Alisa Bank Plc

Financial Statements Bulletin

January – December 2024

Alisa
BANK

Contents

ALISA BANK PLC'S FINANCIAL STATEMENTS BULLETIN 2024

PROFIT TURNAROUND IN THE SECOND HALF OF THE YEAR

January-December 2024 in brief

- Total income was EUR 17.0 million (16.7).
- Total operating expenses increased to EUR 12.8 million (11.4) due to the merger with PURO Finance.
- Realised and expected credit losses were EUR 5.5 million (5.4*).
- January-December profit before non-recurring items and taxes was EUR -0.1 million (0.4*). Profit before taxes was EUR -1.3 million (-0.1).
- Total capital adequacy ratio increased by 17.6 percent (15.1*).
- Loan portfolio before reducing expected credit losses decreased to EUR 149.5 million (172.9). The corporate customer loan portfolio increased by EUR 47.6 million (41.1) and the loan portfolio of personal customers decreased to EUR 101.9 million (131.8).
- Deposits increased to EUR 394.6 million (268.9).
- Sampsa Laine started as the bank's new CEO on 1 December 2024.

July-December 2024 in brief

- July-December profit before non-recurring items and taxes was EUR 0.9 million (-0.0*). Profit before taxes was EUR 0.7 million (-0.4*).
- Total income increased to EUR 9.3 million (8.3).

Group key figures (EUR 1,000)	**Jan-Dec 2024**	**Jan-Dec 2023**	**Jul-Dec 2024**	**Jul-Dec 2023**	**Jan-Dec 2022**
Net interest income	15,075	14,757	8,280	7,331	9,053
Net commission and fee income	1,815	1,785	1,017	938	1,511
Total operating expenses	-12,781	-11,398	-6,350	-5,651	-11,601
Impairment of receivables	-5,527	-5,443*	-2,304	-3,023*	-8,321
Profit before taxes	-1,317	-140*	678	-345*	-9,684
**Profit before non-recurring items and taxes	-137	389*	862	-20*	-7,750
** Cost / income ratio, %	75	68	68	68	113
Balance sheet total	450,604	312,398*	450,604*	312,398*	291,661
** Return on equity (ROE), %	-3.9	-0.5*	4.4	0.3	neg.
**Total capital ratio (TC), %	17.6	15.1*	17.6	15.1*	16.8
Common Equity Tier (CET1), %	15.1	12.0	15.1	12.0	12.6
Number of employees, end of period	80	78	80	78	78
Earnings per share (EPS), EUR	-0.01	0.00	0.01	0.00	-0.14
** Impairment of receivables/loan portfolio, %	3.7	3.2*	3.1	3.6*	5.1

* Figures for the financial year 2023 adjusted for the ECL provision, see more details in note 13
** The calculation principles of alternative performance measures are presented in Appendix A.

*ECL correction 2023, see note 13

CEO’s review

New strategy for the new year

For Alisa Bank, 2024 was a year of renewal filled with many changes. The combination with PURO Finance Ltd, completed in May, proved transformative. With the combination, the bank gained a new Board of Directors, Management Team and a strategy published later in the financial year. In the second half of the year, the focus of operations, in addition to the implementation of the new strategy, was on the technical and operational execution of the merger. At the same time, we were able to improve fundraising, create a foundation for more active risk-based pricing, and initiate discussions with new Banking-as-a-Service (BaaS) partners.

The weak state of the Finnish economy was reflected in the demand for both consumer and business financing. In particular, demand for our main product, invoice financing, fell short of our August forecast, as B2B invoicing in our target group declined in the final months of the year. In addition to the challenging business environment, the end of the year saw a higher-than-expected amount of external expenses, and the expected credit loss from a single bankruptcy estate was specified. The focus of this year is on increasing sales and partnerships for products in line with our new strategy and on efficiency measures aimed at optimizing external expenses. The portfolio of consumer credits, which was previously a focus area, maintains a level of credit losses similar to the past financial year. A clearer decrease in credit losses is expected to come only in 2026, with the loan portfolio under the new strategy being materially less risky than before.

Due to the first half of the year, profit before non-recurring items and taxes was EUR -0.1 million, and profit before taxes EUR -1.3 million. The earnings improvement in the second half of the year was driven by both successful implementation of fund-raising and the increase in the risk-adjusted return on lending in line with the renewed strategy. Volume development in lending and certain external expenses correspondingly pushed the figures for the latter part of the year below the guidance we issued in connection with the half-year report.

Business development

The company’s operating income increased by 2.0 percent to EUR 17.0 million (16.7) during the financial year, driven by a corresponding change in net interest income. The same trend in credit losses resulted in a corresponding 2.0 percent increase in the risk-adjusted return. The bank’s profit before taxes fell to a EUR -1.3 million (-0.1*) loss after the expense level exceeded the 2023 level by EUR 1.4 million.

Business performance in the past year was characterized by a weak market situation in Finland and, on the other hand, the merger of Alisa Bank and PURO Finance. The shift in operational focus towards SME lending, initiated in spring 2024, was strengthened by the merger with PURO and the renewed strategy published on September 30. The organizational and business changes following the merger were somewhat reflected in the development of non-recurring expenses towards the end of the year but at the same time sharpened operations ahead of 2025. The bank's BaaS operations strengthened in existing partnerships and opened numerous new discussions, the results of which are expected to be announced in early 2025. The flow of customer contacts generated by the partner model remained strong among corporate customers, but the weak market environment was reflected in lower-than-expected demand for customer-specific financing. The new risk-based pricing model implemented in December 2024 is expected to be

*ECL correction 2023, see note 13

reflected in demand recovery, especially in the lower-risk SME target groups. At the same time, the decline in the average interest rate of financing from 3.1% percent in June to 2.4 percent in December improved the profitability of financing activities.

After the one-off increase in the loan portfolio (62%) generated by the PURO merger, the volume development of business financing was subdued in the second half of the year. Growth in the business financing loan portfolio for the full financial year was 16 percent. The corporate loan portfolio at the end of the financial year was EUR 48 million (41). The number of credit applications developed as targeted, but the challenging operating environment was reflected in weak credit quality and, thus, a low volume of granted financing. The granted financing focused on invoice financing, which kept the new sales portfolio low-risk. At the same time, we increased the risk-adjusted return on business financing, which was also supported by the success of own channels in deposit fundraising.

In personal customers, our loan portfolio decreased by 23 percent to EUR 102 million (132). The key reason for the drop was a strategic decision to abandon the use of comparison platforms and to emphasize new sales to the company's own customer base with a better risk profile. The decision materially improved the profitability of new sales, roughly doubling the risk-adjusted return from the level seen in summer 2024. The decision to focus on SME financing and growing the own deposit base, in line with the new strategy, reduces the emphasis on personal finance. The high credit loss ratio of the current personal finance portfolio will continue to negatively impact the company's earnings development throughout 2025.

Our deposits amounted to EUR 395 million (269) at the end of the period. During the year, the development of the structure of deposits was two-fold. During the first half of the year, we sought growth from the comparison portal Raisin while also exploring the market in different European countries. The deposit portfolio’s peak level was reached in July 2024, after which we focused on growing our own deposit base and optimizing the price level of fundraising. The end result was a highly predictable portfolio development and better-than-expected profitability of deposits, which in part supported the bank's earnings turnaround in the second half of 2024.

We had 68,000 (57,500) active customers at the end of December. Customer satisfaction increased a bit (Net Promoter Score 52) from an already strong level (46).

The long sought-after increase in the solvency ratio materialized in the second half of 2024, supported not only by the decrease in the loan portfolio but also by positive earnings development and a successful personnel issue. In the second half of the financial year, the bank’s CET1 capital increased by EUR 1.2 million and total capital adequacy ratio was 17.6 percent (15.1).

