10 years	over 10 years	Total
Off-balance sheet commitments	5,647					5,647

			Dec 31, 2022			
	under 3 months	3-12 months	1-5 years	5-10 years	over 10 years	Total
Assets						
Cash and equivalents	118,028					118,028
Claims on credit institutions	8,441					8,441
Claims on the public and public sector entities	34,233	7,044	61,683	46,831	14,002	163,793
Liabilities						
Liabilities to the public and public sector entities	197,863	19,335	31,059	0	0	248,257
Lease liabilities	111					111
Subordinated liabilities	103		6,100			6,203
Off-balance sheet commitments	1,455					1,455

Note 9. Liabilities

Liabilities to the public and public sector entities	Dec 31, 2023	Dec 31, 2022
Deposits	268,864	246,810
Liabilities to the public and public sector entities total	**268,864**	**246,810**

Subordinated liabilities	Dec 31, 2023	Dec 31, 2022
Debentures	6,210	6,203
Subordinated liabilities total	**6,210**	**6,203**

The debenture loan is an instrument with a lower priority than Alisa Bank's other commitments, which belongs to the secondary capital referred to in the capital adequacy regulations applicable to Alisa Bank. The loan term of the debenture loan is five years and it matures on October 17, 2027. The fixed annual interest rate of the debenture loan is 8 percent.

Note 10. Off-balance sheet commitments

	Dec 31, 2023	Dec 31, 2022
Off-balance sheet items		
Unused credit facilities	5,647	1,455
Total	**5,647**	**1,455**

Off-balance sheet commitments are overdraft facilities granted to customers that the customer has not withdrawn. The expected credit loss on off-balance sheet items is EUR 41 thousand (EUR 36 thousand).

Note 11. Related party transactions

Related party refers to key persons in a leading position in Alisa Bank and their family members, subsidiaries and companies in which a key person in a leading position has control or joint control. The key persons are the members of the board, the CEO and the CEO's deputy, and the rest of the management team.

During the review period, business transactions with related parties consisted of Alisa Bank's deposit liabilities, debenture loans and related interest.

Related party transactions	Dec 31, 2023	Dec 31, 2022
Liabilities	509	*716
Expenses	16	0
Total	**525**	**716**

* Related party investments in the debenture loan issued by Alisa Bank have been added to the comparative information.

Note 12. Material events after the end of the review period

There are no known events after the end of the accounting period that would require the presentation of additional information or that would significantly affect the company's financial position.