Asset quality concerns allayed

Siauliu Bankas (SAB) Q3/20 results held up well in a difficult market beating our forecast. Core operations are slowing but still growing, and provisions are significantly down from recent averages. Investors are pricing in negative scenarios for LT ROEs that are not being realized, even in the ongoing crisis.

Feared loan provision spike not occurring

Q3/20 loan provisions of just EUR 0.8m equal to 0.05% of the loan book means the feared spike in provisions did not materialize (we estimated provisions of EUR 3.7m, equal to 0.25% of the loan book). Lower provisions offset lower than estimated Other operating income and hence we only make minor estimate adjustments.

Best in class ROE

SAB's ROE average of 13.8% for the 9M/20 period is the highest of the major banks in the Baltic region. We regard SAB's long-term ROE as best in class as it is not only higher relative to most competitors but also appears less volatile.

Too much negativity priced in

Based on our Gordon Growth model, the market is pricing in a LT ROE for SAB of just 9.3%, which looks overly negative to us considering SAB's average 13.8% ROE over 9M/20, and 18.8% from 2016-2019. In our base case we use a 12.0% ROE, which indicates a share price of EUR 0.61, pointing to 34% upside.

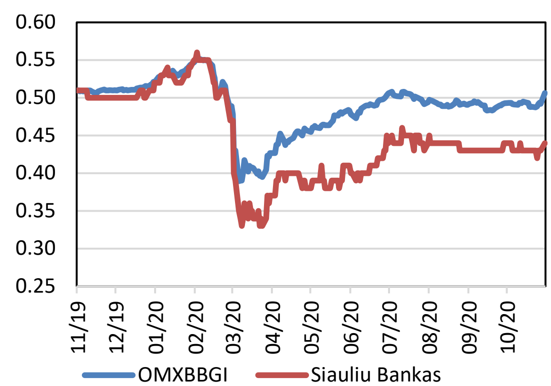
Key figures (MEUR)

	2018	2019	2020E	2021E	2022E
Net interest income	62.8	72.4	73.7	82.5	94.0
Commissions	14.2	16.7	15.2	16.7	18.3
Total operating income	104.9	118.5	112.5	126.6	141.4
Profit before loan losses	65.7	68.1	63.0	73.4	82.0
Loan losses	-7.7	-8.4	-10.2	-10.0	1.9
Profit after loan losses	58.0	59.8	52.8	63.4	83.9
Tier 1 ratio excl. hybrids	14.95%	14.95%	16.53%	17.09%	17.66%
Loan loss ratio	0.66%	0.60%	0.67%	0.62%	-0.10%
Coverage ratio	90.6%	104.2%	71.4%	77.3%	90.6%
P/E	4.2	5.9	6.0	5.0	3.8
P/NAV	0.9	1.0	0.8	0.7	0.6
EPS	0.10	0.09	0.07	0.09	0.12
EPS growth %	120.20%	-10.97%	-12.85%	20.07%	32.22%
Div. per share	0.03	0.00	0.00	0.00	0.00
Dividend yield	7.25%	0.00%	0.66%	0.80%	1.05%
ROE %	21.72%	17.60%	13.51%	14.20%	16.20%

Source: Company data, Enlight Research estimates

Fair value range	
Bull (ROE 14%)	0.75
Base (ROE 12%)	0.61
Bear (ROE 10%)	0.48

Key Data	
Price (EUR)	0.45
Ticker	SAB1L
Country	Lithuania
Listed	Vilnius (Lithuania)
Market Cap	270
Shares (m)	601
Free float	74%



Price range	
52-week high	0.56
52-week low	0.33

Analyst

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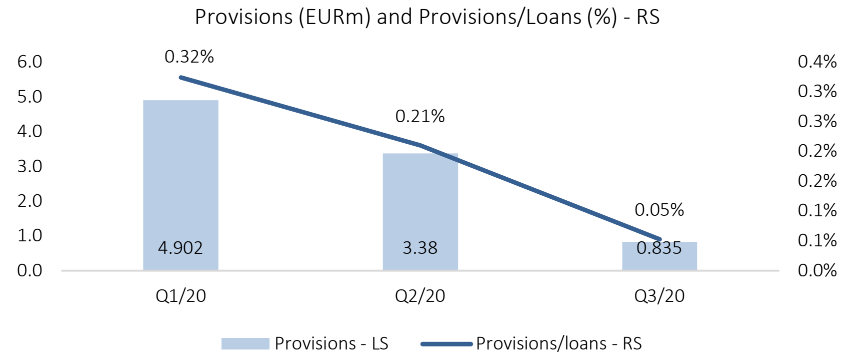
Q3 2020 main takeaways

Feared spike in loan provisions not occurring…

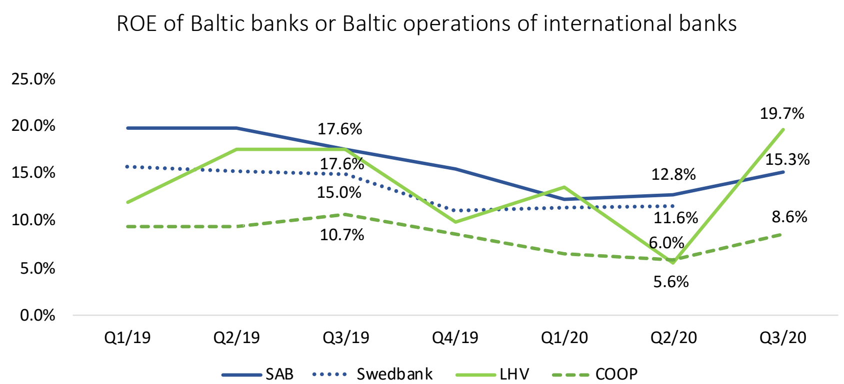
Q3/20 loan provisions of just EUR 0.8m, equal to 0.05% of the loan book, means a feared spike in provisions did not materialize (we estimated provisions of EUR 3.7m, equal to 0.25% of the loan book). This is similar to the trend seen in other Baltic banks (LHV, Coop), where provisions in Q3 were also much lower than market expectations. Given that we do not expect the resurgence in issues from the global health crisis to be as severe as the first wave, we have adjusted down our 2020E forecast provisions.



