



# Fellow Bank Interim Report H1/2022

Investor and analyst presentation 25.8.2022

# Fellow Bank started operations in April 2022

Fellow<sup>o</sup>



*Banking*



FELLOW FINANCE



Fellow<sup>o</sup>  
BANK

- Well-capitalised bank operating since 2001
- Deep knowledge and experience in banking and risk management
- Recognized for excellent customer service
- Sizeable existing client and deposit base

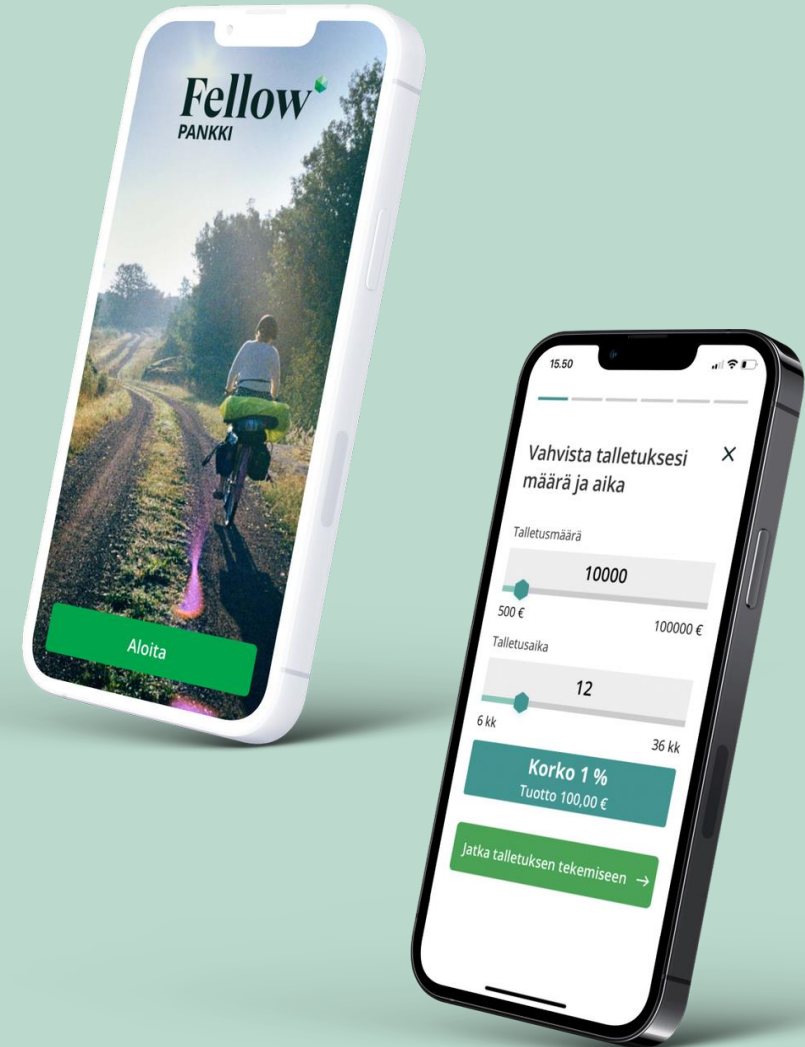
- Crowdfunding company founded in 2013
- Strong experience in consumer and SME lending
- Total intermediated financing volume over 900 million EUR
- Strong track record in developing digital services
- Machine learning utilised credit scoring models based on over 200 000 issued loans

- A new digital and customer-friendly bank in Finland
- Serves SMEs and private individuals
- The organisations and experience of the merging companies supporting each other and creating synergies
- The existing deposit base and the broad customer base of Fellow Finance enabling a brisk start in business

# H1/2022 in brief

- Launch of banking operations and merger with Evli Bank succeeded excellently.
- New digital banking services have received positive response from customers, with measured customer satisfaction rate NPS 61.
- Loan portfolio increased during the period to EUR 114.5 million.
- Deposits remained at a stable level and totaled EUR 223.4 million.
- Profit before taxes EUR -7.4 million was clearly negative as expected due to non-recurring costs related to the banking launch, frontloaded credit loss reservations and increased fixed cost level.
- Strategic development projects progressing as planned and new digital banking services will be launched during H2/2022.
- Capital adequacy was at a good level: total capital ratio was 19.4 percent.

