

# Šiaulių Bankas (Artea)

## 1Q25 Results Review

**Opinion:** We have neutral opinion. Net result is better than we have forecasted but negative impact of falling interest rates at the NII is bigger than we have expected. Asset quality is however strong and CoR (22bp) was below our expectations, while credit activity was better due to overperformance in corporate segment. Capital buffers are improved (CAR at 22.8%, while capital risk report is not available at the moment). The dynamic and increasingly challenging geopolitical environment continues to affect Lithuania's economy, while have not seen negative macro effects in 1Q25 and the data from Lithuanian Central Bank (January-February) suggest healthy loan growth in the sector. So far we stick to our CoR forecast for FY 2025 at 40bp as not all macro risks have been crystallised yet. The bank reiterated its guidance for FY 2025 – as initially presented, it targets EUR 65m in net profit (EUR 80m adjusted) as this seems achievable so far.

- **Operating income:** The figure arrived at EUR 48.3m, down 16% y/y due to the fall in NII and lower trading income. We have expected contraction vs. 1Q24 while actual number is 8.8% lower than our forecast, mainly due to the steeper fall in trading income.
  - **NII:** As most of the bank's loans are issued at variable rates, declining trend brought negative impact to NII which was down 13% y/y and 5.7% down vs. our forecast.
  - **Net F&C income:** The number came in at EUR 7.6m, in line with our forecast. It was up 16% y/y due to a higher volume of loan administration fees and inflow of new funds into AUM.
- **Operating costs:** The number was down 13% y/y and 23% vs. our forecast but this was due to the effect of recovery of expenses related to insurance activities. Without this operating costs are 26% higher y/y due to higher salaries, higher D&A and higher other costs that accounts IT spending and all other administration stuff and this was the expected trend to appear. Cost income at the end of the quarter was 52.6% vs. 42.1% form 1Q24, yet we have calculated the ratio with insurance business (49.3%) thus in such case it was only slightly elevated (160bp y/y).
- **Net result:** The number came in at EUR 17.7m, down 21% due to the fall in operating income, while it was higher by 22% versus our forests due to lower CoR and lower operating cost (effects of insurance business). Adjusted for one-off costs, net income was at EUR 19.4m, down 15% y/y.
- **Volumes:** All loan book segments grew during the quarter, with the total loan portfolio increasing by 2% YTD to EUR 3.5bn. This was slightly better vs. our target of EUR 3.3bn, at first place due to better volumes in the corporate segment. Retail loan book was at EUR 1.4bn (up 2.2% YTD and +13% y/y), in line with our forecast. The growth at this segment was driven by mortgages. New credit agreements signed in the first quarter amounted to EUR 0.4m, 6% more than in the corresponding period of 2024 (EUR 0.37m).
- **Funding:** The customer deposit portfolio grew by 1% (EUR 45m) since the beginning of the year and reached 3.59bn at the end of the quarter. This was slightly (4%) higher than our forecast at EUR 3.45bn. Demand deposits grew by 4% (EUR 67m) during the quarter to over EUR 1.7 billion.

Banks &amp; financials

SAB1L LH

BUY

FV EUR 1.2

36.3% upside

Price as of 29 April 2025 EUR 0.88

### Analyst

Vladan Pavlovic  
 vladan.pavlovic@ipopema.pl  
 + 381 65 25 15 979

Figure 1. Šiaulių Bankas quarterly figure summary in EUR m (group level)