Market environment and risk position

The general economic development was weak in Finland in 2024. In the latter half of the year, the invoicing volume between companies, according to data from companies using Procountor, was lower than in the previous year. This was directly reflected in the demand for invoice financing. However, the decline in interest rates started to show as a reversal of the trend at the very end of the year, which, in turn, led to a budding recovery in our loan demand. Success in fundraising and a high-quality business financing product portfolio will enable us to play a more active role in corporate financing in the future.

The bank has a strong liquidity position (liquid assets of EUR 284 million). We significantly increased deposit funds while improving the average cost of funding. Strong development of own

*ECL correction 2023, see note 13

channels and close cooperation with several growing external channels keep fundraising a clear area of strength. The deposit margin will also significantly support the bank’s overall result in 2025.

The bank's capital adequacy was 17.6 percent, exceeding the targeted 16 percent due to the positive result in the second half of the year, the successful personnel issue, and the development of the loan portfolio. We expect the capital adequacy ratio will remain at the target level during the first half of the year, considering the targeted growth in business financing.

Despite the seasonal relative increase in non-performing loans at the end of the year, the overall development of credit losses remained stable. The decline in the loan portfolio in the last quarter brought the relative share of non-performing receivables (NPL ratio) to 4.8 percent (4.2 percent) at the end of the reporting period. During December, we successfully negotiated a new agreement for the resale of non-performing loans, which improves the outlook for credit losses for the current year. The same applies to the impact of the revised risk-based pricing on the business financing portfolio. Credit losses will remain above our target level as the current personal financing portfolio in 2025 represents just under 70 percent of our total loan portfolio during the early part of 2025.

Outlook for the future

Alisa Bank's change towards lower-risk SME financing products, driven by the new strategy, will improve the risk-adjusted return on new sales during 2025. The decline in the cost level of fundraising will continue with the market’s predicted high-interest rate scenario throughout the beginning of the year. Both measures have a significant earnings impact relative to the current size of the banking book. We are particularly looking for stronger-than-market growth in the banking book through existing and new BaaS partnerships. Based on ongoing discussions, Alisa's offering, especially in invoice financing, is considered very interesting.

In addition to successful measures that strengthen the development of net income from financial operations, we pay particular attention to the level of external expenses. We have already renegotiated several partnership agreements and initiated a similar process with other partners. In light of the changes already made, we know we will achieve significant additional efficiency in this area, some of which will be invested in growing the business.

We estimate that the bank’s operating result will continue to develop positively during 2025.

A warm thank you to our staff and customers for the past year - you have been a key part of our turn.

Sampsa Laine
CEO

*ECL correction 2023, see note 13

Outlook for 2025

After a year of changes, Alisa Bank will implement the renewed strategy in the 2025 fiscal year and continue to develop BaaS partnerships. There are early positive signs in the general economic situation, although there is still uncertainty regarding the development of the operating environment. If the economic recovery continues, combined with the implementation of the bank's renewed strategy, it will support the bank's income growth during the current financial year. For the reasons mentioned above, and due to the impact of the annual cycle of invoice financing business, favorable development is expected to be emphasized in the second half of the year.

The profit for the second half of 2024 reflects the current financial state of the renewed Alisa. The profit before non-recurring items for 2025, is estimated to develop favorably compared with the current financial state.

Key figures 2024

Loan portfolio	Deposits
149 EUR million	395 EUR million

Operating income	Active customers
17.0 EUR million	68,000

ROE	Cost / income ratio
-3.9%	75%

Capital adequacy	NPS
17.6%	52

*ECL correction 2023, see note 13

Business environment

In 2024, Finland's economy continued its slow recovery following the previous year's recession. Inflation slowed down, approaching the European Central Bank's (ECB) target of two percent. The average inflation in Finland for 2024 was 1.6%, with December's inflation at 0.7%. The inflation rate in the euro area for 2024 was 2.4%.

During 2024, the ECB lowered its key interest rates by 1-1.35 percentage points. The decrease in interest rates also affected deposit rates, which began to decline during 2024. Despite the drop in interest rates, consumer and business confidence in the economy remained cautious. Private consumption decreased due to weak consumer confidence, and investments continued to decline significantly throughout 2024. The number of bankruptcies in Finland also continued to rise in 2024.

The employment rate for 2024 was 71.5%, and the unemployment rate was 8.9%. Unemployment increased compared to the previous year, and the number of long-term unemployed also grew.
In 2024, consumer credit granted in Finland increased by 3.5% compared to the previous year, and household deposits grew by 1.5% compared to the year before.

By the end of 2024, the economic outlook was cautiously positive, but challenges such as weak consumer confidence and public sector debt continue to overshadow economic development.

Financial performance

The development according to the renewed strategy, as well as the combination with PURO Finance, had a positive impact on the company's performance in the second half of the financial year. The relative profitability and financial position of the balance sheet also improved. However, the prolonged uncertainty in the operating environment and weak overall economic conditions slowed the targeted growth in corporate financing. Growth fell short of expectations due to a larger-than-anticipated decrease in the usage rate of leasing credit limits and a decline in overall financing demand. Additionally, the company's financial result was negatively impacted by non-recurring items due to the combination.

In the items of the income statement, the comparison period is 1 January – 31 December, 2023, and the balance sheet and capital adequacy comparison period is December 31, 2023.

July-December profit before non-recurring items and taxes was EUR 0.9 (-0.0*). The second half of 2024 was clearly better than the first half of the year, due to increased income resulting from the combination with PURO Finance, as well as more favorable credit loss development than in the first half of the year.

January-December profit before non-recurring items and taxes was EUR -0.1 million (0.4*). The result before taxes was EUR -1.3 (-0.1*) million, and the profit for the year was EUR -1.2 million (-0.1*).

The group's income for the January-December, including net interest income, net fee income, net investment income and other operating income, remained near the level of 2023 totaling EUR 17.0 million (16.7).

Net interest income was EUR 15.1 million (14.8) during the accounting period. Interest income

*ECL correction 2023, see note 13

grew by 47 percent to EUR 29.5 million (20.1) and interest expenses were EUR 14.5 million (5.3). Interest income was increased by the favorable development of the relative return on the loan portfolio and the increase in returns on liquid assets. The increase in interest expenses consisted of both the increase in the deposit base and the increased financing costs due to the development of the general interest rate. Net fee income remained at the level of the comparison period at EUR 1.8 million (1.8).

The total costs of the review period, including depreciation and write-downs, increased slightly during the financial period to EUR 12.8 million (11.4). The expenses for the fiscal year 2024 included EUR 1.2 million (0.5) in non-recurring items, which mainly consisted of the merger with PURO Finance.

Personnel expenses increased to EUR 6.3 million (5.5) when PURO Finance's personnel transferred to Alisa Group. Other administrative expenses - including office, IT, representation and marketing expenses as well as costs related to consulting – were EUR 4.9 million (4.5). Depreciation and impairment were EUR 1.3 million (0.8) and other operating expenses were EUR 0.3 (0.6) million. Other operating expenses include, for example, official fees.

Realized and expected credit losses amounted to EUR 5.5 million (5.4*). The change in the expected credit losses in the income statement was EUR 0.6 million (1.3*). Realized credit losses decreased to EUR 6.2 million (6.7).

Balance sheet

The total amount of the group's balance sheet was EUR 450.6 million (312.4*) at the end of year.

Assets, EUR 450.6 million, mainly consisted mainly of cash EUR 279.4 million (129.4) and loans granted to customers (claims on the public and public sector entities) EUR 143.7 million (166,4*). Intangible assets, EUR 16.5 million (8.2), include EUR 13.3 million (6.0) goodwill generated in business acquisitions and EUR 2.3 million (2.2) of capitalized product development costs and customer contracts EUR 0.9 million (0.2). No need for a write-down was found in the goodwill impairment testing. During the year, EUR 0.6 million (EUR 0.7 million) of product development expenses related to the development of digital banking services were capitalized.

