

## Earnings below expectations

Fellow Bank's top line figures were better than expected, while higher than expected opex and expected and realized credit losses saw earnings fall below our expectations. Positive profit levels on a monthly basis are expected to be reached during H1/2023.

- Total income during H2/22 amounted to EUR 7.9m (Evli EUR 7.1m). Net interest income amounted to EUR 6.6m (Evli EUR 6.8m) and net fee and commission income to EUR 1.5m (Evli EUR 0.3m).
- In H2 lending volumes exceeded those of H1 by 43% and the target increase of 46% in the loan portfolio for personal customers was reached.
- The loan portfolio at the end H2 amounted to EUR 163.8m and the deposit amounted to EUR 246.8m.
- The pre-tax profit during H2 amounted to EUR -2.3m (Evli EUR -0.7m). The difference compared with our estimates was mainly due to a larger than estimated expected and realized credit losses, with total OPEX also above our estimates.
- Earnings per share amounted to EUR -0.03 compared with our estimate of EUR -0.01.
- CET1 and the CET1 ratio amounted to EUR 17.7m and 12.6% and total capital ratio to 16.8%
- The cost / income ratio amounted to 113%.
- **Outlook for 2023:** The bank's revenues are estimated to grow from 2022 and a positive profit level on a monthly basis is estimated to be reached during H1/2023. Capital adequacy target set at 16%.
- **Dividend proposal:** The BoD proposes that no dividends be paid (Evli EUR 0.00)

Rating	🟡 HOLD
Share price, EUR (Last trading day's closing price)	0.38
Target price, EUR	0.4
Latest change in recommendation	07-Jun-22
Latest report on company	31-Jan-23
Research paid by issuer:	YES
No. of shares outstanding, '000's	87,745
No. of shares fully diluted, '000's	87,745
Market cap, EURm	34
Free float, %	-
Exchange rate	0.000
Reuters code	FELLOW.HE
Bloomberg code	FELLOW FH
Average daily volume, EURm	-
Next interim report	16-Feb-23
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🟢 BUY 🟡 REDUCE 🔴 SELL

### PRE-REPORT 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
2020	0	0	0	0.00	0.0	0.0	0.0	0.0	0.0	0.00
2021	0	0	0	0.00	0.0	0.0	0.0	0.0	0.0	0.00
2022E	9	-8	-7	-0.08	-4.9	1.2	84.0	-24.6	0.0	0.00
2023E	17	2	1	0.02	23.2	1.1	57.9	4.9	0.0	0.00
2024E	23	5	4	0.05	7.8	1.0	47.6	13.3	0.0	0.00

Market cap, EURm	34	BV per share 2022E, EUR	0.3	CAGR EPS 2021-24, %	0.0
Equity 2022E, EURm	29	Loan losses 2022E, %	7.98	CAGR op. profit 2021-24, %	0.0
Total assets, 2022E, EURm	311	Tax rate 2022E, %	11.8	CAGR revenues 2021-24, %	0.0
Lending 2022E, EURm	160	Tier 1 ratio 2022E, %	14.2	CAGR DPS 2021-24, %	0.0
RWA 2022E, EURm	133	Capital ratio 2022E, %	18.8	PEG, P/E 22/CAGR	0.0

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

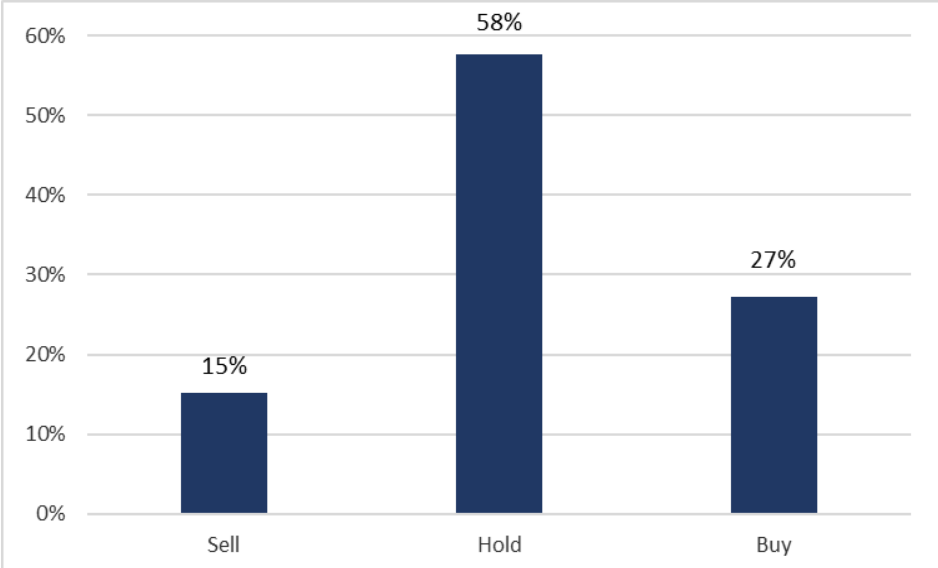
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Investment recommendations are defined as follows:

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

ERP's investment recommendation of the analyzed company is updated at least 2 times per year.



Recommendation	Percentage
Sell	15%
Hold	58%
Buy	27%

The graph above shows the distribution of ERP's recommendations of companies under coverage in 11th of May 2020. If recommendation is not given, it is not mentioned here.

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

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