

Entering profitable territory

Alisa Bank's H1 results were weak, as expected, but gave further confirmation of the profit levels to be expected going forward after the combination with PURO Finance.

Top- and bottom-line in line with estimates

Alisa Bank reported H1 results, that on top- and bottom-line basis corresponded to our estimates. Total income amounted to EUR 7.7m (Evli EUR 8.0m), with NII (EUR 7.2m/6.9m act./Evli) slightly better than anticipated while an elevated fee expense level saw lower than anticipated net fee and commission income (EUR 0.4m/1.0m act./Evli). Lower than anticipated total OPEX was a positive, at EUR 6.4m (Evli EUR 7.1m), which coupled with slightly lower realized and expected credit losses (H1: 3.4% of credit portfolio) and the slightly lower top-line resulted in PTP of EUR -2.0m close to our EUR -2.1m estimate. The loan portfolio (before expected credit losses) grew 11% y/y to EUR 192.6m, driven by the combination with PURO Finance.

Expecting clearly more profitable figures going forward

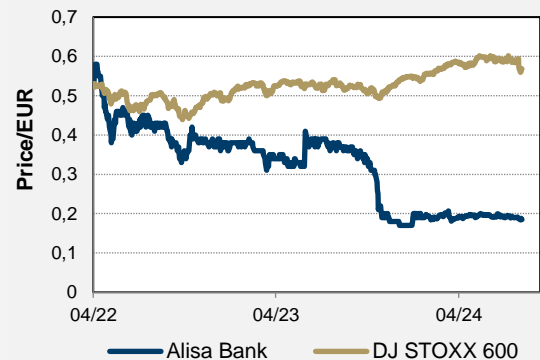
Our 2024e estimates remain close to unchanged after some smaller readjustments to OPEX and income expectations, with our changes to coming year estimates essentially limited to an increase in 2025e PTP. The H1 report in our view held little new information but acted as a further confirmation to the expected run-rate profitability levels after the combination with PURO, which crudely speaking, could be some EUR 3-5m in PTP based on the implied EUR 1.5m-2.5m level for H2/2024 from the company's guidance. Our 2025e PTP estimate of EUR 3.0m reflects uncertainty relating to expected interest rate cuts, the speed of planned shift in the loan portfolio to higher margin products and loan loss levels having remained somewhat on the higher side.

HOLD with a target price of EUR 0.18 (0.20)

Our estimates put 2025e P/E at 10.8x, while the peer average stands at 6.6x. The expected boost in profitability levels is a good start for increasing the attractiveness of the investment case. Given the current constraints to lending due to capital ratio targets and short-term reliance on growth mainly through improving lending margins, current valuation levels in our view remain fair.

Rating

■ HOLD



Share price, EUR (Last trading day's closing price) 0.17

Target price, EUR 0.18

Latest change in recommendation 16-Feb-24

Latest report on company 22-May-24

Research paid by issuer: YES

No. of shares outstanding, '000's 127,585

No. of shares fully diluted, '000's 127,585

Market cap, EURm 26

Free float, % -

Exchange rate -

Reuters code ALISA.HE

Bloomberg code ALISA FH

Average daily volume, EURm -

Next interim report -

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+ BUY ■ HOLD - SELL

KEY FIGURES

	Revenues EURm	Op. profit EURm	Net profit EURm	EPS EUR	P/E (x)	P/B (x)	Cost/income %	ROE %	Div. yield %	DPS EUR
2022	10	-10	-9	-0.10	-3.6	1.2	113.1	-34.7	0.0	0.00
2023	17	0	0	0.00	83.9	0.6	68.2	0.7	0.0	0.00
2024E	19	0	-1	0.00	-36.3	0.7	68.5	-2.0	0.0	0.00
2025E	23	3	2	0.02	10.8	0.7	60.3	6.4	0.0	0.00
2026E	25	4	3	0.02	8.8	0.6	59.6	7.3	0.0	0.00

All the important disclosures can be found on the last pages of this report.

