

## Awaiting pick-up in growth

Alisa Bank reports its H1 results on August 18<sup>th</sup>. The loan portfolio development YTD has been flat, with growing interest rates on deposits adding pressure on H2. The growth potential remains in place, but more proof is needed. We adjust our TP to EUR 0.37 (0.40), HOLD-rating intact.

### Loan portfolio development flat despite volume growth

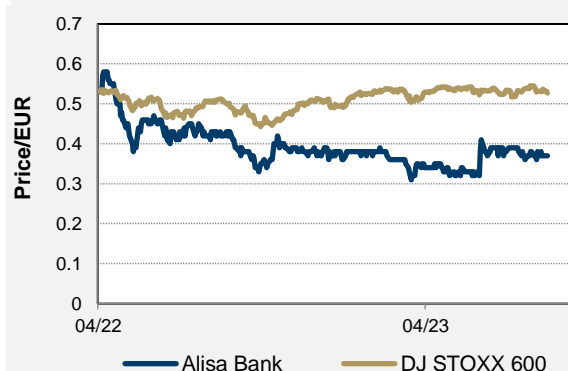
Alisa Bank (Fellow Bank until April, 2023) will report its H1 results on August 18<sup>th</sup>. The company's loan portfolio growth YTD has been sluggish and more or less flat at EUR 157.8m in July. This, despite a rather steady growth in monthly figures for intermediated financing, having seen a peak of nearly EUR 40m in May. Deposits have likewise remained flat, at EUR 249.4m in July. The loan book has remained mostly within the EUR 160–170m mark, which according to the company would be needed to reach positive profit levels. Our net earnings estimate is at EUR 0.1m, with uncertainty relating to realized and expected credit losses.

### Growth needed to counteract increasing interest expenses

We have lowered our estimates for the remained of the year, now expecting near-zero net earnings. The challenge for Alisa Bank in our view right now is the discrepancy between the loan book and deposits. The company has been actively raising the interest on its deposits throughout H2, now at 3%. Without growth of the loan book, interest expenses will start to become a burden on earnings. Therefore, our key interest in the H1 report lies on the company's growth outlook and more recent new products, such as the Banking-as-a-Service cooperation with Talenom.

### HOLD with a target price of EUR 0.37 (0.40)

With the start-up of operations, rebranding (and expected focus on marketing), new products and lending activity remaining fairly good, despite a slower start to 2023, growth potential still remains. Awaiting more signs of growth and on our lowered estimates, we adjust our TP to EUR 0.37 (0.40), HOLD-rating intact.

**Rating** 🟡 HOLD


Share price, EUR (Last trading day's closing price)	0.37
Target price, EUR	0.37

Latest change in recommendation	07-Jun-22
Latest report on company	17-Feb-23
Research paid by issuer:	YES
No. of shares outstanding, '000's	88,332
No. of shares fully diluted, '000's	88,332
Market cap, EURm	33
Free float, %	-
Exchange rate	0.000
Reuters code	ALISA.HE
Bloomberg code	ALISA FH
Average daily volume, EURm	-
Next interim report	18-Aug-23
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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
2021	0	0	0	0.00	0.0	0.0	0.0	0.0	0.0	0.00
2022	10	-10	-9	-0.10	-3.6	1.1	113.1	-31.9	0.0	0.00
2023E	18	0	0	0.00	-401.6	1.2	61.7	-0.3	0.0	0.00
2024E	22	3	2	0.03	14.2	1.1	58.2	7.8	0.0	0.00
2025E	27	6	5	0.05	6.8	-11.6	51.4	34.6	0.0	0.00

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

Market cap, EURm	33	BV per share 2023E, EUR	0.3	CAGR EPS 2022-25, %	0.0
Equity 2023E, EURm	28	Loan losses 2023E, %	4.23	CAGR op. profit 2022-25, %	0.0
Total assets, 2023E, EURm	297	Tax rate 2023E, %	11.3	CAGR revenues 2022-25, %	39.0
Lending 2023E, EURm	173	Tier 1 ratio 2023E, %	12.4	CAGR DPS 2022-25, %	0.0
RWA 2023E, EURm	143	Capital ratio 2023E, %	16.7	PEG, P/E 23/CAGR	0.0

