

# Artea Bankas (former Šiaulių Bankas)

## Buy the dip as risk-reward is more balanced now

We maintain our BUY rating on Artea Bankas (formerly Šiaulių Bankas) with a reaffirmed Fair Value estimate of EUR 1.2 per share, which implies 46.3% upside potential over the current market price. The stock price is down 16% since reaching ATH in February and we believe that risk-reward is now more balanced, given the transitional decline in earnings this year and risk associated with lack of peace talks in Ukraine. We have adjusted our future earnings forecast downward by an average of 7.3% in 2025-2027E due to a high probability of ECB stabilizing at 1.75% instead of 2.0%, but we have kept our DPS projections unchanged, since a high capital surplus (near 400bp) and absence of an upper cap on the payout ratio leave room for the bank to propose a flat absolute amount per share in 2026 and restart DPS growth already in 2027, as earnings start recovering. Hence we reiterate our DPS forecast for 2026E at EUR 0.061 per share, then for 2027E at EUR 0.065 per share and for 2028E at EUR 0.077 per share. The bank now offers a forward cash dividend yield in the range of 7.6%-9.6%, in 2026-2028E, excluding buybacks. This is better than the average yield in SEE, Polish and Scandinavian peer groups but with lower relative valuation multiples. Considering Artea's 2026E PE of 7.2x and 2027E PE of 5.8x, discounts are at 15% and 29%, respectively. A new buyback cycle should be announced soon, which is a price-supportive factor given the liquidity at the stock.

**2Q25 figures were no major surprise - transitional cost pressure.** A decline in net profit of 31% y/y (or 16% adjusted) due to the lower interest rates and temporary elevated cost base was within an expected range, in our view. A new cloud platform (SaaS), will be expensed in 2025 and 2026, which lifts operating costs temporarily but effectively should scale operations and will enable the C/I ratio to settle in the 46-47% range after 2027. So far everything is developing in line with the projected budget.

**Lithuanian economy remains in good shape to support growing volumes.** Despite geopolitical uncertainty and trade tariff effects, the latest LCB GDP growth forecast rates of 2.8-2.9% in 2025-2027 are well above the EU average of 1.0-1.4% for the same period; thus, the macro story remains intact, supporting volumes, stable asset quality and a low level of NPL. With monetary easing which supports investments and expansion plans, demand for loans from the SME side should remain firm. In addition, a reduced down-payment requirement for initial homeowners as of 1<sup>st</sup> January (from 15% to 10%) should result in fresh boost for demand of mortgages in 2026. Overall, we project average 10% y/y growth in volumes over the next 3 years, with CoR at 35bp and stable NPLs in the 2.2-2.3% range

Figure 1. Artea Bankas Financial data

	2022	2023	2024	2025E	2026E	2027E
Opr. Income (EUR m)	127.2	177.1	190.1	180.3	204.1	227.6
Net profit (EUR m)	67.4	75.4	78.8	63.6	71.8	89.2
ROE	15.9%	15.3%	14.0%	10.6%	11.5%	13.5%
EPS (EUR)	0.11	0.11	0.12	0.10	0.11	0.14
BPS (EUR)	0.7	0.8	0.9	1.0	1.0	1.1
DPS (EUR)	0.034	0.027	0.049	0.061	0.061	0.065
Payout ratio	37.0%	23.6%	42.6%	50.3%	62.3%	58.8%
Dividend yield	5.4%	4.0%	6.3%	7.6%	7.6%	8.1%
P/E	5.6	5.9	6.5	8.2	7.2	5.8
P/BV	0.8	0.8	0.9	0.8	0.8	0.8

Source: Company, IPOPEMA Research

Banks & financials

### Artea Bankas

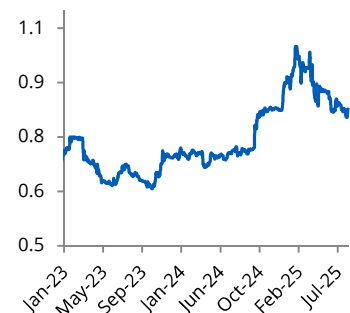
BUY

FV EUR 1.2

46.3% upside

Price as of 6 August 2025 EUR 0.82

Rating maintained



#### Share data

Number of shares (m)	0.649
Market cap (EUR m)	530.4
12M avg daily volume (k)	329.0
12M avg daily turnover (EUR m)	0.2
12M high/low (EUR)	0.98/0.70
Reuters	SAB1L.VL
Bloomberg	SAB1L.LH

