

+30% in 12 months and more to give

Siauliu Bankas (SAB) has widely outperformed its Estonian peers on the back of a strong Lithuanian economy and shareholder friendly actions taken by the new owners. We see continued positive momentum as the valuation is still low.

Momentum shifts from Estonia to Lithuania

Lithuania has overtaken Estonia as the leading Baltic country (flash Q3 GDP growth was 2.3% in Lithuania vs. negative 0.7% in Estonia). The SAB share also has positive momentum having gained 30% in the last 12 months vs. CPA's 17% loss (47 pct points performance difference).

New owners take action

In May this year, EBRD completed its sale of a 16% stake in SAB to INVALIDA INVL, Willgrow, and Tesonet. We believe these owners have aligned and together with the management are implementing shareholder friendly actions such e.g., raise the dividend payout to min. 50% (prev. 25%), launch a share buyback program (4.3m shrs. completed, 6.9m shrs. ongoing), and actively market the investment story to international banks and investors.

Valuation discount remains

Despite the share price gain, the P/BV 2024E multiple is below 1x at 0.92x, which is low given its estimated ROE of 14-15% in 2024-26, and the estimated dividend yield of 8-9% (net 7-8%) during the same period. We believe the positive momentum could continue and reiterate our Base case Fair value of EUR 0.98/shr.

Key figures (MEUR)

	2022	2023	2024E	2025E	2026E
Net interest income	106.8	156.9	162.0	175.1	184.8
Commissions	18.7	20.3	28.3	30.4	32.9
Total operating income	142.6	198.2	220.0	225.5	237.6
Profit before loan losses	81.5	111.0	109.6	111.5	129.9
Loan losses	-4.9	-15.2	-10.4	-12.5	-13.1
Profit after loan losses	76.5	95.7	99.2	98.9	116.8
Tier 1 ratio excl. hybrids	18.14%	19.89%	16.51%	15.67%	16.02%
Loan loss ratio	0.21%	0.59%	0.33%	0.35%	0.33%
Coverage ratio	150.7%	143.7%	107.1%	136.4%	136.4%
P/E	6.5	5.8	6.6	6.6	5.4
P/BV	0.9	0.9	0.9	0.9	0.8
EPS	0.11	0.12	0.12	0.12	0.15
EPS growth %	15.19%	12.65%	3.71%	0.61%	22.39%
Div. per share	0.03	0.05	0.06	0.06	0.08
Dividend yield	3.86%	7.00%	7.54%	7.59%	9.29%
ROE %	15.19%	15.29%	14.45%	13.46%	15.22%

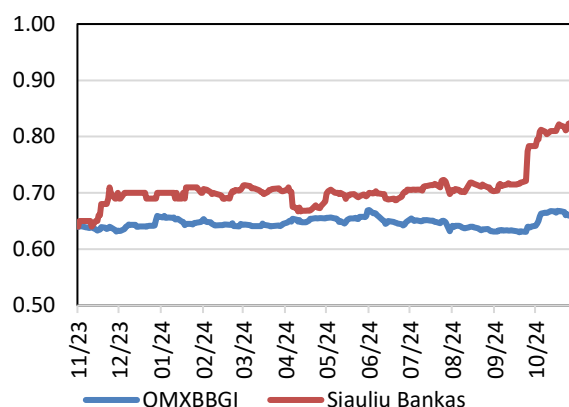
Source: Company data, Enlight Research estimates

Fair value range

Bull (P/BV 1.3x)	1.16
Base (P/BV 1.1x)	0.98
Bear (P/BV 0.9x)	0.80

Key Data

Price (EUR)	0.82
Ticker	SAB1L
Country	Lithuania
Listed	Vilnius (Lithuania)
Market Cap	539
Net debt	na
Shares (m)	657
Free float	93%