Alisa Bank	H1/'22	H2/'22	2022	H1/'23E	H2/'23E	2023E	2024E	2025E
Total income	2.4	7.9	10.3	9.5	9.0	18.5	21.7	27.5
<i>growth %</i>				299.4%	14.2%	80 %	17 %	27 %
Net interest income	2.5	6.6	9.1	7.8	7.3	15.1	17.9	22.9
Net fee income	0.0	1.5	1.5	1.7	1.7	3.4	3.7	4.6
Other operating income	-0.1	-0.2	-0.3	0.0	0.0	0.0	0.0	0.0
Personnel expenses	-2.6	-2.8	-5.4	-2.9	-3.0	-5.9	-6.8	-7.8
Other administrative expenses	-1.8	-2.7	-4.5	-2.1	-2.2	-4.3	-4.5	-5.0
Depreciation and amortization	-0.3	-0.4	-0.7	-0.4	-0.4	-0.8	-0.8	-0.8
Other operating expenses	-0.9	-0.1	-1.0	-0.2	-0.2	-0.4	-0.5	-0.6
Total operating expenses	-5.6	-6.0	-11.6	-5.6	-5.8	-11.4	-12.6	-14.1
Impairment of receivables	-4.2	-4.1	-8.3	-3.7	-3.4	-7.1	-6.1	-7.3
Pre-tax profit	-7.4	-2.3	-9.7	0.1	-0.2	-0.1	2.9	6.0
Income taxes	0.8	-0.1	0.7	0.0	0.0	0.0	-0.6	-1.2
Net earnings	-6.6	-2.4	-9.0	0.1	-0.2	0.0	2.3	4.8
Loan book	115	164	164	167	173	173	199	260

## INTERIM FIGURES

EVLI ESTIMATES, EURm	2022Q1	2022Q2	2022Q3	2022Q4	2022	2023Q1E	2023Q2E	2023Q3E	2023Q4E	2023E	2024E	2025E
Net interest income	0	2	0	7	9	0	8	0	7	15	18	23
Net commission income	0	0	0	2	2	0	2	0	2	3	4	5
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	2	0	8	10	0	9	0	9	18	22	27
Total costs	0	-6	0	-6	-12	0	-6	0	-6	-11	-13	-14
Profit before loan losses	0	-3	0	2	-1	0	4	0	3	7	9	13
Loan losses	0	-4	0	-4	-8	0	-4	0	-3	-7	-6	-7
Operating profit	0	-7	0	-2	-10	0	0	0	0	0	3	6
Taxes	0	1	0	0	1	0	0	0	0	0	-1	-1
Minorities	0	0	0	0	0	0	0	0	0	0	0	0
Net profit	0	-7	0	-2	-9	0	0	0	0	0	2	5
EPS	0.00	-0.08	0.00	-0.03	-0.10	0.00	0.00	0.00	0.00	0.00	0.03	0.05
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	2018	2019	2020	2021	2022	2023E	2024E	2025E
Net interest income	0	0	0	0	9	15	18	23
Net commission income	0	0	0	0	2	3	4	5
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	0	10	18	22	27
<i>Income growth (%)</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>80.1</i>	<i>17.3</i>	<i>27.0</i>
Total costs	0	0	0	0	-12	-11	-13	-14
<i>Costs growth (%)</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>-1.7</i>	<i>10.5</i>	<i>12.1</i>
Profit before loan losses	0	0	0	0	-1	7	9	13
Loan losses	0	0	0	0	-8	-7	-6	-7
Operating profit	0	0	0	0	-10	0	3	6
<i>Operating profit growth (%)</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>-99.1</i>	<i>-3,245.2</i>	<i>107.9</i>
Taxes	0	0	0	0	1	0	-1	-1
Minorities	0	0	0	0	0	0	0	0
Net profit	0	0	0	0	-9	0	2	5
<b>BALANCE SHEET, EURm</b>								
Assets								
Lending to credit institutions	0	0	0	0	126	111	118	43
Lending to the public	0	0	0	0	155	173	199	260
<i>Growth (%)</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>11.9</i>	<i>15.0</i>	<i>30.7</i>
Interest-bearing securities	0	0	0	0	0	0	0	0
Other assets	0	0	0	0	4	4	4	4
Total Assets	0	0	0	0	294	297	329	316
<i>Growth (%)</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>1.1</i>	<i>10.9</i>	<i>-4.1</i>
Liabilities								
Deposits by credit institutions	0	0	0	0	0	0	0	0
Deposits from the public	0	0	0	0	247	250	280	300
<i>Growth (%)</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>1.3</i>	<i>12.0</i>	<i>7.1</i>
Debt securities in issue	0	0	0	0	0	0	0	0
Subordinated loans	0	0	0	0	6	6	6	6
Other liabilities	0	0	0	0	13	13	13	13
Shareholders' equity	0	0	0	0	28	28	31	-3
Total liabilities and equity	0	0	0	0	294	297	329	316