#### Total performance

1M	-1.5%
3M	-7.0%
12M	+17.0%

#### Shareholders

Invalda	19.9%
Willgrow	9.0%
EBRD	7.3%
Tesonet	5.3%
Algirdas Butkus	5.1%
Minorities (of which foreign 21.1%)	53.5%

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## Artea Bankas

BUY

FV 1.2 EUR

Mkt Cap EUR 530.4m

Upside 46.3%

Valuation multiples	2023	2024	2025E	2026E	2027E
P/E (x)	5.9	6.5	8.2	7.2	5.8
P/E (x) adjusted*	5.9	6.5	6.4	6.0	5.8
P/BV (x)	0.8	0.9	0.8	0.8	0.8
DY (%)	4.0%	6.3%	7.6%	7.6%	8.1%
Total distr. yield %	4.0%	7.0%	8.4%	8.2%	8.8%
Payout ratio	23.6%	42.6%	50.3%	62.3%	58.8%

Per share data	2023	2024	2025E	2026E	2027E
No. of shares (k)	663.0	663.0	649.9	649.9	649.9
EPS (EUR)	0.11	0.12	0.10	0.11	0.14
EPS (EUR) adj. *	0.11	0.12	0.13	0.13	0.14
BVPS (EUR)	0.82	0.88	0.95	0.98	1.05
DPS (EUR)	0.027	0.049	0.061	0.061	0.065

P&L ratios	2023	2024	2025E	2026E	2027E
NIM	3.5%	3.3%	2.9%	2.9%	2.9%
Net F&C yield	0.5%	0.6%	0.6%	0.6%	0.6%
C/I	43.5%	52.2%	58.5%	55.6%	50.8%
CoR (in bps)	53.9	33.7	27.1	36.4	36.2
L/D	92.7%	97.1%	107.3%	96.0%	95.3%
Tax rate	21.3%	18.3%	18.8%	21.0%	21.0%

Leverage and return	2023	2024	2025E	2026E	2027E
ROA (%)	1.7%	1.6%	1.2%	1.2%	1.4%
Assets / Equity (x)	8.9	8.4	8.7	9.7	9.8
ROE (%)	15.3%	14.0%	10.6%	11.5%	13.5%

Capital	2023	2024	2025E	2026E	2027E
RWA (EUR m)	2,439	2,497	2,805	3,207	3,479
RWA / Assets	50.7%	50.7%	52.0%	52.0%	52.0%
TCR	22.4%	23.2%	23.0%	21.1%	20.9%
CET1	19.9%	17.3%	17.7%	16.5%	16.6%

Change y/y (%) P&L	2023	2024	2025E	2026E	2027E
Net interest income	46.9%	2.1%	-7.5%	13.4%	12.2%
Net commission income	8.0%	43.6%	8.8%	12.7%	8.5%
Total revenues	34.3%	13.9%	-5.2%	12.4%	10.2%
OPEX	40.2%	36.1%	6.2%	7.1%	0.5%
Provisions	207.3%	-28.5%	-7.7%	49.9%	9.8%
Net profit	11.8%	4.5%	-19.3%	12.9%	24.2%

Change y/y (%) BS	2023	2024	2025E	2026E	2027E
Assets	15.0%	2.4%	9.6%	14.3%	8.5%
Loans	10.6%	17.9%	12.4%	11.7%	9.8%
Deposits	13.6%	11.9%	1.8%	24.6%	10.5%

Asset quality	2023	2024	2025E	2026E	2027E
Stage 1	90.5%	91.9%	91.0%	91.0%	91.0%
Stage 2	7.2%	6.4%	7.0%	7.0%	7.0%
Stage 3	2.2%	1.7%	2.0%	2.0%	2.0%
NPL %	2.9%	2.2%	2.3%	2.2%	2.2%