Price range

52-week high	0.83
52-week low	0.64

Analyst

ResearchTeam@enlightresearch.net

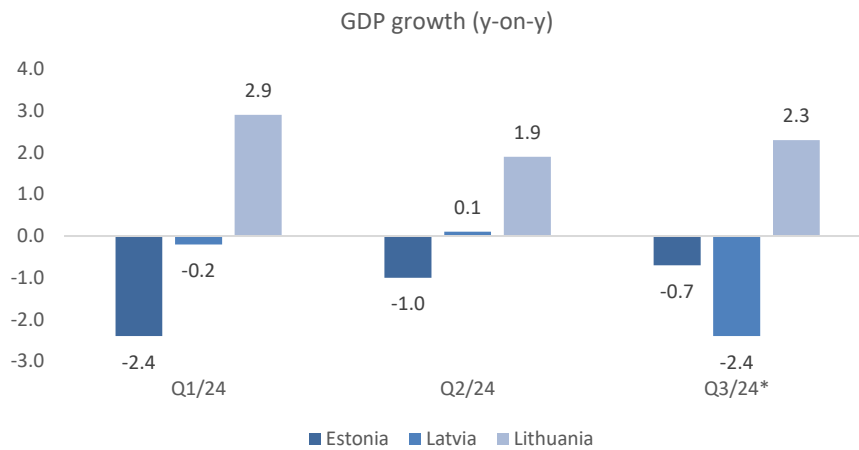
Coverage frequency

4x per year

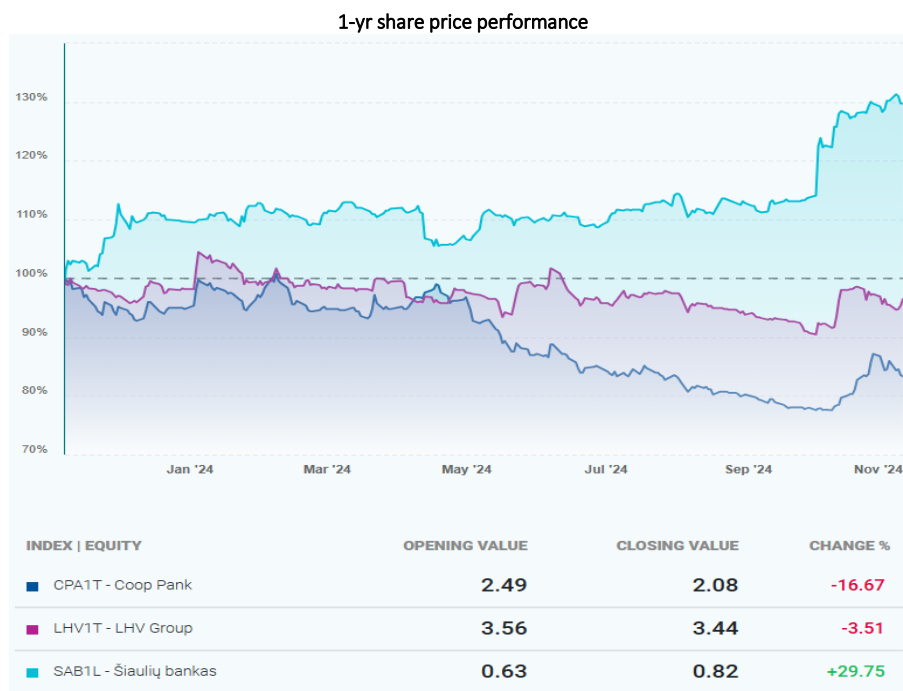
Key takeaways

Momentum shifts from Estonia to Lithuania

Lithuania has overtaken Estonia as the leading Baltic country. The flash Q3 GDP growth was 2.3% y-on-y in Lithuania, while it was negative 0.7% y-on-y in Estonia. This marks the tenth consecutive quarter of y-on-y GDP decline in Estonia, while Lithuania has posted four consecutive quarters of y-on-y GDP growth. For the full-year 2024, Lithuania is expected to post a GDP growth of around 2% while Estonia is expected to show a decline of around 1%. In our view, it seems like Lithuania is doing everything right (not raising taxes on the poor and middle class) while Estonia is doing everything wrong (raising taxes on the poor and middle class and thereby accentuating the recession). This has shifted the positive investment momentum from Estonia to Lithuania, which is also reflected in the share price performance. In the last 12-month period, the Siauliu Bank (SAB) share is up 30%, while the LHV and Coop bank (CPA) share is down 4%, and 17%, respectively.



