

# Investor Conference Webinar

Results for Q1 2021

5<sup>th</sup> May 2021

# Presenters

**VYTAUTAS SINIUS, CEO**  
**DONATAS SAVICKAS, CFO**

# Q1 2021

- Net profit for Q1 2021 - EUR 12.4 million
- New three-year strategic plan is being executed
- NPE portfolio decreased by more than 15%
- Increasing number of clients are served remotely

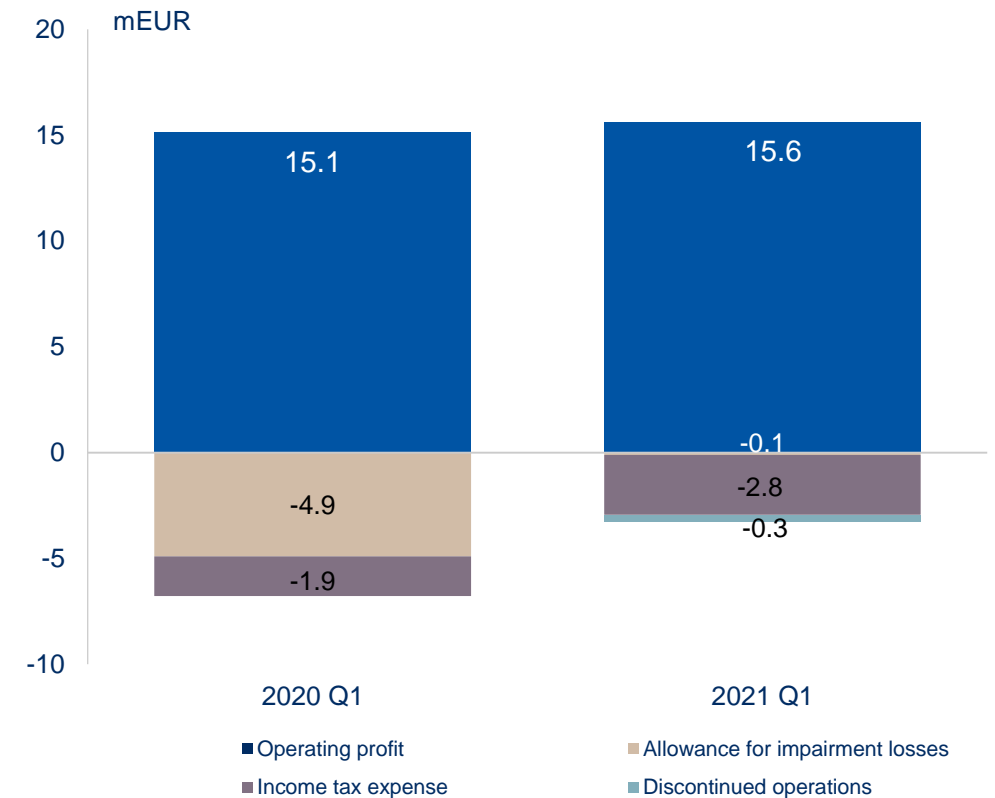
## KEY PERFORMANCE INDICATORS

|                 |               | Targets for 2021 | 2021 Q1 |
|-----------------|---------------|------------------|---------|
| Efficiency      | ROE           | >12.2%           | 14.2%   |
|                 | Cost / Income | <44.7%           | 44.4%*  |
| Risk management | CAR           | >15.5%           | 19.6%** |
|                 | CoR           | 0.6%             | 0.0%    |

\*- 42.4%, if excluding the impact from the investment result of the SB draudimas assets under unit-linked contracts

\*\*- preliminary data

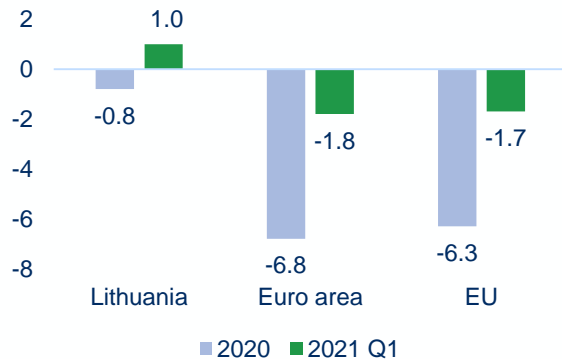
## NET PROFIT STRUCTURE



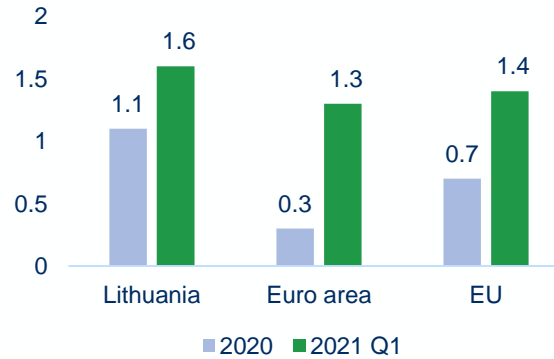
# Macro & COVID situation update

- The economic recovery is above expectations
- Currently country is going through the easing of the lockdown restrictions
- Covid-19 vaccination uptake is in line with EU average