P&L (EUR m)	2022	2023	2024	2025E	2026E	2027E
<b>Total income</b>	<b>146.3</b>	<b>196.5</b>	<b>223.7</b>	<b>212.0</b>	<b>238.3</b>	<b>262.5</b>
Net interest income	106.8	156.9	160.2	148.2	168.0	188.4
Net F&C income	18.7	20.3	29.1	31.6	35.6	38.7
Trading result	10.8	11.9	19.4	13.5	19.0	19.0
Insurance revenues	6.4	5.7	13.1	14.2	14.9	15.6
Other income	3.5	1.7	1.9	4.5	0.9	0.9
Salaries and related expenses	-30.7	-36.2	-49.5	-58.2	-61.7	-63.6
Depreciation and amortization e:	-4.6	-5.5	-8.0	-8.6	-8.8	-9.1
Expenses related to insurance ac	-4.0	-12.5	-20.7	-12.5	-20.8	-21.9
Other operating expenses	-21.6	-31.2	-38.1	-44.3	-41.0	-38.5
<b>Total operating costs</b>	<b>-61.0</b>	<b>-85.5</b>	<b>-116.4</b>	<b>-123.6</b>	<b>-132.3</b>	<b>-133.0</b>
Net provisioning	-5.0	-15.2	-10.9	-10.1	-15.1	-16.5
<b>Pre-tax profit</b>	<b>80.4</b>	<b>95.7</b>	<b>96.4</b>	<b>78.3</b>	<b>90.9</b>	<b>113.0</b>
Tax	-12.9	-20.4	-17.7	-14.7	-19.1	-23.7
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net result</b>	<b>67.4</b>	<b>75.4</b>	<b>78.8</b>	<b>63.6</b>	<b>71.8</b>	<b>89.2</b>
Net result adjusted*	67.4	75.4	78.8	81.6	86.8	89.2

BALANCE SHEET (EUR m)	2022	2023	2024	2025E	2026E	2027E
<b>Total assets</b>	<b>4,182.7</b>	<b>4,809.3</b>	<b>4,922.6</b>	<b>5,394.6</b>	<b>6,166.4</b>	<b>6,691.0</b>
Cash and balances at CB	384.8	751.5	395.1	500.0	500.0	500.0
Securities	58.3	207.7	235.1	230.0	240.0	240.0
Loans to banks	2.7	3.0	3.1	2.6	3.0	3.0
<b>Net loans to customers</b>	<b>2,391.6</b>	<b>2,645.1</b>	<b>3,117.7</b>	<b>3,505.5</b>	<b>3,915.9</b>	<b>4,301.3</b>
Corporate	1,195.0	1,318.3	1,616.2	1,832.4	1,979.0	2,137.3
Retail	1,114.0	1,258.2	1,431.5	1,646.2	1,860.2	2,083.4
Other	82.7	68.6	70.0	26.8	76.6	80.5
<b>Leases</b>	<b>242.4</b>	<b>286.5</b>	<b>316.9</b>	<b>357.5</b>	<b>389.8</b>	<b>424.3</b>
Investment securities at fair value	90.2	74.5	43.9	60.0	60.0	60.0
Investment securities at amortize	969.0	751.2	726.9	652.5	965.3	1,068.9
Investments in subsidiaries and i	0.1	0.1	0.3	0.2	0.2	0.2
Intangible assets	8.3	45.1	43.6	41.1	46.0	47.0
Property, plant and equipment	16.2	15.8	15.3	14.1	14.9	14.9
Investment property	1.8	1.0	0.0	0.0	0.0	0.0
Other	17.2	27.8	24.7	31.2	31.3	31.3

<b>Liabilities &amp; equity</b>	<b>4,182.7</b>	<b>4,809.3</b>	<b>4,922.6</b>	<b>5,394.6</b>	<b>6,166.4</b>	<b>6,691.0</b>
Due to banks and other fin.	685.1	570.0	65.9	182.6	50.0	50.0
Derivatives	7.2	1.0	0.1	1.0	1.0	1.0
<b>Deposits from customers</b>	<b>2,785.0</b>	<b>3,162.7</b>	<b>3,538.0</b>	<b>3,600.0</b>	<b>4,487.2</b>	<b>4,957.0</b>
Corporate	1,533.6	1,912.1	2,187.9	2,160.0	2,692.3	2,974.2
Retail	950.9	965.4	1,067.4	1,080.0	1,346.2	1,487.1
Other	300.5	285.2	282.6	360.0	448.7	495.7
Special and lending funds	14.2	15.7	23.0	0.0	12.0	12.0
Debt securities in issue	171.2	276.5	448.2	731.9	710.0	710.0
Current income tax liabilities	4.4	6.4	0.3	0.2	3.0	3.0
Deferred income tax liabilities	1.5	6.1	6.1	6.2	6.2	6.2
Liabilities related to insurance ac	36.2	179.3	198.4	200.0	204.0	208.1
Other	35.1	48.4	57.4	54.5	59.0	60.0
Share capital	174.2	192.3	192.3	192.3	192.3	192.3
Retained earnings	213.2	262.0	295.5	303.8	336.0	385.6
<b>Total equity</b>	<b>442.9</b>	<b>543.1</b>	<b>585.2</b>	<b>618.1</b>	<b>634.1</b>	<b>683.7</b>