P&L	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	Y/Y	Q/Q	IPO	Diffr.
Net Interest Income	35.4	40.0	40.6	40.8	39.6	41.1	40.4	39.2	34.4	-13.1%	-12.1%	36.5	-5.7%
Net F&C income	4.5	5.1	5.0	5.7	6.5	7.3	7.3	8.1	7.6	16.6%	-6.3%	7.6	-0.9%
Other income	6.6	3.5	3.5	7.5	11.4	6.7	6.8	9.5	6.4	-44.1%	-33.2%	8.9	-28.3%
<b>Total net operating income</b>	<b>46.5</b>	<b>48.6</b>	<b>49.1</b>	<b>53.9</b>	<b>57.4</b>	<b>55.0</b>	<b>54.5</b>	<b>56.7</b>	<b>48.3</b>	<b>-15.8%</b>	<b>-14.8%</b>	<b>53.0</b>	<b>-8.8%</b>
Staff costs	-8.8	-8.0	-8.7	-10.7	-11.3	-11.9	-12.2	-14.1	-14.0	23.7%	-1.0%	-12.2	14.9%
Depreciation and amortization	-1.3	-1.3	-1.3	-1.5	-1.8	-1.9	-2.1	-2.2	-2.4	30.7%	6.1%	-2.2	5.1%
Other costs	-9.1	-6.5	-6.1	-23.8	-14.3	-14.2	-11.8	-18.5	-7.5	-47.6%	-59.4%	-16.9	-55.5%
<b>Total operating costs</b>	<b>-19.2</b>	<b>-15.8</b>	<b>-16.1</b>	<b>-36.1</b>	<b>-27.4</b>	<b>-28.0</b>	<b>-26.1</b>	<b>-34.8</b>	<b>-23.8</b>	<b>-13.1%</b>	<b>-31.6%</b>	<b>-31.3</b>	<b>-23.8%</b>
<b>Result before impairments</b>	<b>27.3</b>	<b>32.8</b>	<b>33.0</b>	<b>17.9</b>	<b>30.0</b>	<b>27.0</b>	<b>28.4</b>	<b>21.9</b>	<b>24.5</b>	<b>-18.4%</b>	<b>11.7%</b>	<b>21.7</b>	<b>12.7%</b>
Net provisions	-2.8	-2.6	-3.1	-6.8	-2.2	-1.7	-3.0	-4.0	-2.2	1.1%	-44.4%	-3.3	-33.5%
Gains&losses on investments jv, asso, other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	nm	nm	0.0	0.0%
<b>Pre-tax profit</b>	<b>24.6</b>	<b>30.2</b>	<b>29.9</b>	<b>11.1</b>	<b>27.8</b>	<b>25.3</b>	<b>25.4</b>	<b>17.9</b>	<b>22.3</b>	<b>-19.9%</b>	<b>24.2%</b>	<b>18.4</b>	<b>21.1%</b>
Tax	-5.4	-7.9	-5.7	-1.4	-5.4	-4.8	-4.7	-2.8	-4.6	-14.2%	65.9%	-3.9	18.9%
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	nm	nm	0.0	0.0%
<b>Net profit</b>	<b>19.2</b>	<b>22.3</b>	<b>24.2</b>	<b>9.7</b>	<b>22.5</b>	<b>20.5</b>	<b>20.6</b>	<b>15.2</b>	<b>17.7</b>	<b>-21.3%</b>	<b>16.6%</b>	<b>14.5</b>	<b>21.6%</b>

Balance Sheet	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24E	4Q24	1Q25	Y/Y	Q/Q	IPO	Diffr.
<b>Assets</b>	<b>4,230.8</b>	<b>4,210.5</b>	<b>4,422.7</b>	<b>4,809.3</b>	<b>4,923.0</b>	<b>5,036.1</b>	<b>4,943.7</b>	<b>4,922.6</b>	<b>5,285.8</b>	<b>7.4%</b>	<b>7.4%</b>	<b>4,860.7</b>	<b>8.7%</b>
<b>Net loans to customers</b>	<b>2,440.8</b>	<b>2,519.0</b>	<b>2,609.8</b>	<b>2,645.1</b>	<b>2,759.5</b>	<b>2,874.5</b>	<b>3,100.0</b>	<b>3,117.7</b>	<b>3,184.3</b>	<b>15.4%</b>	<b>2.1%</b>	<b>3,019.8</b>	<b>5.4%</b>
Corporate	1,288.4	1,317.7	1,377.5	1,386.9	1,465.6	1,509.6	1,665.3	1,686.2	1,720.6	17.4%	2.0%	1,597.5	7.7%
Retail	1,152.4	1,201.3	1,232.3	1,258.2	1,293.9	1,364.8	1,434.7	1,431.5	1,463.7	13.1%	2.2%	1,462.1	0.1%
<b>Leases</b>	<b>250.1</b>	<b>272.3</b>	<b>285.1</b>	<b>286.5</b>	<b>285.4</b>	<b>313.5</b>	<b>329.4</b>	<b>316.9</b>	<b>326.3</b>	<b>14.3%</b>	<b>3.0%</b>	<b>313.6</b>	<b>4.0%</b>
Securities	1,122.6	943.5	894.8	1,033.4	1,107.3	1,076.2	1,022.2	1,005.9	980.7	-11.4%	-2.5%	1,032.3	-5.0%
Other	417.3	475.7	632.9	844.3	770.8	772.0	492.1	482.1	794.5	3.1%	64.8%	495.0	60.5%
<b>Deposits</b>	<b>2,804.1</b>	<b>2,856.0</b>	<b>3,014.4</b>	<b>3,162.7</b>	<b>3,250.1</b>	<b>3,322.7</b>	<b>3,407.3</b>	<b>3,538.0</b>	<b>3,592.8</b>	<b>10.5%</b>	<b>1.6%</b>	<b>3,450.0</b>	<b>4.1%</b>
Other	983.0	885.0	914.9	1,103.5	1,139.6	1,157.9	959.4	799.5	1,131.5	-0.7%	41.5%	802.6	41.0%
<b>Equity</b>	<b>443.8</b>	<b>469.4</b>	<b>493.3</b>	<b>543.1</b>	<b>533.3</b>	<b>555.5</b>	<b>577.0</b>	<b>585.2</b>	<b>561.4</b>	<b>5.3%</b>	<b>-4.1%</b>	<b>608.1</b>	<b>-7.7%</b>