Market cap, EURm	26	BV per share 2024E, EUR	0.2	CAGR EPS 2023-26, %	113.8
Equity 2024E, EURm	36	Loan losses 2024E, %	3.46	CAGR op. profit 2023-26, %	174.0
Total assets, 2024E, EURm	581	Tax rate 2024E, %	-122.8	CAGR revenues 2023-26, %	14.8
Lending 2024E, EURm	198	Tier 1 ratio 2024E, %	12.2	CAGR DPS 2023-26, %	0.0
RWA 2024E, EURm	162	Capital ratio 2024E, %	15.1	PEG, P/E 24/CAGR	-0.3

Alisa Bank	2022	H1/'23	H2/'23	2023	H1/'24	H2/'24E	2024E	2025E	2026E
Total income	10.3	8.4	8.3	16.7	7.7	11.6	19.3	23.1	25.1
<i>growth %</i>		253.2%	5.6%	62.8%	-8.5%	39.8%	16 %	19 %	9 %
Net interest income	9.1	7.4	7.3	14.8	7.2	10.7	17.9	21.2	23.0
Net fee income	1.5	0.8	0.9	1.8	0.4	0.9	1.3	1.8	2.0
Other operating income	-0.3	0.1	0.1	0.2	0.1	0.1	0.1	0.1	0.1
Personnel expenses	-5.4	-2.8	-2.7	-5.5	-3.0	-3.7	-6.7	-7.6	-8.2
Other administrative expenses	-4.5	-2.2	-2.3	-4.5	-2.7	-2.3	-5.0	-4.6	-4.8
Depreciation and amortization	-0.7	-0.4	-0.4	-0.8	-0.6	-0.6	-1.2	-1.3	-1.4
Other operating expenses	-1.0	-0.4	-0.2	-0.6	-0.1	-0.2	-0.3	-0.4	-0.5
Total operating expenses	-11.6	-5.7	-5.7	-11.4	-6.4	-6.8	-13.2	-13.9	-14.9
Impairment of receivables	-8.3	-2.2	-2.8	-5.0	-3.2	-3.1	-6.3	-6.2	-6.5
Pre-tax profit	-9.7	0.4	-0.1	0.3	-2.0	1.7	-0.3	3.0	3.6
-Excl. one-offs					-1.0	1.7	0.7		
Income taxes	0.7	-0.1	0.1	0.0	0.0	-0.3	-0.3	-0.6	-0.7
Net earnings	-9.0	0.3	0.0	0.3	-2.0	1.4	-0.6	2.4	2.9
Loan book	164	167	169	169	193	198	198	215	232

Source: Alisa Bank, Evli Research estimates

ALISA BANK PEER GROUP	MCAP	P/B			P/E		
	MEUR	24	25	26	24	25	26
Resurs Holding	394	0.6x	0.6x	0.5x	11.1x	6.6x	6.3x
TF Bank	479	2.3x	1.8x	1.4x	11.4x	8.7x	7.0x
Morrow Bank	106	0.6x	0.5x	0.5x	7.4x	5.6x	4.8x
Instabank	59	0.8x	0.7x	0.6x	10.9x	7.1x	5.6x
Lea Bank	65	0.6x	0.5x	0.5x	9.4x	6.0x	5.2x
Peer Group Average	194	1.0x	0.8x	0.7x	10.0x	6.8x	5.8x
Peer Group Median	86	0.6x	0.6x	0.5x	10.9x	6.6x	5.6x
Alisa Bank (Evli est.)	25	0.7x	0.7x	0.6x	neg.	10.6x	8.7x

Source Bloomberg, Evli Research

ALISA BANK PEER GROUP	ROE-%			Div. yield		
	24	25	26	24	25	26
Resurs Holding	5.7 %	9.2 %	9.0 %	3.9 %	7.8 %	8.1 %
TF Bank	22.3 %	23.2 %	23.0 %	0.5 %	0.7 %	0.9 %
Morrow Bank	7.8 %	9.5 %	10.2 %	0.0 %	4.6 %	6.9 %
Instabank	7.1 %	10.2 %	11.5 %		5.4 %	5.4 %
Lea Bank	6.0 %	9.0 %	9.9 %	6.9 %	8.8 %	10.0 %
Peer Group Average	9.8 %	12.2 %	12.7 %	2.8 %	5.5 %	6.3 %
Peer Group Median	7.1 %	9.5 %	10.2 %	2.2 %	5.4 %	6.9 %
Alisa Bank (Evli est.)	-2.0 %	6.4 %	7.3 %	0.0 %	0.0 %	0.0 %

