

# Investor Conference Webinar

Results for Q4 and 2020

9<sup>th</sup> March 2021

# Presenters

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

# Y2020

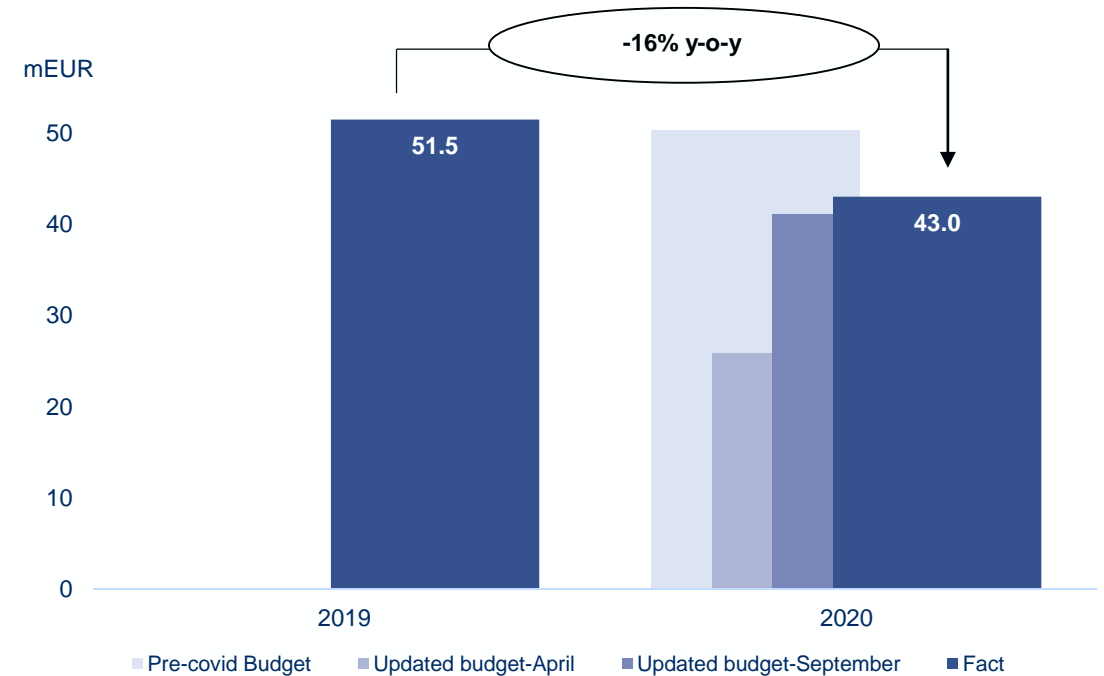
- Net profit for 2020 reached EUR 43.0 million
- Assets grew by 21% and exceeded EUR 3 billion
- Direct supervision by the ECB
- COVID-19 risk managed

## KEY PERFORMANCE INDICATORS

		Initial targets for 2020	Targets as of April	Targets as of September	2020
Efficiency	ROE	>15%	ca. 8%	ca. 12%	12.7%
	Cost / Income	<45%	<45%	<45%	42.7%
Risk management	CAR	>15.5%	>15.5%	>15.5%	20.6%*
	CoR	<0.5%	<1.4%	ca. 0.8%	0.6%

\* - forecast data including net profit for 2020

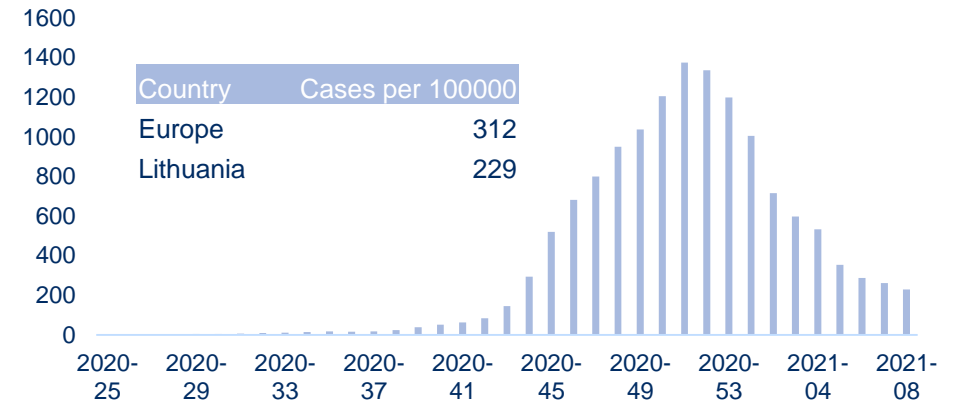
## NET PROFIT DYNAMICS



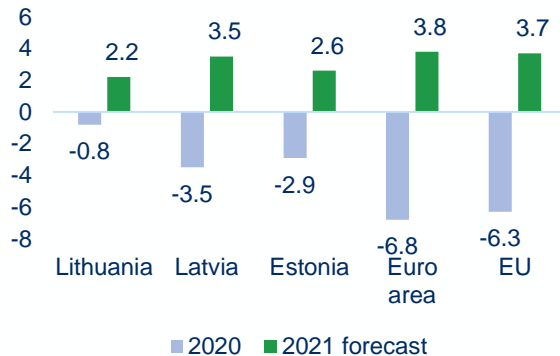
# Macro & COVID situation update

- The economic recovery in the last quarter of the year was impacted by a surge in infection rates
- Second nationwide lockdown started from 7<sup>th</sup> November 2020
- GDP decline is one of the smallest in the EU in 2020
- Currently country is going through the easing of the lockdown restrictions