Source: Company, IPOPEMA Research

This document has been prepared by IPOPEMA Securities S.A. with its registered seat in Warsaw, Prózna 9, 00-107 Warsaw, Poland, entered into the Register of Entrepreneurs of the National Court Register maintained by the District Court for the City of Warsaw, XII Commercial Division of the National Court Register under entry number KRS 0000230737, the initial capital and paid capital in the amount of PLN 2.993.783,60, NIP 5272468122, [www.ipopema.pl](http://www.ipopema.pl). IPOPEMA Securities S.A. is supervised by the Polish Financial Supervision Authority (Komisja Nadzoru Finansowego), Piękna 20, 00-549 Warsaw, Poland.

This document was prepared by IPOPEMA Securities S.A. for information purposes only. This document is addressed to IPOPEMA Securities S.A. clients entitled to receive it on the basis of contracts for the provision of services. This document, using mass media distribution channels, may also reach other investors. It has been produced independently of the company mentioned in this document and any forecasts, opinions and expectations are entirely those of IPOPEMA Securities S.A. Unless otherwise specified, the estimates and opinions contained in the document constitute an independent assessment of IPOPEMA Securities S.A. analysts preparing the document as of the date of issuing the document.

IPOPEMA Securities S.A. prepared this document with the preservation of all adequate diligence, thoroughness and reliability on the basis of publicly available information which IPOPEMA Securities S.A. believes to be reliable. The sources of data are primarily: Bloomberg, Reuters, EPFR, Polska Agencja Prasowa, WSE, Główny Urząd Statystyczny, Narodowy Bank Polski, financial press, online financial and economic services. While due diligence has been taken by IPOPEMA Securities S.A. to ensure that the facts stated herein are accurate and that any forecasts, opinions and expectations contained herein are fair and reasonable, IPOPEMA Securities S.A. has not independently verified all the information given in this document. Accordingly, no representation or warranty, express or implied, is made as to the fairness, accuracy, completeness or correctness of the information and opinions contained in this document. The opinions expressed in the document can change without notice and IPOPEMA Securities S.A. is under no obligation to keep these opinion current. None of the IPOPEMA Securities S.A. or any other person accepts any liability whatsoever for any loss howsoever arising from any use of this document or its contents or otherwise arising in connection therewith provided that IPOPEMA Securities S.A. has been exercised due diligence and integrity during its preparation. This document may be sent to the mass media, however its copying or publishing in whole or in part as well as dissemination of information enclosed to it is allowed only with prior permission of IPOPEMA Securities S.A. This document nor any copy hereof is not to be distributed directly or indirectly in the United States, Australia, Canada, Serbia or Japan, subject to the following section.

This document is being distributed to and is directed only at persons in member states of the European Economic Area ("EEA") who are "qualified investors" within the meaning of article 2(e) of the EU Prospectus Regulation (Regulation (EU) 2017/1129 of 14 June 2017) ("qualified investors"). Any person in the EEA who receives this document will be deemed to have represented and agreed that it is a qualified investor. Any such recipient will also be deemed to have represented and agreed that it has not received this document on behalf of persons in the EEA other than qualified investors or persons in the EEA member states (where equivalent legislation exists) for whom the investor has authority to make decisions on a wholly discretionary basis. IPOPEMA and their affiliates, and others will rely upon the truth and accuracy of the foregoing representations and agreements. Any person in the EEA who is not a qualified investor should not act or rely on this document or any of its contents.

