

## A new beginning

The 2023 Net profit set a record and all guided targets were met adjusted for one-offs. Siauliu Bankas (SAB) is starting its journey to become a full-service bank competing with the Swedish banks. This means two years of above normal investments, but the expected dividend yield is still above the locally listed Estonian banks.

### Targets met and set

The record 2023 Net profit of EUR 82m adj. for one-offs (est. 88m) means the key ROE target of >16% was fulfilled (actual 16.7%). New 2024-26 targets were revealed together with the vision to build a Lithuanian full-service bank competing with foreign market share leaders (Swedbank, SEB).

### Two years of higher investments

The ROE targets of 13.7% (2024), 13.1% (2025), and 15.0% (2026) implies above normal investments in 2024-25, mainly into IT systems and re-branding. Without these extraordinary investments, we believe the target 2024-25E ROE would be 15.0% (same as 2026), which implies EUR 19m in extraordinary investments.

### Net yield 4%

Despite the extraordinary investments, we forecast the 2024-25 net Dividend yield to be above 4%, which is higher than its Baltic peers (2-3%). We believe a reasonable 2024E P/BV for SAB is 1.1x indicating a share price of 0.98 (Base case).

### Key figures (MEUR)

	2022	2023	2024E	2025E	2026E
Net interest income	106.8	156.9	164.7	171.0	188.1
Commissions	18.7	20.3	27.4	29.3	33.0
Total operating income	142.6	198.2	207.1	216.8	238.1
Profit before loan losses	81.5	111.0	112.2	113.5	140.9
Loan losses	-4.9	-15.2	-17.7	-14.9	-15.6
Profit after loan losses	76.5	95.7	94.5	98.6	125.3
Tier 1 ratio excl. hybrids	18.14%	19.89%	20.16%	19.76%	19.57%
Loan loss ratio	0.21%	0.59%	0.58%	0.44%	0.42%
Coverage ratio	43.4%	41.4%	40.0%	40.0%	40.0%
P/E	6.5	5.9	6.0	5.8	4.5
P/NAV	0.9	0.9	0.9	0.8	0.7
EPS	0.11	0.12	0.12	0.12	0.16
EPS growth %	15.19%	12.65%	-2.03%	4.36%	27.08%
Div. per share	0.03	0.05	0.04	0.04	0.05
Dividend yield	3.86%	6.93%	4.98%	5.20%	6.61%
ROE %	15.19%	15.50%	13.70%	13.10%	15.00%

Source: Company data, Enlight Research estimates

### Fair value range

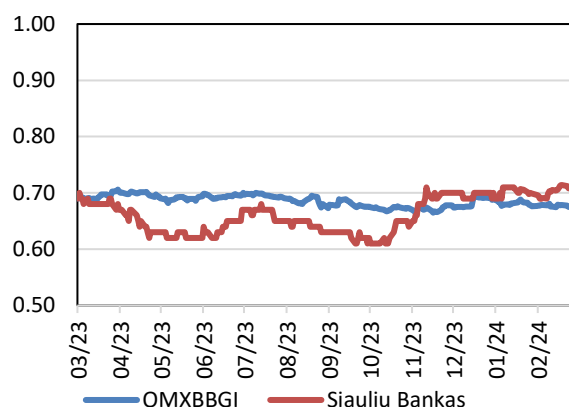
Bull (P/BV 1.3x)	1.15
Base (P/BV 1.1x)	0.98
Bear (P/BV 0.9x)	0.80

### Key Data

Price (EUR)	0.70
Ticker	SAB1L
Country	Lithuania
Listed	Vilnius (Lithuania)

Market Cap	467
Net debt	n.a.