Source: Company data, IPOPEMA Research; \*adjusted for non-recurring items (cloud platform, rebranding)

## Valuation

Our valuation approach for Artea Bankas uses the DDM model and targeted P/BV, and thus we derive the Fair Value as an average of these two methods. We derived our dividend per share projection from the bank's most recent announcements (payout ratio of a minimum of 50%), our forecast for net results in 2025-2030E and projected capital ratios. Our assumption is that due to high capital ratios, in reality, the bank will have room to maintain its pay-out ratio in the range of 50-65%, so a short-term fall in net profit in 2025 will not be an issue when considering the absolute per share amount. In our DPS we have not included buyback amounts. In a theory, these may range from 0.006 per share to 0.008 per share and will improve total distribution yield by 0.7-1.0% (70-100bp) on average. We use a risk-free rate of 3.5% for Lithuania and we add a 6.5% risk premium. For the long-term growth rate we use 2.0%.

Figure 2. Artea Bankas DDM and target P/BV valuation

Assumptions	DDM	2026E	2027E	2028E	2029E	2030E	TV	Target P/BV model		
RFR	3.5%	DPS	0.061	0.065	0.077	0.083	0.093	1.2	Target P/B	1.50
Risk premium	6.5%	discount factor	0.88	0.80	0.73	0.66	0.60		2029-30E BVPS	1.32
Beta	1.0	discounted DPS	0.054	0.052	0.056	0.055	0.056	0.72	Implied value as of 2030E	1.97
CoE	10.0%								PV of implied value	1.19
g	2.0%	<b>FV per share</b>	<b>0.99</b>						PV of discounted DPS until 2030E	0.27
TV payout ratio	60.0%								<b>FV per share</b>	<b>1.46</b>
Terminal ROE	14.0%									
No. of shares	649,858									
<b>Valuation summary</b>										
		<b>FV per share</b>	<b>1.20</b>							

Source: IPOPEMA Research

Figure 3. Sensitivity analysis 1. (g rate vs. Risk premium)

		Risk premium				
		5.5%	6.0%	6.5%	7.0%	7.5%
g rate	0.0%	1.30	1.20	1.10	1.00	1.00
	1.0%	1.30	1.20	1.20	1.10	1.00
	2.0%	1.40	1.30	<b>1.20</b>	1.10	1.10
	3.0%	1.60	1.40	1.30	1.20	1.10
	4.0%	1.70	1.60	1.40	1.30	1.20

Source: IPOPEMA Research

Figure 4. Sensitivity analysis 2. (g rate vs. Risk Free Rate)

		RFR				
		2.5%	3.0%	3.5%	4.0%	4.5%
g rate	0.0%	1.30	1.20	1.10	1.00	1.00
	1.0%	1.30	1.20	1.20	1.10	1.00
	2.0%	1.40	1.30	<b>1.20</b>	1.10	1.10
	3.0%	1.60	1.40	1.30	1.20	1.10
	4.0%	1.70	1.60	1.40	1.30	1.20

Source: IPOPEMA Research

Figure 5. Sensitivity analysis 3. (g rate vs. Terminal RoE)

		Terminal ROE				
		13.0%	13.5%	14.0%	14.5%	15.0%
g rate	0.0%	1.10	1.10	1.10	1.10	1.10
	1.0%	1.10	1.10	1.20	1.20	1.20
	2.0%	1.20	1.20	<b>1.20</b>	1.30	1.30
	3.0%	1.30	1.30	1.30	1.30	1.40
	4.0%	1.40	1.40	1.40	1.50	1.50

Source: IPOPEMA Research

Figure 6. Changes in forecast (EUR m)