Source: Banks

…leading to a best in class ROE…

SAB's average ROE of 13.8% for the 9M/20 period is the highest in of the major banks in the Baltic region. We regard SAB's ROE as best in class (even though LHV achieved a higher ROE in Q3/20), as it is not only higher, but appears less volatile versus peers.



Source: Banks

…that implies considerable upside

Given recent ROE outcomes, we believe the current market price is baking in overly bearish outcomes for SAB's long-term ROE. Using a Gordon Growth valuation we back out a 9.3% LT ROE from the current market price, implying that the market is factoring outcomes even worse than the 12.8% ROE in Q2/20 to persist long-term. Given that SAB's ROE has already rebounded to 15.2% in Q3/20, we believe this implied ROE is too conservative, even factoring continued difficulty from the global health crisis. We use a LT ROE assumption of 12.0%, which we believe more than sufficiently accounts for downward cyclicality, but without assuming a perpetually difficult market. This leads to a valuation of EUR 0.61 per share, or 34% upside from the current price of EUR 0.456 per share.

Q3 2020 forecast deviations

Much lower than expected provisions and Other operating income

While Net interest income rose 2.9% (NII) and Net fee and commission income declined -8.6%, coming in 9% and 19% above our estimates, respectively, this was partially offset by lower than estimated Other operating income, leading to Total operating income coming in 5.1% higher than estimated. Operating expenses were roughly in-line with our forecast leading to an estimated Pre-provision operating profit 4.6% higher than our estimate. The largest deviation from our forecast was provisions, coming in 77% lower than our forecast (EUR 0.8m vs. forecast EUR 3.7m), resulting in a 28% better than expected Pre-tax profit (EUR 16.5m vs. EUR12.8mn forecast).

Group forecast deviation table

	Q3/20	Q3/20	Deviation	
Income statement	Estimate	Outcome	EURm	%
Net interest income	17.476	19.112	1.6	9.4%
Net fee and commission income	3.637	4.330	0.7	19.0%
Other operating income	7.403	6.534	-0.9	-11.7%
Total operating income	**28.517**	**29.976**	**1.5**	**5.1%**
Salaries and related expenses	-5.433	-5.888	-0.5	8.4%
Depreciation & Amortization	-0.855	-1.047	-0.2	22.5%
Expenses related to insurance activities	-2.084	-1.837	0.2	-11.9%
Other operating expenses	-3.605	-3.909	-0.3	8.4%
Total Operating expenses	*-11.977*	*-12.681*	*-0.7*	*5.9%*
Pre-provision operating profit	**16.540**	**17.295**	**0.8**	**4.6%**
Provisions	-3.720	-0.835	2.9	-77.6%
Pre-tax profit	**12.819**	**16.460**	**3.6**	**28.4%**
Income tax expense	-1.923	-3.099	-1.2	61.2%
Net profit	**10.896**	**13.361**	**2.5**	**22.6%**

	Q3/20	Q3/20	Deviation	
Growth y-on-y	Estimate	Outcome	EURm	Bps
Net interest income	-5.9%	2.9%	na	880
Net fee and commission income	-23.2%	-8.6%	na	1462
Other operating income	5.1%	-7.3%	na	-1233
Total operating income	**-6.1%**	**-1.3%**	**na**	**484**

	Q3/20	Q3/20	Deviation	
Margins	Estimate	Outcome	EURm	Bps
Net interest income margin	3.2%	2.7%	na	-41
Loan loss ratio	0.25%	0.05%	na	-19
PTP margin	45.0%	54.9%	na	996
Net profit margin	38.2%	44.6%	na	636

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

Estimate changes

Marginal changes as provision fall offsets lower Other operating income

We have made only marginal changes to our Pre-tax profit forecasts, with 2020E 2021E, and 2022E reduced -1.1%, -3.1% and -3.0%, respectively. We have reduced Total operating income, especially for 2020E, mainly on a reduction in Other operating income as Q3/20 trading and financial gains came in lower than expected. However, this has been offset by a lower provision estimate for 2020E, and we have made only marginal adjustments to our EPS estimates, lowering them -1.1%, -3.1% and -3.0% for 2020E, 2021E and 2022E, respectively.

Estimate changes

Total operating income (EURm)	2020E	2021E	2022E
Old estimate	118.8	129.7	145.9
New estimate	112.5	126.6	141.4
Change	-6.3	-3.1	-4.5
Change (pct)	-5.3%	-2.4%	-3.1%

Pre-tax Profit (EURm)	2020E	2021E	2022E
Old estimate	53.4	65.4	86.5
New estimate	52.8	63.4	83.9
Change	-0.6	-2.0	-2.6
Change (pct)	-1.1%	-3.1%	-3.0%

EPS (EUR)	2020E	2021E	2022E
Old estimate	0.08	0.09	0.12
New estimate	0.07	0.09	0.12
Change	0.00	0.00	0.00
Change (pct)	-1.1%	-3.1%	-3.0%

Dividend (EUR)	2020E	2021E	2022E
Old estimate	0.00	0.00	0.00
New estimate	0.00	0.00	0.00
Change	0.00	0.00	0.00
Change (pct)	-1.1%	-3.1%	-3.0%

Source: Enlight (estimate)

Q3/20 results hold up well given difficult backdrop

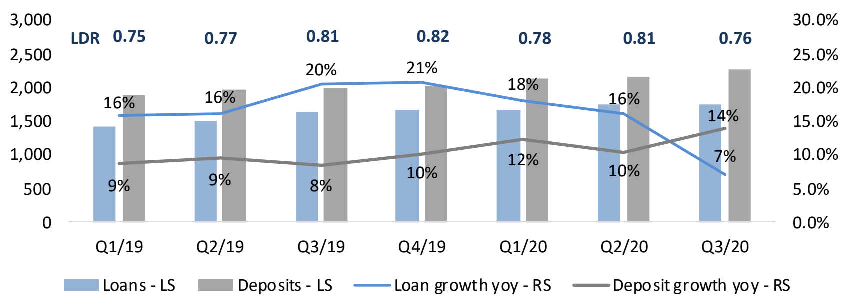
SAB loan growth slows, but still positive on Danske acquisition

Siauliu Bank's loan growth rate slowed from 16.1% y-o-y in Q2/20 to 7.1% y-o-y in Q3/20, with overall macroeconomic pressure from the global health crisis burdening the loan growth, but the Danske acquisition still leading to a moderate expansion. Deposits picked up 14.0% y-on-y, most likely as more risk averse consumers and businesses pulled back on spending. This led to a decline in the loan to deposit ratio to 0.76x in Q3/20 from 0.81x in the previous quarter (Figure 1). In the context of the Lithuanian banks, the 7.1% loan growth was still reasonably strong, with Swedbank seeing only 3.0% growth, and AB SEB a -6% decline (Figure 2). SAB's growth has been driven mainly by the acquisition of the Danske portfolio in May 2020, without which, growth would likely have been closer to the other Lithuanian banks.