The Group’s liabilities EUR 413.9 million (286.7), mainly consisted of liabilities to the public and public-sector entities EUR 394.6 million (268.9). The deposit base grew by 46.8% (8.9%).

The group's equity grew to EUR 36.7 million (25.7*). EUR 11,6 million of growth was due to the acquisition of PURO Finance Oy. In addition, the SVOP fund grew at the end of the year by EUR 0,3 million through the personnel issue and by EUR 0,2 million through the directed issue to the new CEO.

*ECL correction 2023, see note 13

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 and monitored 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 G4 of Alisa Bank's 2024 financial statements.

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 of financial market conditions.

Uncertainties in the economic environment continued during 2024, and it has reflected especially in decrease of business customers loan portfolio. Weak economic situation has not materially affected to the payback ability of Alisa Bank's customers. The financial profitability of loan customers and the development of payment delays will be monitored closely and, if necessary, changes are reacted to.

The loan balance was EUR 149,5 (172.9) at the end of the reporting period. During the review the loan portfolio decreased 13.5%. The decrease was driven by both personal customers and business customers. The decrease of personal customers loan portfolio was according to renewed strategy, focus is shifting towards business financing. The credit risk position remained stable. During the review period, new invoice financing system was introduced, which has improved transparent credit risk management and predictability credit risk control of loan portfolio.

The bank's deposit base grew during the reporting period. Most of the deposit base is covered by deposit guarantee. Due to a strong deposit base, the company's liquidity position remained at an excellent level during the reporting period. The liquidity coverage ratio, LCR ratio, which describes the company's liquidity requirement, was 897 (689) 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 an adequate amount of capital in relation to all material risks of its operations. The company constantly monitors that its capital is sufficient to cover all the material risks facing the company.

The group's total capital ratio was 17.6% exceeding the total capital requirement for Alisa Bank (13.75%). Common equity tier 1 ratio and Tier 1 ratio were 14.6%, exceeding the CET 1 capital requirement (9.27%) and Tier 1 % requirement (11.19%).

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 entered into force on April 1, 2024, and should be covered by consolidated Common Equity Tier 1 capital. The requirement was set for Finnish credit institutions in order to strengthen the risk-bearing capacity of the banking sector.

On 24.4.2024, the FIN-FSA imposed a discretionary capital buffer requirement (pillar 2) on Alisa Bank Plc based on the supervisor's assessment. The capital buffer requirement is 2.25%. Of this requirement, 75 per cent shall be met with Tier 1 capital, of which 75 per cent shall continue to be met with Common Equity Tier 1 capital. The discretionary capital buffer requirement is valid until further notice as of 31.12.2024, but no longer than until 31.12.2027. Below table illustrates the total capital requirement of Alisa Bank as of 31.12.2024.

Pillar 1 minimum capital requirement			**Capital coservation buffer**	**Systemic risk buffer**	**Pillar 2 (SREP) capital requirement**		**Total capital requirement**	
Capital	**%**	**M€**	**%**	**%**	**%**	**M€**	**%**	**M€**
CET1	4.50%	6.00	2.50%	1.00%	1.27%	1.69	9.27%	12.36
AT1	1.50%	2.00			0.42%	0.56	1.92%	2.56
T2	2.00%	2.67			0.56%	0.75	2.56%	3.41
Yhteensä	**8.00%**	10.67	**2.50%**	**1.00%**	**2.25%**	3.00	**13.75%**	18.34

At the end of the review period, the group's capital structure consisted of common tier 1 capital (CET 1) and secondary capital (Tier 2). The group's own funds (TC) were EUR 23.5 (22.2*) million, exceeding the total capital requirement for own funds by EUR 5.2 million, when total capital requirement was EUR 18.3 million. Tier 1 capital (T1) was EUR 20.1 (17.5*) million was entirely common equity Tier 1 ratio (CET 1) and Tier 2 capital (T2) EUR 3.4 (4.6) million consisted of a debenture loan.

Alisa Bank's total risk exposure amount (REA) was EUR 133,4 (146,5) million at the end of the review period. The total risk decreased by EUR 13,2 million. The decrease was mainly due to a decrease in credit risk exposures. Credit risk represents 79% of the total risk amount. The most significant items requiring capital are retail exposures consisting of receivables from private and business customers. Alisa Bank uses the standard method for calculating the Pillar 1 capital requirement.

At the end of the review period, Alisa Bank's leverage ratio was 4.6 percent. Minimum leverage ratio requirement is 3%.

CAPITAL AND RISK POSITION, EUR 1,000	**Dec 31, 2024**	**Dec 31, 2023**
Common Tier 1 Capital before adjustments*	36,663	25,719
Adjustments to Common Tier 1 Capital*	-16,534	-8,172
Common Tier 1 Capital in total* (CET1)	**20,128**	**17,546**
Additional Tier 1 Capital in total (AT1)	**0**	**0**
Total Capital (T1 = CET1 + AT1)	**20,128**	**17,546**
Tier 2 Capital before adjustments	6,100	6,100
Adjustments to Tier 2 Capital	-2,694	-1,471
Tier 2 Capital in total (T2)	**3,406**	**4,629**

*ECL correction 2023, see note 13

Capital (T1+T2) total	**23,534**	**22,176**
Total risk weighted exposure amounts		
Credit and Counterparty risk	105,182	120,547
Market	803	853
Operational risk	27,387	25,138
Risk weighted exposures in total*	**133,372**	**146,538**
Common Equity Tier 1 ratio* (CET 1), %	**15.1**	**12.0**
Tier 1 ratio* (T1), %	**15.1**	**12.0**
Total Capital Ratio* (TC), %	**17.6**	**15.1**

LEVERAGE RATIO, EUR 1,000	**Dec 31, 2024**	**Dec 31, 2023**
Total Equity	20,128	17,546
Total Exposure Amount	435,042	305,205
Leverage ratio* (LR), %	**4.6**	**5.7**

There will be a change to the Capital Adequacy Regulation, which entered into force at the beginning of 2025. Alisa Bank has estimated that based on the figures as of 31 December 2024, the change will improve the bank's capital adequacy ratio.

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 policy 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. Payment delays refer to commitments for which repayment of the loan 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 increases the credit risk and thus affects the expected credit loss (ECL) stage categorization. If there are payment delays for 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 been verified to be diminished. If there are one or more events that have occurred on the customer side, that will affect future cash flow 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.

*ECL correction 2023, see note 13

If the customer has clear indications of unlikeliness to pay, 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 decreased during the reporting period. The payment delays of Alisa Bank's business customers have decreased, and especially in the invoice financing portfolio. With the renewal of the sales invoice financing system, credit risk management becomes more transparent, and the control of the credit portfolio will be more predictable. The Bank's business customers mainly consist of small and medium-sized enterprises, whose profitability may, however, continue to be 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 applications for changes to the payment plan.

The number of non-performing loans in the loan portfolio has stayed stable during the review period. At the end of the review period, the amount of non-performing receivables was EUR 7.1 million (7.2). The NPL ratio, which describes non-performing receivables in relation to loans and advances, was 4.8 (4.2) percent at the end of the review period. The number of non-performing loans decreased, but the relative share increased due to the decreased loan portfolio. At the end of the review period, non-performing forborne exposure amounted to EUR 1.5 (0.4) million. There were EUR 0.6 (0.7) million performing forborne exposures.

Loan receivables with a payment delay of more than 30 days but less than 90 days accounted for approximately 3.5 (3.5) percent of the entire loan portfolio. The proportion of loans having more than 90 days delayed payments was 3.1 (3.0) percent.