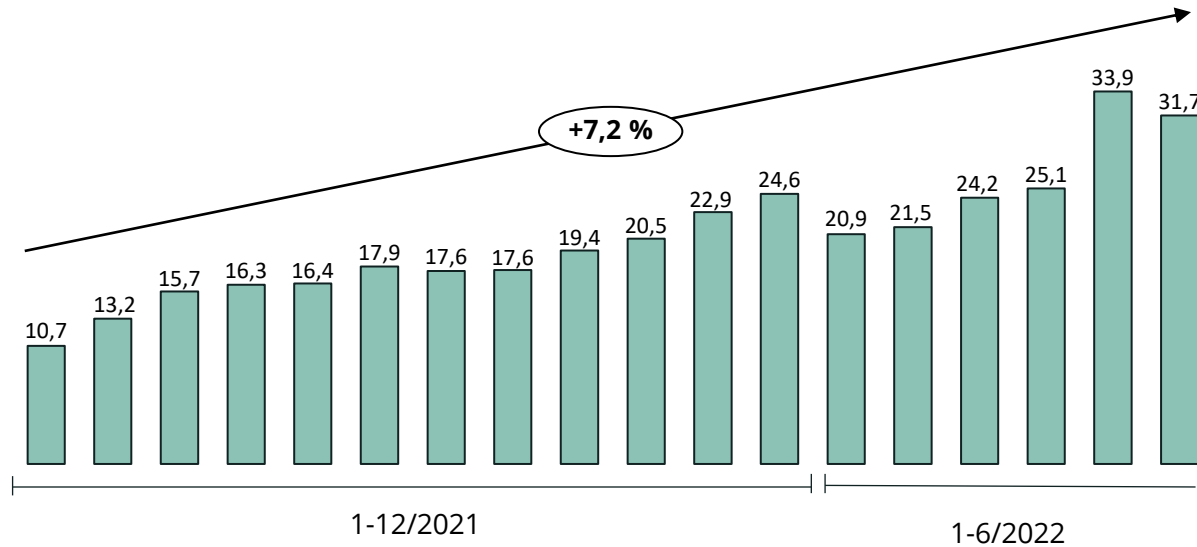
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# Key figures

## Lending volumes increased substantially since the bank launch

M€ Monthly Lending Volume (average monthly growth)

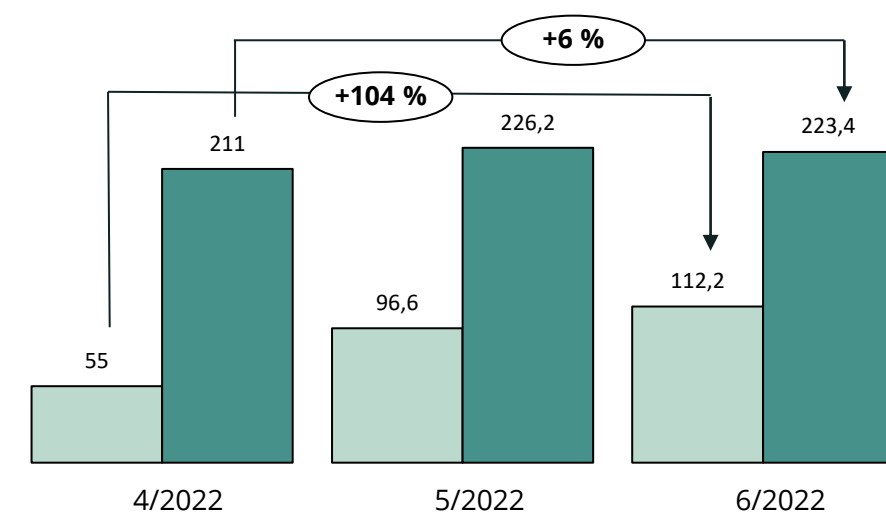


## Strong customer base

- In total, over 48 000 active customers
- New customer acquisition has accelerated since the banking start
- Solid savings customer base with Evli Baas integration

## Strong loan portfolio growth and stable deposits

M€ Loan portfolio (gross capital) Deposits



## Growth drivers going forward

- Lower funding costs allow more competitive pricing
- Efficient digital customer acquisition channels
- Broader set of products and services for the customers
- Increased brand awareness and recognition

