

For now a waiting game

Alisa Bank's H2 results were quite in line with our estimates. All eyes are now on if and when the company is able to strengthen its equity capital to enable growth.

H2 corresponded quite well to our estimates

Alisa Bank reported results that were quite well in line with our estimates. Total income during H2/23 amounted to EUR 8.3m (Evli EUR 8.2m) and PTP to EUR -0.1m (Evli EUR 0.1m). Net interest income amounted to EUR 7.3m (Evli EUR 7.2m) and net fee and commission income to EUR 0.9m (Evli EUR 1.0m). Total OPEX amounted to EUR 5.7m (Evli EUR 5.7m), and impairment of receivables to EUR -2.8m (Evli EUR -2.4m). Alisa Bank expects its total income, should the actions to strengthen the company's equity capital during H1 be achieved, to increase in 2024 compared with 2023 while the results before one-offs and taxes is expected to be slightly loss-making in H1/2024.

Awaiting news on strengthening of equity capital

Alisa Bank's future development remains heavily reliant upon raising additional capital. Management comments suggest relative confidence in this being achieved during H1/2024. This would enable the much needed growth especially in consumer lending. The cost base is currently in quite good shape and in our view more likely to increase to support growth ambitions. The addition of the new savings account products in Germany and Netherlands in late 2023 appear to have been quite successful, with the deposit base having grown to EUR 388m after the reporting period (2023: EUR 269m). With the current loan portfolio level (2023: EUR 168.5m) allowing around break-even earnings, the next step would be to grow the loan portfolio past EUR 200m to start to benefit from the company's scalability, which could be achievable in 2024 should the company's capital raising needs be met.

HOLD (SELL) with a target price of EUR 0.2

With the share price decline since our last update, we upgrade our rating to HOLD and retain our TP of EUR 0.2. Uncertainty remains high due to dependence upon strengthening the equity capital.

KEY FIGURES

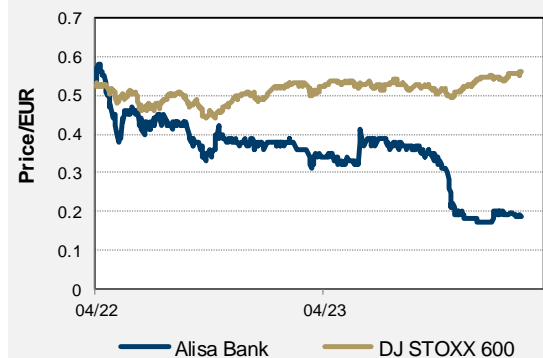
| | Revenues EURm | Op. profit EURm | Net profit EURm | EPS EUR | P/E (x) | P/B (x) | Cost/income % | ROE % | Div. yield % | DPS EUR |
|-------|------------------|--------------------|--------------------|------------|------------|------------|------------------|----------|-----------------|------------|
| 2022 | 10 | -10 | -9 | -0.10 | -3.6 | 1.2 | 113.1 | -34.7 | 0.0 | 0.00 |
| 2023 | 17 | 0 | 0 | 0.00 | 93.8 | 0.6 | 68.2 | 0.7 | 0.0 | 0.00 |
| 2024E | 17 | 0 | 0 | 0.00 | 143.9 | 0.6 | 68.0 | 0.4 | 0.0 | 0.00 |
| 2025E | 21 | 2 | 2 | 0.02 | 10.4 | 0.6 | 60.3 | 5.9 | 0.0 | 0.00 |
| 2026E | 23 | 3 | 2 | 0.02 | 7.8 | 0.6 | 58.7 | 7.4 | 0.0 | 0.00 |

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

| | | | | | |
|---------------------------|-----|-------------------------|------|----------------------------|-------|
| Market cap, EURm | 17 | BV per share 2024E, EUR | 0.3 | CAGR EPS 2023-26, % | 129.0 |
| Equity 2024E, EURm | 26 | Loan losses 2024E, % | 2.92 | CAGR op. profit 2023-26, % | 147.7 |
| Total assets, 2024E, EURm | 470 | Tax rate 2024E, % | 20.0 | CAGR revenues 2023-26, % | 11.8 |
| Lending 2024E, EURm | 202 | Tier 1 ratio 2024E, % | 10.8 | CAGR DPS 2023-26, % | 0.0 |
| RWA 2024E, EURm | 165 | Capital ratio 2024E, % | 14.5 | PEG, P/E 24/CAGR | 1.1 |