Shares (m)	663
Free float	74%



### Price range

52-week high	0.71
52-week low	0.61

### Analyst

ResearchTeam@enlightresearch.net

### Coverage frequency

4x per year

## Key takeaways

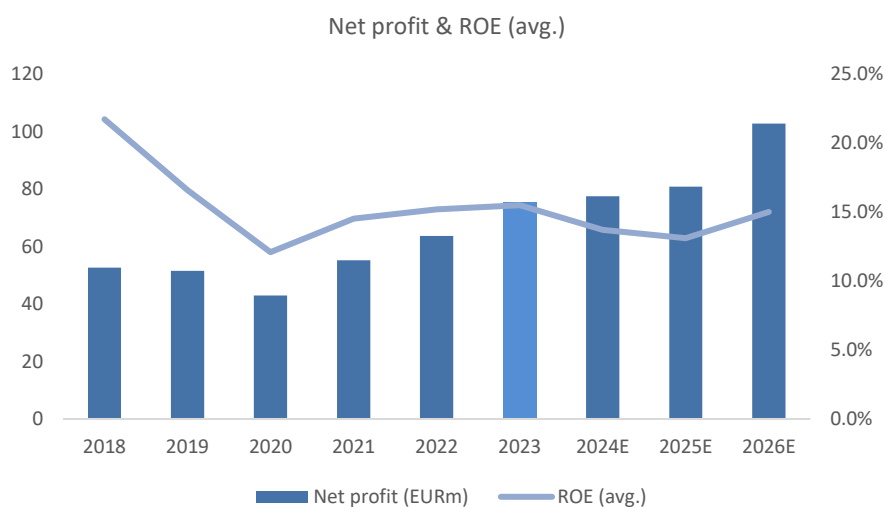
### Key targets met and set

The 2023 Net profit grew by 18% to a record high EUR 75m (82m adj. for one-offs). All key targets for 2023 were met if adjusted for EUR 6.6m in one-off costs (INVL merger costs, windfall bank tax, accounting change for property plant & equipment). New targets for 2024-26 were published. The loan book is targeted to grow 13% this year, 12% in 2025, and 11% in 2026. We are slightly more conservative and estimate 10% loan book growth each year in 2024-26. The targeted ROE for this year is 13.7%, 13.1% in 2025, and 15.0% in 2026. Our forecast ROE is in line with these targets. Excluding one-off investments (IT system and re-branding), the ROE target for 2024 and 2025 would be 15.0% in our view i.e., the same as for 2026. This implies around EUR 19m in one-off investments during 2024-25. We believe the targets are realistic and allows for healthy dividends and buy-back programs in the forecast period 2024-26 (see next Key take).

#### 2023 Target vs. Outcome

KPI	2023 Target	2023 Outcome	2023 adj. Outcome*	Comment
ROE	>16%	15.5%	16.7%	Met, if adj. for one-offs
Cost/Income	<40%	41.7%	38.3%	Met, if adj. for one-offs
Cost of Risk	0.5%	0.5%		Met
Capital Adequacy Ratio	>20%	20.70%		Met

Source: Company reports \*Adjusted for EUR 6.6m in one-off expenses



Source: Company report (outcome), Enlight (estimate)

#### 2024-26 Targets vs. Forecast

KPI	2024E	2025E	2026E	Comment
Loan book (EURm) - Target	3,300	3,700	4,100	
Loan book growth - Target	13%	12%	11%	
Loan book (EURm) - Estimate	3,225	3,547	3,902	Enlight is slightly below target.
Loan book growth - Estimate	10%	10%	10%	
ROE (EURm) - Target	13.7%	13.1%	15.0%	Targets include one-off expenses
ROE (EURm) - Estimate	13.7%	13.1%	15.0%	Enlight is in line with target.
One-off expenses	7.4	11.6	0.0	Mainly IT investments & re-branding

Source: Company (targets), Enlight Research (estimates)

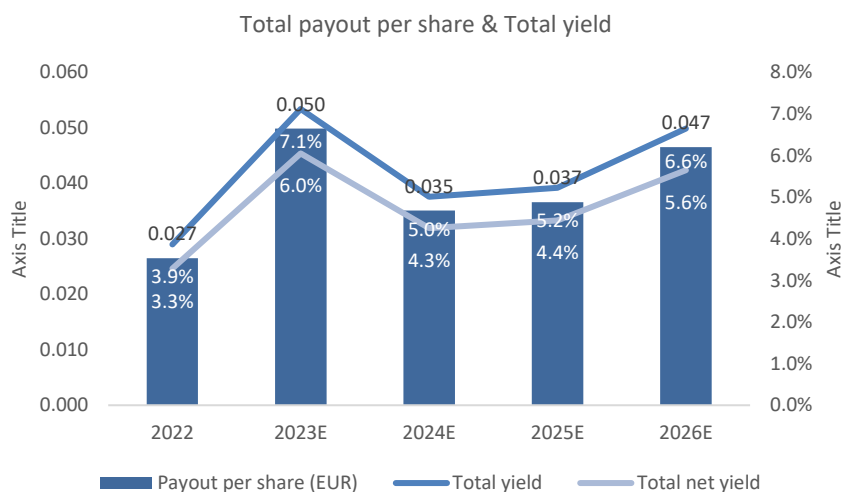
### Attractive dividends despite investment years

The company proposed (to be passed at the AGM in April) a 2023 dividend per share of EUR 0.05 (est. 0.05) indicating a yield of 6.9%. In addition, the buy-back yield for 2023 is 0.2% for a Total yield of 7.1% (Net Total yield after tax 6.0%). Our forecast regular dividend yield is 5.0% (net 4.3%) for 2024 and 5.2% (net 4.4%) for 2025. Worth noting is that 2024-25 are intensive investment years (new IT system & rebranding). In 2026, when the intensive investment period is over, the forecast yield increase to 6.6% (net 5.6%). In addition, there could be further room for buy-backs. It is important to note that we expect bought back shares to be cancelled (rather than given to employees) i.e., these are true “buy-backs”. To summarize, we believe the company will be able to grow its operations and simultaneously distribute an attractive amount of cash to its shareholders.