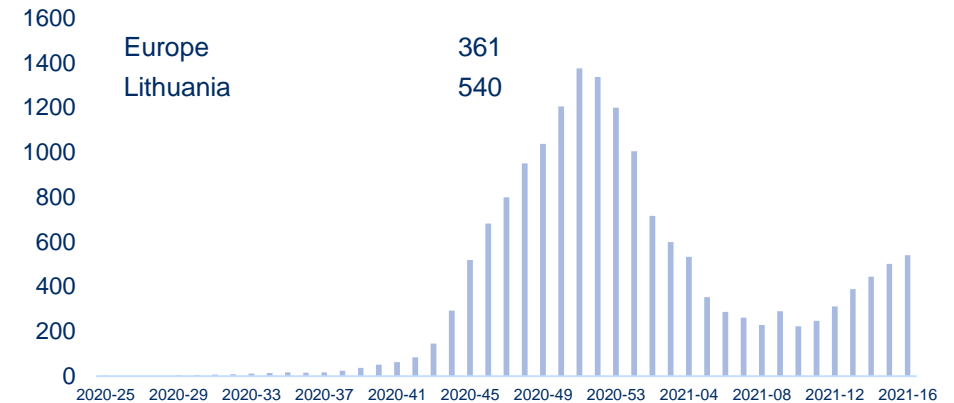
REAL GDP CHANGE, y-y %



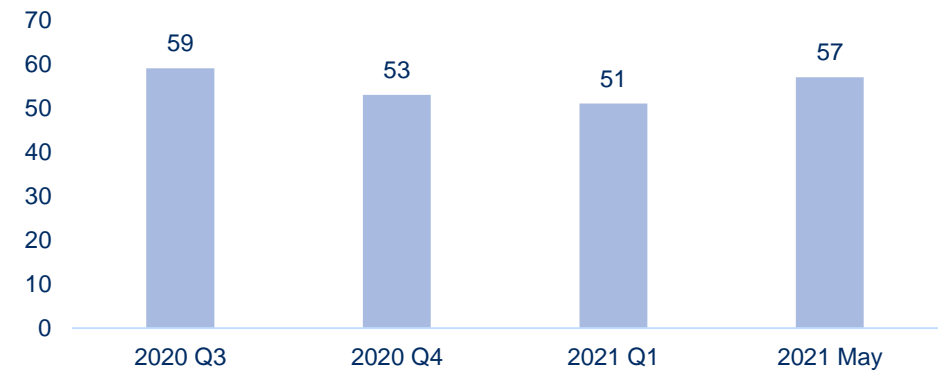
INFLATION CHANGE, y-y %



CUMULATIVE NUMBER FOR 14 DAYS OF COVID 19 CASES PER 100000 (YYYY-W)



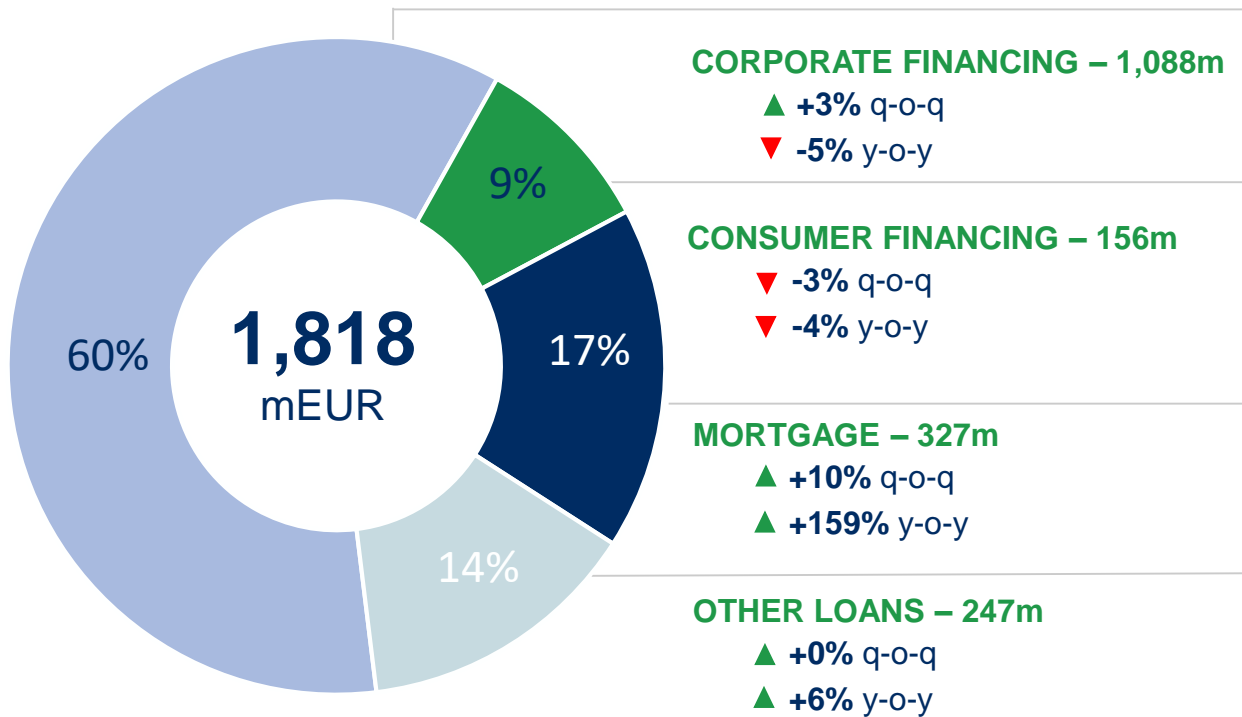
NUMBER OF OPERATING CLIENT SERVICE UNITS