The following tables describe the geographical distribution of exposures. The overdue exposures of individuals in other EU countries consist of the outstanding loan portfolio in Germany, Denmark and Sweden.

Exposure and home country		**December 31, 2024**
Exposures, EUR 1,000	**Amount of credit**	**More than 90 days past due**
Private individuals Finland	96,393	2,028
Companies and entities Finland	46,871	1,151
Public institutions Finland	680	0
Private individuals other EU countries	5,523	1,802
Companies and entities other EU countries	21	0
Total	**149,488**	**4,981**
Expected credit losses	-5,776	
Claims on the public and public sector entities	**143,711**	

Exposure and home country		**Dec 31, 2023**
Exposures, EUR 1,000	**Amount of credit**	**More than 90 days past due**
Private individuals Finland	124,498	2,071
Companies and entities Finland	39,942	1,596
Public institutions Finland	1,122	0
Private individuals other EU countries	7,304	1,424
Companies and entities other EU countries	0	0
Total	**172,866**	**5,091**
Expected credit losses	-6,427*	
Claims on the public and public sector entities	**166,439***	

Risk concentrations

Risk concentrations arise or may arise, for example, when the credit portfolio contains large amounts of loans and other exposures 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 customer loans. The loans granted by the bank to consumer customers are on average size of EUR 5,000 and 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 review period, the company had one exposure, where the amount was 10 percent of Tier 1 own funds; the loan is secured by financed sales invoice receivables and guarantees. In lending to business customers, the largest industries are retail and wholesale, transport and storage, and manufacturing.

*ECL correction 2023, see note 13

Market risk

Market risk consists of the interest rate risk of the financial balance and 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 tenth, 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 increase by 2.7 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 3.4 percent. If interest rates were to rise by 2 percent, it would have an estimated annual impact on net interest income of EUR +1.7 million, which is 8.5 percent of CET 1 capital. If interest rates were to fall by 2 percent, the estimated annual impact on net interest income would be EUR -1.74 million which is -8.6 percent of CET 1 capital.

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.

The group's liquidity has been at a good level during the review period. The Group's liquidity coverage ratio was 897 percent at the end of the reporting period, with the minimum requirement being 100%. The liquidity buffer consisted of 100% of Level 1 assets with a very high level of liquidity. The buffer consists of non-pledged, high-quality investments that can be sold very quickly. The net stable funding ratio was 324% at the end of the reporting period, with the minimum requirement being 100%.

The table below shows the liquidity requirement as a twelve-month average, which was 901 percent at the end of the review period. The calculation method has been changed compared to the previous year, when a three-month average was used.

LCR JA NSFR, EUR 1,000	Dec 31, 2024	Dec 31, 2023
Liquidity		
LCR-ratio (12 months average) %	**901**	**539**
Total high quality liquid assets (12 months average)	314,526	121,125
Cash outflow (12 months average)	51,600	36,804
Cash inflow (12 months average)	16,711	14,319
Total net cash outflow (12 months)	34,890	22,486
Net Stable Funding		
Total available stable funding	387,502	267,461
Total required stable funding	119,484	133,830
NSFR-ratio %	**324**	**200**

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

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.

The company is preparing for sustainability reporting in accordance with the CSRD (Corporate Sustainability Reporting Directive).

Governance

The annual general meeting of the company was held in Helsinki on March 20, 2024. The annual general meeting confirmed the financial statements and consolidated financial statements 2023 and granted the members of the Board of Directors, the CEO and the Deputy CEO a discharge from liability for the financial year 2023. No dividend was distributed for the financial year 2023. Also, the remuneration report of the company's bodies for 2023 was approved.

Alisa Bank's extraordinary general meeting was held on May 3, 2024. The general meeting decided to authorize the board to decide on the directed share issue related to the acquisition of PURO Finance Oy. The number of shares to be issued in the Directed Share Issue can be a maximum of

58,878,721 shares in total. The board decided on a directed issue and the new shares (58,878,721) were directed to the shareholders of PURO Finance Oy prior to the takeover, in proportion to the shares of PURO Finance Oy they sold.

In the fiscal year 2024, the company's board of directors has included the following persons:

- Markku Pohjola (Chairman of the Board)
- Johanna Lamminen (Vice Chairman of the Board beginning 20 March)
- Sami Honkonen
- Tero Weckroth
- Jukka Salonen during 15 May - 31 December 2024
- Sampsa Laine during 10 June - 30 November 2024
- Teuvo Salminen (Vice Chairman of the Board) during 1 January - 20 March 2024
- Lea Keinänen during 1 January - 15 May 2024
- Jorma Pirinen during 1 January - 15 May 2024

The company's long-time CEO Teemu Nyholm went on sick leave due to a sudden seizure on April 8, 2024 and announced on July 8, 2024 that he is no longer available for the position of CEO. During April 8 to November 30, 2024, the CEO's duties have been handled by Juha Saari, Deputy CEO. Sampsa Laine has been the company's CEO since 1 December 2024. Juha Saari acts as the CEO's deputy.

KPMG Oy Ab was elected as the auditor of the company, with Tiia Kataja acting as the responsible auditor. The auditor's fees are paid based on a reasonable invoice approved by the company.

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 150,031,563 at the end of December (88,332,182 shares 31 Dec 2023). The number of shares increased by 58,878,721 from 88,332,182 shares with the acquisition of PURO Finance Oy on 15 May 2024. In addition to this, the number of shares increased at the end of the year by 1,738,152 shares due to directed share issue to the company’s personnel and by 1,082,508 shares due to directed share issue to the new CEO.

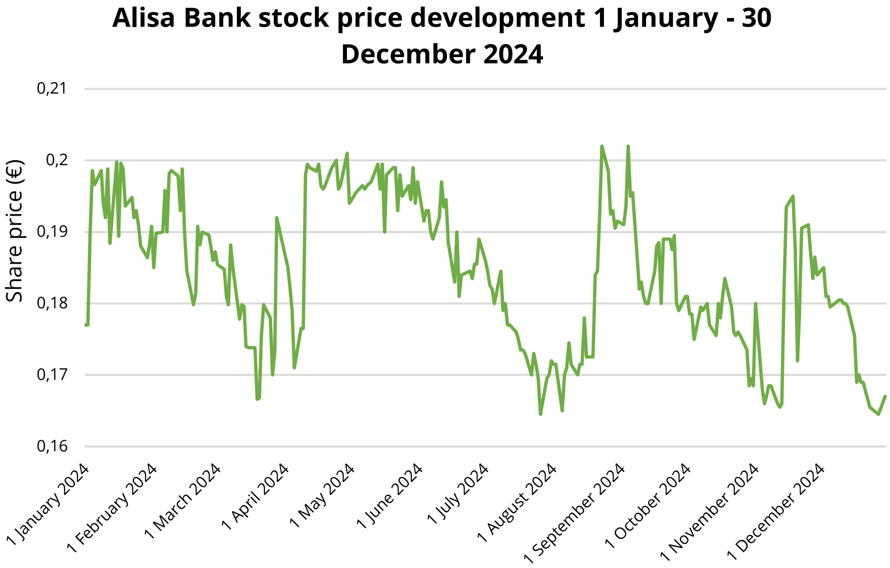
The combination with PURO was carried out way of a share exchange, following the completion of which, the previous shareholders of PURO Finance own approximately 40 per cent and previous shareholders of Alisa Bank approximately 60 per cent of Alisa Bank’s shares. The fair value of the new issued shares given as consideration to PURO Finance’s shareholders was at the time of acquisition EUR 11.8 million.