High Estonian growth driven by LHV Danske acquisition, Coop IPO funds

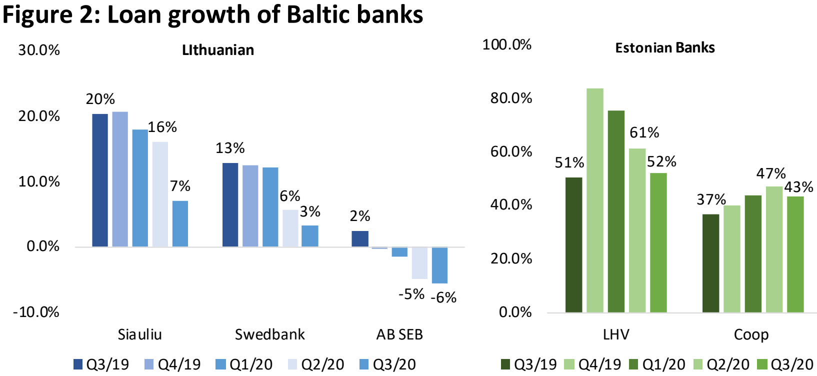
Loan growth in Estonia has been outpacing Lithuania considerably. In part this is because of Danske Bank's Estonian portfolio that was acquired by LHV in Q4/19 (and was much larger as a proportion of total loans compared to SAB's acquisition of Danske's Lithuanian loan portfolio), and this has driven above 50% loan growth for LHV for the past year. Coop Pank has also been generating strong loan growth (+35%) for the last year, boosted by its IPO in December 2019, which provided it additional funding to put to work in the loan market.

Figure 1: Siauliu Bank loans*, deposits, loan to deposit ratio



Source: SAB, *Includes Finance Leases

Figure 2: Loan growth of Baltic banks

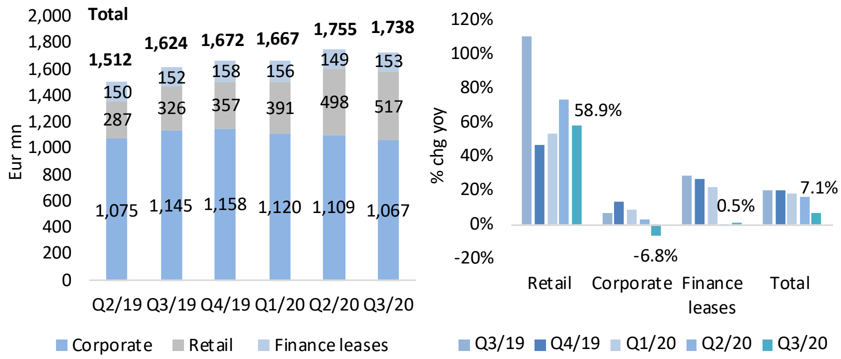


Source: Bank of Lithuania, Banks

Retail loan growth remains the driver in Q3/20

SAB's loan growth of 7.1% y-on-y has been driven by the retail segment, up 58.9% y-on-y in Q3/20, which in turn has been boosted by the Danske portfolio acquisition. The other segments have been muted y-on-y, with Corporate loans decreasing -6.8% y-on-y and Finance leases growing 0.5% (Figure 3). Retail loans rose 4.0% q-on-q, while corporate loans fell -3.8%, and retail has increased from 20% of the total portfolio to 30% from Q3/19 to Q3/20, while corporate loans have decreased from 71% to 61%.

Figure 3: SAB loans by segment

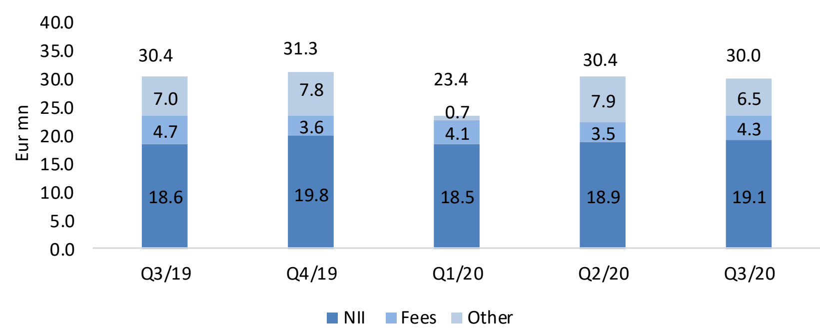


Source: Bank of Lithuania, Banks

Operating income broadly flat y-o-y, as NII grows, but non-II contracts

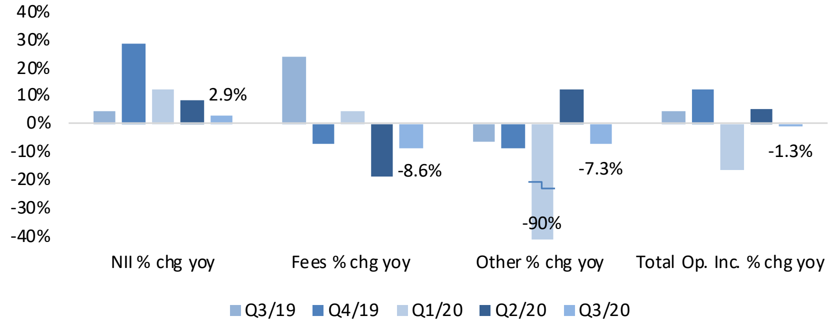
Operating income has been broadly flat (down 1.3% y-o-y) to EUR 30.0m. The driver was Net interest income (NII), which grew 2.9% y-on-y to EUR 19.1m in Q3/20, while the non-interest income components (non-II), Net fee and Other operating income, were down -8.6% y-on-y, and -7.3% y-on-y, respectively (Figures 4, 5). The composition of operating income has remained relatively stable over the past year, apart from a dip in other operating income in Q1/20.