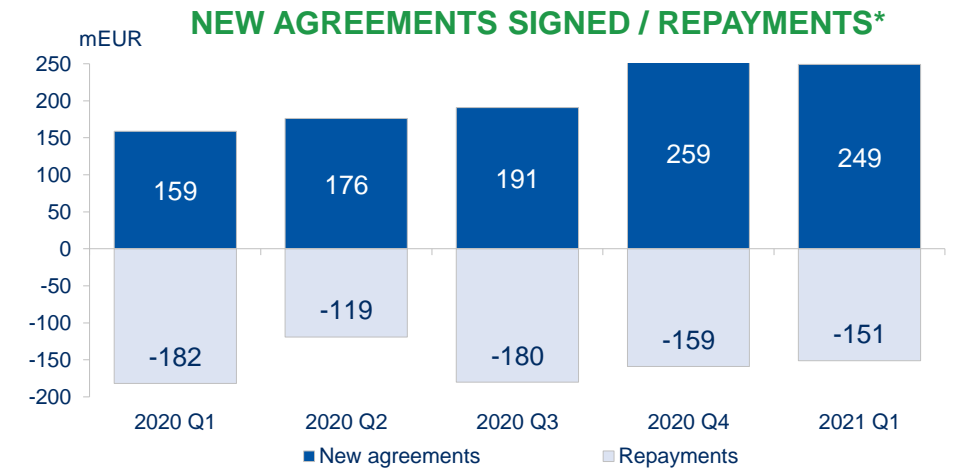
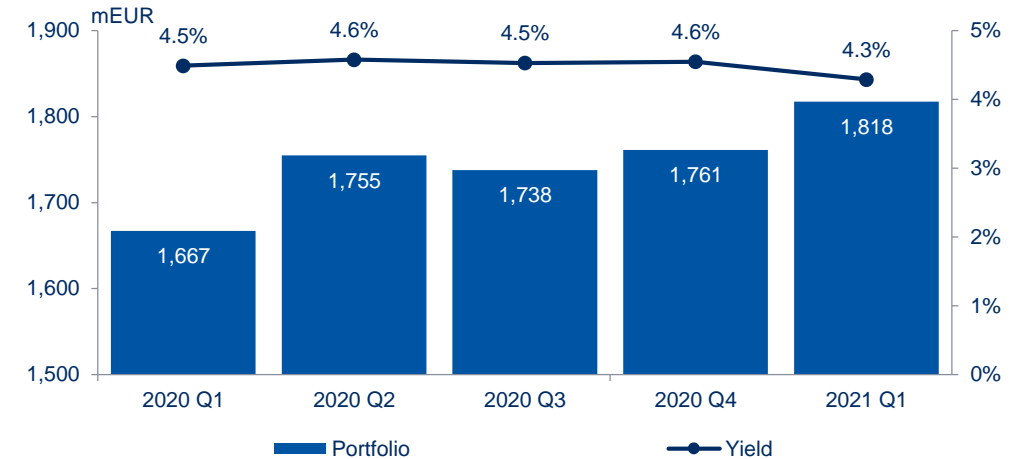
Graphs sources: European Commission, 3<sup>rd</sup> May; European Centre for Disease Prevention and Control, 3<sup>rd</sup> May

# Loan portfolio dynamics

- Total loan portfolio increased by 3% during Q1
- Another strong quarter by new agreements signed - EUR 250 million
- During 2020 loan market decreased by 4%, while Bank's market share increased by 0.8 p.p. to 8.5%



