

Slow near-term development

Alisa Bank's total income in H1 fell short of our estimates, PTP slightly better than expected. Capital constraints limit near-term growth, but the outlook still remains fairly good once additional capital has been raised.

Total income below expectations, slightly better PTP

Alisa Bank's H1 results were slightly better than anticipated on bottom-line level. Total income of EUR 8.4m was below our estimates (EvlI EUR 9.5m) mainly due to the lower than estimated net fee and commission income of EUR 0.8m (EvlI EUR 1.7m). Total OPEX of EUR 5.7m corresponded to our estimates and the C/I-ratio improved to 69% but still well above desired long-term levels. PTP amounted to EUR 0.4m (EvlI EUR 0.1m), with lower than anticipated impairment of receivables (act./EvlI EUR 2.2m/3.7m) compensating for the lower than estimated total income.

Capital constraints limiting growth in the near-term

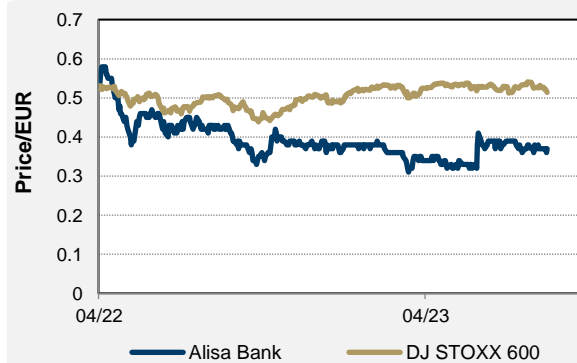
We continue to expect to see the slow growth in H1 be reflected also in H2. The company expects income to grow in H2 compared with H1, with the impact of market interest rates in our view to be the larger driver behind growth. We currently anticipate only a small growth in the loan portfolio. The raising of additional capital remains instrumental in enabling more rapid growth of the loan book, which we are confident will happen during H2. The consumer lending environment remains slightly more challenging due to the higher interest rates and stricter lending policies and capital constraints while corporate customer lending has grown in particular due to invoice financing. We expect to see a pick-up in growth in 2024e, but current market conditions remain a challenge in achieving the annual growth target of the loan book of more than 25%, and limited OPEX growth needs to support improved bottom-line figures.

HOLD with a target price of EUR 0.37

We see no notable changes to our views on Alisa Bank due to the H1 report. 2023 is set to remain on the weaker side on growth and earnings while the company continues to build foundations for ramping up growth in the coming years.

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 15-Aug-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 -

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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	17	0	0	0.00	546.0	1.1	66.8	0.2	0.0	0.00
2024E	19	1	1	0.01	29.9	1.1	61.2	3.8	0.0	0.00
2025E	24	4	3	0.04	10.0	-6.1	53.4	26.9	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, %	3.19	CAGR op. profit 2022-25, %	0.0
Total assets, 2023E, EURm	304	Tax rate 2023E, %	64.4	CAGR revenues 2022-25, %	32.5
Lending 2023E, EURm	173	Tier 1 ratio 2023E, %	12.6	CAGR DPS 2022-25, %	0.0
RWA 2023E, EURm	143	Capital ratio 2023E, %	21.7	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	8.4	8.8	17.1	19.5	23.8
<i>growth %</i>				253.2%	11.1%	67 %	14 %	22 %
Net interest income	2.5	6.6	9.1	7.4	7.7	15.1	16.9	20.5
Net fee income	0.0	1.5	1.5	0.8	1.0	1.9	2.5	3.3
Other operating income	-0.1	-0.2	-0.3	0.1	0.0	0.1	0.0	0.0
Personnel expenses	-2.6	-2.8	-5.4	-2.8	-2.9	-5.7	-6.1	-6.4
Other administrative expenses	-1.8	-2.7	-4.5	-2.2	-2.2	-4.4	-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	-0.4	-0.2	-0.6	-0.5	-0.6
Total operating expenses	-5.6	-6.0	-11.6	-5.7	-5.7	-11.4	-11.9	-12.7
Impairment of receivables	-4.2	-4.1	-8.3	-2.2	-3.1	-5.4	-6.1	-7.0
Pre-tax profit	-7.4	-2.3	-9.7	0.4	-0.1	0.3	1.4	4.1
Income taxes	0.8	-0.1	0.7	-0.1	0.0	-0.1	-0.3	-0.8
Net earnings	-6.6	-2.4	-9.0	0.3	-0.1	0.2	1.1	3.3
Loan book	115	164	164	167	173	173	199	240