Rating

■ HOLD



| | |
|---|------|
| Share price, EUR (Last trading day's closing price) | 0.19 |
| Target price, EUR | 0.2 |

| | |
|-------------------------------------|---------------|
| Latest change in | 16-Feb-24 |
| Latest report on company | 26-Oct-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 | 17 |
| Free float, % | - |
| Exchange rate | - |
| Reuters code | ALISA.HE |
| Bloomberg code | ALISA FH |
| Average daily volume, EURm | - |
| Next interim report | 9-Aug-24 |
| Web site | alisabank.com |

| | |
|-----------|--------------------------|
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■ BUY ■ HOLD ■ SELL

| Alisa Bank | 2022 | H1/'23 | H2/'23 | 2023 | H1/'24E | H2/'24E | 2024E | 2025E | 2026E |
|---------------------------------|--------------|---------------|-------------|--------------|-------------|-------------|--------------|--------------|--------------|
| Total income | 10.3 | 8.4 | 8.3 | 16.7 | 8.3 | 9.1 | 17.4 | 20.8 | 23.2 |
| <i>growth %</i> | | <i>253.2%</i> | <i>5.6%</i> | <i>62.8%</i> | | | <i>4 %</i> | <i>20 %</i> | <i>12 %</i> |
| Net interest income | 9.1 | 7.4 | 7.3 | 14.8 | 7.2 | 7.9 | 15.2 | 18.2 | 20.2 |
| Net fee income | 1.5 | 0.8 | 0.9 | 1.8 | 1.0 | 1.1 | 2.1 | 2.5 | 2.8 |
| 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 | -2.7 | -2.8 | -5.5 | -5.8 | -6.4 |
| Other administrative expenses | -4.5 | -2.2 | -2.3 | -4.5 | -2.4 | -2.4 | -4.8 | -5.2 | -5.6 |
| Depreciation and amortization | -0.7 | -0.4 | -0.4 | -0.8 | -0.4 | -0.4 | -0.8 | -0.8 | -0.8 |
| Other operating expenses | -1.0 | -0.4 | -0.2 | -0.6 | -0.4 | -0.3 | -0.7 | -0.8 | -0.8 |
| Total operating expenses | -11.6 | -5.7 | -5.7 | -11.4 | -5.9 | -5.9 | -11.8 | -12.5 | -13.6 |
| Impairment of receivables | -8.3 | -2.2 | -2.8 | -5.0 | -2.6 | -2.8 | -5.4 | -6.2 | -6.9 |
| Pre-tax profit | -9.7 | 0.4 | -0.1 | 0.3 | -0.2 | 0.4 | 0.1 | 2.0 | 2.7 |
| Income taxes | 0.7 | -0.1 | 0.1 | 0.0 | 0.0 | -0.1 | 0.0 | -0.4 | -0.5 |
| Net earnings | -9.0 | 0.3 | 0.0 | 0.3 | -0.2 | 0.3 | 0.1 | 1.6 | 2.2 |
| Loan book | 164 | 167 | 169 | 169 | 175 | 202 | 202 | 227 | 266 |