## LOAN PORTFOLIO DYNAMICS

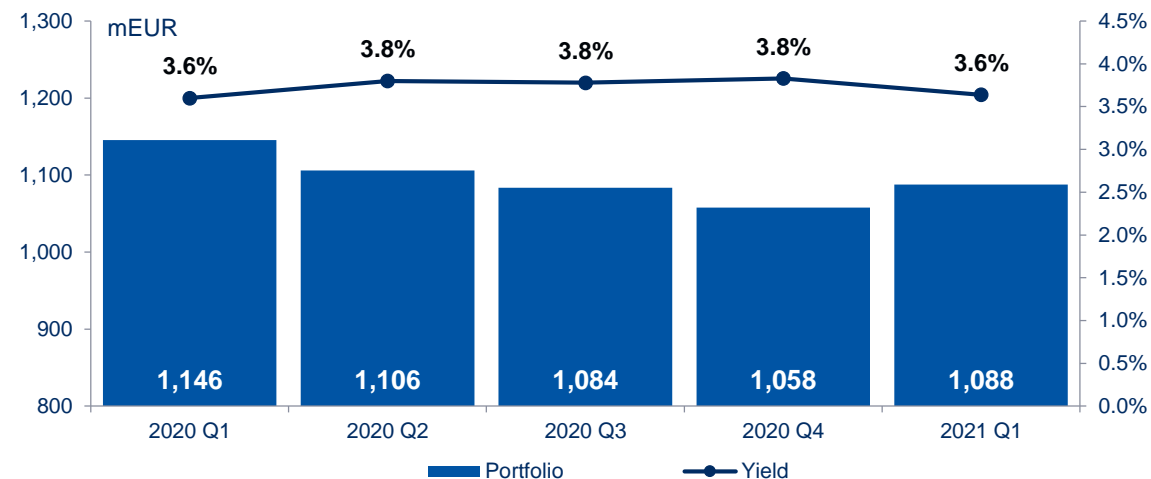


\* - including loan commitments

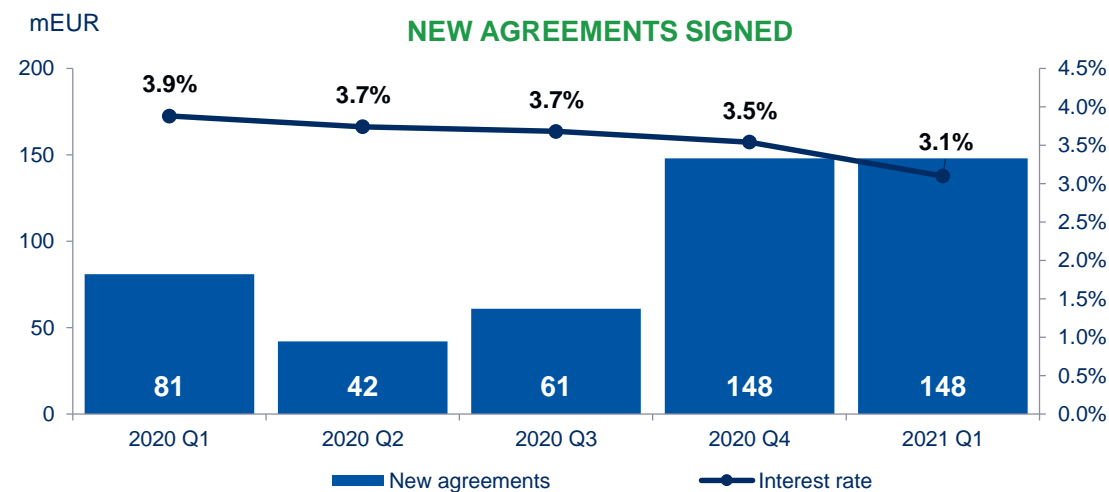
# Corporate financing

- Demand for the business financing returned, portfolio has increased by 3%
- Banking sector corporate loan market decreased by 15% during 2020, thus Bank's market share increased by 0.9 p.p. to 13.6%
- During Q1, a deferral period applied to EUR 24 million of corporate loans deferred due to COVID-19 had expired and only 1% of them have applied for additional restructuring. EUR 17 million of corporate loans had not reached the end of deferral period
- New moratoriums on temporary loan repayment deferral were signed in January; only EUR 3 million of loans were restructured under their terms by the end of the moratoriums (31st March)

CORPORATE FINANCING PORTFOLIO



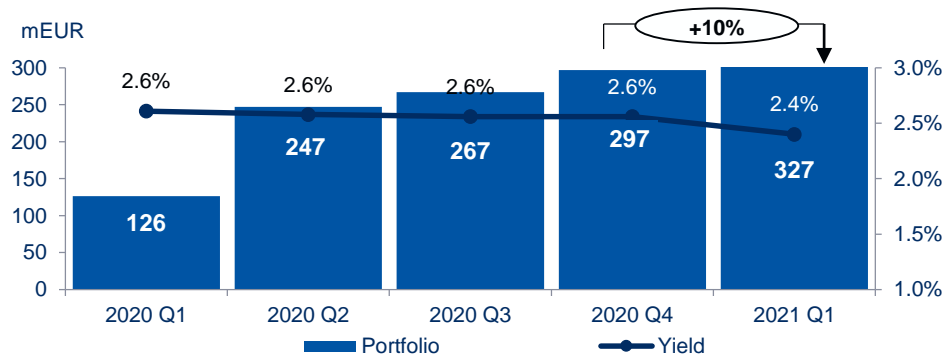
NEW AGREEMENTS SIGNED



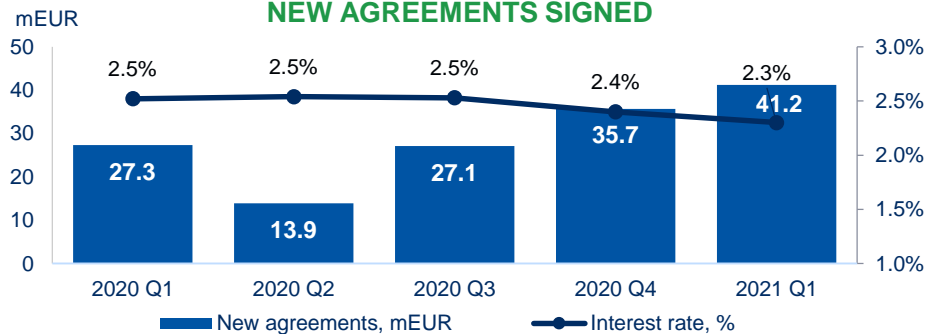
# Mortgages

- Strong demand for household lending continues
- Q1 record quarter by signed new mortgage agreements – EUR 41.2 million
- During 2020 the mortgage market increased by 9%, while Bank’s market share increased by 2.1 p.p. to 3.4%