Source: National Statistics Centers *Flash estimates



Source: Nasdaq Baltic website

New owners implement shareholder friendly actions

On May 31, 2024, the EBRD completed its sale of a 16.33% stake in SAB to INVALIDA INVL, Willgrow, and Tesonet (see next page for description of main owners). Following the transaction, these three owners have 34.2% of SAB, effectively putting them in control of the company. We believe the three owners are very much aligned with regards to strategy and shareholder value creation. Since the completion of the share purchase from EBRD, the three owners and management have aligned to implement the following actions:

- **Dividend policy payout improved** to minimum 50% from minimum 25%, which almost doubled our estimated dividend yield to 7.5% (net 6.4%) as we estimated 30% payout. This also signifies a return to focus on SAB being a dividend stock rather than a growth stock (although the previously announced growth targets remain).
- **Buyback program launched** with goal to become more capital efficient and achieve a fair valuation of the share. At a P/BV below 1x, it makes sense for the company to use excess liquidity to buy back shares and cancel them i.e., reduce the number of shares. In the first tranche, 6m shares were bought back at an average price of EUR 0.82 per share for a total amount of EUR 4.920m (completed on 18 October 2024). In the second tranche, 6.875m shares can be bought in the market between 4 November 2024 and 25 January 2025. A maximum of 125K shares per day can be bought and it must be done at bid or the last traded price (EU regulations). The number of shares bought will be disclosed on a weekly basis. At the webinar, management stated that the open market buyback program will continue until a fair valuation is achieved.
- **Investment case marketed** to international banks and investors. With the new strategy and shareholder friendly policies in place, management has started to actively market the SAB investment story to investors. One example is the participation in Erste's annual investor conference in Vienna last month. Erste has also initiated research coverage of SAB (the first non-deal related research coverage on a Baltic stock in a very long time – perhaps ever). In the near term, SAB will participate in the following international events: December 3, 2024: WOOD conference (Prague), December 4, 2024: Morgan Stanley Fixed Income Conference (virtual).

Shareholders as of Q3/24	Share
INVALIDA INVL	19.9%
Willgrow	9.0%
EBRD	7.3%
Tesonet	5.3%
Algirdas Butkus	5.1%
Other foreign investors	21.1%
Other domestic investors	32.4%
Total	100.0%

Source: Company Q3 2024 presentation

Description of Siauliu Bankas main owners

	Listed Baltic asset management group established in 1991 and currently managing around €1bn AUM
	Family office investing surplus capital of Girteka (Europe's leading asset-based road transportation company with >€2bn yearly turnover)
	Multilateral developmental investment bank with >€70bn AUM using investment as a tool to build market economies
	Business accelerator and investor that, among other companies, kickstarted cybersecurity powerhouse Nord Security and Surfshark, web intelligence collection platform Oxylabs, Cyber Care, and more. Implied valuation post latest funding of >€3bn