Source: Fellow Bank, Evli Research estimates

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 | 8 | 15 | 18 | 20 |
| Net commission income | 0 | 1 | 0 | 1 | 2 | 0 | 1 | 0 | 1 | 2 | 2 | 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 | 8 | 0 | 8 | 17 | 0 | 8 | 0 | 9 | 17 | 21 | 23 |
| Total costs | 0 | -6 | 0 | -6 | -11 | 0 | -6 | 0 | -6 | -12 | -13 | -14 |
| Profit before loan losses | 0 | 3 | 0 | 3 | 5 | 0 | 2 | 0 | 3 | 6 | 8 | 10 |
| Loan losses | 0 | -2 | 0 | -3 | -5 | 0 | -3 | 0 | -3 | -5 | -6 | -7 |
| Operating profit | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2 | 3 |
| Taxes | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -1 |
| Minorities | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Net profit | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2 | 2 |
| EPS | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 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 | 15 | 18 | 20 |
| Net commission income | 0 | 0 | 0 | 2 | 2 | 2 | 2 | 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 | 10 | 17 | 17 | 21 | 23 |
| <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>4.7</i> | <i>19.7</i> | <i>11.6</i> |
| Total costs | 0 | 0 | 0 | -12 | -11 | -12 | -13 | -14 |
| <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>3.5</i> | <i>6.2</i> | <i>8.5</i> |
| Profit before loan losses | 0 | 0 | 0 | -1 | 5 | 6 | 8 | 10 |
| Loan losses | 0 | 0 | 0 | -8 | -5 | -5 | -6 | -7 |
| Operating profit | 0 | 0 | 0 | -10 | 0 | 0 | 2 | 3 |
| <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>-17.7</i> | <i>1,282.8</i> | <i>33.4</i> |
| Taxes | 0 | 0 | 0 | 1 | 0 | 0 | 0 | -1 |
| Minorities | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Net profit | 0 | 0 | 0 | -9 | 0 | 0 | 2 | 2 |
| BALANCE SHEET, EURm | | | | | | | | |
| Assets | | | | | | | | |
| Lending to credit institutions | 0 | 0 | 0 | 126 | 134 | 258 | 244 | 223 |
| Lending to the public | 0 | 0 | 0 | 155 | 169 | 202 | 227 | 266 |
| <i>Growth (%)</i> | <i>0.0</i> | <i>0.0</i> | <i>0.0</i> | <i>0.0</i> | <i>9.3</i> | <i>19.5</i> | <i>12.4</i> | <i>17.0</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 | 470 | 482 | 499 |
| <i>Growth (%)</i> | <i>0.0</i> | <i>0.0</i> | <i>0.0</i> | <i>0.0</i> | <i>7.6</i> | <i>49.8</i> | <i>2.5</i> | <i>3.6</i> |
| Liabilities | | | | | | | | |
| Deposits by credit institutions | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Deposits from the public | 0 | 0 | 0 | 247 | 269 | 425 | 435 | 450 |
| <i>Growth (%)</i> | <i>0.0</i> | <i>0.0</i> | <i>0.0</i> | <i>0.0</i> | <i>9.0</i> | <i>58.1</i> | <i>2.4</i> | <i>3.4</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 | 13 | 13 | 13 |
| Shareholders' equity | 0 | 0 | 0 | 26 | 26 | 26 | 28 | 30 |
| Total liabilities and equity | 0 | 0 | 0 | 292 | 314 | 470 | 482 | 499 |