	2024E			2025E			2026E		
	Current	Previous	Change	Current	Previous	Change	Current	Previous	Change
<b>Total income</b>	<b>212.0</b>	<b>221.205</b>	<b>-4.2%</b>	<b>238.3</b>	<b>244.25</b>	<b>-2.4%</b>	<b>262.5</b>	<b>269.4</b>	<b>-2.5%</b>
NII	148.2	155.16	-4.5%	168.0	173.7	-3.3%	188.4	195	-3.4%
NFC	31.6	31.9	-0.8%	35.6	35.1	1.5%	38.7	38.2	1.3%
<b>Operating expenses</b>	<b>-123.6</b>	<b>-124</b>	<b>-0.3%</b>	<b>-132.3</b>	<b>-126.2</b>	<b>4.9%</b>	<b>-133.0</b>	<b>-128.3</b>	<b>3.7%</b>
Pre-tax profit	-10.1	-14.4	-30.2%	-15.1	-17	-11.4%	-16.5	-16.2	2.1%
<b>Net profit</b>	<b>78.3</b>	<b>82.7</b>	<b>-5.3%</b>	<b>90.9</b>	<b>100.9</b>	<b>-9.9%</b>	<b>113.0</b>	<b>124.8</b>	<b>-9.5%</b>
<b>DPS</b>	<b>63.6</b>	<b>65.3</b>	<b>-2.6%</b>	<b>71.8</b>	<b>79.7</b>	<b>-9.9%</b>	<b>89.2</b>	<b>98.6</b>	<b>-9.5%</b>

Source: IPOPEMA Research

Figure 7. Relative valuation

Region	PRICE (LCU)	Ticker	NAME	P/E			DY%			PB			ROE		
				2025E	2026E	2027E	2025E	2026E	2027E	2025E	2026E	2027E	2025E	2026E	2027E
<b>Scandinavia</b>															
	265.70	SWEDA SS	Swed Bank	10.0	10.2	9.9	7.2	8.0	7.7	1.4	1.4	1.4	13.7	13.2	13.4
	174.65	SEBA SS	SEB	11.1	10.6	9.8	5.4	5.6	5.8	1.6	1.6	1.6	13.7	13.8	14.2
	262.60	Danske DC	Danske B.	9.8	9.7	9.1	7.2	7.5	7.6	1.3	1.3	1.3	12.4	12.2	12.5
	264.60	DNB NO	DNB Banka SA	9.5	9.9	9.6	6.6	6.7	6.9	1.5	1.5	1.5	15.3	13.9	13.9
<b>MEDIAN</b>				<b>9.9</b>	<b>10.1</b>	<b>9.7</b>	<b>6.9</b>	<b>7.1</b>	<b>7.2</b>	<b>1.5</b>	<b>1.5</b>	<b>1.5</b>	<b>13.7</b>	<b>13.5</b>	<b>13.6</b>
<b>Polish banks</b>															
	217.2	PEO PW	PEKAO	8.6	9.1	9.1	8.3	8.0	8.2	1.7	1.7	1.7	20.2	17.7	16.7
	80.38	PKO PW	PKOBP	9.4	8.2	8.1	7.2	8.2	8.9	1.8	1.8	1.8	19.4	20.5	19.2
	109.45	ALR PW	ALIOR SA	6.5	7.0	7.1	8.3	7.9	9.4	1.2	1.2	1.2	18.8	15.9	14.5
	14.81	MIL PW	MILLENNIUM	20.4	10.0	8.2	0.0	1.5	4.7	2.1	2.1	2.1	13.9	18.7	18.8
	111.2	BHW PW	HANDLOWY	8.6	8.6	10.1	12.6	12.4	10.8	1.4	1.4	1.4	16.9	17.1	14.8
<b>MEDIAN</b>				<b>8.6</b>	<b>8.6</b>	<b>8.2</b>	<b>8.3</b>	<b>8.0</b>	<b>8.9</b>	<b>1.7</b>	<b>1.7</b>	<b>1.7</b>	<b>18.8</b>	<b>17.7</b>	<b>16.7</b>
<b>SEE/CEE</b>															
	85.35	EBS AV	Erste Bank	11.6	9.7	9.1	0.9	4.4	4.8	1.6	1.6	1.6	14.2	14.9	14.5
	27.7	RBI AV	Raiffeisen	6.5	5.1	4.8	5.2	6.1	6.7	0.5	0.5	0.5	7.7	9.8	9.1
	29410	OTP HB	OTP	7.2	6.8	6.4	3.7	4.4	4.8	1.5	1.5	1.5	19.8	18.1	17.2
	5.227	ISP IM	Intesa Sp.	9.8	9.3	8.8	7.1	7.7	8.1	1.6	1.6	1.6	14.9	15.3	15.5
	167.5	NLBR SV	NLB	6.9	6.9	6.8	5.8	5.8	6.0	1.0	0.9	0.9	14.7	13.7	13.1
<b>MEDIAN</b>				<b>7.2</b>	<b>6.9</b>	<b>6.8</b>	<b>5.2</b>	<b>5.8</b>	<b>6.0</b>	<b>1.5</b>	<b>1.5</b>	<b>1.5</b>	<b>14.7</b>	<b>14.9</b>	<b>14.5</b>
<b>TOTAL</b>				<b>8.6</b>	<b>8.6</b>	<b>8.2</b>	<b>6.9</b>	<b>7.1</b>	<b>7.2</b>	<b>1.5</b>	<b>1.5</b>	<b>1.5</b>	<b>14.7</b>	<b>14.9</b>	<b>14.5</b>
<b>0.82 SAB1L</b>				<b>8.2</b>	<b>7.2</b>	<b>5.8</b>	<b>7.6</b>	<b>7.6</b>	<b>8.1</b>	<b>0.8</b>	<b>0.8</b>	<b>0.8</b>	<b>10.6</b>	<b>11.5</b>	<b>13.5</b>
Prem./disc.				-4.64%	-15.36%	-28.88%	10.65%	6.79%	12.22%	-47.26%	-47.26%	-47.26%	-27.89%	-23.04%	-6.81%
<b>0.82 SAB1L adj.</b>				<b>6.4</b>	<b>6.0</b>	<b>5.8</b>	<b>7.6</b>	<b>7.6</b>	<b>8.1</b>	<b>0.8</b>	<b>0.8</b>	<b>0.8</b>	<b>13.2</b>	<b>13.7</b>	<b>13.5</b>
Prem./disc.				-25.67%	-29.98%	-28.88%	10.65%	6.79%	12.22%	-47.26%	-47.26%	-47.26%	-10.20%	-8.32%	-6.81%