Source: Company Q3 2024 presentation

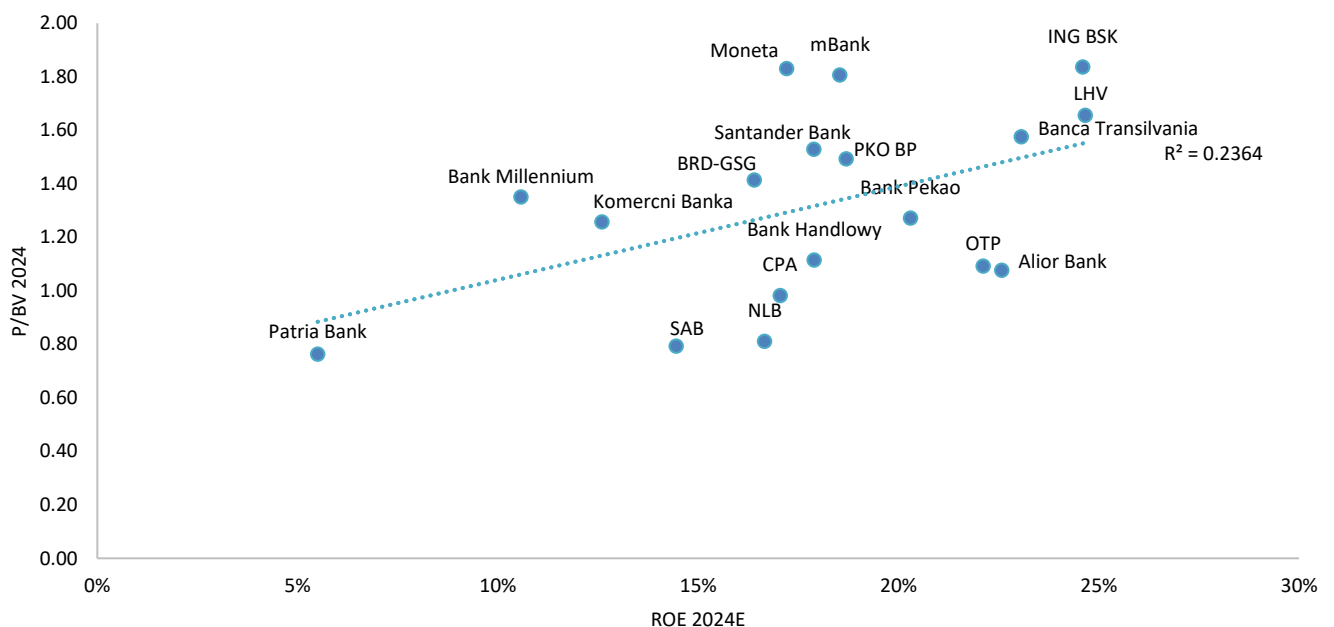
P/BV below 1x unjustified

Despite the 12-month +30% share price gain, SAB's P/BV valuation is below 1x, which we believe is unjustified given the estimated ROE of 13-15% in the forecast period 2024-26. Based on our estimated 2024 buyback adjusted book value per share, SAB is trading at a P/BV 2024E of 0.92x. We believe a bank with an ROE around 13-15% should be valued at a P/BV of 1.1x, which implies a SAB share price of EUR 0.98, equal to an upside of around 20%. The low P/BV valuation in relation to its ROE also looks attractive vs. the international peers, with SAB located far below the trend line (see chart below).

Motivated share price (EUR)	Bear	Base	Bull
BV/Share 2024E	0.89	0.89	0.89
P/BV 2024E	0.92	0.92	0.92
Motivated P/BV 2024E	0.90	1.10	1.30
Motivated share price	0.80	0.98	1.16
Upside/downside	-2%	20%	42%
Share price (EUR)	0.82	0.82	0.82

Source: Enlight Research

P/BV 2024E VS ROE 2024E on 7 Nov 2024



Source: Enlight Research (SAB, LHV, CPA), MarketScreener consensus (all non-Baltic companies)

Estimate deviations

The Q3/24 Net interest income (NII) was 0.9% or EUR 0.4m above forecast, while the Net fee and commission income was 8.5% or EUR 0.6m above our estimate. The Q3/24 Total operating income was 1.5% or EUR 0.8m above our estimate mainly due to better than expected Net fee and commission income.

The Q3/24 Pre-provision Operating profit of EUR 28.4m was 2.3% or EUR 0.6m above our forecast of EUR 27.7m due to higher Operating income. The Q3/24 Loan provisions of EUR 3.0m were EUR 0.7m higher than estimated. The Q3/24 Pre-tax profit (after provisions) was 0.3% or EUR 0.1m below estimate i.e., inline. The Q3/24 Net profit was also inline with forecast.

Forecast deviation table Group

Group forecast Income statement	Q3/24	Q3/24	Deviation	
	Estimate	Outcome	EURm	%
Net interest income	40.0	40.4	0.4	0.9%
Net fee and commission income	6.7	7.3	0.6	8.5%
Other operating income	6.9	6.8	-0.1	-1.7%
Total operating income	53.7	54.5	0.8	1.5%
Salaries and related expenses	-11.5	-12.2	-0.8	6.7%
Depreciation & Amortization	-1.9	-2.1	-0.2	12.9%
Expenses related to insurance activities	-4.2	-3.9	0.3	-7.2%
Other operating expenses	-8.4	-7.9	0.5	-6.1%
<i>Total Operating expenses</i>	<i>-25.9</i>	<i>-26.1</i>	<i>-0.2</i>	<i>0.7%</i>
Pre-provision operating profit	27.7	28.4	0.6	2.3%
Provisions	-2.3	-3.0	-0.7	30.6%
Pre-tax profit	25.4	25.4	-0.1	-0.3%
Income tax expense	-4.8	-4.7	0.1	-1.6%
Net profit	20.6	20.6	0.0	0.0%