#### Yield forecast

(EUR)	2022	2023E	2024E	2025E	2026E
Dividend per share	0.027	0.049	0.035	0.037	0.047
Payout ratio	25%	43%	30%	30%	30%
Dividend yield	3.9%	6.9%	5.0%	5.2%	6.6%
Buyback amount per share		0.001			
Buyback yield		0.2%			
Total yield	3.9%	7.1%	5.0%	5.2%	6.6%
Total net yield	3.3%	6.0%	4.3%	4.4%	5.6%
Share price		0.70	0.70	0.70	0.70

Source: Company report (2022, 2023), Enlight (2024-26E)



Source: Company report (2022, 2023), Enlight (2024-26E)

Total yield (yield from dividends and buy-backs)

Net yield (after 15% withholding tax)

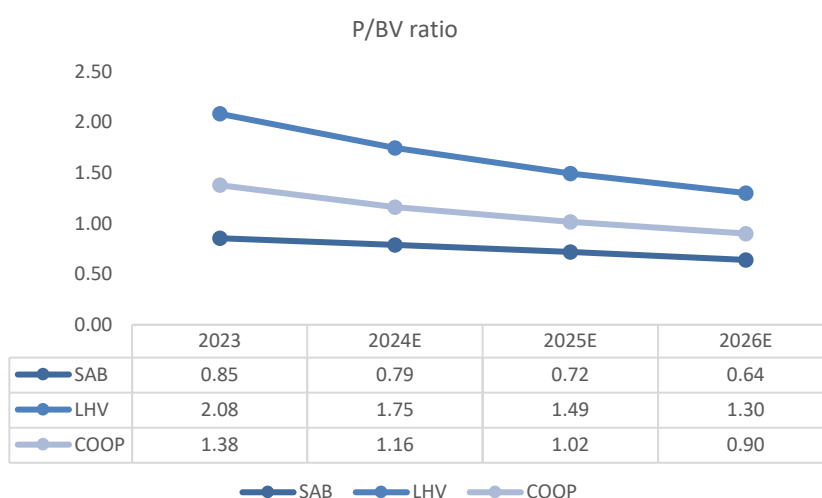
### Valuation discount too big

Based on reported 2023 book value and the current share price, SAB is trading at a P/BV discount of 59% to LHV and 38% to COOP. Based on our estimated 2024 Book value, SAB is trading at a P/BV discount of 55% to LHV and 32% to COOP. Given the difference in ROEs, some discount might be motivated but, in our opinion, it is too large. Especially given that we expect the ROEs to settle at around 15% for SAB and

COOP, and around 17% for LHV by the year 2026 (SAB target 15%, LHV target 20%). Furthermore, SAB’s estimated 2024-26 net dividend yield of 4-6% is superior to LHV’s and COOP’s expected yield of 2-4%. On a stand-alone basis, we believe a bank with an ROE around 13% should be valued at a P/BV of 1.1-1.2x, which implies a SAB share price of EUR 0.98-1.07. Our Base case applies a P/BV of 1.1x indicating a motivated share price of EUR 0.98 (prev. 1.08) equal to an upside of 39%.

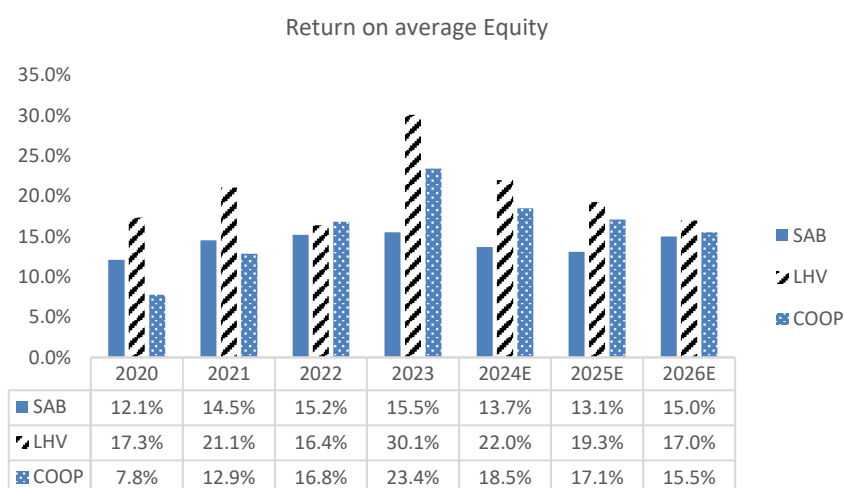
Motivated share price (EUR)	Bear	Base	Bull
BV/Share 2024E	0.89	0.89	0.89
Motivated P/BV	0.90	1.10	1.30
Motivated share price	0.80	0.98	1.15
Upside/downside	14%	39%	65%
Share price (EUR)	0.70	0.70	0.70

Source: Enlight Research

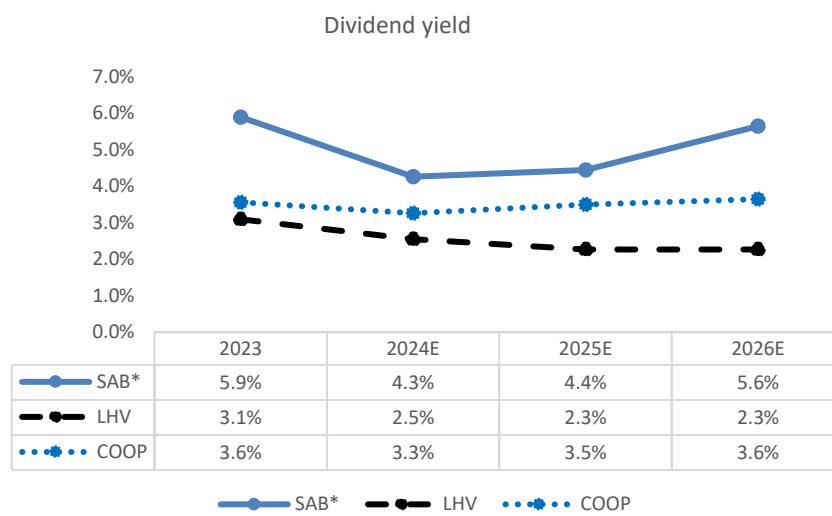


Source: Company report (historical), Enlight Research (estimates)