Figure 4: Operating income composition



Source: SAB

Figure 5: Operating income growth

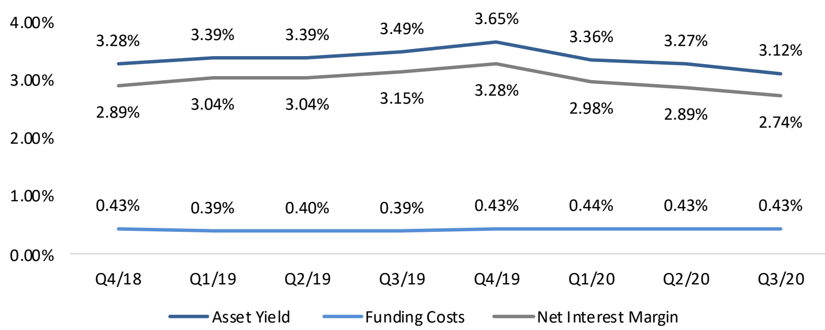


Source: SAB

Net interest margin edging down, but high in regional context

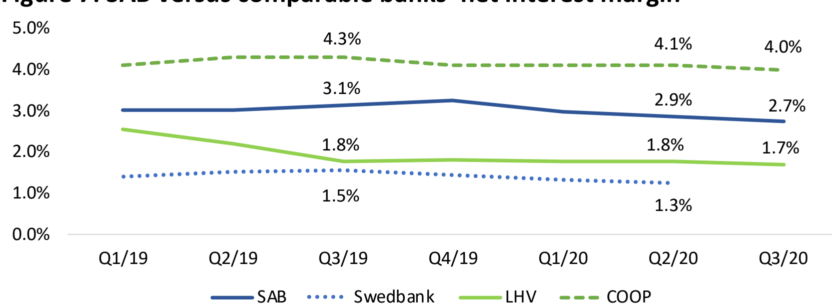
While Net interest income growth has been supported by the loan growth outlined above, it has been truncated by a decline in the net interest margin, which has trended down for the past three quarters to 2.74% in Q3/20, off a peak of 3.28% in Q4/19 of 3.28% (Figure 6). This has been driven a decline in asset yield from 3.65% in Q4/19 to 3.12% in Q3/20, a result of the general economic malaise in 2020, while funding costs have been roughly flat around 0.43% in recent quarters. SAB's Net interest margin (NIM) remains relatively high versus comparable banks, with only Coop Pank in Estonia higher, while Swedbank and SEB in Lithuania have relatively low NIMs because of their relatively high proportion of assets held with central banks and not in play in the market (Figure 7).

Figure 6: SAB net interest margin, asset yield and funding cost



Source: Banks

Figure 7: SAB versus comparable banks' net interest margin

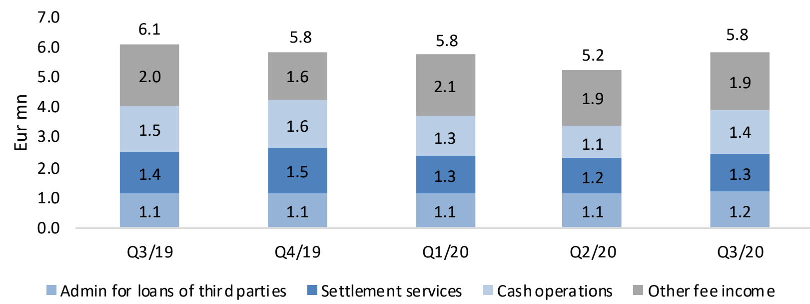


Source: Banks

Signs of Fee income growth revival

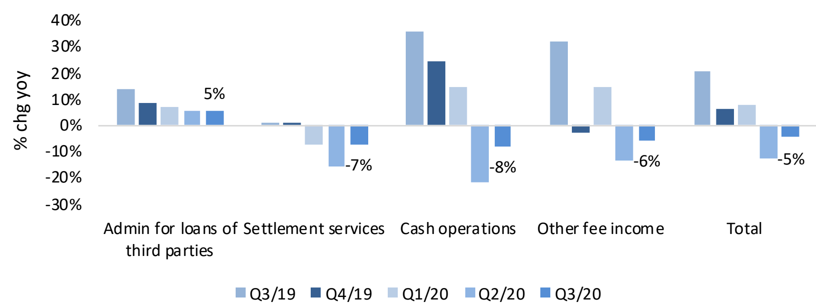
Both Net fee and Other operating income fell in Q3/20, down 8.6% and 7.3%, respectively. However, although there was a decline y-o-y, the fee income (before associated fee costs) rebounded q-on-q in Q3/20 to EUR 5.8m after a four-quarter slide from EUR 6.1m in Q3/19 to EUR 5.2m in Q2/20 (Figure 8). The Q3/20 q-on-q growth for most Fee income components suggest that Q2/20 may have been the trough for the Fee income growth rate (Figure 9). Other operating income is mainly driven by trading gains and losses, and the insurance business. Trading gains, which can be volatile, as demonstrated by the dip in Q1/20, were EUR 4.4m in Q3/20, while insurance revenues were more stable at EUR 1.8m (Figure 10).