Growth y-on-y	Q3/24	Q3/24	Deviation	
	Estimate	Outcome	EURm	%-points
Net interest income	-1.4%	-0.5%	na	0.9
Net fee and commission income	34.1%	45.5%	na	11.4
Other operating income	99.1%	95.6%	na	-3.5
Total operating income	9.3%	11.0%	na	1.7

Margins	Q3/24	Q3/24	Deviation	
	Estimate	Outcome	EURm	%-points
Profit bef. Provisions margin	51.7%	52.0%	na	0.4
PTP margin	47.4%	46.6%	na	-0.8
Net profit margin	38.4%	37.9%	na	-0.6

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

Estimate changes

We raise our Total Revenues by 1.5% for this and next year, while our 2026 Total Revenues is lowered by 2.3%. Our pre-provision Operating profit is lowered by 1-2% for 2024, and 2025, while 2026 is lowered by 6.1%. Our Pre-tax Profit is lowered by 1-2% for 2024, and 2025, while 2026 is lowered by 7.8%. Our EPS is lowered by 1-3% in the forecast period 2024-26E. Our Dividend per share is raised by 62-66% for each year in the forecast period 2024-26 to align with the improved dividend policy payout of 50% (prev. 25%).

Estimate changes			
Total Revenues (EURm)	2024E	2025E	2026E
Old estimate	216.8	222.3	243.3
New estimate	220.0	225.5	237.6
Change	3.2	3.2	-5.7
Change (pct)	1.5%	1.5%	-2.3%
Pre-provisions Operating profit (EURm)	2024E	2025E	2026E
Old estimate	111.0	113.1	138.4
New estimate	109.6	111.5	129.9
Change	-1.5	-1.6	-8.5
Change (pct)	-1.3%	-1.4%	-6.1%
Pre-tax Profit (EURm)	2024E	2025E	2026E
Old estimate	100.8	100.8	126.7
New estimate	99.2	98.9	116.8
Change	-1.6	-1.9	-9.9
Change (pct)	-1.6%	-1.8%	-7.8%
EPS (EUR)	2024E	2025E	2026E
Old estimate	0.12	0.12	0.16
New estimate	0.12	0.12	0.15
Change	0.00	0.00	0.00
Change (pct)	-0.7%	-0.2%	-2.8%
Dividend (EUR)	2024E	2025E	2026E
Old estimate	0.037	0.037	0.047
New estimate	0.062	0.062	0.076
Change	0.024	0.025	0.029
Change (pct)	65.4%	66.4%	62.0%