KEY FIGURES	2019	2020	2021	2022	2023E	2024E	2025E
M-cap	0	0	0	32	33	33	33
Total assets	0	0	0	294	297	329	316
Total income	0	0	0	10	18	22	27
Total costs	0	0	0	-12	-11	-13	-14
Operating profit	0	0	0	-10	0	3	6
Net profit	0	0	0	-9	0	2	5
Equity	0	0	0	28	28	31	-3
Tier 1 capital	0	0	0	18	18	20	25
Risk-weighted assets	0	0	0	140	143	162	208
Loans	0	0	0	155	173	199	260
<b>Valuation multiples</b>							
P/E	0.0	0.0	0.0	-3.5	-401.6	14.2	6.8
P/E, adj.	0.0	0.0	0.0	-3.6	-401.6	14.2	6.8
P/B	0.0	0.0	0.0	1.1	1.2	1.1	-11.6
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
<b>Per share measures</b>							
Number of shares	0	0	0	87,745	88,332	88,332	88,332
Number of shares (diluted)	0	0	0	87,745	88,332	88,332	88,332
EPS	0.00	0.00	0.00	-0.10	0.00	0.03	0.05
EPS, adj.	0.00	0.00	0.00	-0.10	0.00	0.03	0.05
Book value per share	0.00	0.00	0.00	0.32	0.32	0.35	-0.03
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
<b>Financial ratios</b>							
ROE, %	0.0	0.0	0.0	-31.9	-0.3	7.8	34.6
Adjusted ROE, %	0.0	0.0	0.0	-30.7	-0.3	7.8	34.6
ROA, %	0.0	0.0	0.0	-6.1	0.0	0.7	1.5
Net interest margin, %	0.0	0.0	0.0	2.3	3.6	3.7	4.1
Cost/income, %	0.0	0.0	0.0	113.1	61.7	58.2	51.4
Loan losses/lending, %	0.00	0.00	0.00	9.04	4.23	3.30	3.29
Tier 1 ratio, %	0.0	0.0	0.0	12.6	12.4	12.5	12.1
Capital ratio, %	0.0	0.0	0.0	17.0	16.7	16.3	15.0
Equity/assets, %	0.0	0.0	0.0	9.6	9.5	9.3	-0.9
Loans/assets, %	0.0	0.0	0.0	52.6	58.2	60.4	82.3
Tax rate, %	0.0	0.0	0.0	7.0	11.3	20.3	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	5.639	17.3 %
Taaleri Oyj	15.288	5.639	17.3 %
TN Ventures Oy	5.497	2.027	6.2 %
Oy Prandium Ab	4.754	1.754	5.4 %
Oy Scripo Ab	4.754	1.754	5.4 %
Oy T&T Nordcap Ab	3.939	1.454	4.5 %
OP Finland Small Cap	3.402	1.255	3.9 %
Skandinaviska Enskilda Banken Abp	1.369	0.505	1.6 %
Rausanne Oy	1.248	0.460	1.4 %
Avensis Capital Oy	0.905	0.332	1.0 %
Ten largest	56.444	20.819	63.9 %
Residual	31.888	11.776	26.1 %
Total	88.331	32.595	100%

EARNINGS CALENDAR

August 18, 2023

H1 2023 results

OTHER EVENTS

COMPANY MISCELLANEOUS

CEO: Teemu Nyholm

CFO: Kukka Lehtimäki

IR:

Tel:

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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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Recommendation	Percentage
Sell	15%
Hold	58%
Buy	27%

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

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