The Board of Directors of Alisa Bank organized a share issue aimed at its employees towards the end of the year, offering them the opportunity to subscribe for new shares in the company, along with a related additional share program. The purpose of this arrangement is to encourage employees to acquire and hold shares in Alisa Bank over the long term and to engage them in working for the company.

A share issue was directed to the new CEO with the aim of motivating and aligning the CEO with the company’s goals and the execution of its strategy, thereby strengthening and harmonizing the objectives of the CEO, the company, and its shareholders.

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.

The closing price of Alisa Bank Plc share was EUR 0.167 on 30 December 2024, the last trading day of the year. During January-December 2024 its lowest price was EUR 0.16, with the highest price being EUR 0.26. Alisa Bank's market value was EUR 25.1 million at the end of the year.



Ten largest shareholders

The shareholders' holding information is based on the list of shareholders maintained by Euroclear Finland Ltd on 31 December 2024.

		Total number of shares	% of all shares
1.	Evli Plc	15,288,303	10.19
2.	Taaleri Plc	15,288,303	10.19
3.	Kempinvest Oy	13,392,003	8.93
4.	Heikki Vaiste	8,247,384	5.50
5.	Mininvest Oy	7,296,139	4.86
6.	Oy Scripo Ab	5,500,000	3.67
7.	TN Ventures Oy	5,497,354	3.66
8.	Saxo Bank A/S	5,429,954	3.62
9.	Oy Prandium Ab	4,754,100	3.17
10.	Veikko Laine Oy	4,624,489	3.08

Group structure

At the beginning of the year, the parent company Alisa Bank Plc and its wholly owned subsidiaries Mobify Invoices Oy, Lainaamo Oy, Fellow Finance Estonia OÜ, Fellow Finance Deutschland GmbH, Fellow Finance Česko s.r.o. formed the group. In May 2024 PURO Finance Oy and PURO Finance SPV 1 Oy became 100 percent owned subsidiaries of Alisa Group.

The group's structure was simplified during the financial period. In spring 2024 Lainaamo Oy was merged with Alisa Bank Plc and Fellow Finance Estonia ceased to operate. In November 2024 Mobify Invoices Oy and PURO Finance Oy were merged into the parent company. Lainaamo Oy, Fellow Finance Estonia OÜ and Fellow Finance Česko s.r.o. had no active business during the financial year.

PURO Finance SPV1 Oy will be merged to Alisa Bank during the first quarter of 2025.

Personnel and locations

At the end of December 2024, the group employed 80 people (78). In Finland, 77 people (76) worked at the offices in Helsinki and Turku, and a total of 3 (2) people in other operating countries.

Material events after the reporting period

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

Financial goals for the strategy period

Alisa Bank's board of directors has confirmed the following medium-term (2024-2027) targets for the company in line with its strategy:

- Income growth: An average annual income growth of 20 percent during the strategy period
- Profitability: Over 15 percent return on equity by the end of 2027
- Operational efficiency: A cost-to-income ratio of less than 50 percent by the end of 2027
- Capital adequacy: 16% capital ratio throughout the strategy period

Outlook for 2025

After a year of changes, Alisa Bank will implement the renewed strategy in the 2025 fiscal year and continue to develop BaaS partnerships. There are early positive signs in the general economic situation, although there is still uncertainty regarding the development of the operating environment. If the economic recovery continues, combined with the implementation of the bank's renewed strategy, it will support the bank's income growth during the current financial year. For the reasons mentioned above, and due to the impact of the annual cycle of invoice financing business, favorable development is expected to be emphasized in the second half of the year.

The profit for the second half of 2024 reflects the current financial state of the renewed Alisa. The profit before non-recurring items for 2025, is estimated to develop favorably compared with the current financial state.

Helsinki, 14 February 2025

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.

Loanportfolio		The gross book value of the loan portfolio, which is calculated by subtracting the expected credit losses from the claims on the public and public sector entities on the balance sheet
Cost-income ratio, %	=	$\frac{\text{Operating expenses total}}{\text{Income total}}$
Share of impairment of receivables in the loan portfolio, %	=	$\frac{\text{Impairment of receivables (annualized)}}{\text{Loan portfolio at the end of the period}}$
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, 2024	Jan 1-Dec 31, 2023 restated	Jul 1-Dec 31, 2024	Jul 1-Dec 31, 2023 restated
Interest income		29,535	20,071	15,255	10,692
Interest expenses		-14,460	-5,314	**-6,975	-3,361
Net interest income	**3.**	**15,075**	**14,757**	**8,280**	**7,331**
Fee income		2,981	3,180	1,444	1,648
Fee expenses		-1,166	-1,395	**-427	-710
Net fee and commission income	**4.**	**1,815**	**1,785**	**1,017**	**938**
Net income from securities and currency operations		-14	32	-6	47
Other operating income		115	126	39	13
Total income		**16,991**	**16,701**	**9,331**	**8,329**
Personnel expenses		-6,304	-5,481	-3,328	-2,707
Other administrative expenses		-4,908	-4,513	-2,175	-2,332
Depreciation and amortization		-1,284	-831	-649	-443
Other operating expenses		-285	-572	-198	-168
Total operating expenses		**-12,781**	**-11,398**	**-6,350**	**-5,651**
Impairment of receivables	**5.**	-5,527	*-5,443	-2,304	*-3,023
Profit before taxes		**-1,317**	***-140**	**678**	**-345**
Income taxes		113	3	108	128
Result for the year		**-1,204**	***-138**	**786**	***-216**
Result for the period attributable to					
Equity holders of parent company		-1,204	*-138	786	-216

*ECL correction 2023, see note 13

Consolidated statement of comprehensive income

Result for the period		**-1,204**	***-138**	**786**	***-216**
Other comprehensive income/loss					
Items that are or may be reclassified subsequently to profit or loss					
Foreign currency translation differences		0	-1	0	-1
Other comprehensive income after taxes		0	-1	0	-1
Comprehensive income, total		**-1,204**	***-139**	**786**	***-218**
Total comprehensive income attributable to					
Equity holders of parent company		-1,204	*-139	786	*-218
Earnings per share	**6.**				
Earnings per share (EPS), basic, EUR		-0.01	0,00	0.01	0,00
Earnings per share (EPS), diluted, EUR		-0.01	0,00	0.01	0,00

**The changes are due to the refinement of the effective interest calculation method.

*ECL correction 2023, see note 13

Consolidated balance sheet

EUR 1,000	Note	Dec 31, 2024	Dec 31, 2023 restated
Assets			
Cash and equivalents		279,361	129,364
Claims on credit institutions		8,701	5,461
Claims on the public and public sector entities	**7./8.**	143,711	*166,438
Intangible assets		16,517	8,169
Property, plant and equipment		814	516
Other assets		865	1,857
Accrued income and prepayments		388	346
Income tax assets		229	243
Deferred tax assets		17	3
Assets total		**450,604**	***312,398**
Liabilities			
Liabilities to the public and public sector entities	**8./9.**	394,639	268,864
Subordinated liabilities	**9.**	6,218	6,210
Other liabilities		4,312	5,551
Accrued expenses and deferred income		8,618	6,054
Deferred tax liabilities		155	0
Liabilities total		**413,942**	**286,679**
Equity			
Equity attributable to equity holders of the parent			
Share capital		18,289	18,289
Fund of invested non-restricted equity		31,985	19,917
Retained earnings		-13,611	*-12,487
Equity attributable to equity holders of the parent		**36,663**	***25,719**
Liabilities and equity total		**450,604**	***312,398**

*ECL correction 2023, see note 13

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 2024	**18,289**	**19,917**	**14**	**-12,501**	**25,718**	**25,719**
Result of the period				-1,204	-1,204	-1,204
Other comprehensive income					0	0
Total comprehensive income			**0**	**-1,204**	**-1,204**	**-1,204**
Acquisition		11,599			11,599	11,599
Share issue		469			469	469
Other changes**				-5	-5	-5
Share based payments				84	84	84
Equity 31 December 2024	**18,289**	**31,985**	**14**	**-13,625**	**36,663**	**36,663**

** The 2023 result of Fellow Finance Deutschland GmbH changed by -5 teuro after the 2023 result announcement due to the final completion of the accounting.