Important disclosures for U.S. Persons: Auerbach Grayson & Company Inc. may distribute this document in the U.S. This document is provided for distribution to Major U.S. Institutional Investors in reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended and may not be furnished to any other person in the U.S. Each Major U.S. Institutional Investor that receives this document shall not distribute or provide it to any other person. Under no circumstances should any U.S. recipient of this document effect any transaction to buy or sell securities or related financial instruments through IPOPEMA Securities S.A. Any U.S. recipient of this document wishing to effect any transaction to buy or sell securities or related financial instruments based on the information provided in this document should do so only through Auerbach Grayson & Company Inc. 25 West 45th Street, Floor 16, New York, NY 10036 U.S. which is a registered broker dealer in the U.S. IPOPEMA Securities S.A. is not a registered broker-dealer in the U.S. and, therefore, is not subject to U.S. rules regarding the preparation of research reports and the independence of research analysts. IPOPEMA Securities S.A. and its research analysts are not associated persons of Auerbach Grayson & Company, nor are they affiliated with Auerbach Grayson & Company. The author of this document whose name appears in this document is not registered or qualified as a research analyst with the Financial Industry Regulatory Authority ("FINRA"), is not subject to the SEC rules on research analysts and is not subject FINRA's rules on debt research analysts and debt research reports, equity research analysts and equity research reports. U.S. recipients should take into account that information on non-U.S. securities or related financial instruments discussed in this document may be limited. The financial instruments of non-U.S. issuers may not be registered with, or be subject to the regulations of, the SEC. Foreign companies may not be subject to audit and reporting standards and regulatory requirements comparable to those in effect within the U.S.

This document does not constitute any offer to sell or induce any offer to buy or sell any financial instruments, cannot be relied on in connection with any contract or liability and does not constitute advertising or promotion of a financial instrument or the company. Investment decisions should only be made on the basis of a prospectus or other publicly available information and materials.

The document was prepared without taking into account the needs and situation of the recipients of the document. When preparing the document, IPOPEMA Securities S.A. does not examine the recipient's investment objectives, risk tolerance level, time horizon and financial standing of the investors. The company or the financial instruments discussed in the document may not be suitable for the users of the document, i.e. it may not be suitable for the specific objectives and time horizon or the financial situation. Information included in the document cannot be regarded as a substitute for obtaining investment advice service. The value of financial instruments may fluctuate, including declines. Changes in FX rates may have an adverse effect on the value of investments. The investment in financial instruments is linked to investment risks including loss of entire or part of the invested capital. Past performance is not necessarily indicative of future results. IPOPEMA Securities S.A. points out that the price of financial instruments is affected by many different factors that are or may be independent of the company and the results of its operations. These include, among others changing economic, legal, political and tax conditions. IPOPEMA Securities S.A. may have issued in the past or may issue other documents in the future, presenting other conclusions, not consistent with those presented herein document. Such documents reflect different assumptions, points of view and analytical methods adopted by the analysts preparing them.

Investors should be aware that IPOPEMA Securities S.A. or its related entities may have a conflict of interest that could affect this document's objectivity. The investor should assume that IPOPEMA Securities S.A. or its related entities may provide services in favour of the company and obtain remuneration on this account. They may also have another financial interest with respect to the company. IPOPEMA Securities S.A. or its related entities may seek to do business with the company or other entities mentioned in this document. IPOPEMA Securities S.A. has an organizational structure and internal regulations in place to ensure that the client's interests are not compromised in the event of a conflict of interests, in relation to preparing this document. Conflict of interest management policy is available on the website at <https://www.ipopemasecurities.pl/analiza-i-rekomendacje,p162>. This document was prepared irrespective and independently of the interests of IPOPEMA Securities S.A., the company that is the subject of this document and holder of financial instrument issued by aforementioned company. IPOPEMA Securities S.A., its shareholders, employees and associates may hold long or short positions in the company's financial instruments or other financial instruments related to the company's financial instruments.

Information on the conflict of interest arising in connection with the preparation of the document (if any) is provided below.

IPOPEMA Securities S.A. entered into an agreement on the provision of services for the preparation of research reports with AB Šiaulių Bankas. IPOPEMA Securities S.A. will receive remuneration in connection with providing abovementioned services from the AB Šiaulių Bankas.

On the order of the Warsaw Stock Exchange S.A. ("WSE"), IPOPEMA Securities S.A. creates analytical materials for the following companies: Marvipol Development S.A., Medialgorithmics S.A., Miraculum S.A., ML System S.A., Scope Fluidics S.A., Sunex S.A., VIGO Photonics S.A. The WSE has proprietary copyrights to these materials. For the preparation of IPOPEMA Securities S.A. receives remuneration from the WSE. Information on the program is available on the website <https://www.gpw.pl/gpvpa>.

On the order of the Bursa de Valori Bucuresti S.A. ("BVB"), IPOPEMA Securities S.A. creates analytical materials for the following companies: Bittnet Systems S.A., Impact Developer & Contractor S.A., OMV Petrom S.A. and Safetech Innovations S.A. The BVB has proprietary copyrights to these materials. For the preparation of IPOPEMA Securities S.A. receives remuneration from the BVB.