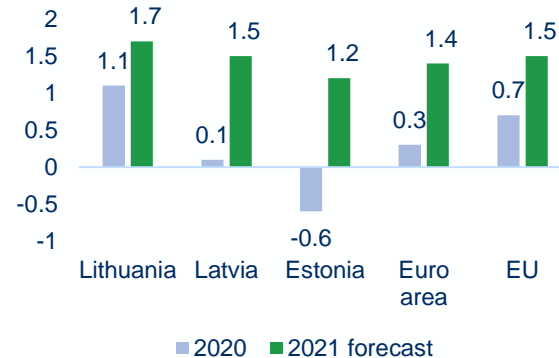
**CUMULATIVE NUMBER FOR 14 DAYS OF COVID 19 CASES PER 100000 (YYYY-W)**



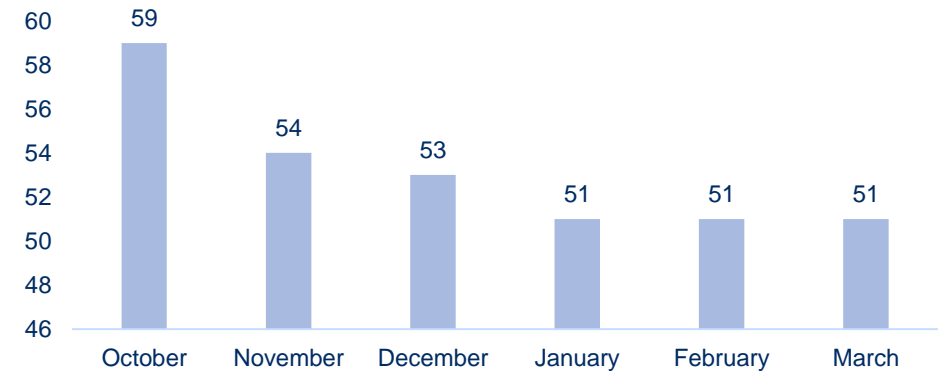
**REAL GDP CHANGE, %**



**INFLATION CHANGE, %**



**NUMBER OF OPERATING CLIENT SERVICE UNITS**

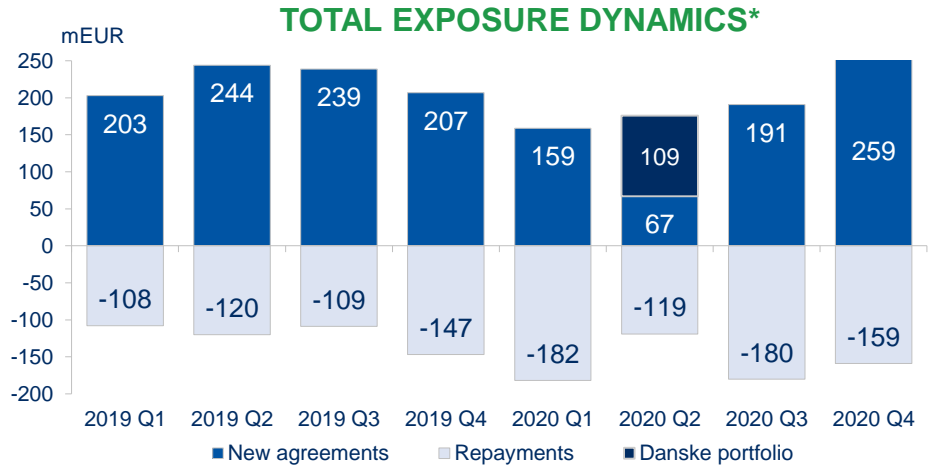
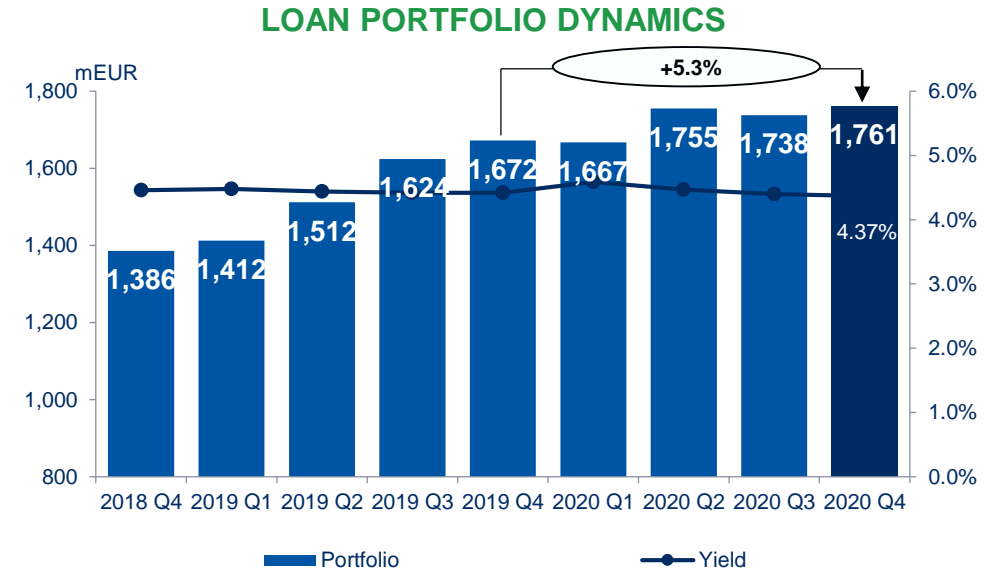
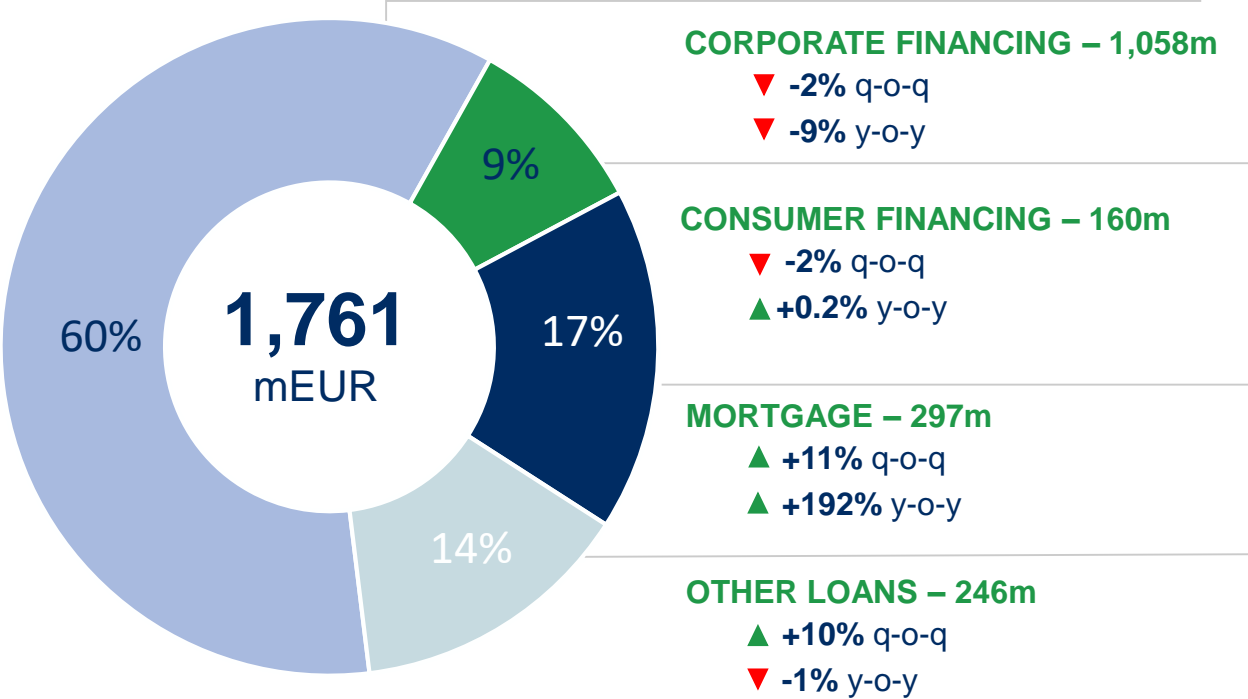


