

Investor Conference Webinar

4th March, 2020

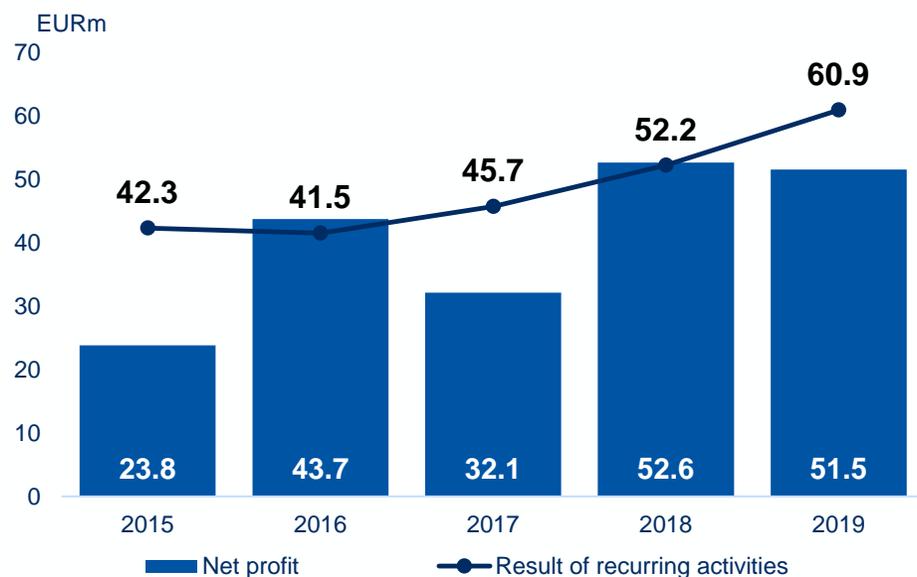


Presenters

VYTAUTAS SINIUS, CEO
DONATAS SAVICKAS, CFO

Financial highlights for 2019

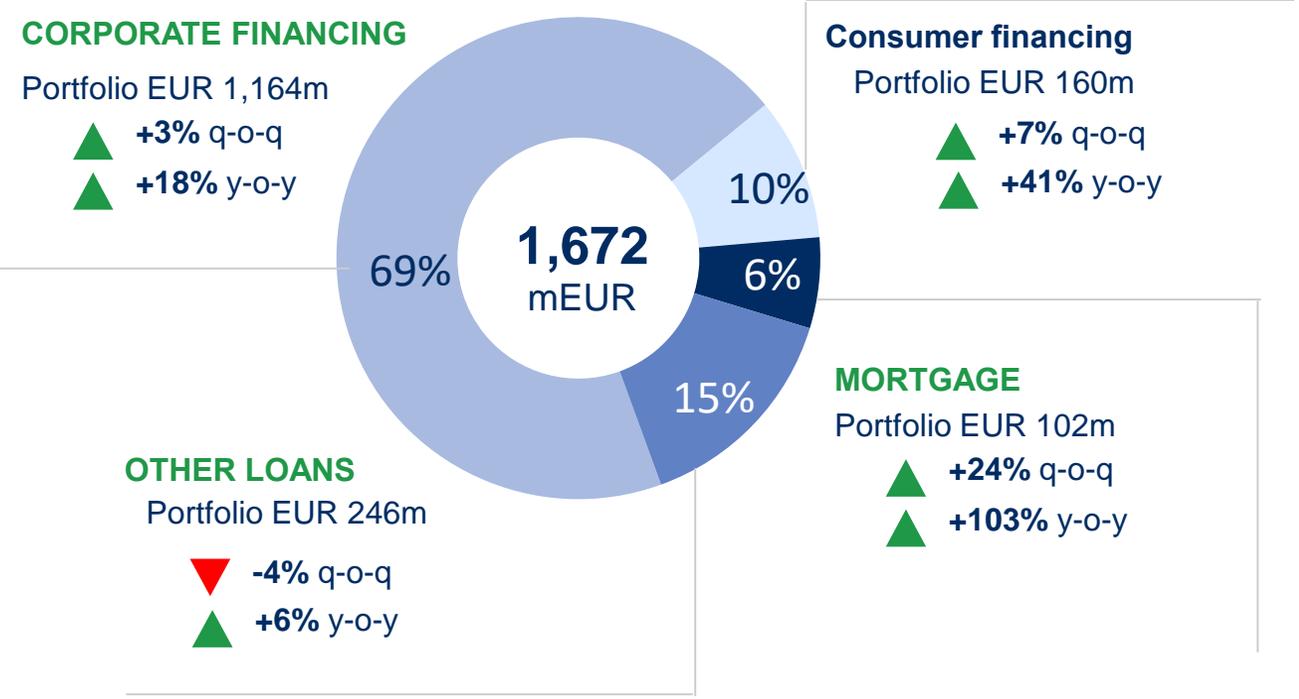
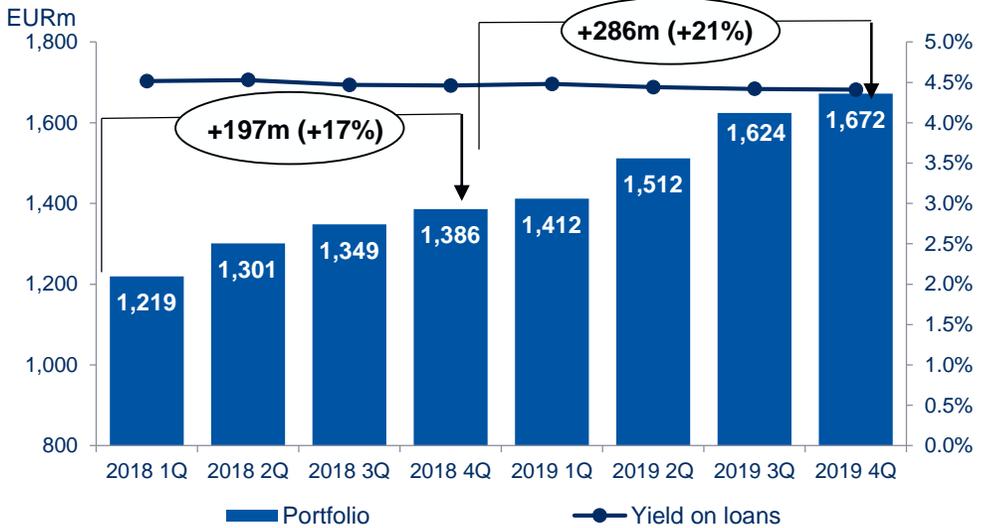
- Bank group's focus and activities were concentrated to the strategic areas - corporate & consumer lending - where progress results in strong key performance indicators
- Loan and financial lease portfolio increased by 21% over the year
- Deposit portfolio exceeded a EUR 2 billion threshold