Figure 8: Fee income composition



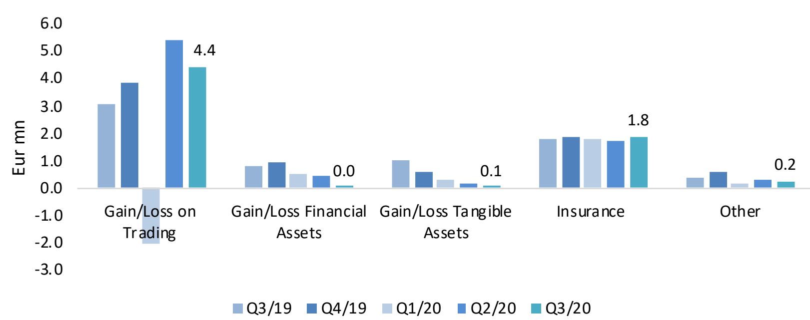
Source: SAB

Figure 9: Fee income growth



Source: SAB

Figure 10: Other operating income growth, composition

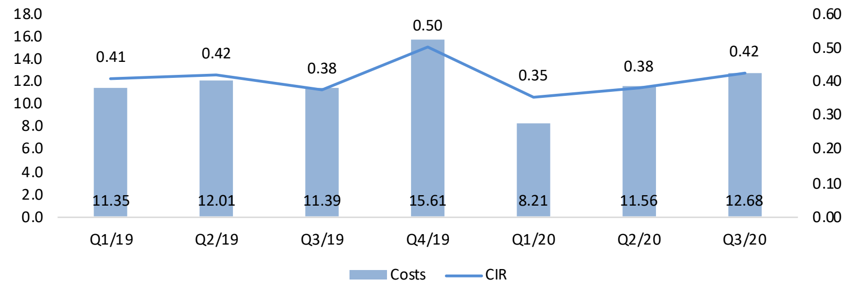


Source: SAB

Cost to income ratio up on rising costs, but low versus comparables

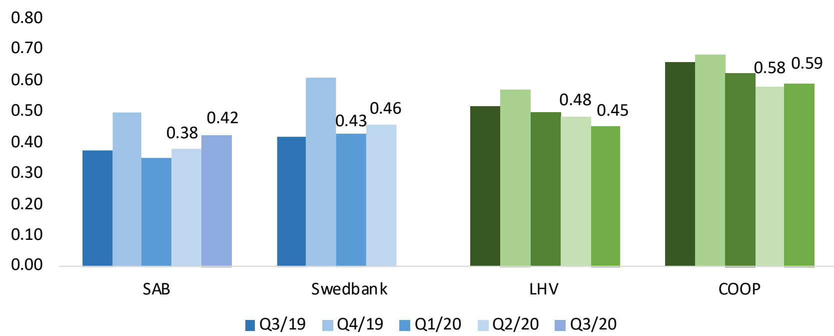
SAB's cost to income ratio rose both y-on-y and q-on-q to 0.42, mainly from a 11.3% rise in costs y-on-y, but also partly because of a 1.3% y-on-y decline in Operating income (Figure 11). While operating costs are rising, they remain low in a regional context, as SAB has the lowest CIR compared to the Lithuanian peer Swedbank, and Estonian peers LHV and COOP (Figure 12).

Figure 11: SAB operating costs, cost to income ratio



Source: SAB

Figure 12: Baltic banks' cost to income ratio



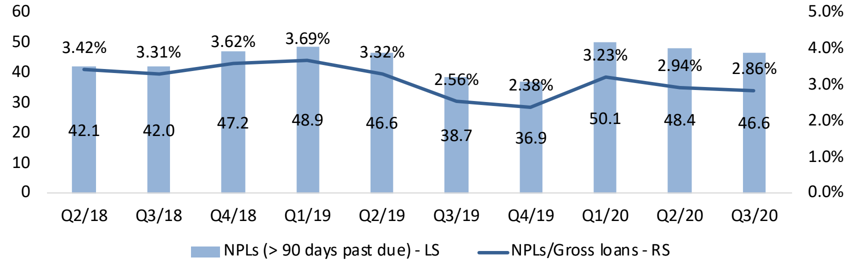
Source: Banks

A feared spike in asset quality issues not occurring

While there have been ongoing concerns about asset quality issues driven by the economic slowdown caused by the global health crisis, we have not seen major loan quality issues erupting at SAB or other regional banks. Non-performing loans for SAB did jump from just 2.38% in Q4/19 to 3.23% in Q1/20 but have declined to 2.94% in Q2/20 and 2.86% in Q3/20 (Figure 13). While there is an asset quality risk heading into 2021E, as government stimulus measures in Lithuania end in Q4/20, we believe the risk is mitigated by the fact that retail still comprises a relatively small proportion of SAB's loan portfolio.

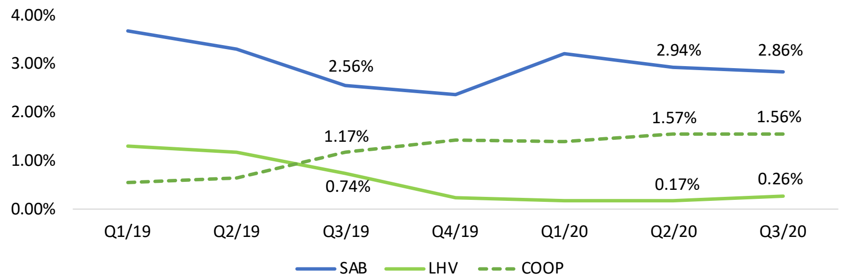
To date, we only have non-performing loan data from Estonia (LHV, Coop), which indicate a quite low level of NPLs versus SAB (Figure 14). However, in a global context, the Estonian banks' NPLs/loans appears very low, especially compared to Frontier and Emerging Markets, where averages for NPLs/loans are well over 3.0%. Coop Pank has seen a gradual pick up in NPLs/loans, and while they still remain low, in our view, they could be sustainable. LHV, however, given its high loan growth, may face a challenge in maintaining its currently exceptionally low NPLs/loans ratio, in our view.

Figures 13: NPLs/loans



Source: SAB

Figure 14: Market NPLs

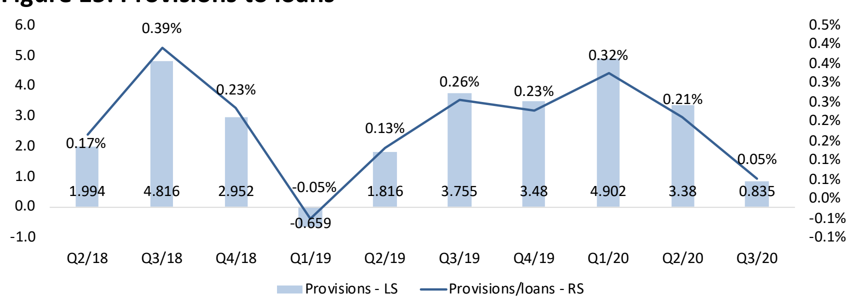


Source: Banks

SAB has provisioned aggressively and was prepared for a crisis

The decline in SAB's NPLs in Q3/20 suggests that the jump in provisions that we had conservatively forecast for 2020 is unlikely to be realized this year, and a cut to provisions is the main change to our forecast for 2020E. Even if asset quality had deteriorated in Q3/20, SAB would have been well positioned given recent aggressive provisioning. These totalled EUR 18.2m over the past six quarters, or 1.1% of Q3/20 gross loans, and even though the peak of the crisis was Q2/20, SAB`s provisioning peaked in Q1/20 at EUR 4.9m (Figure 15).