Source: Bloomberg, IPOPEMA Research

## Risks to Fair Value

### War in Ukraine

This is in our view the biggest risk for the bank's operations at the moment as after the US changing its stance on Russia, EU may be left alone to deal with rising Russian appetites. As a result Lithuania may find itself caught at the first line of fire in some future in case that peace talks fail to deliver sustainable solution and conflict escalates further.

### Macro picture in Lithuania

The bank's operations are exposed to the Lithuanian macro environment. In case that economic activity is expanding less than we assumed that will impact lending activity at the bank or may result in worsening in asset quality.

### Interest rates

The big portion of loan book (80%) is connected with variable interest rates. These will keep falling further and neutral rate may settle below 2.0-1.75%, depending on ECB decision and EU macro environment (growth and inflation trends).

### Competition and regulation

New refinancing rules for mortgages may attract new entrants. Revolut bank is already active. Also, cap on fees for basic services may motivate customer to reconsider which services use or whether they need additional services that result in higher costs.

### Labour costs

Lithuanian is facing decline in population and tight labour market thus labour costs at the bank in the future may be bigger than we anticipate now.

### Dividend policy

The bank said that will tend to pay at least 50% of reported net profit as cash dividend but there are no guarantees that pay-out ratios of absolute DPS amounts will follow our projected trajectory.