Graph's source: European Commission, 8<sup>th</sup> March

Graphs sources: European Commission, 8<sup>th</sup> March; European Centre for Disease Prevention and Control, 8<sup>th</sup> March

# Loan portfolio dynamics

- Total loan portfolio increased by 1.3% during Q4
- Record quarter by new agreements signed – EUR 259 million
- During three quarters of 2020 loan market decreased by 2%, while Bank’s market share increased by 0.5 p.p. to 8.2%

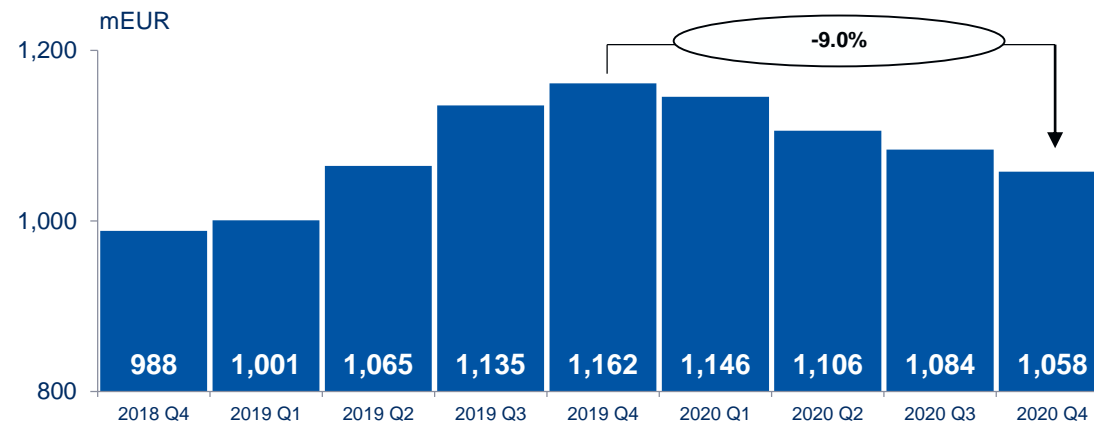


\* - including loan commitments

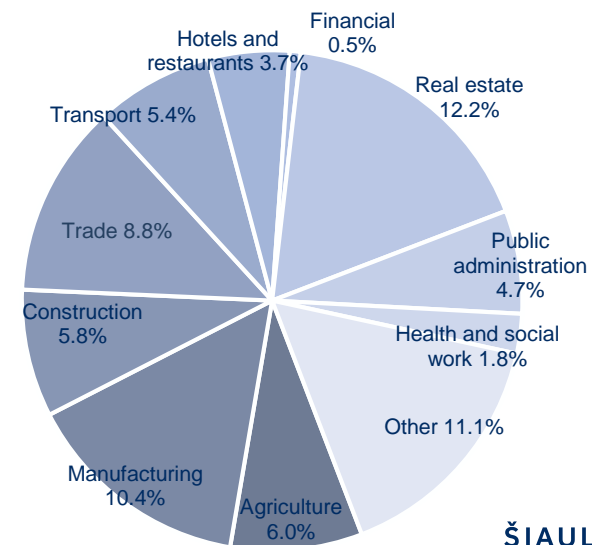
# Corporate financing

- Due to the uncertainty and government support, the business financing demand continued to decrease - during the Q4 business financing portfolio has decreased by 2%
- Banking sector corporate loan market decreased by 10% during three quarters of 2020, thus Bank's market share increased by 0.4 p.p. to 13%
- During Q4, a deferral period applied to EUR 161 million of corporate loans deferred due to COVID-19 (total amount EUR 203 million) had expired. Only 8% of them have applied for additional restructuring
- In January 2021, together with other Lithuanian credit companies, Bank agreed to extend the moratoriums on temporary deferral of credit liabilities to private and business customers affected by COVID-19 until 31 March 2021