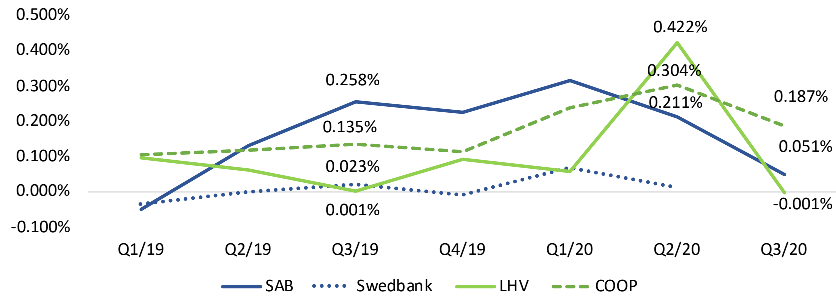
Figure 15: Provisions to loans



Source: SAB

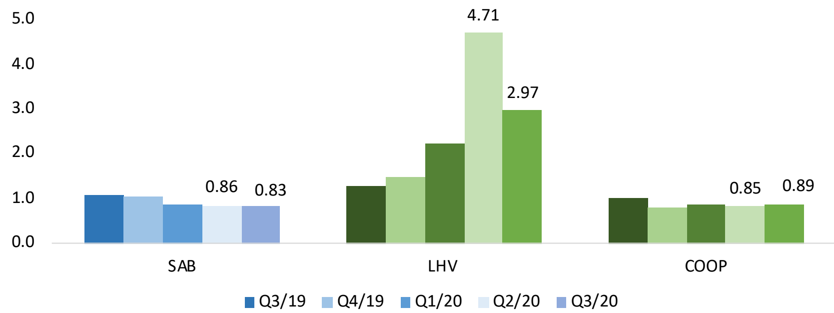
Like SAB, provisioning for LHV and COOP fell abruptly in Q3/20, suggesting that regional banks are not seeing major asset quality problems (Figure 16). The loan loss reserve to NPL ratio for SAB of 0.83 and Coop Pank of 0.89 are neither particularly conservative (which would be a level well above 1.0) or risky in our view (Figure 17). LHV's high LLR/NPLs are mainly a result of its very low absolute level of NPLs, where a moderate increase in provisioning can lead to a surge in this ratio.

Figure 16: Provisions/loans



Source: Banks

Figures 17: Loan loss reserve/NPLs

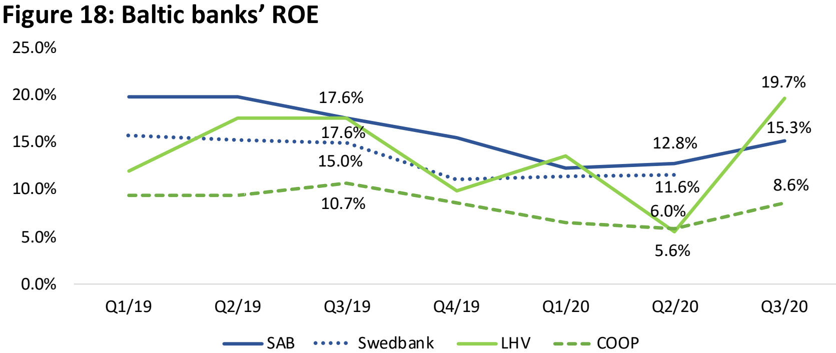


Source: Banks

ROE still leading the peer group (on average)

SAB's ROE recovered to 15.3% in Q3/20 (Figure 18), off a 12.8% trough in Q2/20, with an average 13.8% ROE over 9M/20 showing the pressure from the current crisis, as these returns are well below the 16.18% average since Q1/19, and the 18.8% average from 2016-2019. Nonetheless, SAB has the highest average ROE of its Baltic peers in recent years. While LHV's returns jumped ahead of SAB in Q3/20 to 19.7%, its trough ROE in Q2/20 of 5.6%, lead to an average of 13.7% since Q1/19, which is 2.5 percentage points below SAB over the same period. Swedbank has also seen lower returns than SAB since Q3/19, by about 2.8 percentage points (although full Q3/20 data is not released yet). Coop generates returns considerably below the peer group, averaging just 8.5% since Q1/19.

Figure 18: Baltic banks' ROE



Source: Banks

Valuation: Pricing in difficulty that is not being realized

Market's implied ROE assumption baking in overly bearish outcomes

Given the recent ROE outcomes, we believe the current market price is baking in some overly bearish outcomes for SAB's LT ROE assumption, even given the difficult backdrop. Valuing SAB using a Gordon Growth valuation, and backing out the market's implied ROE from the current market price, we get to just 9.3%. This is below even the Q2/20 trough of 9.5%, implying that the market expects a scenario even worse than Q2/20 to persist long-term. Given that SAB's ROE has already rebounded to 15.2% in Q3/20, we believe the implied ROE of 9.3% is too conservative, even factoring more global health crisis issues. We use a long-term ROE assumption of 12.0%, which we believe more than sufficiently accounts for downward cyclicality, but without assuming a perpetually difficult market. This leads to a valuation of EUR 0.61 per share, or 34% upside from the current price of EUR 0.43 per share (Figure 19).

Figure 19: SAB valuation using Gordon Growth model

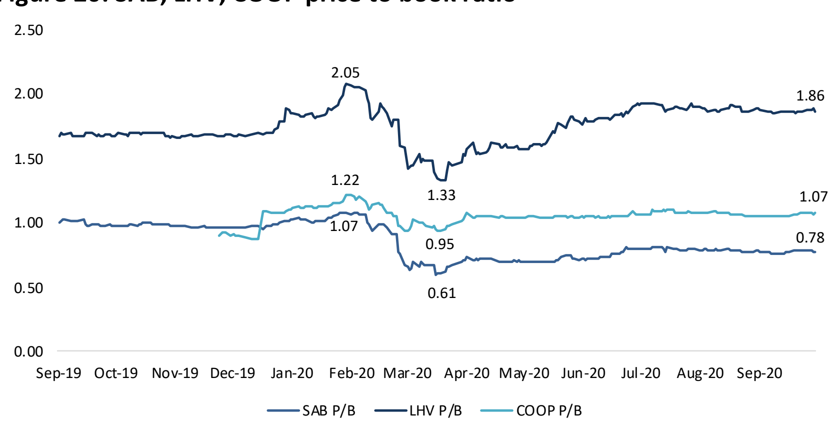
Gordon Growth Valuation			
Return on equity (ROE)	**12.0%**	Book value per share (2020)	0.59
10-year yield	0.13%	**Implied value per share**	**0.61**
Beta	1.65	Current price	0.43
Market risk premium	7.0%	**Upside to current price**	**42%**
Cost of equity (COE)	**11.7%**		
Long-term growth (g)	3.0%		
ROE - g	9.0%		
COE - g	8.7%		
Implied price to book	**1.04**		