**MORTGAGES PORTFOLIO**



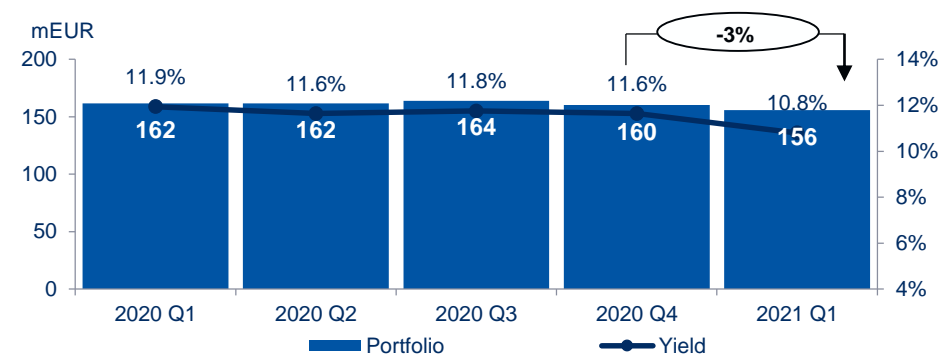
**NEW AGREEMENTS SIGNED**



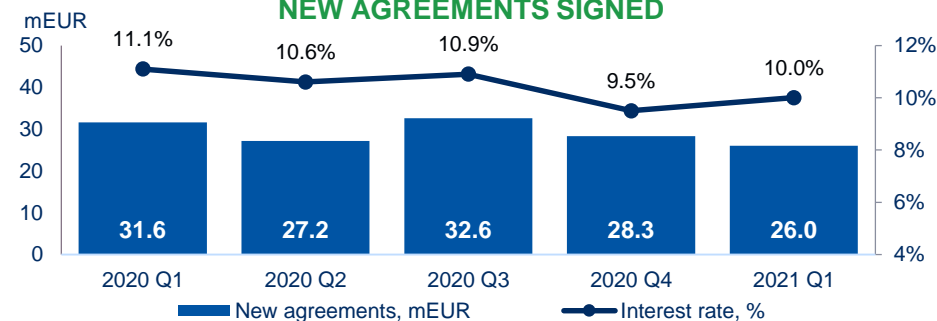
# Consumer financing

- The volume of new agreements signed decreased by 8% to EUR 26 million over the quarter
- Increased competition on consumer financing pricing
- SB lizingas has successfully shifted to the online purchase financing
- During 2020 the consumer credit market decreased by 9%, thus Bank’s market share increased by 1.1 p.p. to 11.9%

**CONSUMER FINANCING PORTFOLIO**



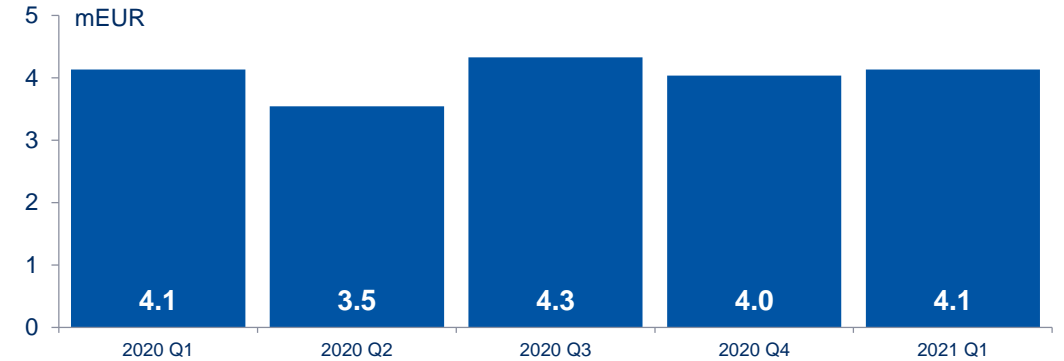
**NEW AGREEMENTS SIGNED**



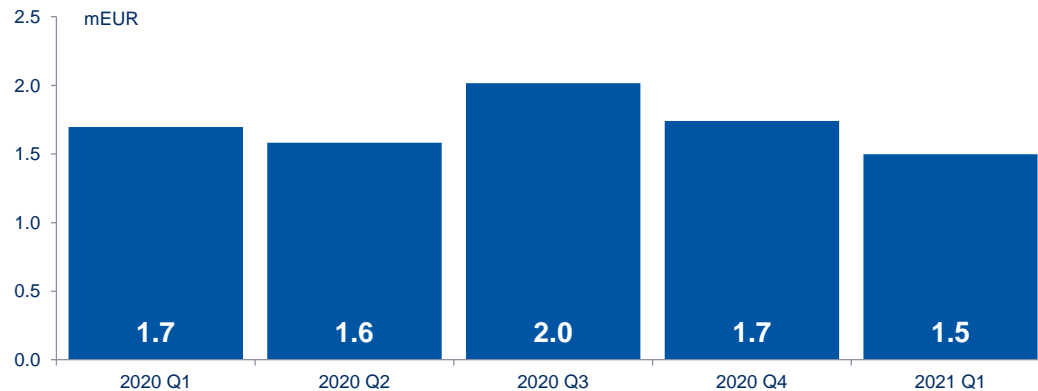
# Daily banking

- NFCI increased by 2% to EUR 4.1 million compared to Q4 last year
- Customers' activity have been negatively affected by the national lockdown and declined economic activity
- Over the last 12 months, the number of customers subscribed for service plans with monthly commissions fees increased by more than 10% and exceeded 164 thousand; the number of payment cards increased by 6% (to 174k)
- A remote identification service has been introduced to customers since January