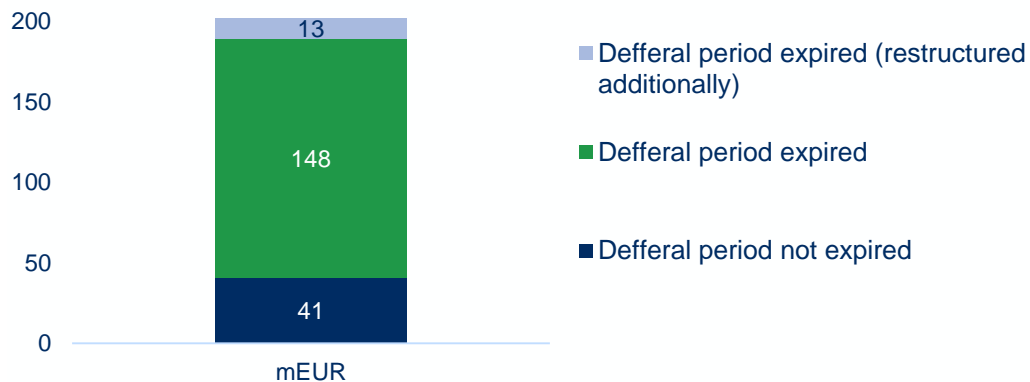
## CORPORATE FINANCING PORTFOLIO



## CORPORATE LOAN PORTFOLIO BREAKDOWN BY ECONOMIC ACTIVITY



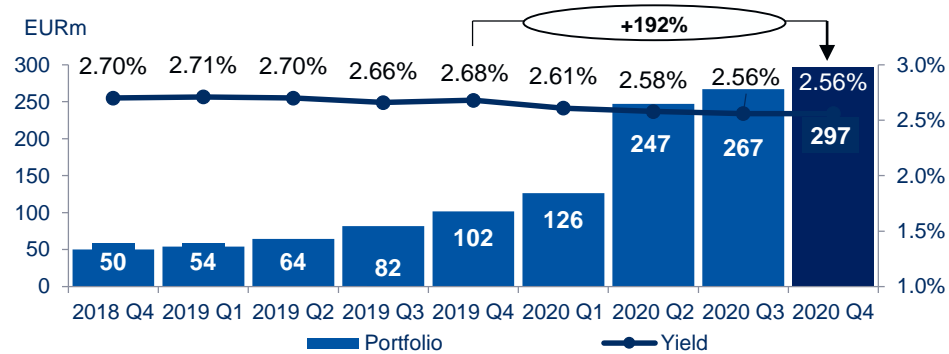
## DEFERRED DUE TO COVID-19 LOAN PORTFOLIO (END OF 2020)



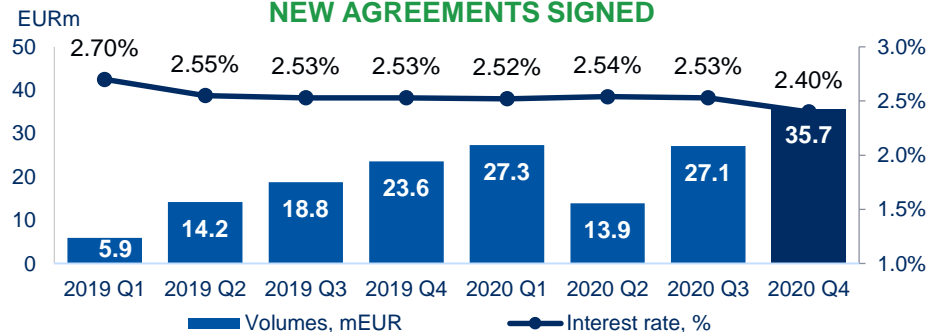
# Mortgages

- Strong demand for household lending since June 2020 continues
- Q4 record quarter by signed new mortgage agreements – EUR 35.7 million
- During three quarters of 2020 the mortgage market increased by 7%, while Bank's market share increased by 1.7 p.p. to 3.1%

## MORTGAGES PORTFOLIO



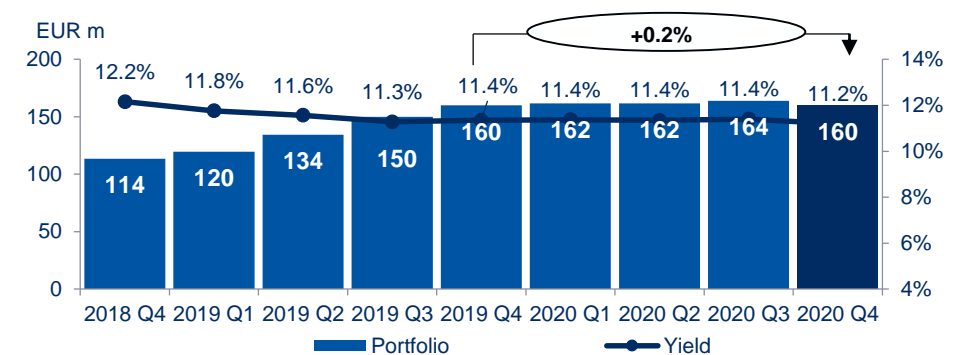
## NEW AGREEMENTS SIGNED



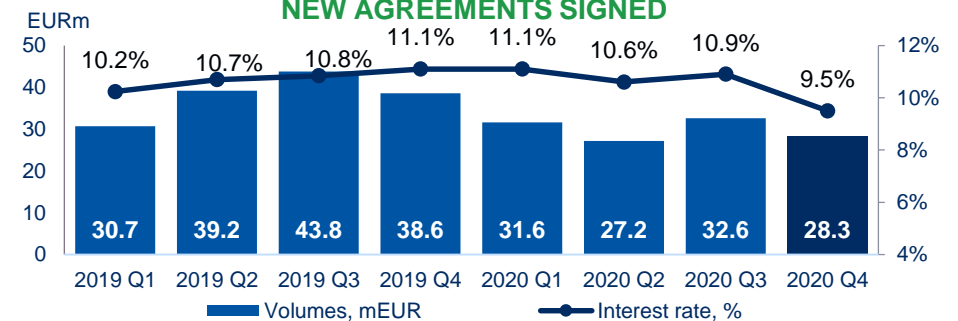
# Consumer financing

- The volume of new agreements signed decreased by 21% to EUR 120 million over the year
- Fierce competition on consumer financing pricing
- Cooperation with the largest e-shops is a key to gain market share
- During three quarters of 2020 the consumer credit market decreased by -5%, thus Bank's market share increased by 0.9 p.p. to 12.2%