		2019 fact
Efficiency	ROE	17.6%
	Cost / Income	42.5%
Risk management	CAR	16.2%
	NPE	5.3%
Market share	Corporate	12.1%
	Consumer	10.4%
Customers satisfaction	NPS	65

Loan portfolio dynamics

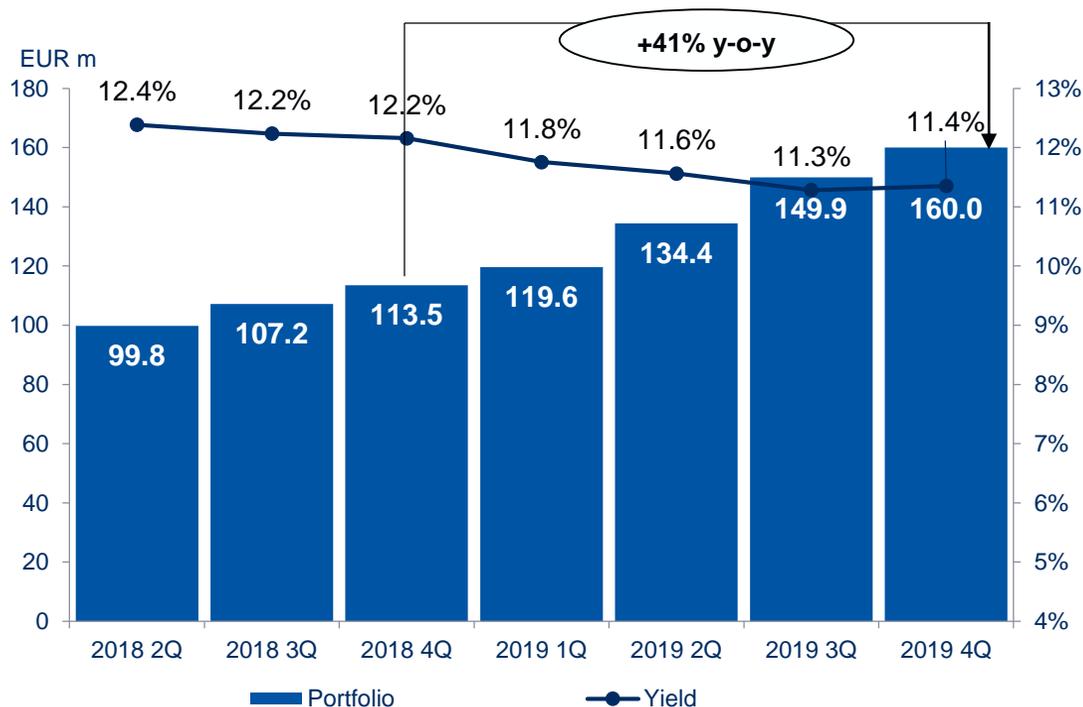
- Significant growth of the loan portfolio due to favorable trends in macro-economic fundamentals and banking sector
- The value of new loan agreements signed reached EUR 770m in 2019
- Loan portfolio yield stands at 4.4%