Source: Enlight Research

Forecast

Group P&L (EURm)	Q1/24	Q2/24	Q3/24	Q4/24E	2023	2024E	2025E	2026E
Interest revenue	59.5	61.1	63.2	63.5	195.7	247.4	266.6	285.5
Other similar income	5.9	7.1	6.9	6.2	21.2	26.2	27.5	29.3
Interest expense and similar charges	-25.9	-27.1	-29.7	-28.8	-60.1	-111.6	-119.0	-130.0
Net interest income	39.6	41.1	40.4	40.9	156.9	162.0	175.1	184.8
Net interest income margin	66.5%	67.2%	63.9%	64.5%	80.1%	65.5%	65.7%	64.7%
Fee and commission income	8.7	9.4	9.5	10.5	28.6	38.1	40.8	43.3
Fee and commission expense	-2.2	-2.2	-2.2	-3.2	-8.4	-9.8	-10.4	-10.4
Net fee and commission income	6.5	7.3	7.3	7.3	20.3	28.3	30.4	32.9
Total interest & fee income	46.1	48.3	47.7	48.3	177.1	190.3	205.5	217.6
Net gain from trading activities	7.2	3.7	3.6	2.5	13.7	17.0	10.0	10.0
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	0.0	-0.1	0.1	0.0	0.8	0.0	0.0	0.0
Net gain (loss) disposal tangible assets	0.0	0.0	0.0	0.0	0.9	0.0	0.0	0.0
Revenue related to insurance activities	4.0	3.0	2.7	2.3	5.7	12.0	10.0	10.0
Other operating income	0.2	0.1	0.4	-0.1	0.0	0.6	0.0	0.0
Total non-interest & non-fee income	11.4	6.7	6.8	4.7	21.1	29.6	20.0	20.0
Total revenues	57.4	55.0	54.5	53.0	198.2	220.0	225.5	237.6
Salaries and related expenses	-11.3	-11.9	-12.2	-14.1	-36.2	-49.5	-52.4	-52.2
Depreciation & Amortisation	-1.8	-1.9	-2.1	-2.2	-5.5	-8.0	-8.4	-8.5
Expenses related to insurance activities	-7.6	-3.9	-3.9	-4.8	-14.2	-20.2	-18.1	-18.7
Other operating expenses	-6.8	-10.4	-7.9	-7.7	-31.2	-32.7	-35.1	-28.3
<i>Total operating expenses</i>	<i>-27.4</i>	<i>-28.0</i>	<i>-26.1</i>	<i>-28.8</i>	<i>-87.2</i>	<i>-110.4</i>	<i>-114.1</i>	<i>-107.7</i>
Operating profit before impairments	30.0	27.0	28.4	24.2	111.0	109.6	111.5	129.9
Allowance impairment losses on loans	-2.2	-1.7	-3.0	-3.5	-15.2	-10.4	-12.5	-13.1
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>-2.2</i>	<i>-1.7</i>	<i>-3.0</i>	<i>-3.5</i>	<i>-15.2</i>	<i>-10.4</i>	<i>-12.5</i>	<i>-13.1</i>
Pre-tax profit	27.8	25.3	25.4	20.7	95.7	99.2	98.9	116.8
Income tax expense	-5.4	-4.8	-4.7	-3.0	-20.4	-17.9	-17.8	-17.5
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	22.5	20.5	20.6	17.7	75.4	81.3	81.1	99.3

Growth y-on-y	Q1/24	Q2/24	Q3/24	Q4/24E	2023	2024E	2025E	2026E
Net interest income	11.7%	2.5%	-0.5%	0.4%	46.9%	3.3%	8.1%	5.5%
Net fee and commission income	15.2%	7.1%	4.6%	4.0%	8.3%	39.9%	7.3%	8.1%
Total revenues	23.4%	13.2%	11.0%	-1.7%	38.9%	11.0%	2.5%	5.4%

Margin	Q1/24	Q2/24	Q3/24	Q4/24E	2023	2024E	2025E	2026E
Operating margin bef. Loan prov.	52.3%	49.1%	52.0%	45.6%	56.0%	49.8%	49.4%	54.7%
Pre-tax profit margin	48.4%	46.0%	46.6%	39.0%	48.3%	45.1%	43.9%	49.2%
Net profit margin	39.1%	37.3%	37.9%	33.4%	38.0%	37.0%	36.0%	41.8%

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.

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.

New IT systems and re-branding risk

SAB has announced that it will invest into a new IT system and re-branding project. There is no guarantee that these initiatives will go smoothly and there could be financial implications if problems arise.

Income Statement	2022	2023	2024E	2025E	2026E
Net interest income	106.8	156.9	162.0	175.1	184.8
Commissions	18.7	20.3	28.3	30.4	32.9
Result financial items	1.0	0.8	0.0	0.0	0.0
Trading income	4.4	13.7	17.0	10.0	10.0
Capital gains	0.8	0.9	0.0	0.0	0.0
Insurance	9.3	5.7	12.0	10.0	10.0
Other income	1.7	0.0	0.6	0.0	0.0
Total operating income	142.6	198.2	220.0	225.5	237.6
Costs	-61.2	-87.2	-110.4	-114.1	-107.7
Profit before loan losses	81.5	111.0	109.6	111.5	129.9
Loan losses	-4.9	-15.2	-10.4	-12.5	-13.1
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	99.2	98.9	116.8
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	99.2	98.9	116.8
Taxes on cont. operations	-12.9	-20.4	-17.9	-17.8	-17.5
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	81.3	81.1	99.3
Adjusted net earnings	63.6	75.4	81.3	81.1	99.3