## CONSUMER FINANCING PORTFOLIO



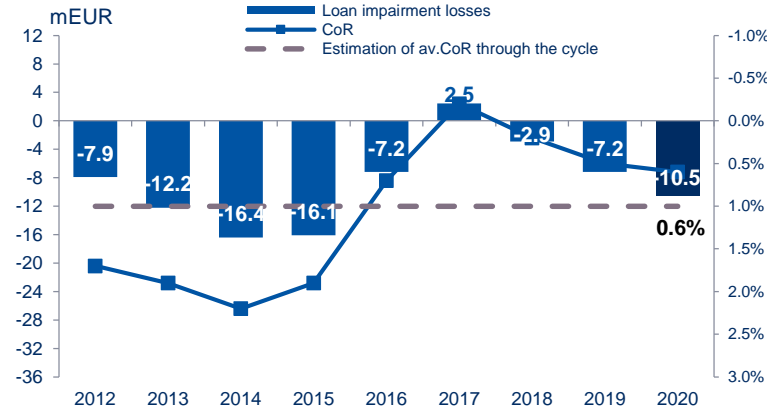
## NEW AGREEMENTS SIGNED



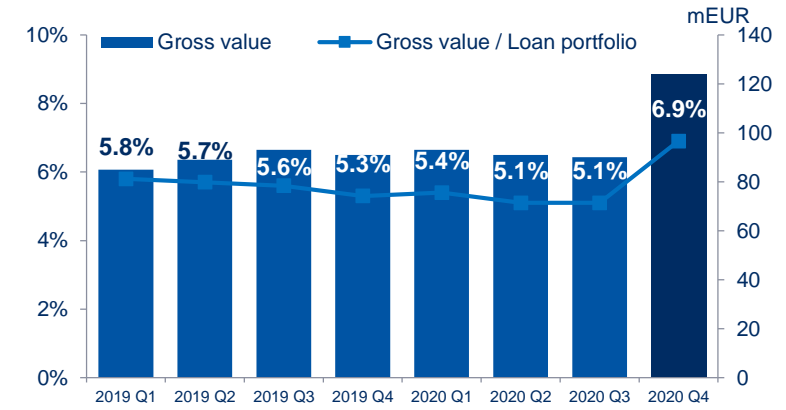
# Loan portfolio quality

- Bank has updated the clients' credit quality evaluation criteria, which lead to the increase of non-performing exposures in the portfolio to 6.9%
- AQR results will be published publicly in mid-April 2021
- In Q4 individual assessments of macro and sector portfolio impairments were performed, additional provisions in total amount of EUR 2.9 million were recognized
- Total loan provisions for year 2020 amounts to EUR 10.5 million with CoR standing at 0.6%; 40% of loan impairment losses are due to change in calculation parameters