NET FEE AND COMMISSION INCOME (NFCI)

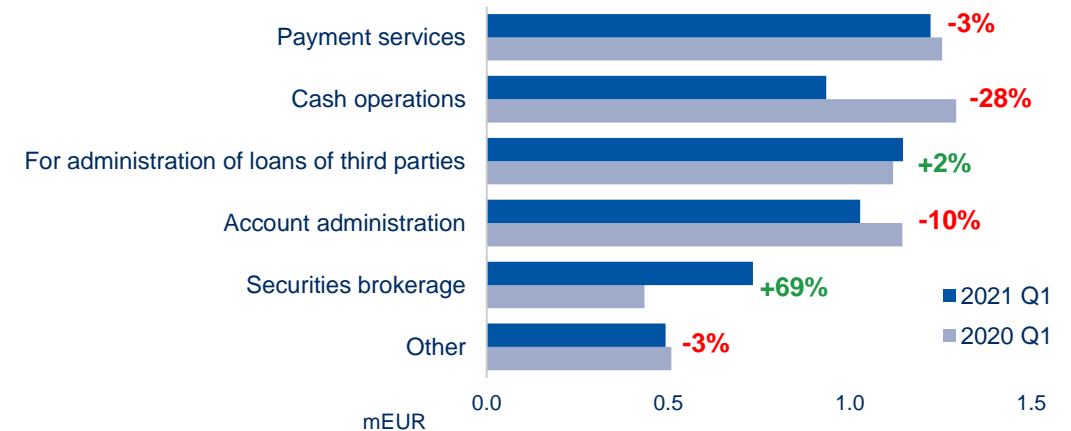


REVENUE FROM FOREIGN EXCHANGE OPERATIONS \*



\* excluding the impact of the SB draudimas clients' portfolio

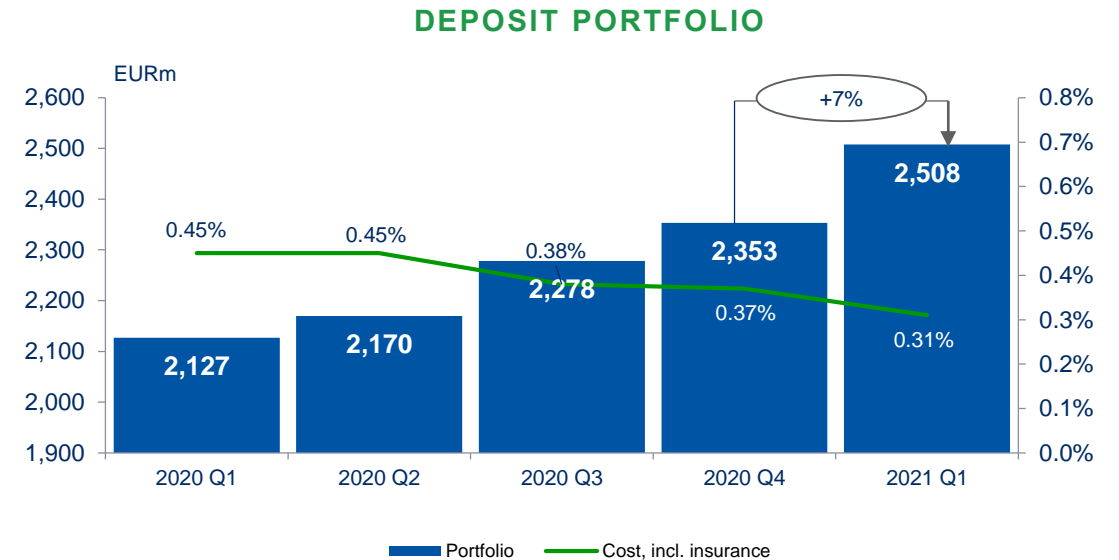
FEE AND COMMISSION INCOME, Y-Y CHANGE





# Funding

- In Q1, total deposit portfolio up by 7% to EUR 2.51bn:
  - Term deposits EUR -19m
  - Demand deposits EUR +174m
- LTD ratio 73% vs 75% (Q1 vs 2020 Q4)
- No participation in ECB TLTRO III auctions since June 2020 (increased limit to EUR 628,8m; used amount EUR 150m)
- In February, Moody's affirmed long-term deposit rating Baa2 and changed its outlook to positive from stable
- The Bank received permission to provide term deposit services in Austria, the Netherlands, France and Spain. In April 2019, the Bank first offered this service to the customers in Germany