| KEY FIGURES | 2020 | 2021 | 2022 | 2023 | 2024E | 2025E | 2026E |
|------------------------------|------|------|--------|--------|--------|--------|--------|
| M-cap | 0 | 0 | 32 | 17 | 17 | 17 | 17 |
| Total assets | 0 | 0 | 292 | 314 | 470 | 482 | 499 |
| Total income | 0 | 0 | 10 | 17 | 17 | 21 | 23 |
| Total costs | 0 | 0 | -12 | -11 | -12 | -13 | -14 |
| Operating profit | 0 | 0 | -10 | 0 | 0 | 2 | 3 |
| Net profit | 0 | 0 | -9 | 0 | 0 | 2 | 2 |
| Equity | 0 | 0 | 26 | 26 | 26 | 28 | 30 |
| Tier 1 capital | 0 | 0 | 18 | 18 | 18 | 19 | 22 |
| Risk-weighted assets | 0 | 0 | 140 | 140 | 165 | 183 | 212 |
| Loans | 0 | 0 | 155 | 169 | 202 | 227 | 266 |
| Valuation multiples | | | | | | | |
| P/E | 0.0 | 0.0 | -3.5 | 93.8 | 143.9 | 10.4 | 7.8 |
| P/E, adj. | 0.0 | 0.0 | -3.6 | 93.8 | 143.9 | 10.4 | 7.8 |
| P/B | 0.0 | 0.0 | 1.2 | 0.6 | 0.6 | 0.6 | 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 | 88,332 | 88,332 | 88,332 |
| Number of shares (diluted) | 0 | 0 | 87,745 | 88,332 | 88,332 | 88,332 | 88,332 |
| 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 | 0.30 | 0.32 | 0.34 |
| 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 | 0.4 | 5.9 | 7.4 |
| Adjusted ROE, % | 0.0 | 0.0 | -33.5 | 0.7 | 0.4 | 5.9 | 7.4 |
| ROA, % | 0.0 | 0.0 | -6.2 | 0.1 | 0.0 | 0.3 | 0.4 |
| Net interest margin, % | 0.0 | 0.0 | 2.3 | 3.4 | 2.4 | 2.7 | 2.8 |
| Cost/income, % | 0.0 | 0.0 | 113.1 | 68.2 | 68.0 | 60.3 | 58.7 |
| Loan losses/lending, % | 0.00 | 0.00 | 9.04 | 3.00 | 2.92 | 3.09 | 2.95 |
| Tier 1 ratio, % | 0.0 | 0.0 | 12.6 | 12.6 | 10.8 | 10.6 | 10.2 |
| Capital ratio, % | 0.0 | 0.0 | 16.9 | 17.0 | 14.5 | 13.9 | 13.0 |
| Equity/assets, % | 0.0 | 0.0 | 8.9 | 8.4 | 5.6 | 5.8 | 6.0 |
| Loans/assets, % | 0.0 | 0.0 | 53.0 | 53.8 | 43.0 | 47.1 | 53.2 |
| Tax rate, % | 0.0 | 0.0 | 7.0 | -1.1 | 20.0 | 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 | 2.905 | 17.3 % |
| Taaleri Oyj | 15.288 | 2.905 | 17.3 % |
| TN Ventures Oy | 5.497 | 1.44 | 6.2 % |
| Oy Prandium Ab | 4.754 | 0.903 | 5.4 % |
| Oy Scripo Ab | 4.754 | 0.903 | 5.4 % |
| Oy T&T Nordcap Ab | 3.939 | 0.748 | 4.5 % |
| OP Finland Small Cap | 2.346 | 0.446 | 2.7 % |
| Rausanne Oy | 1.242 | 0.236 | 1.4 % |
| Core Capital Oy | 1.000 | 0.190 | 1.1 % |
| Bure Capital Oy | 0.970 | 0.184 | 1.1 % |
| Ten largest | 56.079 | 10.465 | 62.3 % |
| Residual | 33.253 | 6.318 | 27.7 % |
| Total | 88.331 | 16.783 | 100% |

EARNINGS CALENDAR

August 9, 2024

H1 Report

OTHER EVENTS

COMPANY MISCELLANEOUS

CEO: Teemu Nyholm

CFO: Kukka Lehtimäki

Tel:

IR:

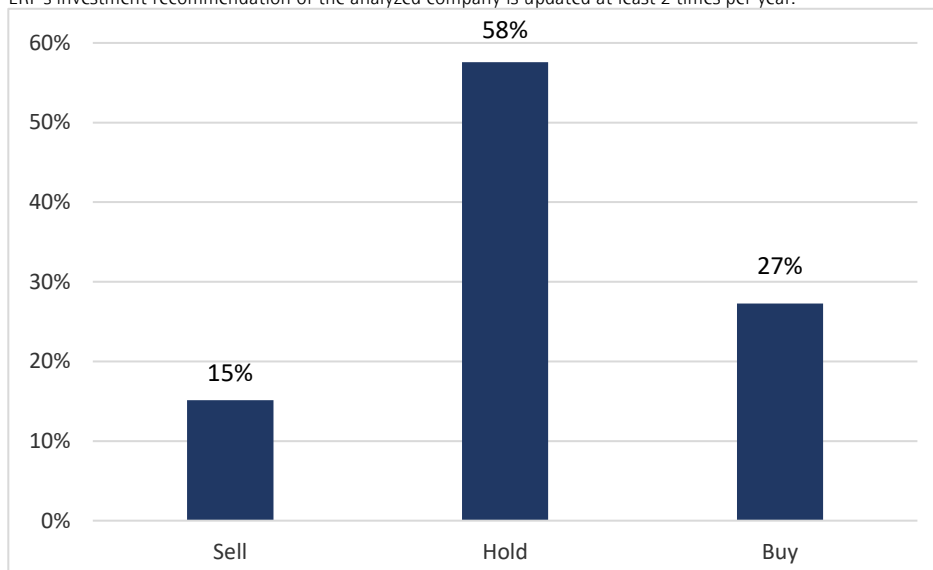
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Investment recommendations are defined as follows:

| | |
|--------------------------------------|----------------|
| 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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