EUR 1,000	Share capital	Fund of invested unrestricted equity	Translation difference	Retained earnings (restated)	Equity attributable to the owners of parent entity (restated)	Total equity (restated)
Equity 1 January 2023	**18,286**	**19,917**	**17**	**-12,233**	**25,985**	**25,985**
Result of the year				*-138	*-138	*-138
Other comprehensive income			-1		-1	-1
Total comprehensive income			**-1**	***-138**	***-139**	***-139**
Other changes**	3			-145	-142	-142
Share based payments				15	15	15
Equity 31 December 2023	**18,289**	**19,917**	**14**	***-12,501**	***25,719**	***25,719**

** 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 teur 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 teur from the time before Alisa Bank was formed, which cannot be utilized. There was 116 teur 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 teur. The rest of the corrections would have been recorded against the accumulated profits of 2022. In addition, the other changes include the adjustment to the share capital of the previous accounting periods (3 teur). In other changes, there is also 101 teur from the share reward systems that were dissolved in 2023. There is also an adjustment to the share capital of previous financial periods (3 teuro).

*ECL correction 2023, see note 13

Consolidated cash flow statement

EUR 1,000	1 Jan-31 Dec, 2024	1 Jan-31 Dec, 2023 restated
Cash flow from operating activities		
Profit (loss) for the period	**-1,204**	***-138**
Adjustments for items not included in cash flow		
Depreciation and impairment	1,284	684
Credit losses	5,418	*5,803
Income taxes	113	3
Other adjustments	200	-101
Adjustments total	**7,016**	***6,389**
Cash flows from operating from operating before changes in operating assets and liabilities	**5,812**	**6,252**
Increase (-) or decrease (+) in operating assets		
Claims on the public and public sector entities	43,075	-17,586
Other assets	973	-346
Increase (-) or decrease (+) in operating liabilities		
Liabilities to the public and public sector entities	125,775	22,055
Other liabilities	-5,288	-1,235
Cash flow from operating activities	**170,347**	**9,140**
Investing activities		
Investments in tangible assets	-23	-2
Investments in intangible assets	-562	-744
Proceeds from sales of tangible assets	35	
Acquisition of subsidiaries less acquired cash	2,106	0
Disposal of subsidiaries		109
Cash flow from investing activities	**1,556**	**-637**
Cash flow from financing activities		
Debt securities issued to the public	-5,230	0
Liabilities to credit institutions	-13,573	0
Share issue	469	0
Repayments of lease liabilities	-331	-147
Cash flow from financing activities	**-18,666**	**-147**
Change in cash and cash equivalents	**153,237**	**8,356**
Cash and cash equivalents at the beginning of period	134,825	126,469
Cash and cash equivalents at the end of period	**288,063**	**134,825**
Cash and equivalents are formed by the following items:		
Cash and cash equivalents	279,361	129,364
Claims on credit institutions	8,701	5,461
Cash and cash equivalents at the end of period	**288,063**	**134,825**

*ECL correction 2023, see note 13

Notes for cash flow		
Interest received	27,772	23,342
Interest paid	-4,162	-3,136

The cash flow from financing activities of the review period, EUR -18.9 million, reflects the payment of PURO Finance Oy's external financing, which was implemented immediately after the combination with the Alisa Group.

NOTES

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

At the beginning of the accounting period, the parent company Alisa Bank Plc and its wholly owned subsidiaries Mobify Invoices Oy, Lainaamo Oy, Fellow Finance Estonia OÜ, Fellow Finance Deutschland GmbH, Fellow Finance Česko s.r.o. formed the group. In May 2024 PURO Finance Oy and PURO Finance SPV 1 Oy became 100 percent owned subsidiaries of Alisa Group.

The group's structure was simplified during the financial period. In spring 2024 Lainaamo Oy was merged with Alisa Bank Plc and Fellow Finance Estonia ceased to operate. In November 2024 Mobify Invoices Oy and PURO Finance Oy were merged into the parent company. Lainaamo Oy, Fellow Finance Estonia OÜ and Fellow Finance Česko s.r.o. had no active business during the financial year.

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). Alisa Bank Plc offers its services to Denmark and Sweden 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 and granting new loans to personal customers abroad has been stopped. Alisa Bank Plc is listed on the main list of the Nasdaq Helsinki. Alisa Bank Plc’s head office is located at Bulevardi 21 A, 00180 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 2024 financial statements of Alisa Bank Plc. The accounting principles are the same as in the 2024 financial statements. The figures in the tables are presented in thousands of euros, unless otherwise stated. During the financial year, no new standards have entered into force that would affect Alisa Bank’s financial statements. In 2027, the new IFRS 18 Presentation and Disclosure in Financial Statements standard will enter into force, which will replace the IAS 1 standard and which will especially change the way the income statement is presented. Income and expenses are classified into operating, investment and financing categories, and the standard will also increase the key figures presented.

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 accounting treatment of PURO Finance Oy's acquisition has also required the management to draw up estimates and consider them. The acquisition has been treated in the consolidated financial statements as a business combination using the acquisition method. Acquired assets and liabilities have been valued at fair value. The main differences between PURO Finance's balance sheet prepared in accordance with FAS accounting and fair values are related to the valuation of the credit portfolio. EUR -1.0 million impairment adjustment was applied to the credit base acquired in connection with the combination due to the decrease in value due to credit risk (POCI according to IFRS 9, purchased or originated credit impaired). That part of the credit portfolio in question has been valued at zero at the time of acquisition and is therefore not subject to an ECL provision. The fair value of the acquired credit portfolio at the time of acquisition was EUR 25.5 million. In addition, estimates based on historical data related to customer contracts have been used in the valuation of customer contracts identified as a new balance sheet item in the combination. The management's judgment is also related to the allocation of goodwill as part of the acquisition process.

The figures for the financial year 2023 have been retroactively adjusted in accordance with the IAS 8 standard due to a system-technical calculation error that occurred in June and December 2023. The ECL provision was erroneously 443 thousand euros too small. Error was 258 thousand euros in December 2023 and 185 thousand euros in June 2023. Alisa Bank's result would have been 443 thousand euros lower than reported in the financial statements, i.e. the restated result for the fiscal year 2023 is -138 thousand euros instead of 306 thousand euros. In the income statement, the adjustment was made to the "impairment of receivables" line, and the adjustment affects the sum lines after that. In the balance sheet, the correction had a decreasing effect on the line "Claims on the public and public sector entities" and “result for the year”. Corrections have also been made to the 2023 cash flow statement, statement of changes in equity, the notes and key figures that are affected by the above-mentioned accounts.

Note 3. Net interest income

EUR 1,000	Jan 1-Dec 31, 2024	Jan 1-Dec 31, 2023
Interest income		
Receivables from credit institutions	11,628	4,067
Claims on the public and public sector entities	17,907	16,004
Total interest income using the effective interest method	**29,535**	**20,071**
Interest expenses		
Liabilities to the public and public sector entities	-13,892	-4,803
Debt securities issued to the public	-496	-495
Other interest expenses	-72	-16
Interest expenses, total	**-14,460**	**-5,314**
Net interest income	**15,075**	**14,757**

The method of calculating the effective interest was refined during the 2024 fiscal year in relation to the commissions of partners in deposits and sales invoice financing, and it had an effect of EUR

1.3 million between interest expenses and commission expenses in 2024. Interest expenses increased and commission expenses decreased.