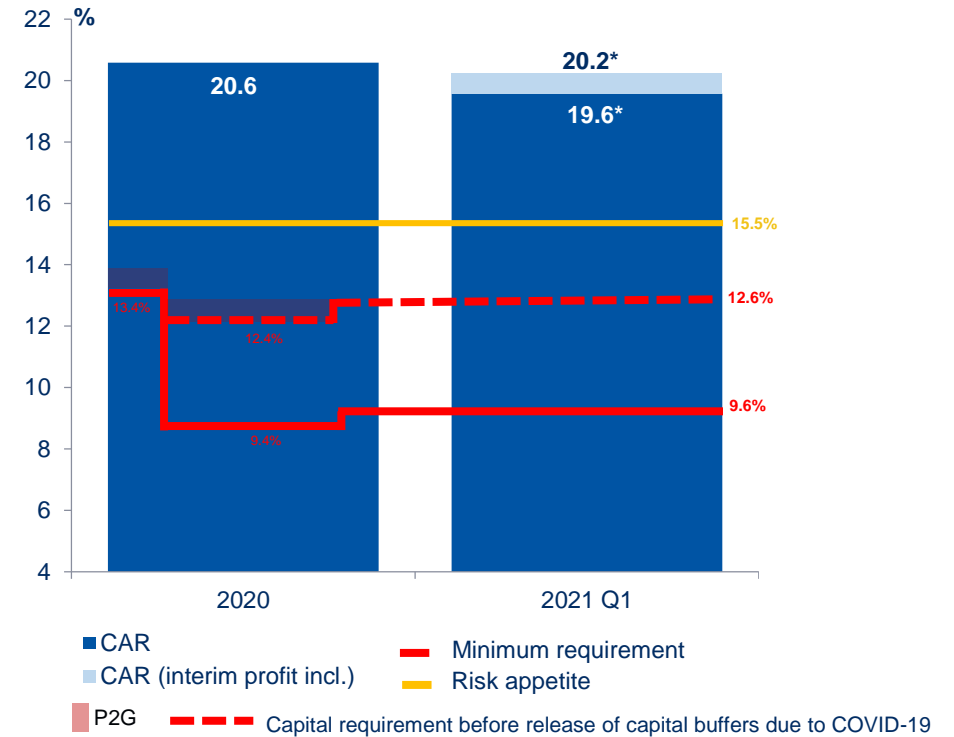


# Capital & risk management

- Capital reserve is well above minimum requirements
- LCR increased from 283% to 294%\*
- AQR results will be published publicly in June 2021
- AGM approved dividends for the year 2020
- ECB recommendation on dividend payment and share buy-back is valid until 30 September 2021

\* - forecast data

## CAPITAL ADEQUACY RATIO

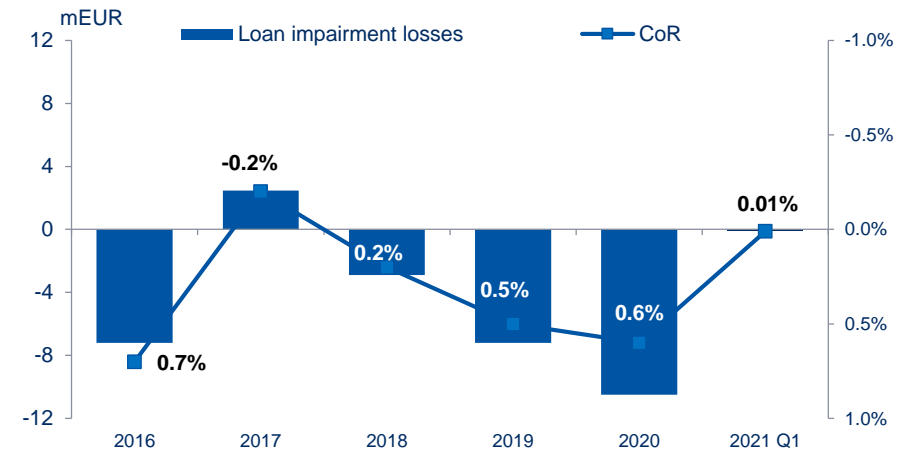


\* - forecast data

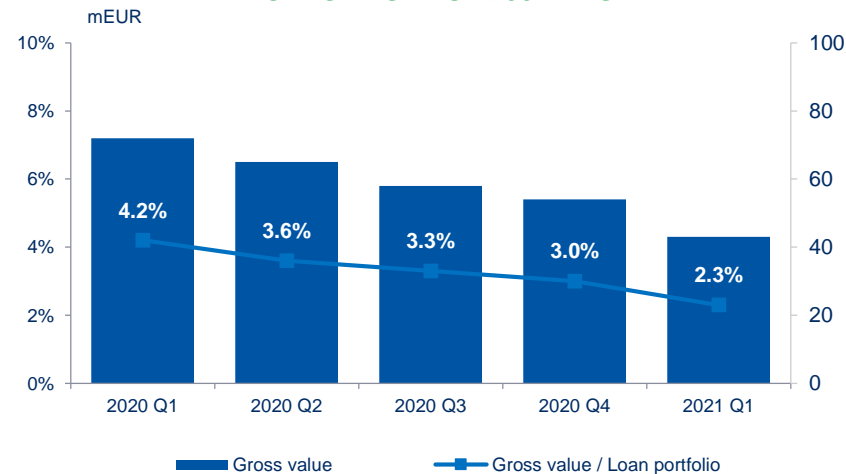
# Loan portfolio quality

- No signs of significant deterioration in the loan portfolio, therefore, provisions for possible impairment losses of EUR 0.1 million were formed in Q1
- NPE's portfolio decreased by EUR 19.5 million
- New process for identifying customer risk groups