Based on share price: SAB (0.70), LHV (3.48), Coop Pank (2.35)



Source: Company report (historical), Enlight Research (estimates)



Source: Company report (historical), Enlight Research (estimates)

\*Including buy-backs

Based on share price: SAB (0.70), LHV (3.48), Coop Pank (2.35)

## Estimate deviations

The Q4/23 Net interest income (NII) was 3.1% or EUR 1.3m below our forecast, while the Net fee and commission income was 5.2% or EUR 0.3m below our estimate. The Q4/23 Total operating income was 2.6% or EUR 1.4m above our estimate due to better than expected Other operating income.

The Q4/23 Pre-provision Operating profit of EUR 17.9m was 42.3% or EUR 13.1m below our forecast of EUR 31.0m due to higher than expected Expenses related to insurance activities and Other operating expenses (including EUR 6.6m in one-off expenses). Adjusted for one-offs, the Q4/23 Pre-provision operating profit was EUR 24.5m i.e., 21% or EUR 6.5m below forecast. The Q4/23 Loan provisions of EUR 6.8m were EUR 1.8m worse than estimated. The Q4/23 Pre-tax profit (after provisions) was 57.4% or EUR 14.9m below estimate (32% below adjusted for one-offs). The Q4/23 Net profit was EUR 56.0% or EUR 12.4m below forecast as the Income tax expense came in EUR 2.5m lower than forecast.

### Forecast deviation table Group

Group forecast Income statement	Q4/23	Q4/23	Deviation	
	Estimate	Outcome	EURm	%
Net interest income	42.1	40.8	-1.3	-3.1%
Net fee and commission income	6.0	5.7	-0.3	-5.2%
Other operating income	4.5	7.5	3.0	65.5%
<b>Total operating income</b>	<b>52.6</b>	<b>53.9</b>	<b>1.4</b>	<b>2.6%</b>
Salaries and related expenses	-10.2	-10.7	-0.5	4.7%
Depreciation & Amortization	-1.4	-1.5	-0.1	9.1%
Expenses related to insurance activities	-1.5	-9.5	-8.0	515.7%
Other operating expenses	-8.4	-14.3	-5.9	69.8%
<i>Total Operating expenses</i>	<i>-21.6</i>	<i>-36.1</i>	<i>-14.5</i>	<i>66.9%</i>
<b>Pre-provision operating profit</b>	<b>31.0</b>	<b>17.9</b>	<b>-13.1</b>	<b>-42.3%</b>
Provisions	-5.0	-6.8	-1.8	36.3%
<b>Pre-tax profit</b>	<b>26.0</b>	<b>11.1</b>	<b>-14.9</b>	<b>-57.4%</b>
Income tax expense	-3.9	-1.4	2.5	-65.1%
<b>Net profit</b>	<b>22.1</b>	<b>9.7</b>	<b>-12.4</b>	<b>-56.0%</b>

Growth y-on-y	Q4/23	Q4/23	Deviation	
	Estimate	Outcome	EURm	%-points
Net interest income	32.8%	28.7%	na	-4.1
Net fee and commission income	27.6%	21.0%	na	-6.6
Other operating income	-10.9%	47.4%	na	58.4
<b>Total operating income</b>	<b>26.9%</b>	<b>30.1%</b>	<b>na</b>	<b>3.3</b>

Margins	Q4/23	Q4/23	Deviation	
	Estimate	Outcome	EURm	%-points
Profit bef. Provisions margin	58.9%	33.1%	na	-25.8
PTP margin	49.4%	20.5%	na	-28.9
Net profit margin	42.0%	18.0%	na	-24.0

Source: Company report (outcome), Enlight (estimate)

## Estimate changes

We lower our Total Revenues by 8% for 2024 and 5% for 2025. Our Pre-tax profit (after loan impairments) is lowered by 17% for this year and 22% in 2025. Our EPS for both 2024 and 2025 is lowered by 21-22% to EUR 0.12. Our Dividend per share is raised by lowered by around 33% for 2024 and 2025 to make our pay-out ratio more aligned with the dividend policy (est. payout ratio is 30% vs. minimum dividend policy payout ratio of 25%).