Alisa Bank prem./disc. to peer median

Source Bloomberg, Evli Research

INTERIM FIGURES

EVLI ESTIMATES, EURm	2023Q1	2023Q2	2023Q3	2023Q4	2023	2024Q1E	2024Q2E	2024Q3E	2024Q4E	2024E	2025E	2026E
Net interest income	0	7	0	7	15	0	7	0	11	18	21	23
Net commission income	0	1	0	1	2	0	0	0	1	1	2	2
Trading/items at fair value	0	0	0	0	0	0	0	0	0	0	0	0
Other income	0	0	0	0	0	0	0	0	0	0	0	0
Total income	0	8	0	8	17	0	8	0	12	19	23	25
Total costs	0	-6	0	-6	-11	0	-6	0	-7	-13	-14	-15
Profit before loan losses	0	3	0	3	5	0	1	0	5	6	9	10
Loan losses	0	-2	0	-3	-5	0	-3	0	-3	-6	-6	-6
Operating profit	0	0	0	0	0	0	-2	0	2	0	3	4
Taxes	0	0	0	0	0	0	0	0	0	0	-1	-1
Minorities	0	0	0	0	0	0	0	0	0	0	0	0
Net profit	0	0	0	0	0	0	-2	0	1	-1	2	3
EPS	0.00	0.00	0.00	0.00	0.00	0.00	-0.02	0.00	0.02	0.00	0.02	0.02
EPS adjusted (diluted no of shares)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Dividend per share	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

INCOME STATEMENT, EURm	2019	2020	2021	2022	2023	2024E	2025E	2026E
Net interest income	0	0	0	9	15	18	21	23
Net commission income	0	0	0	2	2	1	2	2
Trading/items at fair value	0	0	0	0	0	0	0	0
Other income	0	0	0	0	0	0	0	0
Total income	0	0	0	10	17	19	23	25
<i>Income growth (%)</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>62.0</i>	<i>16.5</i>	<i>19.5</i>	<i>8.7</i>
Total costs	0	0	0	-12	-11	-13	-14	-15
<i>Costs growth (%)</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>-1.7</i>	<i>16.1</i>	<i>5.0</i>	<i>7.5</i>
Profit before loan losses	0	0	0	-1	5	6	9	10
Loan losses	0	0	0	-8	-5	-6	-6	-6
Operating profit	0	0	0	-10	0	0	3	4
<i>Operating profit growth (%)</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>-101.8</i>	<i>-255.6</i>	<i>-1,179.5</i>	<i>22.5</i>
Taxes	0	0	0	1	0	0	-1	-1
Minorities	0	0	0	0	0	0	0	0
Net profit	0	0	0	-9	0	-1	2	3
BALANCE SHEET, EURm								
Assets								
Lending to credit institutions	0	0	0	126	134	364	330	295
Lending to the public	0	0	0	155	169	198	215	232
<i>Growth (%)</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>9.3</i>	<i>17.2</i>	<i>8.6</i>	<i>8.0</i>
Interest-bearing securities	0	0	0	0	0	0	0	0
Other assets	0	0	0	2	2	2	2	2
Total Assets	0	0	0	292	314	581	563	546
<i>Growth (%)</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>7.6</i>	<i>85.1</i>	<i>-3.0</i>	<i>-3.0</i>
Liabilities								
Deposits by credit institutions	0	0	0	0	0	0	0	0
Deposits from the public	0	0	0	247	269	520	500	480
<i>Growth (%)</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>9.0</i>	<i>93.4</i>	<i>-3.8</i>	<i>-4.0</i>
Debt securities in issue	0	0	0	0	0	0	0	0
Subordinated loans	0	0	0	6	6	6	6	6
Other liabilities	0	0	0	13	13	19	19	19
Shareholders' equity	0	0	0	26	26	36	38	41
Total liabilities and equity	0	0	0	292	314	581	563	546