IPOPEMA Securities S.A. uses a number of valuation methodologies including discounted cash flows models (such as discounted operating earnings or dividend discount model), and earnings and cash-flow based models, which are often related to comparisons with selected peer companies. Cash flow models encapsulate the cash streams forecast to flow to a company, and are widely used in the investment industry. Peer comparisons factor in amongst other factors, differential growth rates, and indicate how expensive one company might appear relative to a chosen comparator. The subjective opinions of the report's author or authors, formed by their knowledge and experience, play a significant role in the valuation. Also included are assumptions on numerous economic variables, particularly interest rates, inflation and exchange rates and varying these assumptions could result in significantly different opinions. The strength of the earnings and cash flow based models is the closer attention to a company on a standalone basis, and tying the valuation to its fundamental value. The weakness of such method is the number of assumptions, which need to be adopted and resulting sensitivity to those assumptions. The peer comparisons methods are less dependent on the analyst's judgment as to the individual parameters, however the problem with this method appears when the peer comparator is over- or undervalued. Moreover, leading multiples (based on the future earnings, book values, operating profit or cash flows) include an analyst's estimate of those values.

This document was not transferred to the company prior to its publication. This document was prepared according to the author's own view, assumptions and knowledge.

Recommendations issued by IPOPEMA Securities S.A. they are valid for a period of 12 months from the date of issue, unless they are updated during this period. IPOPEMA Securities S.A. updates the issued recommendations depending on the market situation and subjective analysts' assessment. In the last 12 months IPOPEMA Securities S.A. has not prepared any recommendation concerning the company.

List of all recommendations regarding any financial instrument or issuer that have been disseminated within the last 12 months by IPOPEMA Securities S.A. is available on the website at <https://www.ipopemasecurities.pl/analizy-i-rekomendacje,p162>.

This document is an investment research within the meaning of Art. 36 par. 1 of the Commission Delegated Regulation (EU) 2017/565.

The date and the time stated on the front page is the date of the preparation of this document. This document was first disseminated on 18 March 2025 at 7:00 CET. The price used throughout the recommendation to calculate adequate ratios is the "last" price stated on the front page of this document.

The definitions of terms used in the document include:

NII – Net interest income – interest income minus interest expense.

Net F&C – Net fee and commission income – fee and commission income minus fee and commission expense.

LLP – loan loss provisions – an expense set aside as an allowance for bad loans.

NPL – non-performing loan – loans that are in default or close to be in default.

Cost/Income – operating expenses divided by total banking revenue.

ROE – return on equity – net income (or adjusted net income) divided by the average shareholders' equity.

ROA – return on assets – net income (or adjusted net income) divided by the average assets.

EBIT – earnings before interests and tax.

EBITDA – earnings before interests, tax, depreciation and amortization.

EPS – earnings per share – the net income (or adjusted net income) divided by the number of shares outstanding.

P/E – price to earnings ratio – price divided by earnings per share.

PEG – P/E ratio divided by the annual EPS growth, usually over a certain period of time.

CAGR – compound annual growth rate.

BVPS – book value per share, the book value of the Company's equity divided by the number of shares outstanding.

P/BV – price to book value - price divided by the BVPS.

DPS – dividend per share – dividend of a given year divided by the number of shares outstanding.

DY – dividend yield – dividend of a given year divided by the current price.

DDM – dividend discount model – a fundamental method of valuation based on the assumption that the value of stock equals the sum of all discounted future dividends.

FV – Fair Value, calculated based on valuation methods outlined in the document.

The author of this document has no conflict of interest with the company that is the subject of this document. The point of view expressed in the document reflects the personal opinion of the author of the document on the analyzed company and its financial instruments. Investors should be aware that flexible part of the author's compensation may depend on general financial performance of IPOPEMA Securities S.A.

IPOPEMA Securities S.A. shall act with due diligence, honestly, fairly, professionally and in accordance with the provisions of the applicable law.

IPOPEMA Securities S.A. does not guarantee achieving the investor's investment objective, the performance of company or prospective prices referred to herein.

When applying ratings for companies following criteria are used with regards to the difference between IPOPEMA's FV and company's price at the date of recommendation:

Rating	Difference between FV and price at recommendation
Buy	Above 10%
Hold	In between (and including) -10% and 10%
Sell	Below -10%

#### IPOPEMA Research - Distribution by rating category (1 January – 31 March 2025)

Buy	13	81%
Hold	1	6%
Sell	2	13%
Total	16	100%

#### Rating History – Šiaulių Bankas

Date	Recommendation	Fair Value	Price at recommendation	Author
18/03//2025	BUY	EUR 1.2	EUR 0.094	Vladan Pavlovic