Source: Enlight estimates, SAB, World Government Bonds, Damodaran

SAB continues to trade at a discount to regional banks

Inline with these low ROE expectations by the market, SAB continues to trade at a discount to regional banks, at a current Price to book ratio (P/B) of 0.78x, with Coop Pank at a moderate premium at 1.07x, and LHV at a significant premium at 1.86x (Figure 20). However, as we have shown above, SAB is actually generating higher ROEs on average. The gap may be partially justified by LHV having had a strong longer-term historical performance, and SAB may be facing some pressure related to concerns over asset quality from the Ukios portfolio acquired seven years ago. However, with SAB returns now as strong or stronger than LHV, and the Ukios issues having been largely dealt with, a convergence in P/B would make sense, especially through a rise in SAB's P/B multiple.

Figure 20: SAB, LHV, COOP price to book ratio

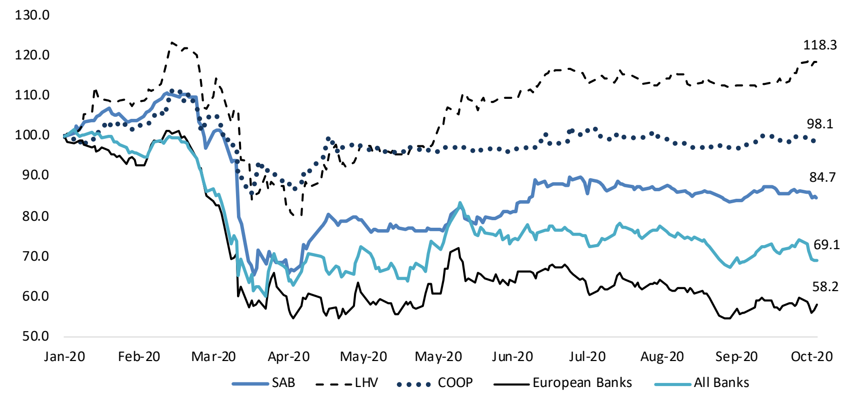


Source: Company, Yahoo Finance

SAB underperforming Baltic, but not global, banks

SAB's share is down 15.3% this year (Figure 21), and has been underperforming both LHV (+18.3%), and Coop (down 1.9%). However, interestingly, the major listed Baltic banks overall have been substantially outperforming both European banks, which are down 30.9% this year, and global banks, down 41.8% this year. So, the underperformance versus the Baltics could be considered more a testament to LHV and Coop's strength in a global banking context than a weakness in SAB.

Figure 21: SAB versus Baltic and European banks

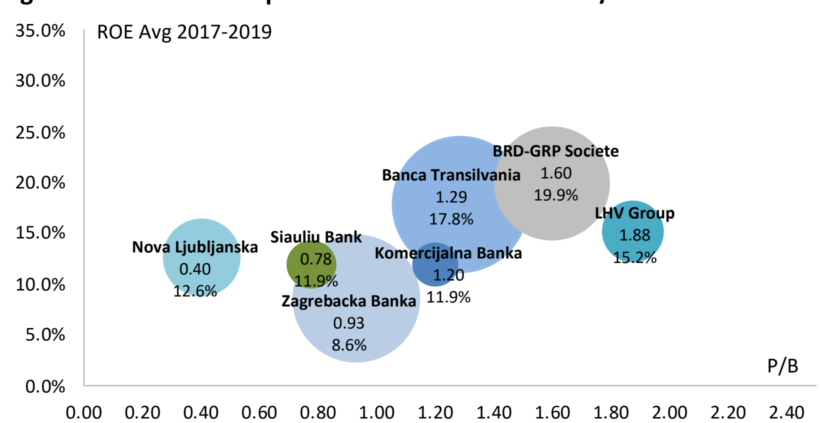


Source: Yahoo Finance

SAB inexpensive versus returns versus global and European frontier banks

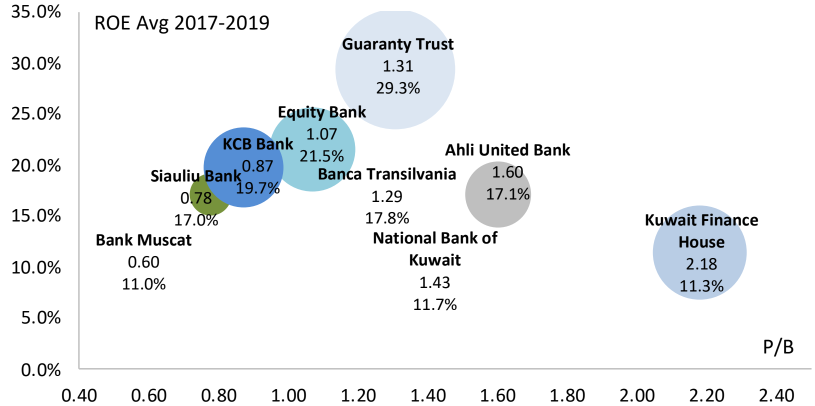
In addition to looking inexpensive versus the Baltic listed banks, SAB is also looking inexpensive versus its returns in global and European Frontier Market bank contexts. We compare these Frontier Market banks' P/B ratio versus their average ROE 2017-2019 (we exclude the current year ROEs to provide a picture of the banks' returns controlling for the exceptional events of 2020) to see how much the market is paying for banks with a similar level of return. Looking at both a set of European Frontier Market banks (Figure 22), and a set of Global Frontier Market banks show a similar picture (Figure 23); SAB has relatively strong returns versus the group, but a relatively low valuation. This is another angle seeming to suggest undervaluation for SAB.