KEY FIGURES	2020	2021	2022	2023	2024E	2025E	2026E
M-cap	0	0	32	15	26	26	26
Total assets	0	0	292	314	581	563	546
Total income	0	0	10	17	19	23	25
Total costs	0	0	-12	-11	-13	-14	-15
Operating profit	0	0	-10	0	0	3	4
Net profit	0	0	-9	0	-1	2	3
Equity	0	0	26	26	36	38	41
Tier 1 capital	0	0	18	18	20	22	25
Risk-weighted assets	0	0	140	147	162	174	187
Loans	0	0	155	169	198	215	232
Valuation multiples							
P/E	0.0	0.0	-3.5	83.9	-36.3	10.8	8.8
P/E, adj.	0.0	0.0	-3.6	83.9	-36.3	10.8	8.8
P/B	0.0	0.0	1.2	0.6	0.7	0.7	0.6
Dividend yield, %	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Target P/E	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Target P/B	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Per share measures							
Number of shares	0	0	87,745	88,332	127,585	147,211	147,211
Number of shares (diluted)	0	0	87,745	88,332	127,585	147,211	147,211
EPS	0.00	0.00	-0.10	0.00	0.00	0.02	0.02
EPS, adj.	0.00	0.00	-0.10	0.00	0.00	0.02	0.02
Book value per share	0.00	0.00	0.29	0.30	0.24	0.26	0.28
Dividend per share	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Dividend payout ratio %	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial ratios							
ROE, %	0.0	0.0	-34.7	0.7	-2.0	6.4	7.3
Adjusted ROE, %	0.0	0.0	-33.5	0.7	-2.0	6.4	7.3
ROA, %	0.0	0.0	-6.2	0.1	-0.1	0.4	0.5
Net interest margin, %	0.0	0.0	2.3	3.4	2.5	3.0	3.2
Cost/income, %	0.0	0.0	113.1	68.2	68.5	60.3	59.6
Loan losses/lending, %	0.00	0.00	9.04	3.00	3.46	3.04	3.01
Tier 1 ratio, %	0.0	0.0	12.6	12.0	12.2	12.7	13.4
Capital ratio, %	0.0	0.0	15.9	15.2	15.1	15.3	15.8
Equity/assets, %	0.0	0.0	8.9	8.3	6.2	6.8	7.5
Loans/assets, %	0.0	0.0	53.0	53.9	34.1	38.2	42.5
Tax rate, %	0.0	0.0	7.0	-1.1	-122.8	20.0	20.0
Number of employees, average	0	0	0	0	0	0	0
Income per employee, EUR	0	0	0	0	0	0	0
Op. profit per employee, EUR	0	0	0	0	0	0	0

COMPANY DESCRIPTION:

INVESTMENT CASE:

OWNERSHIP STRUCTURE	SHARES	EURm	%
Evli Oyj	15.288	2.621	10.4 %
Taaleri Oyj	15.288	2.621	10.4 %
Oy Scripo Ab	13.392	2.296	9.2 %
TN Ventures Oy	8.247	1.414	5.6 %
Oy Prandium Ab	6.902	1.183	4.7 %
Oy T&T Nordcap Ab	5.500	0.943	3.7 %
OP Finland Small Cap	5.497	0.942	3.7 %
Rausanne Oy	5.408	0.927	3.7 %
Bure Capital Oy	4.754	0.815	3.2 %
Avensis Capital Oy	4.624	0.793	3.1 %
Ten largest	84.902	14.56	57.8%
Residual	62.308	10.69	32.2%
Total	147.211	25.247	100%

EARNINGS CALENDAR

OTHER EVENTS

COMPANY MISCELLANEOUS

CEO: Juha Saari

CFO: Kukka Lehtimäki

Tel:

IR:

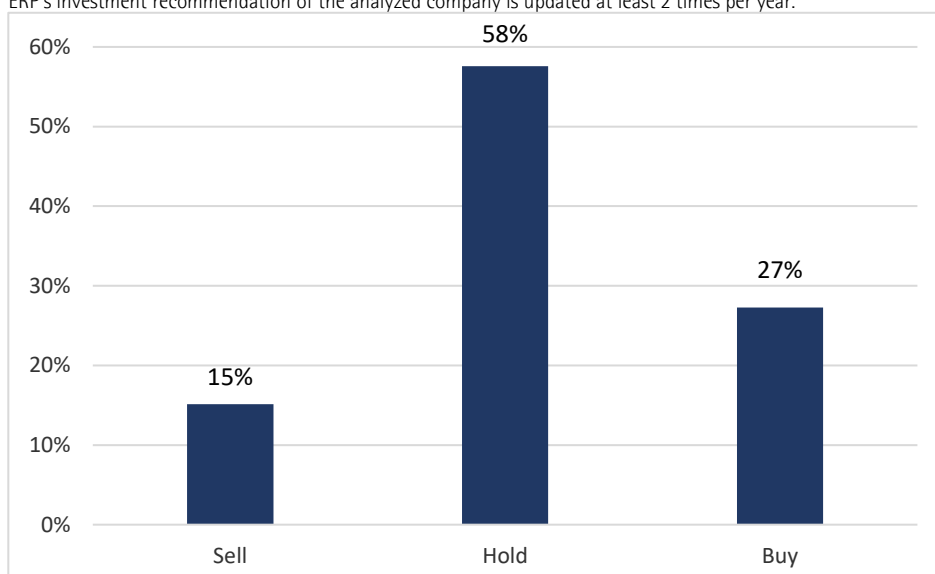
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Investment recommendations are defined as follows:

Target price compared to share price	Recommendation
< -10 %	SELL
-10 – (+10) %	HOLD
> 10 %	BUY

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Name(s) of the analyst(s): Salokivi

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