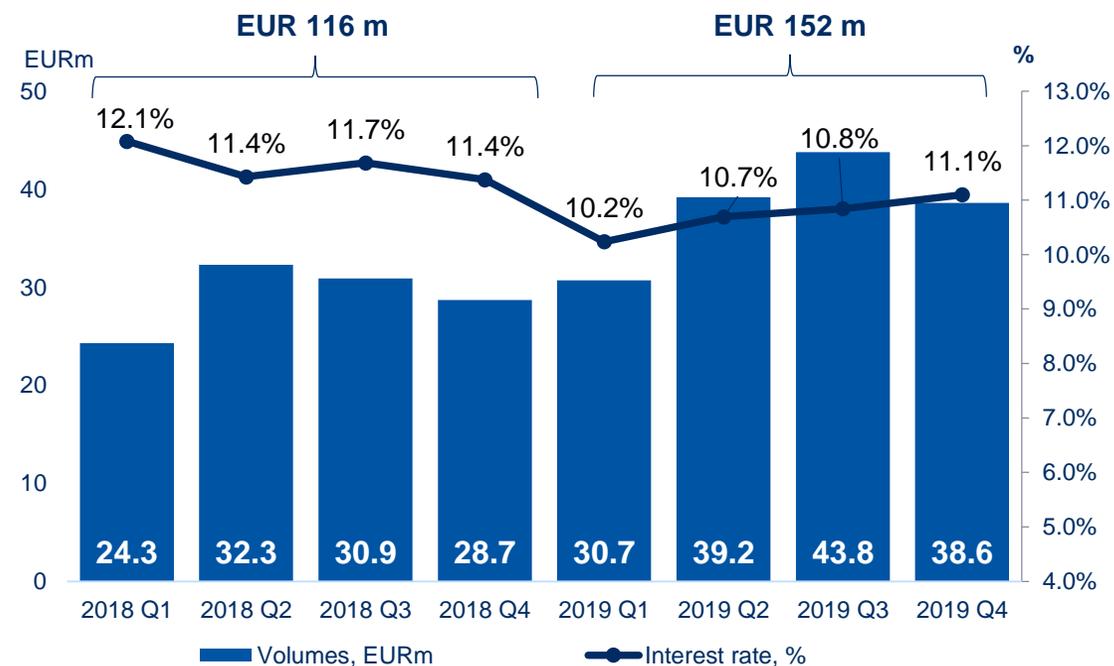
Consumer financing

- Growth is a result of group synergy (with Group’s leasing company), effective marketing and pricing strategy
- Over Q4 the portfolio increased by 7%, new contract value increased by 31% YoY