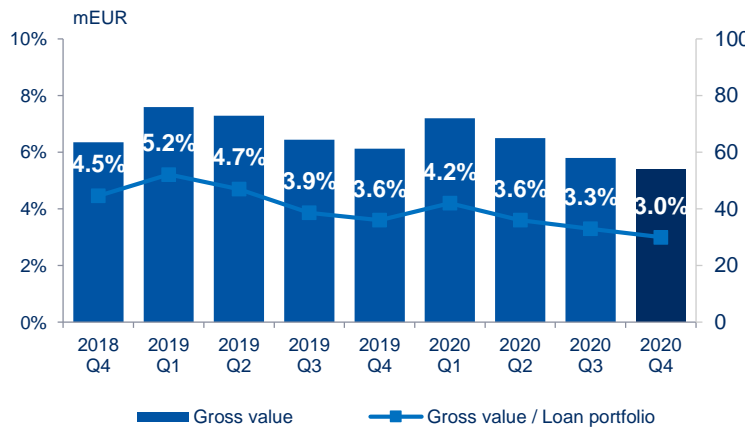
**COST OF RISK (COR)**



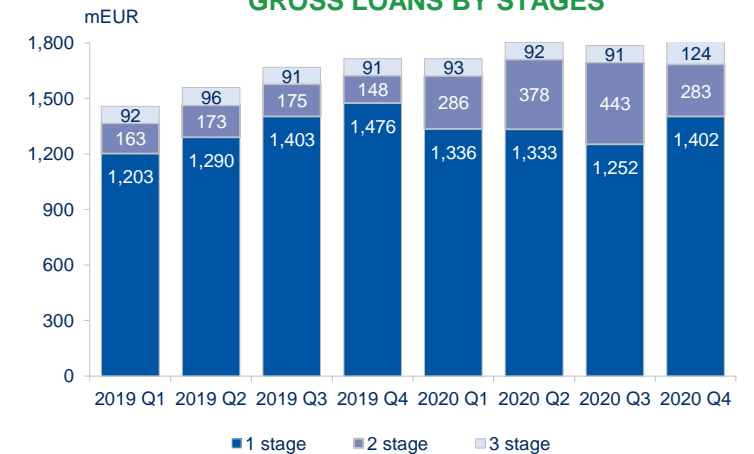
**NPE (LOANS)**



**LOANS PAST DUE >30 DAYS**



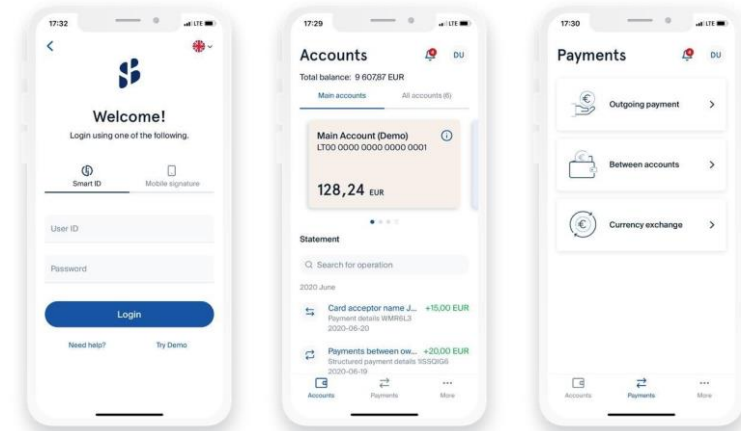
**GROSS LOANS BY STAGES**



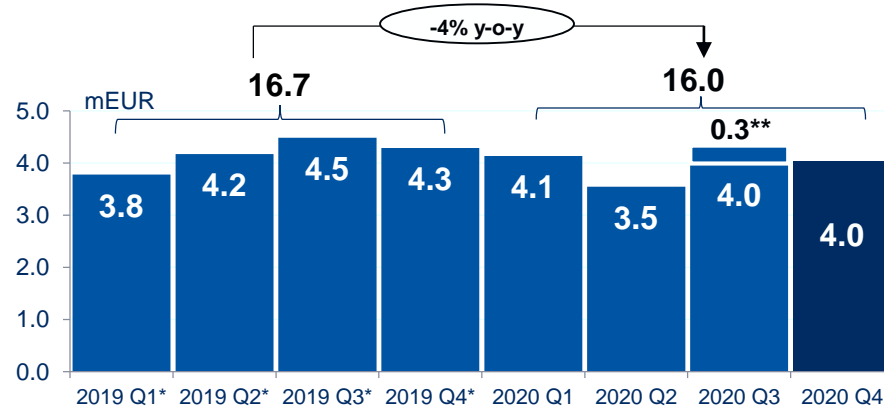


# Daily banking

- Customers' activity have been affected by the second quarantine that took place during major part of Q4
- Only 8 out of 59 customer service units, which locate in the biggest Lithuanian cities, were closed during second quarantine.
- The number of active customers of the Bank increased by 5% during the year and exceeded 172 thousand (158 thousand private and 15 thousand business customers)
- Over the year, the number of payment cards increased by 9% and at the end of the year exceeded 174 thousand
- Improving customer experience in the Bank's digital channels

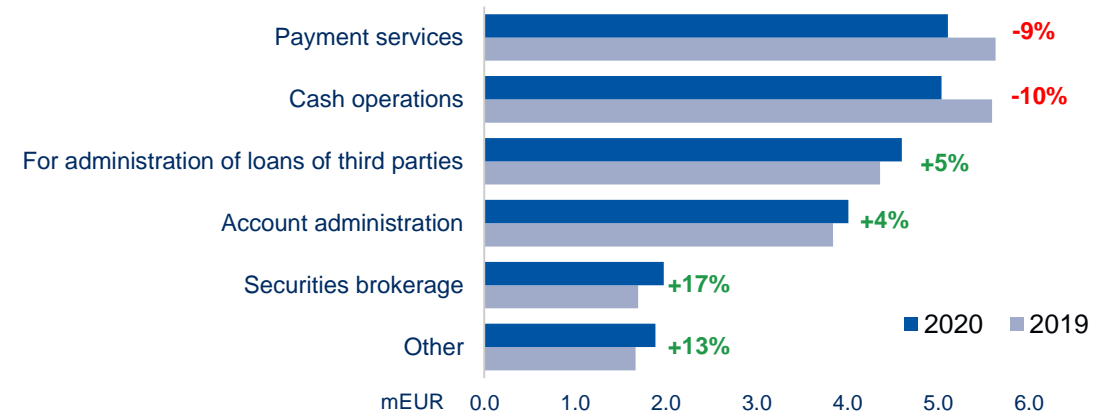


## NET FEE AND COMMISSION INCOME



\* adjusted due to fee commission relocation to interest income in Q4 for whole Y2019  
 \*\* one off revenues from MasterCard

## FEE AND COMMISSION INCOME, Y-Y CHANGE

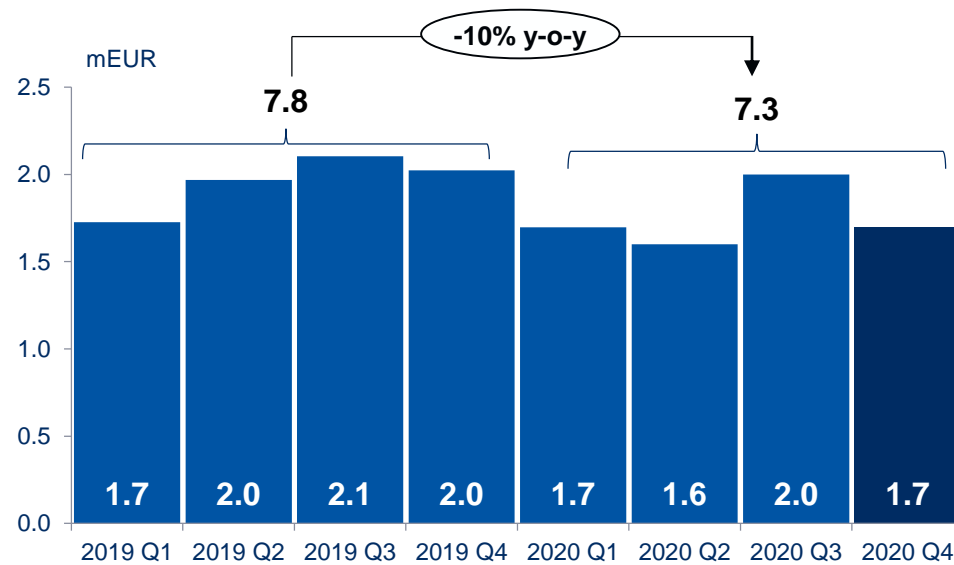


# Treasury operations

- Q4 net revenues from FX operations decreased by 15% during the quarter due to lower clients' activity and incoming tourism during the second national lockdown
- In 2020, Bank's revenues from FX trades increased by 5% y-o-y, however, due to lower FX derivatives activity, total FX revenues decreased by 10% y-o-y