Figure 22: Eastern European Frontier Banks ROE to P/B



Source: Banks, Reuters

Figure 23: Global Frontier Banks ROE to P/B



Source: Banks, Reuters

Risk factors

Macroeconomic risk, including the global health crisis

SAB is subject to macroeconomic risks, globally, regionally and domestically, which can lead to abrupt declines in GDP, and to varying degrees affect the performance of the bank over time. The bank currently faces this type of risk in the form of the global health crisis, which had curbed global economic activity considerably.

Interest rate and liquidity risk

SAB, and all commercial banks face interest rate risk, with the core business reliant on generating a spread between lending and borrowing activities. Issues like rapidly declining interest rates can potentially lead to contraction in these spreads, especially with deposit rates already near zero. With a large percentage of its liabilities comprising deposits, banks face considerable liquidity risk, if there is a rapid drawdown of deposits by many customers, driving the rare case of a 'run on the bank', and preventing the bank from continuing to operate.

Non-performing loan risk

The majority of the SAB's assets consists of loans to corporations, the government and households, and the bank needs to see consistent servicing of these loans to remain viable. If a large proportion of these loans are not repaid concurrently because of macroeconomic shocks, the bank can be forced to write down a high percentage of its loan base, which can push its equity rapidly down to zero, given commercial banks' high average leverage, defined as assets to equity.

Income Statement	2018	2019	2020E	2021E	2022E
Net interest income	62.8	72.4	73.7	82.5	94.0
Commissions	14.2	16.7	15.2	16.7	18.3
Result financial items	9.6	2.4	1.3	1.0	0.7
Trading income	7.9	15.0	13.8	15.2	16.7
Capital gains	2.4	3.5	0.7	2.5	2.4
Insurance	6.5	7.0	7.1	7.5	8.0
Other income	1.4	1.5	0.9	1.3	1.3
Total operating income	104.9	118.5	112.5	126.6	141.4
Costs	-39.1	-50.4	-49.5	-53.2	-59.4
Profit before loan losses	65.7	68.1	63.0	73.4	82.0
Loan losses	-7.7	-8.4	-10.2	-10.0	1.9
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	58.0	59.8	52.8	63.4	83.9
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	58.0	59.8	52.8	63.4	83.9
Taxes on cont. operations	-5.4	-8.2	-7.9	-9.5	-12.6
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	52.6	51.5	44.9	53.9	71.3
Adjusted net earnings	52.6	51.5	44.9	53.9	71.3

Balance Sheet	2018	2019	2020E	2021E	2022E
ASSETS					
Deposits with fin. instit.	2.1	0.3	0.3	0.3	0.4
Debt securities	638.7	545.8	606.5	684.1	787.4
Lending to the public (net)	1,262.2	1,514.6	1,535.4	1,692.2	1,904.1
Investment assets	0.0	0.0	0.0	0.0	0.0
Tangible assets	8.6	12.2	12.4	13.6	15.4
Goodwill	0.0	0.0	0.0	0.0	0.0
Other intangible rights	3.4	4.3	4.3	4.8	5.4
Other assets	346.8	431.0	436.9	481.5	541.8
Total assets	2,261.7	2,508.2	2,595.9	2,876.5	3,254.4
LIABILITIES					
Deposits from fin. inst.	69.2	74.4	75.9	83.7	94.1
Deposits from the public	1,845.8	2,033.6	2,074.9	2,286.7	2,573.1
Wholesale funding	3.2	7.1	7.2	7.9	8.9
Subordinated debt	0.0	0.0	0.0	0.0	0.0
Provisions	0.0	0.0	0.0	0.0	0.0
Other liabilities	68.9	82.3	83.9	92.5	104.1
Total liabilities (banks)	1,987.0	2,197.4	2,242.0	2,470.8	2,780.3
Share capital	177.6	177.6	177.6	177.6	177.6
Retained earnings	70.1	70.1	149.5	201.3	269.7
Other equity	27.0	63.0	26.8	26.8	26.8
Equity total	274.7	310.8	353.9	405.7	474.1
Total equity and liabilities	2,261.7	2,508.2	2,595.9	2,876.5	3,254.4

Key figures	2018	2019	2020E	2021E	2022E
CET1 ratio	14.95%	14.95%	16.53%	17.09%	17.66%
Tier 1 ratio	14.95%	14.95%	16.53%	17.09%	17.66%
Capital ratio	14.95%	16.16%	17.72%	18.28%	18.84%
ROE	21.72%	17.60%	13.51%	14.20%	16.20%
ROE Tangible	22.08%	17.83%	13.69%	14.37%	16.39%
RORWA	3.93%	3.30%	2.67%	2.99%	3.52%
ROA	2.45%	2.16%	1.76%	1.97%	2.33%
Loan loss ratio	0.66%	0.60%	0.67%	0.62%	-0.10%
C/I	0.37	0.43	0.44	0.42	0.42
Loan loss res./lending	3.39%	2.54%	2.80%	2.80%	2.80%
NPL/lending	3.74%	2.44%	3.92%	3.62%	3.09%
Coverage ratio	90.64%	104.24%	71.42%	77.32%	90.63%

Share data	2018	2019	2020E	2021E	2022E
EPS, unadjusted	0.10	0.09	0.07	0.09	0.12
EPS diluted	0.10	0.09	0.07	0.09	0.12
BV/share	0.46	0.52	0.59	0.68	0.79
Tangible equity/Share	0.45	0.51	0.58	0.67	0.78
Div. per share	0.03	0.00	0.00	0.00	0.00

Pricing and key ratios	2018	2019	2020E	2021E	2022E
Share price	0.40	0.51	0.45	0.45	0.45
Market cap	240.29	303.97	270.33	270.33	270.33
P/E diluted	4.15	5.90	6.02	5.01	3.79
P/BV	0.87	0.98	0.76	0.67	0.57
P/Tangible equity	0.89	0.99	0.77	0.67	0.58
Payout ratio	33.10%	0.00%	4.00%	4.00%	4.00%
Dividend yield	7.25%	0.00%	0.66%	0.80%	1.05%
Total yield	7.25%	0.00%	0.66%	0.80%	1.05%

Shareholders	Capital	Votes
EBRD	70.339	26.02 %
AB Invalda INVL	14.814	5.48 %
Gintaras Kateiva	14.219	5.26 %

Key people	
CEO	Vytautas Sinius
CFO	Donatas Savickas
IR	Donatas Savickas
Chairman	

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

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