CONSUMER FINANCING PORTFOLIO



NEW AGREEMENTS SIGNED



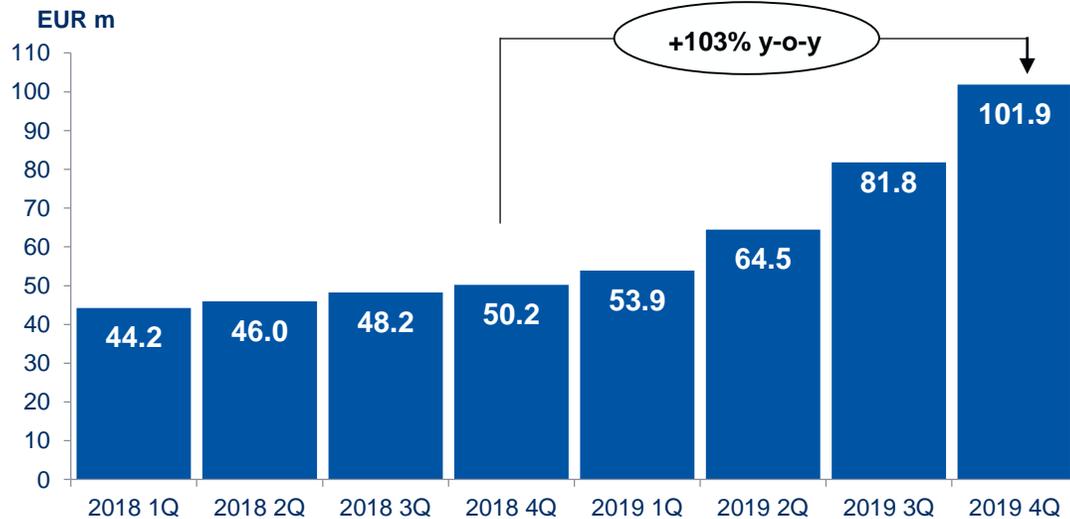
Mortgages

- Favorable environment allowed the Bank to become visible player the mortgage market
- The value of new contracts signed increased more than 4 times in 2019
- Danske Bank's retail credit portfolio (EUR 125m) is scheduled to be completed within two months

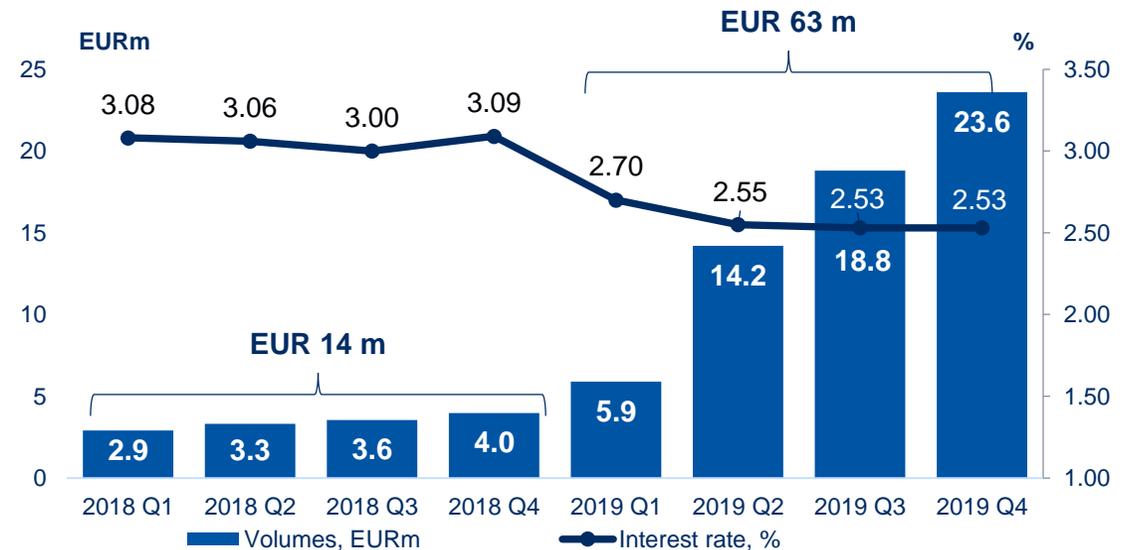
NEW MORTGAGE LOAN AGREEMENTS IN THE MARKET