<b>Estimate changes</b>			
<b>Total Revenues (EURm)</b>	<b>2024E</b>	<b>2025E</b>	<b>2026E</b>
Old estimate	224.5	227.0	na
New estimate	207.1	216.8	238.1
Change	-17.4	-10.1	na
Change (pct)	-7.8%	-4.5%	na
<b>Pre-provisions Operating profit (EURm)</b>	<b>2024E</b>	<b>2025E</b>	<b>2026E</b>
Old estimate	127.4	137.6	na
New estimate	112.2	113.5	140.9
Change	-15.1	-24.1	na
Change (pct)	-11.9%	-17.5%	na
<b>Pre-tax Profit (EURm)</b>	<b>2024E</b>	<b>2025E</b>	<b>2026E</b>
Old estimate	114.3	125.6	na
New estimate	94.5	98.6	125.3
Change	-19.8	-27.0	na
Change (pct)	-17.3%	-21.5%	na
<b>EPS (EUR)</b>	<b>2024E</b>	<b>2025E</b>	<b>2026E</b>
Old estimate	0.15	0.16	na
New estimate	0.12	0.12	0.16
Change	-0.03	-0.03	na
Change (pct)	-21.2%	-21.5%	na
<b>Dividend (EUR)</b>	<b>2024E</b>	<b>2025E</b>	<b>2026E</b>
Old estimate	0.052	0.054	na
New estimate	0.035	0.037	0.047
Change	-0.017	-0.018	na
Change (pct)	-32.5%	-32.7%	na

Source: Enlight Research

## Forecast

Group P&L (EURm)	Q1/24E	Q2/24E	Q3/24E	Q4/24E	2023	2024E	2025E	2026E
Interest revenue	51.4	52.6	54.5	56.0	195.7	214.6	226.9	249.6
Other similar income	4.1	4.2	4.3	4.4	21.2	16.9	18.6	18.6
Interest expense and similar charges	-16.0	-16.4	-17.0	-17.4	-60.1	-66.8	-74.5	-80.1
<b>Net interest income</b>	<b>39.5</b>	<b>40.4</b>	<b>41.8</b>	<b>43.0</b>	<b>156.9</b>	<b>164.7</b>	<b>171.0</b>	<b>188.1</b>
Net interest income margin	76.8%	76.8%	76.8%	76.8%	80.1%	76.8%	75.4%	75.4%
Fee and commission income	8.4	9.3	9.3	11.0	28.6	38.1	40.3	45.2
Fee and commission expense	-2.4	-2.6	-2.6	-3.1	-8.4	-10.7	-11.0	-12.2
<b>Net fee and commission income</b>	<b>6.1</b>	<b>6.7</b>	<b>6.7</b>	<b>7.9</b>	<b>20.3</b>	<b>27.4</b>	<b>29.3</b>	<b>33.0</b>
<b>Total interest &amp; fee income</b>	<b>45.5</b>	<b>47.1</b>	<b>48.5</b>	<b>51.0</b>	<b>177.1</b>	<b>192.1</b>	<b>200.3</b>	<b>221.1</b>
Net gain from trading activities	2.0	2.0	2.0	2.0	13.7	8.0	8.5	9.0
Net gain (loss) FV subordinated loan	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net gain (loss) derecognition financial assets	0.1	0.1	0.1	-0.3	0.8	0.0	0.0	0.0
Net gain (loss) disposal tangible assets	0.1	0.1	0.1	-0.4	0.9	0.0	0.0	0.0
Revenue related to insurance activities	2.2	2.2	2.2	0.4	5.7	7.0	8.0	8.0
Other operating income	0.5	0.5	0.5	-1.5	0.0	0.0	0.0	0.0
<b>Total non-interest &amp; non-fee income</b>	<b>4.9</b>	<b>4.9</b>	<b>4.9</b>	<b>0.2</b>	<b>21.1</b>	<b>15.0</b>	<b>16.5</b>	<b>17.0</b>
<b>Total revenues</b>	<b>50.4</b>	<b>52.0</b>	<b>53.5</b>	<b>51.2</b>	<b>198.2</b>	<b>207.1</b>	<b>216.8</b>	<b>238.1</b>
Salaries and related expenses	-10.5	-10.8	-11.2	-11.7	-36.2	-44.2	-46.1	-50.8
Depreciation & Amortisation	-1.5	-1.6	-1.7	-1.7	-5.5	-6.5	-6.9	-7.5
Expenses related to insurance activities	-2.3	-2.4	-2.4	-2.5	-14.2	-9.6	-10.3	-11.2
Other operating expenses	-8.2	-8.5	-8.7	-9.2	-31.2	-34.6	-40.1	-27.6
<i>Total operating expenses</i>	<i>-22.5</i>	<i>-23.3</i>	<i>-24.0</i>	<i>-25.1</i>	<i>-87.2</i>	<i>-94.8</i>	<i>-103.3</i>	<i>-97.1</i>
<b>Operating profit before impairments</b>	<b>28.0</b>	<b>28.7</b>	<b>29.5</b>	<b>26.1</b>	<b>111.0</b>	<b>112.2</b>	<b>113.5</b>	<b>140.9</b>
Allowance impairment losses on loans	-4.5	-4.5	-4.6	-4.2	-15.2	-17.7	-14.9	-15.6
Allowance impairment losses on subsidiaries	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<i>Total impairments</i>	<i>-4.5</i>	<i>-4.5</i>	<i>-4.6</i>	<i>-4.2</i>	<i>-15.2</i>	<i>-17.7</i>	<i>-14.9</i>	<i>-15.6</i>
<b>Pre-tax profit</b>	<b>23.5</b>	<b>24.3</b>	<b>24.9</b>	<b>21.8</b>	<b>95.7</b>	<b>94.5</b>	<b>98.6</b>	<b>125.3</b>
Income tax expense	-4.2	-4.4	-4.5	-3.9	-20.4	-17.0	-17.8	-22.6
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net profit</b>	<b>19.3</b>	<b>19.9</b>	<b>20.4</b>	<b>17.9</b>	<b>75.4</b>	<b>77.5</b>	<b>80.9</b>	<b>102.8</b>