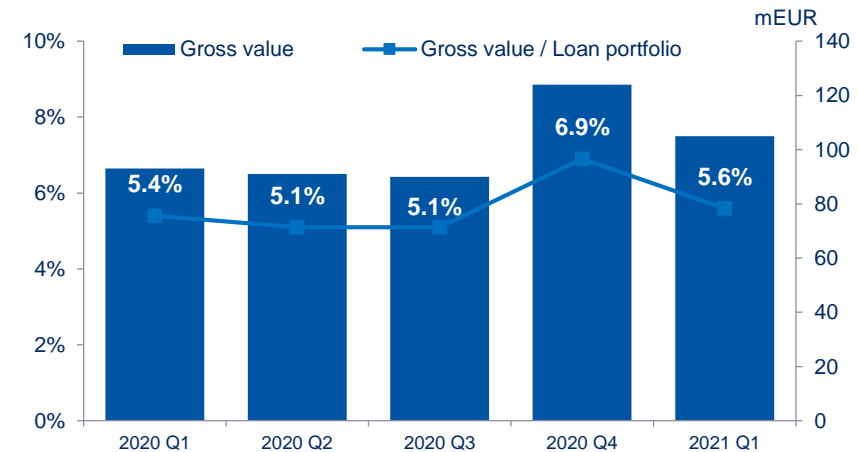
**COST OF RISK (COR)**



**LOANS PAST DUE >30 DAYS**



**NPE (LOANS)**



# Share valuation data & ratios

## TARGET PRICE

EUR 0.65 (March 3rd)



EUR 0.65 (March 5th)



EUR 0.64 - 0.68 (February 27th)



EUR 0.57 (February 23rd)



EUR 0.48 / 0.61 / 0.75 (bear / base / bull) (March 5th)



## SHARE PRICE DYNAMICS



## SHARE DATA

|  | 2016  | 2017  | 2018  | 2019  | 2020  | 2021 Q1 | 2021 05 04 |
|--|-------|-------|-------|-------|-------|---------|------------|
| Capitalization, mEUR                       | 170   | 267   | 241   | 304   | 299   | 318     | 369        |
| Turnover, mEUR                             | 23.1  | 44.5  | 34.7  | 48.3  | 84.5  | 20.8    | 35.0       |
| Average daily turnover, mEUR               | 0.09  | 0.18  | 0.14  | 0.19  | 0.34  | 0.34    | 0.42       |
| P/BV                                       | 1.0   | 1.3   | 0.9   | 1.0   | 0.8   | 0.9     | 1.0        |
| P/E  | 3.9   | 8.3   | 4.6   | 5.9   | 7.0   | 6.4     | 7.4        |
| Capital increase from retained earnings, % | 20.0  | 20.0  | -     | -     | -     | -       | -          |
| Dividend yield, %                          | 1.1   | 0.8   | 6.2   | -     | 1.0   | -       | -          |
| Dividend payout ratio, %                   | 4.3   | 7.1   | 33.0  | -     | 7.7   | -       | -          |
| Number of shareholders*                    | 3 401 | 4 496 | 4 992 | 5 391 | 9 053 | 10 812  | -          |

\* - the actual number is higher (Bank has no detailed information about the number of small shareholders that accounted on nominee (omnibus) account)

# Q&A



# Annex I

## KEY RATIOS

|   | 2015 | 2016  | 2017  | 2018  | 2019  | 2020  | 2021 Q1 |
|---|------|-------|-------|-------|-------|-------|---------|
| Net profit, mEUR  | 23.8 | 43.7  | 32.1  | 52.6  | 51.5  | 43.0  | 12.4    |
| NIM, %  | 2.9  | 2.9   | 3.1   | 3.1   | 3.2   | 3.0   | 2.9     |
| ROAA,%  | 1.4  | 2.5   | 1.6   | 2.4   | 2.1   | 1.5   | 1.7     |
| ROAE,%  | 19.0 | 27.6  | 16.1  | 22.3  | 17.6  | 12.7  | 14.2    |
| C / I,%   | 52.2 | 42.3  | 52.1  | 37.3  | 42.5  | 42.7  | 44.4    |
| C / I,% (excl. the impact of the SB draudimas clients' portfolio) | 51.6 | 41.4  | 51.7  | 37.9  | 40.8  | 42.9  | 42.4    |
| CET1 ratio,%  | 12.1 | 15.0  | 13.9  | 15.0  | 15.0  | 16.1  | 18.6*   |
| CAR,%   | 14.2 | 17.0  | 15.5  | 15.0  | 16.2  | 17.2  | 19.6*   |
| CAR,% (interim profit incl.)                                      | 15.7 | 19.2  | 18.6  | 18.0  | 18.9  | 20.6  | 20.2*   |
| RWA, mEUR   | 968  | 1.015 | 1.212 | 1.471 | 1.654 | 1.917 | 1.962   |
| L/D ratio, %  | 63.3 | 68.5  | 72.2  | 75.1  | 82.2  | 75.0  | 72.6    |

\* - preliminary data