## Financials

Figure 8. P&L in EUR k (consolidated)

	2022	2023	2024	2025E	2026E	2027E
Net Interest Income	106,781	156,853	160,209	148,153	167,951	188,367
Net F&C income	18,749	20,252	29,080	31,640	35,644	38,690
Other income	20,752	19,346	34,424	32,184	34,735	35,480
<b>Total net operating income</b>	<b>146,282</b>	<b>196,451</b>	<b>223,713</b>	<b>211,976</b>	<b>238,330</b>	<b>262,536</b>
Staff costs	-30,729	-36,226	-49,507	-58,248	-61,664	-63,564
Depreciation and amortization	-4,642	-5,490	-8,006	-8,591	-8,848	-9,114
Other costs	-25,590	-43,761	-58,857	-56,789	-61,834	-60,363
<b>Total operating costs</b>	<b>-60,961</b>	<b>-85,477</b>	<b>-116,370</b>	<b>-123,627</b>	<b>-132,347</b>	<b>-133,041</b>
<b>Result before impairments</b>	<b>85,321</b>	<b>110,974</b>	<b>107,343</b>	<b>88,349</b>	<b>105,983</b>	<b>129,495</b>
Net provisions	-4,956	-15,232	-10,896	-10,053	-15,070	-16,540
Gains&losses on investments jv, asso, other	0	0	0	0	0	0
<b>Pre-tax profit</b>	<b>80,365</b>	<b>95,742</b>	<b>96,447</b>	<b>78,296</b>	<b>90,913</b>	<b>112,956</b>
Tax	-12,916	-20,367	-17,659	-14,684	-19,092	-23,721
Minority interest	0	0	0	0	0	0
<b>Net profit</b>	<b>67,449</b>	<b>75,375</b>	<b>78,788</b>	<b>63,612</b>	<b>71,821</b>	<b>89,235</b>

Source: Company, IPOPEMA Research

Figure 9. Balance Sheet in EUR k (consolidated)

	2022	2023	2024	2025E	2026E	2027E
<b>Assets</b>	<b>4,182,656</b>	<b>4,809,321</b>	<b>4,922,619</b>	<b>5,394,577</b>	<b>6,166,443</b>	<b>6,690,988</b>
Cash and cash equivalents	384,758	751,499	395,136	500,000	500,000	500,000
Securities in the trading book	58,301	207,677	235,110	230,000	240,000	240,000
Due from other banks	2,733	3,013	3,121	2,600	3,000	3,000
Derivative financial instruments	897	251	1,093	263	300	300
<b>Gross loans to customers</b>	<b>2,425,862</b>	<b>2,688,660</b>	<b>3,167,425</b>	<b>3,551,631</b>	<b>3,959,881</b>	<b>4,345,261</b>
Impairments	-34,233	-43,556	-49,725	-46,171	-44,000	-44,000
<b>Net loans to customers</b>	<b>2,391,629</b>	<b>2,645,104</b>	<b>3,117,700</b>	<b>3,505,459</b>	<b>3,915,881</b>	<b>4,301,261</b>
<b>Leases (net)</b>	<b>242,448</b>	<b>286,533</b>	<b>316,897</b>	<b>357,480</b>	<b>389,842</b>	<b>424,339</b>
Investment securities at fair value	90,225	74,500	43,868	60,000	60,000	60,000
Investment securities at amortized cost	969,036	751,227	726,937	652,462	965,270	1,068,939
Investments in subsidiaries and associates	100	100	270	200	200	200
Intangible assets	8,283	45,138	43,617	41,142	46,000	47,000
Property, plant and equipment	16,151	15,781	15,261	14,070	14,900	14,900
Investment property	1,827	993	0	0	0	0
Current income tax prepayment	6	35	82	200	200	200
Deferred income tax asset	5,659	7,577	6,076	6,700	6,700	6,700
Inventories	0	0	0	0	0	0
Other	10,603	19,893	17,451	24,000	24,150	24,150
Due to other banks and financial institutions	685,075	569,994	65,860	182,593	50,000	50,000
Derivative financial instruments	7,152	1,041	123	1,000	1,000	1,000
<b>Due to customers</b>	<b>2,784,968</b>	<b>3,162,657</b>	<b>3,537,972</b>	<b>3,600,000</b>	<b>4,487,177</b>	<b>4,957,048</b>
Special and lending funds	14,184	15,718	23,037	0	12,000	12,000
Debt securities in issue	171,231	276,480	448,159	731,907	710,000	710,000
Subordinated loan	0	0	0	0	0	0
Current income tax liabilities	4,374	6,412	303	216	3,000	3,000
Deferred income tax liabilities	1,463	6,125	6,141	6,241	6,200	6,200
Liabilities related to insurance activities	36,185	179,318	198,432	200,005	204,005	208,085
Other liabilities	35,118	48,448	57,420	54,488	59,000	60,000
<b>Total Liabilities</b>	<b>3,739,750</b>	<b>4,266,193</b>	<b>4,337,447</b>	<b>4,776,450</b>	<b>5,532,382</b>	<b>6,007,333</b>
<b>Share capital</b>	<b>174,211</b>	<b>192,269</b>	<b>192,269</b>	<b>192,269</b>	<b>192,269</b>	<b>192,269</b>
Share premium	3,428	25,534	25,534	25,534	25,534	25,534
Treasury shares (-)	0	-1,500	0	0	0	0
Reserve capital	756	756	756	756	756	756
Statutory reserve	37,113	47,803	61,025	76,516	61,026	61,026
Financial instruments revaluation reserve	-8,111	-5,426	11,625	20,000	20,000	20,000
Reserve for acquisition of own shares	20,000	20,000	-2,989	-2,372	-3,000	-3,000
Other equity	2,355	1,697	1,480	1,627	1,500	1,500
Retained earnings	213,154	261,995	295,472	303,797	335,977	385,570
Non-controlling interest	0	0	0	0	0	0
<b>Total equity</b>	<b>442,906</b>	<b>543,128</b>	<b>585,172</b>	<b>618,127</b>	<b>634,062</b>	<b>683,655</b>
<b>Total liabilities and equity</b>	<b>4,182,656</b>	<b>4,809,321</b>	<b>4,922,619</b>	<b>5,394,577</b>	<b>6,166,443</b>	<b>6,690,988</b>