Growth y-on-y	Q1/24E	Q2/24E	Q3/24E	Q4/24E	2023	2024E	2025E	2026E
Net interest income	11%	1%	3%	6%	47%	5%	4%	10%
Net fee and commission income	14%	4%	6%	10%	8%	35%	7%	12%
Total revenues	8%	7%	9%	-5%	39%	4%	5%	10%

Margin	Q1/24E	Q2/24E	Q3/24E	Q4/24E	2023	2024E	2025E	2026E
Operating margin bef. Loan prov.	55.4%	55.3%	55.2%	50.9%	56.0%	54.2%	52.4%	59.2%
Pre-tax profit margin	46.6%	46.7%	46.5%	42.7%	48.3%	45.6%	45.5%	52.6%
Net profit margin	38.2%	38.3%	38.1%	35.0%	38.0%	37.4%	37.3%	43.2%

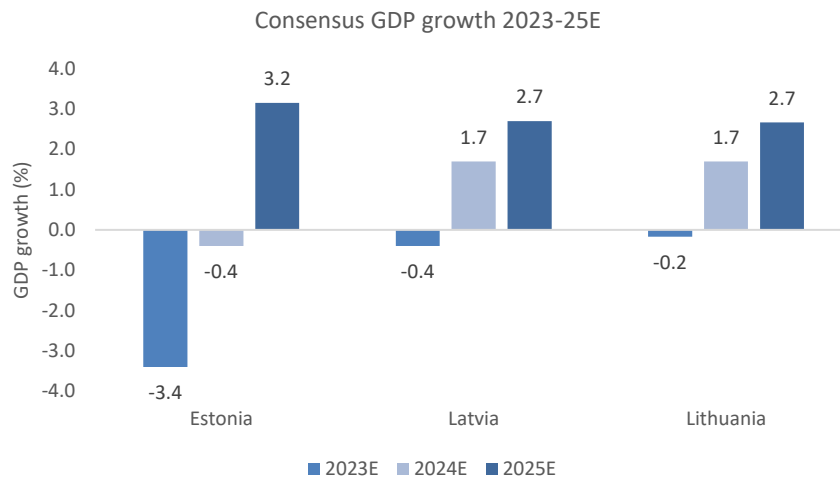
Source: Company reports (historic), Enlight Research (estimates)



## Risk factors

### Macro risk

The banking sector in general is exposed to macroeconomic factors such as GDP growth, salary growth, unemployment etc. Siauliu Bankas is not exception and hence a sharp downturn in e.g., the GDP growth will most likely mean that our forecast is too optimistic.



Source: Consensus (Swedbank, SEB, Siauliu Bank for Lithuania only)

### Interest rate and liquidity risk

Siauliu Bankas as all commercial banks face an interest rate risk, with its core business reliant on generating a spread between lending and borrowing activities. Rapidly declining interest rates can potentially lead to a contraction in this spread and vice versa. Therefore, a sharp drop in interest rates could mean our Net interest margin forecast is too optimistic.

### Non-performing loan risk

The majority of the SAB's assets consist of loans to corporations, government, and households. The bank needs to see consistent servicing of these loans to remain viable. If a large proportion of these loans are not repaid concurrently, the bank can be forced to write down its loan base, resulting in losses.

### Pandemic risk

Our forecast does not assume further shutdowns due to the pandemic. Should this occur, our forecast is most likely too optimistic.

<b>Income Statement</b>	2022	2023	2024E	2025E	2026E
Net interest income	106.8	156.9	164.7	171.0	188.1
Commissions	18.7	20.3	27.4	29.3	33.0
Result financial items	1.0	0.8	0.0	0.0	0.0
Trading income	4.4	13.7	8.0	8.5	9.0
Capital gains	0.8	0.9	0.0	0.0	0.0
Insurance	9.3	5.7	7.0	8.0	8.0
Other income	1.7	0.0	0.0	0.0	0.0
Total operating income	142.6	198.2	207.1	216.8	238.1
Costs	-61.2	-87.2	-94.9	-103.3	-97.1
Profit before loan losses	81.5	111.0	112.2	113.5	140.9
Loan losses	-4.9	-15.2	-17.7	-14.9	-15.6
Ass. companies' profit/loss	0.0	0.0	0.0	0.0	0.0
Life profit	0.0	0.0	0.0	0.0	0.0
Profit after loan losses	76.5	95.7	94.5	98.6	125.3
Core earnings	0.0	0.0	0.0	0.0	0.0
Investm. portfolio income	0.0	0.0	0.0	0.0	0.0
Other items	0.0	0.0	0.0	0.0	0.0
Non-recurring items	0.0	0.0	0.0	0.0	0.0
Pre-tax profit	76.5	95.7	94.5	98.6	125.3
Taxes on cont. operations	-12.9	-20.4	-17.0	-17.8	-22.6
Net income from disc. Op.	0.0	0.0	0.0	0.0	0.0
Minority interest	0.0	0.0	0.0	0.0	0.0
Net earnings	63.6	75.4	77.5	80.9	102.8
Adjusted net earnings	63.6	75.4	77.5	80.9	102.8