Balance Sheet	2022	2023	2024E	2025E	2026E
ASSETS					
Deposits with fin. instit.	2.7	3.0	3.4	3.7	4.0
Debt securities	1,059.3	825.7	861.8	1,007.3	1,087.8
Lending to the public (net)	2,634.1	2,931.6	3,371.4	3,775.9	4,153.5
Investment assets	0.0	0.0	0.0	0.0	0.0
Tangible assets	18.0	16.8	18.8	20.7	22.3
Goodwill	1.4	4.3	4.3	4.3	4.3
Other intangible rights	6.9	40.8	45.8	50.3	54.4
Other assets	460.3	987.0	1,081.0	1,062.9	1,072.7
Total assets	4,182.7	4,809.3	5,386.4	5,925.1	6,399.1
LIABILITIES					
Deposits from fin. inst.	685.1	570.0	107.7	177.8	192.0
Deposits from the public	2,785.0	3,162.7	3,582.0	3,940.2	4,268.2
Wholesale funding	14.2	276.5	646.4	651.8	652.7
Subordinated debt	171.2	15.7	17.8	19.6	21.1
Provisions (insurance)	36.2	179.3	200.8	220.9	238.6
Other liabilities	48.1	62.0	249.4	291.8	344.7
Total liabilities (banks)	3,739.8	4,266.2	4,804.1	5,302.0	5,717.2
Share capital	174.2	192.3	192.3	192.3	192.3
Retained earnings	213.2	262.0	311.2	352.0	410.7
Other equity	55.5	88.9	78.9	78.9	78.9
Equity total	442.9	543.1	582.3	623.1	681.8
Total equity and liabilities	4,182.7	4,809.3	5,386.4	5,925.1	6,399.1

Key figures	2022	2023	2024E	2025E	2026E
CET1 ratio	18.14%	19.89%	16.51%	15.67%	16.02%
Tier 1 ratio	18.14%	19.89%	18.29%	17.26%	17.49%
Capital ratio	20.20%	22.43%	21.69%	20.29%	20.29%
ROE	15.19%	15.29%	14.45%	13.46%	15.22%
ROE Tangible	15.21%	16.16%	15.79%	14.74%	16.66%
RORWA	2.81%	3.10%	3.10%	2.73%	3.04%
ROA	1.56%	1.68%	1.60%	1.43%	1.61%
Loan loss ratio	0.21%	0.59%	0.33%	0.35%	0.33%
C/I	0.43	0.44	0.50	0.51	0.45
Loan loss res./lending	1.30%	1.49%	1.50%	1.50%	1.50%
NPL/lending	0.86%	1.03%	1.40%	1.10%	1.10%
Coverage ratio	150.72%	143.68%	107.14%	136.36%	136.36%

Share data	2022	2023	2024E	2025E	2026E
EPS, unadjusted	0.11	0.12	0.12	0.12	0.15
EPS diluted	0.11	0.12	0.12	0.12	0.15
BV/share	0.74	0.82	0.89	0.96	1.05
Tangible equity/Share	0.72	0.75	0.82	0.87	0.96
Div. per share	0.03	0.05	0.06	0.06	0.08

Key ratios	2022	2023	2024E	2025E	2026E
Share price	0.69	0.69	0.82	0.82	0.82
Market cap	412.10	459.46	534.53	534.53	534.53
P/E diluted	6.48	5.81	6.63	6.59	5.38
P/BV	0.93	0.85	0.92	0.86	0.78
P/Tangible equity	0.95	0.92	1.00	0.94	0.86
Payout ratio	25.02%	42.66%	49.58%	50.00%	50.00%
Dividend yield	3.86%	7.00%	7.54%	7.59%	9.29%

Shareholders	Capital	Votes
Invalda INVL	106.372	19.90 %
Willgrow	48.108	9.00 %
EBRD	39.021	7.30 %
Tesonet Global	28.330	5.30 %
Algirdas Butkus	27.261	5.10 %

Key people	
CEO	Vytautas Sinius
CFO	Donatas Savickas
IR	Arnas Sukys
Chairman	Valdas Vitkaukas

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

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 us on:

Twitter X @ResearchEnlight

Instagram enlight_research

Contact information

ResearchTeam@EnlightResearch.net