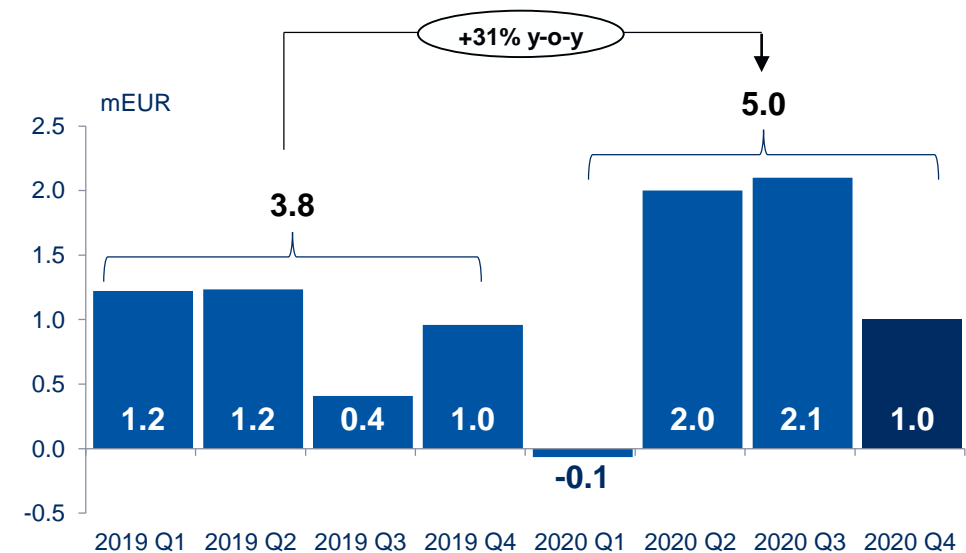
- Revenues increased by 31% y-o-y due to favorable bond market performance since Q2 and realized profit from securities portfolio
- Group's securities portfolio reached EUR 781m in Q4 (+1% q-o-q; +30% y-o-y)

REVENUE FROM FOREIGN EXCHANGE OPERATIONS \*



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

REVENUE FROM OPERATIONS WITH SECURITIES \*



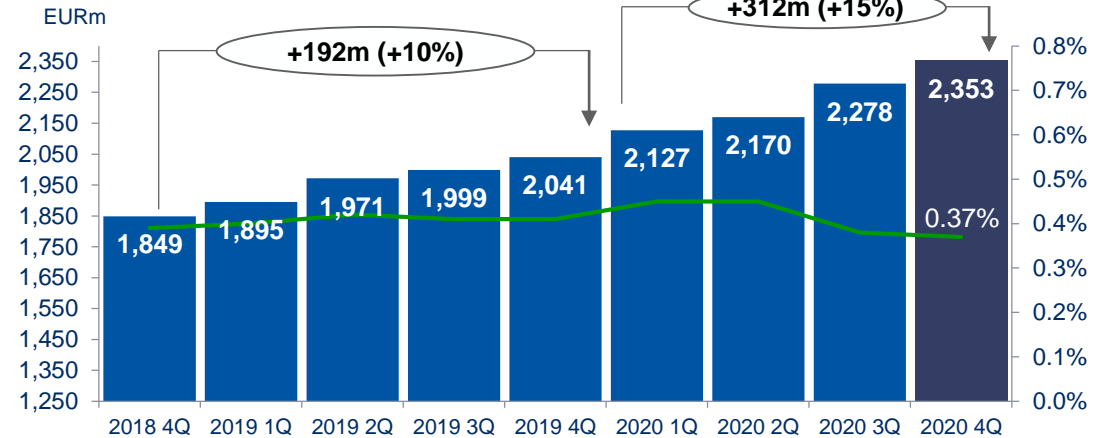
\* excluding the impact of the SB draudimas clients' portfolio

# Funding

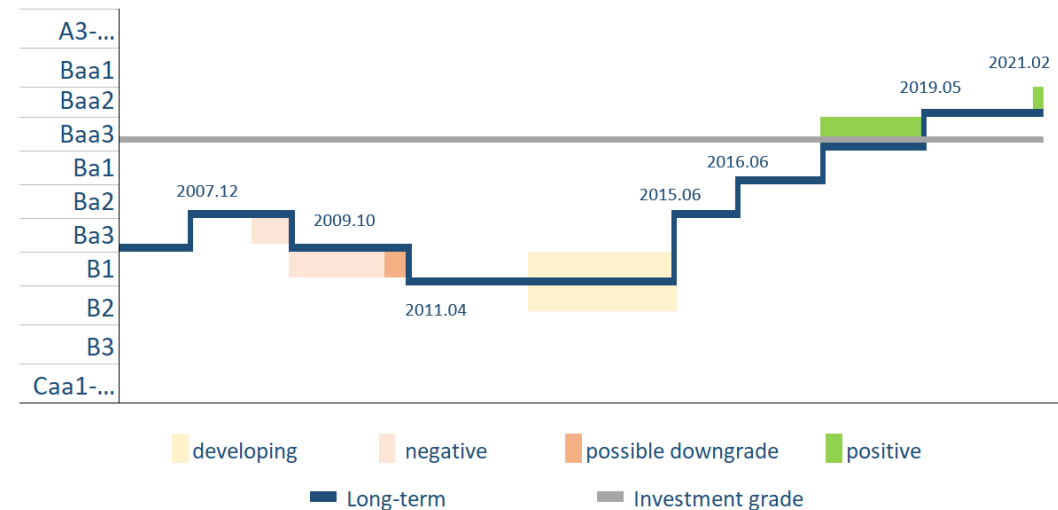
- In Q4, total deposit portfolio up by 3% to EUR 2.35bn:
  - Term deposits EUR -10m
  - Demand deposits EUR +84m
- LTD ratio 75% vs 76% (Q4 vs Q3)
- LCR decreased from 309% to 283%\*
- Cost of funding decreasing & stands 0.37%
- No participation in ECB TLTRO III auctions since June 2020 (increased limit to EUR 628,8m; used amount EUR 150m)
- 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

