

Operations launch burdened figures

Fellow Bank started its banking operations in April and financial figures were accordingly burdened. Lending volumes showed positive signs aided by the new, more competitive business model. Fellow Bank started actions to strengthen the capital adequacy to support growth after the reporting period.

- Total income during H1/22 amounted to EUR 2.3m (Evli EUR 2.8m). Net interest income amounted to EUR 2.5m (Evli EUR 2.0m) and net fee and commission income to EUR 0.0m (Evli EUR 0.8m).
- After starting the banking operations, business lending and consumer lending volumes increased by 49% and 35% respectively compared with the beginning of the year
- The loan portfolio at the end H1 amounted to EUR 114.5m and the deposit portfolio was EUR 223.4m.
- The pre-tax profit during H1 amounted to EUR -7.4m (Evli EUR -2.3m). The difference compared with our estimates was mainly due to a larger than estimated ECL change due to growth in the loan book, total OPEX also slightly above our estimates at EUR 5.6m (Evli EUR 5.1m). Profitability was burdened by non-recurring costs relating to the launch of banking growth investments.
- Earnings per share amounted to EUR -0.1 compared with our estimate of EUR -0.02.
- CET1 and the CET1 ratio amounted to EUR 19.6m and 19.4%. After the reporting period, Fellow Bank started actions aiming at the issue of a Tier 2 debenture in the early autumn.
- The cost / income ratio amounted to 235%.

Rating	🟡 HOLD
Share price, EUR (Last trading day's closing price)	0.43
Target price, EUR	0.42
Latest change in recommendation	07-Jun-22
Latest report on company	07-Jun-22
Research paid by issuer:	YES
No. of shares outstanding, '000's	87,157
No. of shares fully diluted, '000's	87,157
Market cap, EURm	37
Free float, %	-
Exchange rate	0.000
Reuters code	FELLOW.HE
Bloomberg code	FELLOW.FH
Average daily volume, EURm	-
Next interim report	25-Aug-22
Web site	www.fellowbank.com
Analyst	Jerker Salokivi
E-mail	jerker.salokivi@evli.com
Telephone	+358 9 4766 9149

🟢 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	8	-4	-3	-0.03	-14.1	1.2	96.1	-9.9	0.0	0.00
2023E	17	3	2	0.03	17.1	1.1	53.6	6.9	0.0	0.00
2024E	23	6	5	0.05	8.1	1.0	46.0	13.2	0.0	0.00
Market cap, EURm	37			BV per share 2022E, EUR		0.3		CAGR EPS 2021-24, %		0.0
Equity 2022E, EURm	30			Loan losses 2022E, %		3.20		CAGR op. profit 2021-24, %		0.0
Total assets, 2022E, EURm	281			Tax rate 2022E, %		18.9		CAGR revenues 2021-24, %		0.0
Lending 2022E, EURm	155			Tier 1 ratio 2022E, %		20.2		CAGR DPS 2021-24, %		0.0
RWA 2022E, EURm	139			Capital ratio 2022E, %		20.2		PEG, P/E 22/CAGR		0.0

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

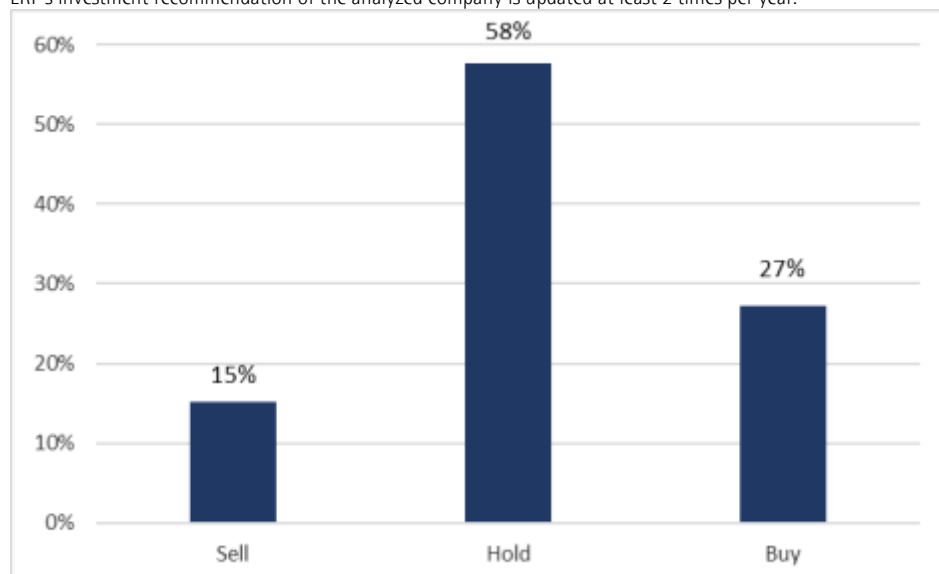
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Investment recommendations are defined as follows:

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.



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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Contact information

SALES, TRADING AND RESEARCH

Equity, ETF and Derivatives Sales

Joachim Dannberg +358 9 4766 9123
Ari Laine +358 9 4766 9115
Kimmo Lilja +358 9 4766 9130

Trading

Lauri Vehkaluoto (Head) +358 9 4766 9120
Pasi Väisänen +358 9 4766 9120
Antti Kässi +358 9 4766 9120
Miika Ronkanen +358 9 4766 9120

Structured Investments

Heikki Savijoki +358 9 4766 9726
Aki Lakkisto +358 9 4766 9123

Equity Research

Arttu Heikura +358 40 082 8098
Joonas Ilvonen +358 44 430 9071
Jerker Salokivi +358 9 4766 9149

Evli Investment Solutions

Johannes Asuja +358 9 4766 9205



EVLI PLC
Aleksanterinkatu 19 A
P.O. Box 1081
FIN-00101 Helsinki, FINLAND
Phone +358 9 476 690
Internet www.evli.com
E-mail firstname.lastname@evli.com

**EVLI PLC,
STOCKHOLMSFILIAL**
Regeringsgatan 67 P.O. Box 16354
SE-103 26 Stockholm
Sverige
stockholm@evli.com
Tel +46 (0)8 407 8000