<b>Balance Sheet</b>	2022	2023	2024E	2025E	2026E
<b>ASSETS</b>					
Deposits with fin. instit.	2.7	3.0	3.3	3.5	3.8
Debt securities	1,059.3	825.7	896.4	969.3	1,032.3
Lending to the public (net)	2,634.1	2,931.6	3,224.8	3,547.3	3,902.0
Investment assets	0.0	0.0	0.0	0.0	0.0
Tangible assets	18.0	16.8	18.3	19.7	20.9
Goodwill	1.4	1.4	1.4	1.4	1.4
Other intangible rights	6.9	43.8	47.7	51.3	54.6
Other assets	460.3	987.0	1,050.3	1,042.9	986.6
Total assets	4,182.7	4,809.3	5,242.2	5,635.3	6,001.6
<b>LIABILITIES</b>					
Deposits from fin. inst.	685.1	570.0	621.2	667.8	711.2
Deposits from the public	2,785.0	3,162.7	3,447.3	3,663.0	3,901.1
Wholesale funding	14.2	276.5	301.4	324.0	345.0
Subordinated debt	171.2	15.7	17.3	18.6	19.8
Provisions (insurance)	36.2	179.3	195.5	210.1	223.8
Other liabilities	48.1	62.0	71.1	105.8	76.2
Total liabilities (banks)	3,739.8	4,266.2	4,653.7	4,989.2	5,277.0
Share capital	174.2	192.3	192.3	192.3	192.3
Retained earnings	213.2	262.0	307.3	364.9	443.5
Other equity	55.5	88.9	88.9	88.9	88.9
Equity total	442.9	543.1	588.5	646.1	724.6
Total equity and liabilities	4,182.7	4,809.3	5,242.2	5,635.3	6,001.6

<b>Key figures</b>	2022	2023	2024E	2025E	2026E
CET1 ratio	18.14%	19.89%	20.16%	19.76%	19.57%
Tier 1 ratio	18.14%	19.89%	20.16%	19.76%	19.57%
Capital ratio	20.20%	22.35%	22.28%	21.66%	21.29%
ROE	15.19%	15.50%	13.70%	13.10%	15.00%
ROE Tangible	15.21%	16.16%	14.94%	14.28%	16.29%
RORWA	2.81%	3.10%	2.94%	2.70%	3.10%
ROA	1.56%	1.68%	1.54%	1.49%	1.77%
Loan loss ratio	0.21%	0.59%	0.58%	0.44%	0.42%
C/I	0.43	0.44	0.46	0.48	0.41
Loan loss res./lending	1.30%	1.49%	2.00%	2.00%	2.00%
NPL/lending	3.00%	3.59%	5.00%	5.00%	5.00%
Coverage ratio	43.38%	41.35%	40.00%	40.00%	40.00%

<b>Share data</b>	2022	2023	2024E	2025E	2026E
EPS, unadjusted	0.11	0.12	0.12	0.12	0.16
EPS diluted	0.11	0.12	0.12	0.12	0.16
BV/share	0.74	0.82	0.89	0.97	1.09
Tangible equity/Share	0.72	0.75	0.81	0.90	1.01
Div. per share	0.03	0.05	0.04	0.04	0.05

<b>Pricing and key ratios</b>	2022	2023	2024E	2025E	2026E
Share price	0.69	0.70	0.70	0.70	0.70
Market cap	412.10	464.10	466.75	466.75	466.75
P/E diluted	6.48	5.87	6.02	5.77	4.54
P/BV	0.93	0.85	0.79	0.72	0.64
P/Tangible equity	0.95	0.93	0.87	0.79	0.70
Payout ratio	25.02%	42.66%	30.00%	30.00%	30.00%
Dividend yield	3.86%	6.93%	4.98%	5.20%	6.61%

<b>Shareholders</b>	Capital	Votes
Invalda INVL	93.350	20.00 %
ME Investicija	42.007	9.00 %
EBRD	34.073	7.30 %
Tesonet Global	24.738	5.30 %
Gintaras Kateiva	22.871	4.90 %
Algirdas Butkus	22.404	4.80 %

<b>Key people</b>	
CEO	Vytautas Sinius
CFO	Donatas Savickas
IR	Donatas Savickas
Chairman	Valdas Vitkauskas