# Financial result H1 and market outlook

## Income statement

€ 1000	1-6/2022	1-6/2021 (adjusted)
Net interest income	2 463	1 600
Net fees and commissions	9	2 239
Net investment income	-102	0
Other income	0	41
<b>Total income</b>	<b>2 370</b>	<b>3 879</b>
Personnel expenses	-2 556	-1 509
Other administrative expenses	-1 776	-656
Depreciation and amortization	-324	-249
Other operating expenses	-920	-206
<b>Total operating expenses</b>	<b>-5 577</b>	<b>-2 620</b>
Impairment of receivables	-4 174	-1 104
<b>Profit before taxes</b>	<b>-7 381</b>	<b>156</b>
<b>Profit before tax excl. non-recurring expenses</b>	<b>-6 174</b>	

## Balance sheet

€ 1000	30.6.2022	31.12.2021
Liquid assets	152 162	3 457
Loans to customers	106 589	13 439
Tangible and intangible assets	8 201	1 672
Other asset	23 839	3 851
<b>Total assets</b>	<b>290 790</b>	<b>22 418</b>
Deposits from customers	223 373	0
Long term debt funding	0	8 402
Other liabilities	37 962	2 227
Equity	29 455	11 790
<b>Total liabilities and equity</b>	<b>290 790</b>	<b>22 418</b>

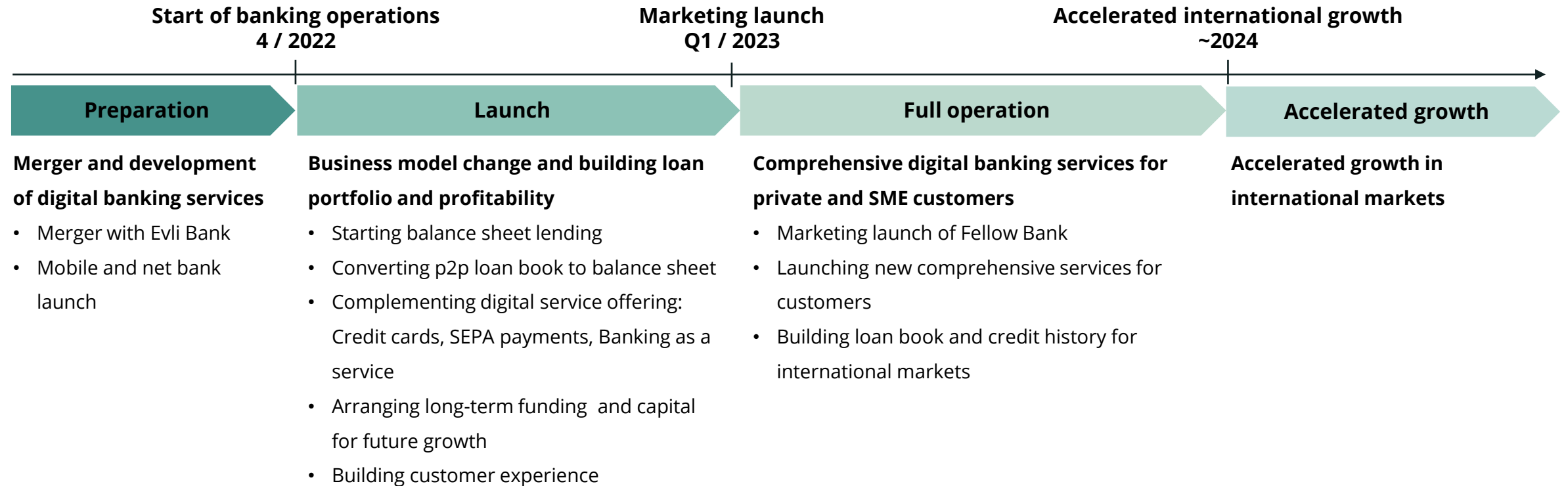
## Financial result

- Profit before taxes EUR -7.4 million was negative as expected due to
  - Non-recurring costs related to the banking launch
  - Frontloaded credit loss reservations and new customer acquisition costs
  - Increased fixed cost level
- Strong loan portfolio growth increased credit loss reservations to EUR 3.5 million (0.3).
  - Realised credit losses are on a moderate level: EUR 0.7 million (0.8).

## Market Outlook

- Demand continued and is estimated to remain on a strong level in both private and SME customers.
- Despite the economic uncertainty, the employment rate has developed favorably and is estimated to stay at high level, which supports stable payback performance going forward.
- The rising interest rate levels and market uncertainty do not have a material impact on the bank's financial outlook.