Source: Company, IPOPEMA Research

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The definitions of terms used in the document include:

- AGM/EGM – annual/extraordinary general meeting of shareholders.
- BVPS – book value per share - the book value of the company's shareholders equity divided by the number of shares outstanding without treasury shares at the end of period.
- CAGR – compound annual growth rate.
- CFO – net cash flow from operations.
- Cost/Income – operating expenses divided by total banking revenue.
- D&A – depreciation and amortization.
- DCF – discounted cash flow model – a valuation method based on the sum of discounted future cashflows with appropriate adjustments (such as net debt, etc., if applicable).
- DDM – dividend discount model – a valuation method of based on the sum of discounted future dividends.
- DPS – dividend per share – dividend of a given year divided by the number of shares outstanding without treasury shares at the moment of distribution.
- DY – dividend yield – total DPS of a given financial year divided by share price.
- 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 without treasury shares at the end of period.
- EV – enterprise value – market cap adjusted by treasury shares, plus gross debt, less cash and equivalents, less associates, plus minorities.
- EV/EBITDA – EV divided by EBITDA.
- EV/S, or EV/revenues – EV divided by revenues (sales).
- FCFE – free cash flow to the equity.
- FCFF – free cash flow to the firm.
- FV – fair value – fair value price of the company calculated based on valuation methods outlined in the document.
- LLP – loan loss provisions – an expense set aside as an allowance for bad loans.
- ND – net debt – gross debt and leases (depending on accounting standard) less cash and equivalents.
- Net F&C – net fee and commission income – fee and commission income minus fee and commission expense.
- NII – net interest income – interest income minus interest expense.
- NPL – non-performing loan – loans that are in default or close to be in default.
- P/BV – price to book value - price divided by the BVPS.
- 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.
- ROA – return on assets – net income (or adjusted net income) divided by the average assets.
- ROE – return on equity – net income (or adjusted net income) divided by the average shareholders' equity.
- ROIC – return on invested capital – EBIT \* (1 – tax rate) divided by average invested capital.
- uFCF – underlying free cash flow – IPOPEMA's measure reflecting the amount of potential cash flow generation available for distribution before outflow on discretionary purposes (such as shareholders' distribution, unannounced M&A, financial assets, etc.), calculated as follows: net cash from operations less net CAPEX on PP&E, intangibles and subsidiaries (related to announced deals), less net interest paid on debt, leases and granted loans, less lease payment, less dividends paid to minorities, plus received dividends, plus other items if necessary depending on company's specifics/presentation.
- uFCFps – uFCF per share.
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Rating History – Artea Bankas				
Date	Recommendation	Fair Value	Price at recommendation	Author
18/03//2025	BUY	EUR 1.2	EUR 0.094	Vladan Pavlovic
08/08//2025	BUY	EUR 1.2	EUR 0.082	Vladan Pavlovic