<b>P/E</b>	$\frac{\text{Price per share}}{\text{Earnings per share}}$	<b>EPS</b>	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes} + \text{minority interest}}{\text{Number of shares}}$
<b>P/Sales</b>	$\frac{\text{Market cap}}{\text{Sales}}$	<b>DPS</b>	Dividend for financial period per share
<b>P/BV</b>	$\frac{\text{Price per share}}{\text{Shareholders' equity} + \text{taxed provisions per share}}$	<b>CEPS</b>	$\frac{\text{Gross cash flow from operations}}{\text{Number of shares}}$
<b>P/CF</b>	$\frac{\text{Price per share}}{\text{Operating cash flow per share}}$	<b>EV/Share</b>	$\frac{\text{Enterprise value}}{\text{Number of shares}}$
<b>Div yield, %</b>	$\frac{\text{Dividend per share}}{\text{Price per share}}$	<b>Total assets</b>	Balance sheet total
<b>Payout ratio, %</b>	$\frac{\text{Total dividends}}{\text{Earnings before extraordinary items and taxes} - \text{income taxes} + \text{minority interest}}$	<b>Interest coverage (x)</b>	$\frac{\text{Operating profit}}{\text{Financial items}}$
<b>Net cash/Share</b>	$\frac{\text{Financial assets} - \text{interest-bearing debt}}{\text{Number of shares}}$	<b>Asset turnover (x)</b>	$\frac{\text{Turnover}}{\text{Balance sheet total (average)}}$
<b>ROA, %</b>	$\frac{\text{Operating profit} + \text{financial income} + \text{extraordinary items}}{\text{Balance sheet total} - \text{interest-free short-term debt} - \text{long-term advances received and accounts payable (average)}}$	<b>Debt/Equity, %</b>	$\frac{\text{Interest-bearing debt}}{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}$
<b>ROCE, %</b>	$\frac{\text{Profit before extraordinary items} + \text{interest expenses} + \text{other financial costs}}{\text{Balance sheet total} - \text{non-interest-bearing debt (average)}}$	<b>Equity ratio, %</b>	$\frac{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}{\text{Total assets} - \text{interest-free loans}}$
<b>ROE, %</b>	$\frac{\text{Profit before extraordinary items} - \text{income taxes}}{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions (average)}}$	<b>CAGR, %</b>	Cumulative annual growth rate = Average growth rate per year
<b>P/Tangible equity</b>	$\frac{\text{Share price}}{\text{Book value per share} - \text{intangible assets}}$	<b>CET1 Ratio</b>	$\frac{\text{CET1 capital}}{\text{Risk-weighted assets}}$
<b>Loan loss ratio</b>	$\frac{\text{Loan losses}}{\text{Lending to public}}$	<b>Coverage ratio</b>	$\frac{\text{Loan loss reserve}}{\text{Non-performing loans}}$
<b>ROE Tangible</b>	$\frac{\text{ROE Tangible}}{\text{Tangible equity}}$	<b>RORWA</b>	$\frac{\text{Net earnings}}{\text{Risk-weighted assets, average}}$
<b>C/I</b>	$\frac{\text{Costs}}{\text{Total income}}$	<b>Loan loss reserve / lending</b>	$\frac{\text{Loan loss reserve}}{\text{Lending to public}}$
<b>NPL/lending</b>	$\frac{\text{Non-performing loans}}{\text{Lending to public}}$		

## Disclaimer

Enlight Research OÜ's main valuation methods are discounted cash flow valuation and peer valuation with common multiples such as Price to Earnings, Enterprise Value to EBITDA, dividend yield etc. Aforementioned methods are used to estimate a company's fair value according to the following three scenarios: Bull (positive), Base (main scenario), and Bear (negative).

This report is commissioned by the company covered in this report which means Enlight Research OÜ receives compensation to write research on the company. The compensation is pre-determined and does not depend on the content in the report. This report is not to be considered investment research under MiFID regulations. Enlight Research OÜ does not issue investment recommendations or advice.

This report is for informational purposes only i.e. it should not be considered as an offer to sell or buy. Investors are encouraged to make their own research and not rely solely on this report when making their investment decisions. The decision to invest or not to invest is fully the responsibility of the investor i.e. Enlight Research OÜ takes no responsibility nor gives any guarantees with regards to investment decisions made by investors. Investing in equities entails risk e.g. the price of an equity decreases. Past performance is not a guarantee for future performance.

This report is based on information and sources that Enlight Research OÜ deemed to be reliable. However, Enlight Research OÜ cannot guarantee the accuracy or completeness of the information. All forward-looking statements and financial forecasts entail uncertainty and are subject to change without notice. Enlight Research OÜ accept no liability for any loss or damage resulting from the use of this report.

The analyst(s) writing this report own shares in the company in this report: Yes

The analyst(s) responsible for this report are not allowed to trade in any financial instruments of the company in this report until one trading day after the analyst report has been published, or if other conflict of interest exist e.g. advisory related.

Investors should assume that Enlight Research OÜ is seeking, or is performing, or have performed advisory services or other revenue generating services for the company in this report. An analyst's compensation is never directly related to advisory projects. An analyst working on advisory projects will be taken over the "Chinese wall" as soon as relevant regulations and/or guidelines require this.

The document may not be copied, reproduced, distributed, or published to physical or legal entities that are citizens of or domiciled in any country where relevant laws and/or regulations prohibit this.

This report may not be copied, reproduced, distributed, or published other than for personal reasons without written permission by Enlight Research OÜ. To apply for permission, send an email to below address:

ResearchTeam@enlightresearch.net

© Copyright 2019 Enlight Research OÜ



Follow on Twitter

@ResearchEnlight

Contact information

[ResearchTeam@EnlightResearch.net](mailto:ResearchTeam@EnlightResearch.net)