# Strategic roadmap



# Service development pipeline

## Development roadmap

Private customers

### Towards top class daily mobile banking services

- Launch of mobile and net bank platforms, new features implemented continuously
- Credit card (H2/2022)
- SEPA Payment accounts (H2/2022)
- BNPL co-operation with Paytrail Oy (H2/2022)
- Acquisition of Mobify Invoices Oy to strengthen mobile development capabilities

SME Customers

### Towards comprehensive banking and funding services for SMEs

- Baas (Banking as a Service) co-operation with accounting companies
- Company credit card (H2/2022)

Savings customers

### Towards stable and efficient funding base

- Integration to German deposit comparison portal Raisin (7/2022)
- Net bank for corporate customers opened (6/2022)

## Services

Digital daily banking services	
Current accounts	Savings account
Credit Card	Consumer Loans
Buy Now Pay Later	Car Loans
Personal Finance Management Tools	
Comprehensive services for SME's	
Current accounts	Overdraft facility
Invoice Financing	Buy Now Pay Later
Credit Card	Business Loans
Integrations to Accounting Platforms (BaaS)	
Competitive and stable interest yield	
Savings Account	Fixed Term Deposits

  Launch during H2/2022
   In 2023 pipeline

# Future outlook



## Long term financial targets

Customer satisfaction	<ul style="list-style-type: none"><li>Fellow Bank strives for excellent customer satisfaction exceeding industry benchmarks</li></ul>
Growth	<ul style="list-style-type: none"><li>Fellow Bank aims for annual growth of more than 25 % of the loan portfolio</li></ul>
Profitability	<ul style="list-style-type: none"><li>Fellow Bank aims for over 15% ROE by the end of the target period</li></ul>
Capital adequacy	<ul style="list-style-type: none"><li>Fellow Bank aims for a capital adequacy ratio of at least 18 % (T1)</li></ul>

## Outlook for 2022

- The bank's loan portfolio is estimated to be at least EUR 150 million at the end of 2022
- The result for 2022 is estimated to be clearly negative
- Loss for the second half of 2022 is estimated to be clearly smaller than H1 2022 as a result of increasing interest revenue and reduced cost level
- To secure growth, company has initiated actions to strengthen equity during the fall of 2022

## Reaching profitability H1/2023

- Given the market conditions remain favorable, positive monthly profit level is estimated to be reached during the first half of 2023.
- This requires a loan portfolio of around EUR 180 million, considering the bank's estimated cost level and lending interest margin.



# Focus for the remaining year

## Financial

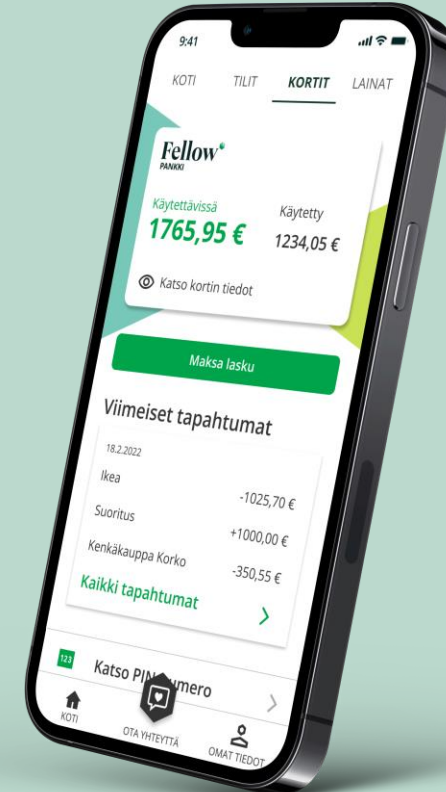
- Improve profitability with growing interest revenue and cost savings
- Reach minimum 150M€ loan portfolio

## Strategic

- Finalise strategic development projects and launch comprehensive digital banking services for customers

## Operational

- Continue excellent customer service and maintain high customer satisfaction rates



A person is riding a bicycle away from the camera on a gravel path that winds through a lush, green wooded area. The path is flanked by tall grasses and dense trees. The scene is captured in a cinematic style with soft lighting and a slight lens flare effect on the path. The overall mood is peaceful and scenic.

Thank you

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