Source: Fellow Bank, Evli Research estimates

INTERIM FIGURES

EVLI ESTIMATES, EURm	2022Q1	2022Q2	2022Q3	2022Q4	2022	2023Q1	2023Q2	2023Q3E	2023Q4E	2023E	2024E	2025E
Net interest income	0	2	0	7	9	0	7	0	8	15	17	21
Net commission income	0	0	0	2	2	0	1	0	1	2	3	3
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	8	0	9	17	19	24
Total costs	0	-6	0	-6	-12	0	-6	0	-6	-11	-12	-13
Profit before loan losses	0	-3	0	2	-1	0	3	0	3	6	8	11
Loan losses	0	-4	0	-4	-8	0	-2	0	-3	-5	-6	-7
Operating profit	0	-7	0	-2	-10	0	0	0	0	0	1	4
Taxes	0	1	0	0	1	0	0	0	0	0	0	-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	1	3
EPS	0.00	-0.08	0.00	-0.03	-0.10	0.00	0.00	0.00	0.00	0.00	0.01	0.04
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	17	21
Net commission income	0	0	0	0	2	2	3	3
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	17	19	24
<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>66.1</i>	<i>14.2</i>	<i>22.6</i>
Total costs	0	0	0	0	-12	-11	-12	-13
<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>-1.3</i>	<i>4.0</i>	<i>6.8</i>
Profit before loan losses	0	0	0	0	-1	6	8	11
Loan losses	0	0	0	0	-8	-5	-6	-7
Operating profit	0	0	0	0	-10	0	1	4
<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>-101.7</i>	<i>718.7</i>	<i>196.2</i>
Taxes	0	0	0	0	1	0	0	-1
Minorities	0	0	0	0	0	0	0	0
Net profit	0	0	0	0	-9	0	1	3
BALANCE SHEET, EURm								
Assets								
Lending to credit institutions	0	0	0	0	126	118	99	38
Lending to the public	0	0	0	0	155	173	199	240
<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>20.6</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	304	310	290
<i>Growth (%)</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>3.5</i>	<i>2.0</i>	<i>-6.4</i>
Liabilities								
Deposits by credit institutions	0	0	0	0	0	0	0	0
Deposits from the public	0	0	0	0	247	250	255	270
<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>2.0</i>	<i>5.9</i>
Debt securities in issue	0	0	0	0	0	0	0	0
Subordinated loans	0	0	0	0	6	13	13	13
Other liabilities	0	0	0	0	13	13	13	13
Shareholders' equity	0	0	0	0	28	28	30	-5
Total liabilities and equity	0	0	0	0	294	304	310	290