Note 4. Fee and commission income and expenses

EUR 1,000	Jan 1-Dec 31, 2024	Jan 1-Dec 31, 2023
Fee and commission income		
Lending	2,336	2,014
Peer to peer lending	449	951
BaaS income	122	
Other fee and commission income	74	215
Fee and commission income, total	**2,981**	**3,180**

	Jan 1-Dec 31, 2024	Jan 1-Dec 31, 2023
Fee and commission expenses		
Lending	-43	-176
Other fee and commission expenses	-1,122	-1 219
Fee and commission expenses, total	**-1,166**	**-1 395**

	Jan 1-Dec 31, 2024	Jan 1-Dec 31, 2023
Timing of revenue recognition		
At a point of time	888	918
Over time	2,093	2,263
Total	**2,981**	**3,180**

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, EUR 1,000	Jan 1-Dec 31, 2024	Jan 1-Dec 31, 2023
Expected credit losses on receivables		
Realized credit losses on loans granted during the financial year	-267	-320
Realized credit losses on loans granted before the beginning of the financial year	-5,906	-6,402
Total	**-6,173**	**-6,722**
Expected credit loss change	646	*1,279
Realized and expected credit losses	**-5,527**	***-5,443**

*ECL correction 2023, see note 13

The change in the expected credit loss reservation with an impact on profit was a positive 0.6 million euros (1.3*). This change resulted from both the decrease in the loan portfolio for individual customers and the recognition of final credit losses on corporate loans. In the comparison period, the release of the ECL provision was influenced by the sale of the Polish loan portfolio and the relative decrease in the share of the old peer-to-peer loan portfolio within the total portfolio.

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 was an increase of about EUR 0.3 million (2023: a decrease of 0.5): A Change concerning the handling of defaulted customers increased ECL provision by EUR 0.1 million. The price change in the sales contract for overdue receivables has the effect of increasing the provision by EUR 0.1 million. During the financial year, there were also minor increases in the ECL provision due to updates in macroeconomic parameters and changes in the handling of personal guarantees.

The provision for expected credit losses in the financial statements on December 31, 2024 includes a total of EUR 0.3 million (0.9) 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 2024), EUR 1,000	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Risk class 5	34,915	335	13	35,264
Risk class 4	50,794	1,462	22	52,278
Risk class 3	27,285	1,197	90	28,572
Risk class 2	15,345	1,190	12	16,546
Risk class 1	6,435	441	97	6,973
Risk class 0	1,806	1,145	6,904	9,855
Cross carrying amount	**136,579**	**5,771**	**7,138**	**149,488**
ECL-reservation	-1,053	-515	-4,209	-5,776
Net carrying amount	**135,526**	**5,256**	**2,929**	**143,711**

*ECL correction 2023, see note 13

Exposure to credit risk by risk category (31 December 2023), EUR 1,000	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	*-530	*-4,428	*-6,427
Net carrying amount	**159,075**	***5,084**	***2,280**	***166,439**

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, EUR 1,000	Stage 1	Stage 2	Stage 3	Total
Loan receivables from customers 1 January 2024	160,543	5,614	6,708	172,866
Transfers from stage 1 to stage 2	-4,841	4,225	0	-616
Transfers from stage 1 to stage 3	-3,267	0	2,678	-588
Transfers from stage 2 to stage 1	905	-1,153	0	-248
Transfers from stage 2 to stage 3	0	-680	533	-148
Transfers from stage 3 to stage 1	35	0	-43	-8
Transfers from stage 3 to stage 2	0	44	-51	-7
Increases due to origination and acquisition	353,076	1,167	1,230	355,474
Decreases due to derecognition	-362,975	-994	-637	-364,605
Decreases in the allowance account due to write-offs	-6,897	-2,452	-3,281	-12,630
Loan receivables from customers 31 December 2024	**136,579**	**5,771**	**7,138**	**149,488**

Transition of loan receivables, EUR 1,000	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**

*ECL correction 2023, see note 13

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, EUR 1,000	Stage 1	Stage 2	Stage 3	Total
ECL- reservation 1 January 2024	1,469	530	4,428	6,427
Transfers from stage 1 to stage 2	-72	385	0	313
Transfers from stage 1 to stage 3	-139	0	1,439	1,300
Transfers from stage 2 to stage 1	13	-54	0	-42
Transfers from stage 2 to stage 3	0	-73	283	210
Transfers from stage 3 to stage 1	1	0	-36	-35
Transfers from stage 3 to stage 2	0	2	-17	-14
Increases due to origination and acquisition	712	26	340	1,078
Changes in credit risk	-156	76	92	12
Decreases due to derecognition	-683	-26	-438	-1,146
Decreases in the allowance account due to write-offs	-91	-353	-1,883	-2,326
ECL- reservation 31 December 2024	**1,053**	**515**	**4,209**	**5,776**

Reconciliation of expected credit losses, EUR 1,000	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	7,89	0	705
Transfers from stage 1 to stage 3	-6,42	0	1,998	1,356
Transfers from stage 2 to stage 1	5	-1,13	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	*-394	*819	*77
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**	***530**	***4,428**	***6,427**

Note 6. Earnings per share

EUR 1,000	Jan 1-Dec 31, 2024	Jan 1-Dec 31, 2023
Profit attributable to the shareholders of the parent	-1,204	-138*
Weighted average number of the shares	125,321,333	88,332,182
Share and option rights for share-based incentive programs	3,298,330	4,338,789
Earnings per share, basic, EUR	**-0.01**	**0.00**
Earnings per share, diluted, EUR	**-0.01**	**0.00**

*ECL correction 2023, see note 13

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

EUR 1,000 Assets	Amortised cost	Total	Measured at fair value	Dec 31, 2024 Value hierarchies
Cash and equivalents	279,361	279,361	279,361	1
Claims on credit institutions	8,701	8,701	8,701	1
Claims on the public and public sector entities	143,711	143,711	150,529	2
Total	**431,774**	**431,774**	**438,591**	

Liabilities	Amortised cost	Total	Measured at fair value	Value hierarchies
Liabilities to the public and public sector entities	394,639	394,639	394,970	2
Subordinated liabilities	6,218	6,218	6,007	2
Total	**400,857**	**400,857**	**400,977**	

EUR 1,000 Assets	Amortised cost	Total	Measured at fair value	Dec 31, 2023 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	*166,438	*166,438	*166,438	2
Total	***301,263**	***301,263**	***301,263**	

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**	

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

*ECL correction 2023, see note 13

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.

Valuation of the Fair Value of Financial Instruments

The determination of the fair value of financial instruments has been clarified for the fiscal year 2024. The comparative period information has not been retrospectively adjusted. For cash and cash equivalents and claims on credit institutions, the fair value corresponds to the nominal value. Claims on the public and public sector entities include granted loans, for which the fair value is determined by discounting the expected future contract-based cash flows at the market interest rates at the reporting date, less expected credit losses.

The fair value of deposits included in liabilities to the public and public sector entities is determined by discounting the future cash flows at the market interest rates at the reporting date. For subordinated liabilities, the discount rate reflects the margin corresponding to the instrument's priority position.