\* - forecast data

## DEPOSIT PORTFOLIO



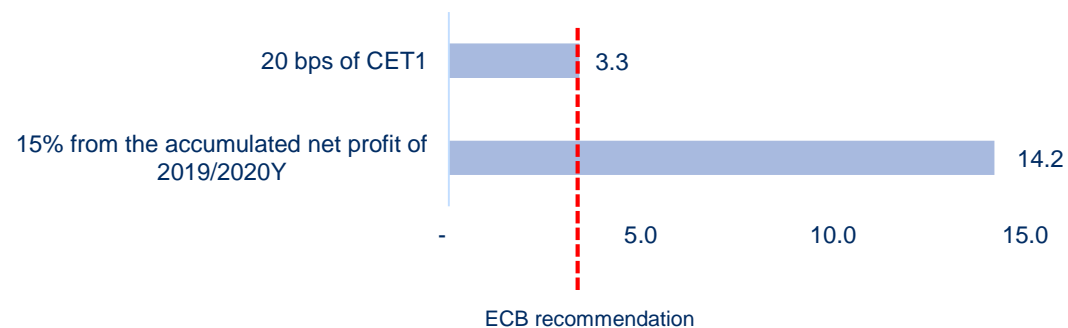
## MOODY'S RATING DEVELOPMENT



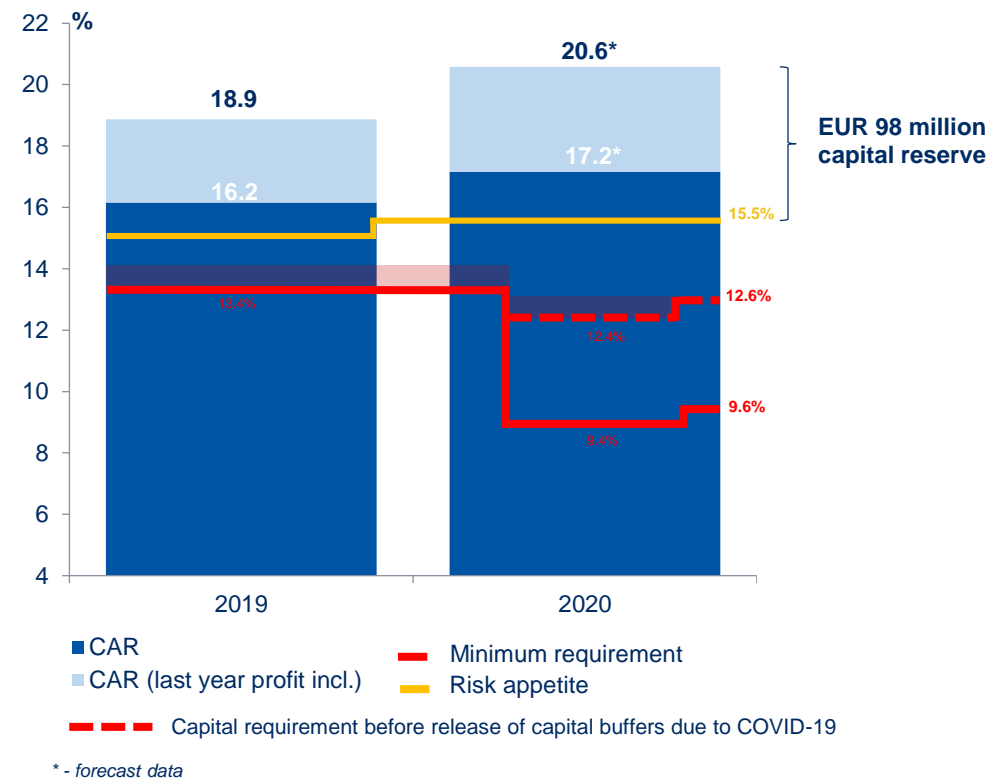
# Capital & dividends

- Capital reserve is well above minimum requirements
- 0.0055 EUR per share dividend proposal (total amount of 3.3 million EUR) for the year 2020 is in line with the ECB recommendation
- ECB recommendation on dividend payment and share buy-back is valid until 30 September 2021

## MAXIMUM DIVIDEND AMOUNT FOR THE YEAR 2020, MEUR (ECB RECOMMENDATION)



## CAPITAL ADEQUACY RATIO



# Strategy update

## STRATEGIC STATEMENT

LEADERSHIP IN  
FINANCING SOLUTIONS

### STRATEGIC STATEMENT

GROWTH IN CORPORATE FINANCING  
LEADERSHIP IN CONSUMER FINANCING  
EXPANSION IN MORTGAGES  
LEADERSHIP IN RENOVATION FINANCING

### BRAND POSITIONING

- CLOSER TO THE CLIENT – NUMBER ONE IN CLIENT SERVICE
- CLOSER TO LITHUANIA – WIDEST BRANCHES NETWORK IN LITHUANIA
- CLOSER TO LITHUANIAN BUSINESSES – LEADERSHIP IN SME SEGMENT

### PRIORITY DIRECTIONS

IMPLEMENTATION OF  
THE DIGITAL SALES AND  
SELF - SERVICE  
CHANNEL

MAXIMIZING BRANCH  
NETWORK EFFICIENCY

DEVELOPMENT OF A  
SHARED CLIENT BASE  
AND GROUP PRODUCT  
INTEGRATION

STRENGTHENING THE  
FINANCING PRODUCT  
PORTFOLIO

IMPLEMENTATION OF  
HIGHER STANDARD  
GOVERNANCE AND RISK  
MANAGEMENT  
PRACTICES

# KPIs for year 2021

AREA	KEY PERFORMANCE INDICATORS	2021
OPERATIONAL EFFICIENCY	ROE	>12.2%
	COST / INCOME	<44.7%
RISK MANAGEMENT	CAPITAL ADEQUACY RATIO (CAR)	>15.5%
	COST OF RISK (COR)	0.6%

AREA	OTHER RELEVANT INDICATORS	2021
FINANCING PRODUCTS MARKET SHARE	CORPORATE FINANCING	~16%
	CONSUMER FINANCING	~13%
	MORTGAGE	~4%

# 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

	2015	2016	2017	2018	2019	2020
Capitalization, mEUR	93.7	169.5	266.8	240.9	304.0	299.2
Turnover, mEUR	12.7	23.1	44.5	34.7	48.3	84.5
Average daily turnover, mEUR	0.05	0.09	0.18	0.14	0.19	0.34
P/BV	0.7	1.0	1.3	0.9	1.0	0.8
P/E	3.9	3.9	8.3	4.6	5.9	7.0
Capital increase from retained earnings, %	20.0	20.0	20.0	-	-	-
Dividend yield, %	0.7	1.1	0.8	6.2	-	1.0
Dividend payout ratio, %	2.6	4.3	7.1	33.0	-	7.7
Number of shareholders*	3 476	3 401	4 496	4 992	5 391	9 053

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

\* - forecast data