KEY FIGURES	2019	2020	2021	2022	2023E	2024E	2025E
M-cap	0	0	0	32	33	33	33
Total assets	0	0	0	294	304	310	290
Total income	0	0	0	10	17	19	24
Total costs	0	0	0	-12	-11	-12	-13
Operating profit	0	0	0	-10	0	1	4
Net profit	0	0	0	-9	0	1	3
Equity	0	0	0	28	28	30	-5
Tier 1 capital	0	0	0	18	18	19	22
Risk-weighted assets	0	0	0	140	143	162	193
Loans	0	0	0	155	173	199	240
Valuation multiples							
P/E	0.0	0.0	0.0	-3.5	546.0	29.9	10.0
P/E, adj.	0.0	0.0	0.0	-3.6	546.0	29.9	10.0
P/B	0.0	0.0	0.0	1.1	1.1	1.1	-6.1
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	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	0.01	0.04
EPS, adj.	0.00	0.00	0.00	-0.10	0.00	0.01	0.04
Book value per share	0.00	0.00	0.00	0.32	0.32	0.34	-0.06
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	0.0	-31.9	0.2	3.8	26.9
Adjusted ROE, %	0.0	0.0	0.0	-30.7	0.2	3.8	26.9
ROA, %	0.0	0.0	0.0	-6.1	0.0	0.4	1.1
Net interest margin, %	0.0	0.0	0.0	2.3	3.6	3.7	4.0
Cost/income, %	0.0	0.0	0.0	113.1	66.8	61.2	53.4
Loan losses/lending, %	0.00	0.00	0.00	9.04	3.19	3.30	3.30
Tier 1 ratio, %	0.0	0.0	0.0	12.6	12.6	11.9	11.7
Capital ratio, %	0.0	0.0	0.0	16.9	21.7	19.9	18.4
Equity/assets, %	0.0	0.0	0.0	9.6	9.4	9.5	-1.8
Loans/assets, %	0.0	0.0	0.0	52.6	56.9	64.1	82.7
Tax rate, %	0.0	0.0	0.0	7.0	64.4	20.6	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

OTHER EVENTS

COMPANY MISCELLANEOUS

CEO: Teemu Nyholm

CFO: Kukka Lehtimäki

Tel:

IR:

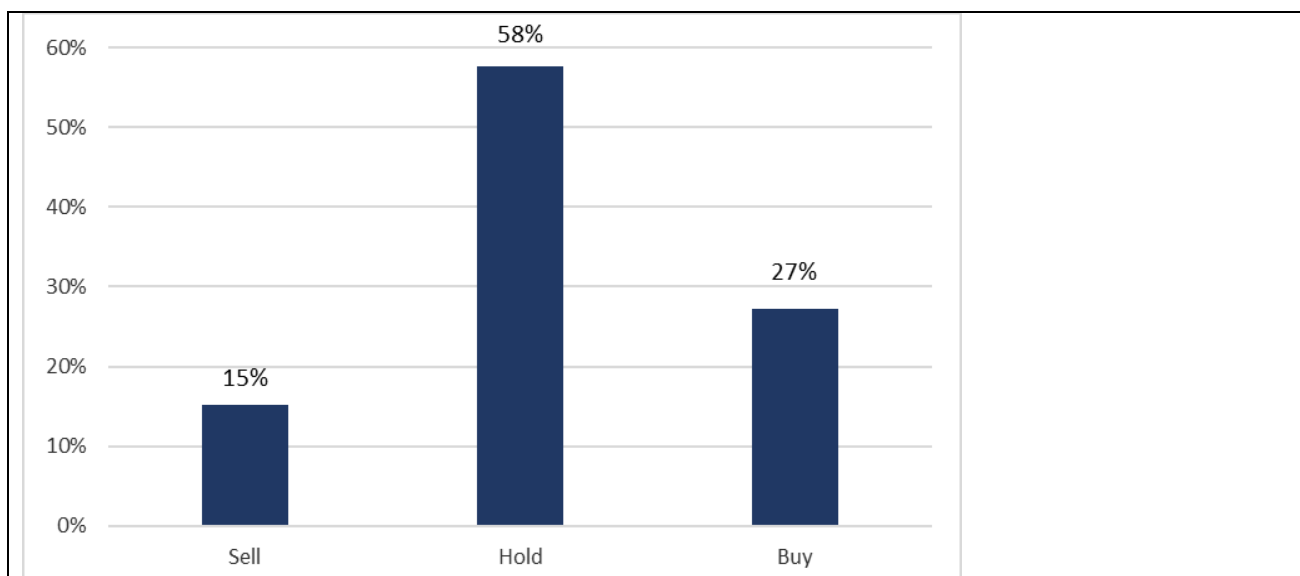
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Investment recommendations are defined as follows:

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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