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, 2024			
EUR 1,000	**under 3 months**	**3-12 months**	**1-5 years**	**5-10 years**	**over 10 years**	**Total**
Assets						
Cash and equivalents	279,361					**279,361**
Claims on credit institutions	8,701					**8,701**
Claims on the public and public sector entities	42,911	20,363	62,029	15,428	2,981	**143,711**
Liabilities						
Liabilities to the public and public sector entities	355,340	19,313	19,986			**394,639**
Lease liabilities	99	305	450			**854**
Subordinated liabilities		118	6,100			**6,218**
Off-balance sheet commitments	4,861					**4,861**

EUR 1,000	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			**268,864**
Lease liabilities	40	122	342			**503**
Subordinated liabilities	110		6,100			**6,210**
Off-balance sheet commitments	5,647					**5,647**

Note 9. Liabilities

Liabilities to the public and public sector entities, EUR 1,000	Dec 31, 2024	Dec 31, 2023
Deposits	394,639	268,864
Liabilities to the public and public sector entities total	**394,639**	**268,864**

Subordinated liabilities	Dec 31, 2024	Dec 31, 2023
Debentures	6,218	6,210
Subordinated liabilities total	**6,218**	**6,210**

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

EUR 1,000	Dec 31, 2024	Dec 31, 2023
Off-balance sheet items		
Unused credit facilities	4,861	5,647
Total	**4,861**	**5,647**

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 68 thousand (EUR 41 thousand).

*ECL correction 2023, see note 13

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

During the reporting period, business transactions with related parties, board and executive team members, mainly consisted of Alisa Bank's deposit liabilities, debenture loans and related interest. In addition, in connection with the combination with PURO Finance, share subscription loans granted to some of PURO Finance's personnel were transferred to Alisa Bank Group, of which the share granted to related parties is shown in the table below.

Related party transactions, EUR 1,000	Dec 31, 2024	Dec 31, 2023
Receivables	83	0
Liabilities	345	509
Expenses	21	16
Total	**448**	**525**

Note 12. Business combinations

Alisa Bank Plc and PURO Finance Oy announced on 10 April 2024 that they had agreed on the combination of the companies through a share exchange whereby Alisa Bank acquires the entire share capital of PURO Finance from its previous owners. According to the share exchange agreement, Alisa Bank acquired PURO Finance from its previous shareholders for a purchase price consisting of 58,878,721 new issued Alisa Bank shares. The final transaction took place on May 15, 2024, when control passed to Alisa Bank Plc. PURO Finance specializes in factoring, i.e. invoice financing. Together with its partners, PURO offers a reliable and effortless accounts receivable financing service that combines customer invoicing, financing, credit insurance, collection and accounting. PURO Finance was merged with Alisa Bank Plc on November 2024.

The acquisition has been treated in the consolidated financial statements as a business combination using the acquisition cost method. EUR 0.9 million of the purchase price was allocated to customer contracts and EUR 7.3 million goodwill was generated. Goodwill reflects the synergies arising from the merger both on the income and expense side. The expected synergies on the revenue side are mainly based on cross-selling opportunities, a growing number of customers and improved competitiveness. Financial synergy is achieved when PURO Finance's debt financing is replaced by Alisa Bank's financing based mainly on deposit funds. Synergies on the cost side are expected to be achieved by cutting overlapping operational costs, making operations more efficient when the companies adopt the best practices of both parties, and through enhanced credit risk management as a reduction in the probability of credit losses.

In the targeted issue, Alisa's price per share was EUR 0.2, the number of new shares was 58,878,721 shares, so EUR 11,775,744 was the purchase price. The per-share price of EUR 0.2 was the closing price on May 15, 2024.

The pre combination operating income of PURO Finance from 1 January to 14 June 2024 was EUR

9.5 million. If the acquisition had already taken place at the beginning of 2024, the operating income of PURO Finance would have been included in the Alisa Group as such. Alisa Bank's income 2024 includes PURO Finance's income of approximately EUR 5.9 million.

The transaction costs of the acquisition were EUR 1.4 million. EUR 0.8 million of the transaction costs are booked in income statement as non-recurring items. Transaction costs are booked in other operating expenses or administrative expenses according to their nature. The rest of the costs are shown in equity as costs incurred from the issuance of shares and as costs recorded in PURO Finance's result before the combination.

The fair values and acquisition price of the acquired net assets are presented in the table below.

EUR 1,000	**Fair values of acquired assets and liabilities on 14 May 2024 (PURO Finance Group)**
Assets	
Cash and equivalents	**2 106**
Claims on the public and public sector entities	**26 778**
Adjustment to the value of the loan portfolio	**-1 012**
Intangible assets and goodwill	**1 403**
Property, plant and equipment	**56**
Other assets	**11**
Accrued income and prepayments	**11**
Assets total	**29 353**
Liabilities	
Liabilities to credit institutions	**13 573**
Debt securities issued to the public	**5 230**
Other liabilities	**5 562**
Accrued expenses and deferred income	**321**
Deferred tax liabilities	**177**
Income tax receivables	**40**
Liabilities total	**24 902**
Acquired net assets	**4 451**
Acquisition consideration (58,878,721 shares)	**11 776**
Goodwill	**7 325**

*ECL correction 2023, see note 13

Note 13. Corrections to previously reported 2023 figures

The figures for the financial year 2023 have been retroactively adjusted in accordance with the IAS 8 standard due to a system-technical calculation error that occurred in June and December 2023. The ECL provision was erroneously 443 thousand euros too small. Error was 258 thousand euros in December 2023 and 185 thousand euros in June 2023. Alisa Bank's result would have been 443 thousand euros lower than reported in the financial statements, i.e. the restated result for the fiscal year 2023 is -138 thousand euros instead of 306 thousand euros. In the income statement, the adjustment was made to the "impairment of receivables" line, and the adjustment affects the sum lines after that. In the balance sheet, the correction had a decreasing effect on the line "Claims on the public and public sector entities" and “result for the year”. Corrections have also been made to the 2023 cash flow statement, statement of changes in equity, the notes and key figures that are affected by the above-mentioned accounts.

EUR 1,000	**Jan-Dec 2023 reported**	**Jan-Dec 2023 correction**	**Jan-Dec 2023 restated**
Realized and expected credit losses	-4,999	-443	-5,443
Profit before taxes	**303**	**-443**	**-140**
Result for the year	**306**	**-443**	**-138**
Earnings per share (EPS), basic, EUR	0,00	0,00	0,00
Earnings per share (EPS), diluted, EUR	0,00	0,00	0,00
Claims on the public and public sector entities	166,882	-443	166,438
Assets total	**312,841**	**-443**	**312,398**
Retained earnings	-12,044	-443	-12,487
Equity attributable to equity holders of the parent	26,162	-443	25,719
Liabilities and equity total	**312,841**	**-443**	**312,398**

	Jul-Dec 2023 reported	**Jul-Dec 2023 correction**	**Jul-Dec 2023 restated**
Realized and expected credit losses	-2,765	-258	-3,023
Profit before taxes	**-87**	**-258**	**-345**
Result for the year	**42**	**-258**	**-216**
Earnings per share (EPS), basic, EUR	0.00	0.00	0.00
Earnings per share (EPS), diluted, EUR	0.00	0.00	0.00
Claims on the public and public sector entities	166,882	-443	166,438
Assets total	**312,841**	**-443**	**312,398**
Retained earnings	-12,044	-443	-12,487
Equity attributable to equity holders of the parent	26,162	-443	25,719
Liabilities and equity total	**312,841**	**-443**	**312,398**

	Jan-Jun 2023 reported	Jan-Jun 2023 correction	Jan-Jun 2023 restated
Realized and expected credit losses	-2,235	-185	-2,420
Profit before taxes	**390**	**-185**	**204**
Result for the year	**264**	**-185**	**79**
Earnings per share (EPS), basic, EUR	0.00	0.00	0.00
Earnings per share (EPS), diluted, EUR	0.00	0.00	0.00
Claims on the public and public sector entities	165,250	-185	165,065
Assets total	**287,527**	**-185**	**287,431**
Retained earnings	-11,894	-185	-12,079
Equity attributable to equity holders of the parent	26,312	-185	26,126
Liabilities and equity total	**287,527**	**-185**	**287,431**

Note 14. Material events after the end of the financial year

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

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