BANK'S MORTGAGES DYNAMICS

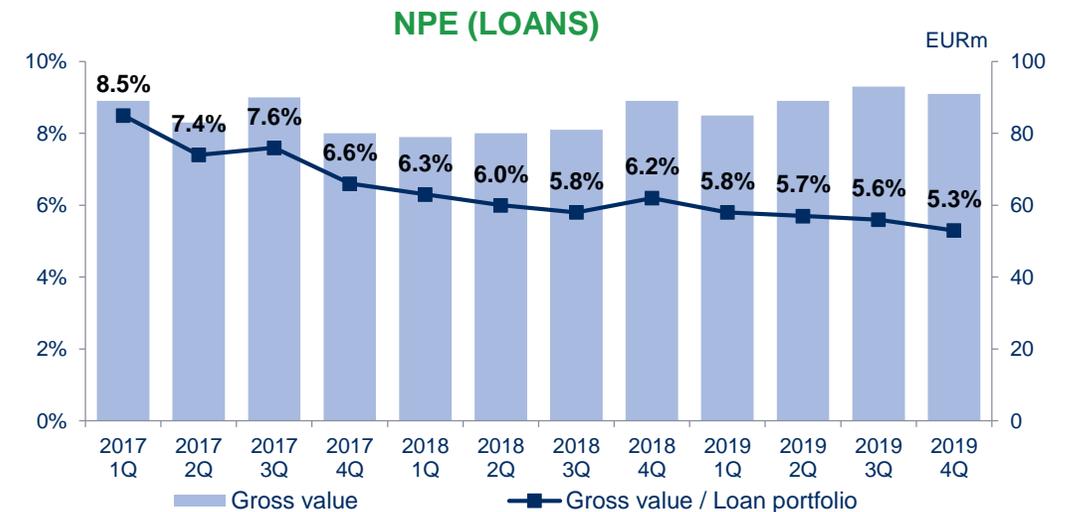
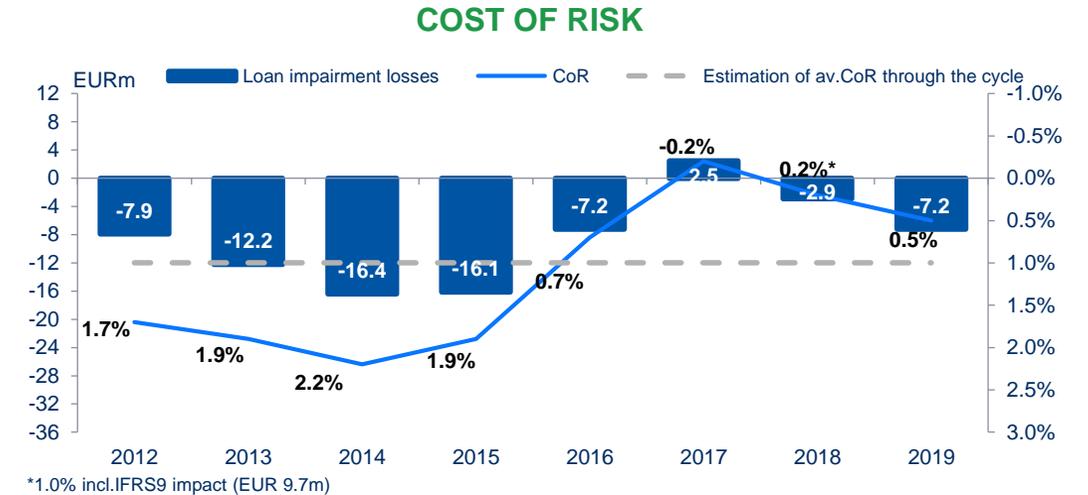
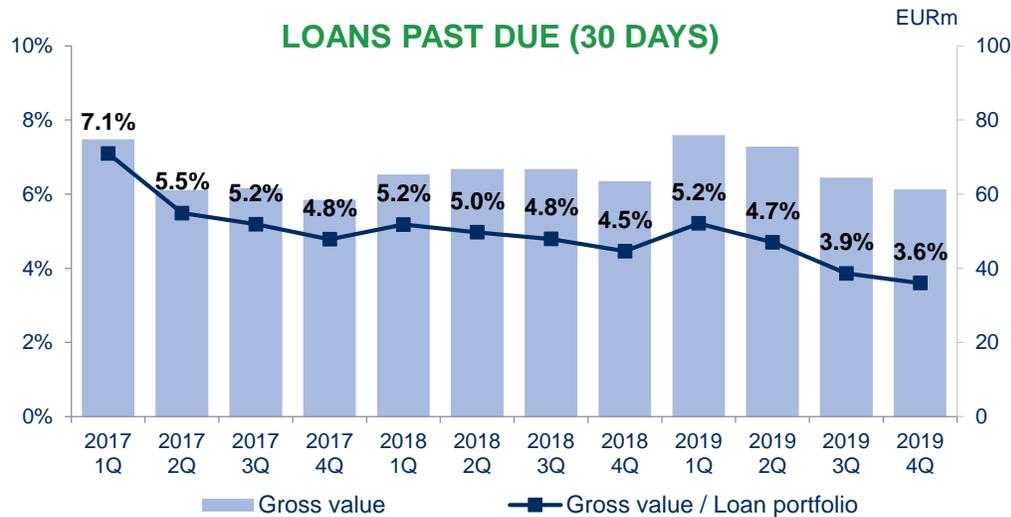


NEW AGREEMENTS SIGNED IN THE BANK



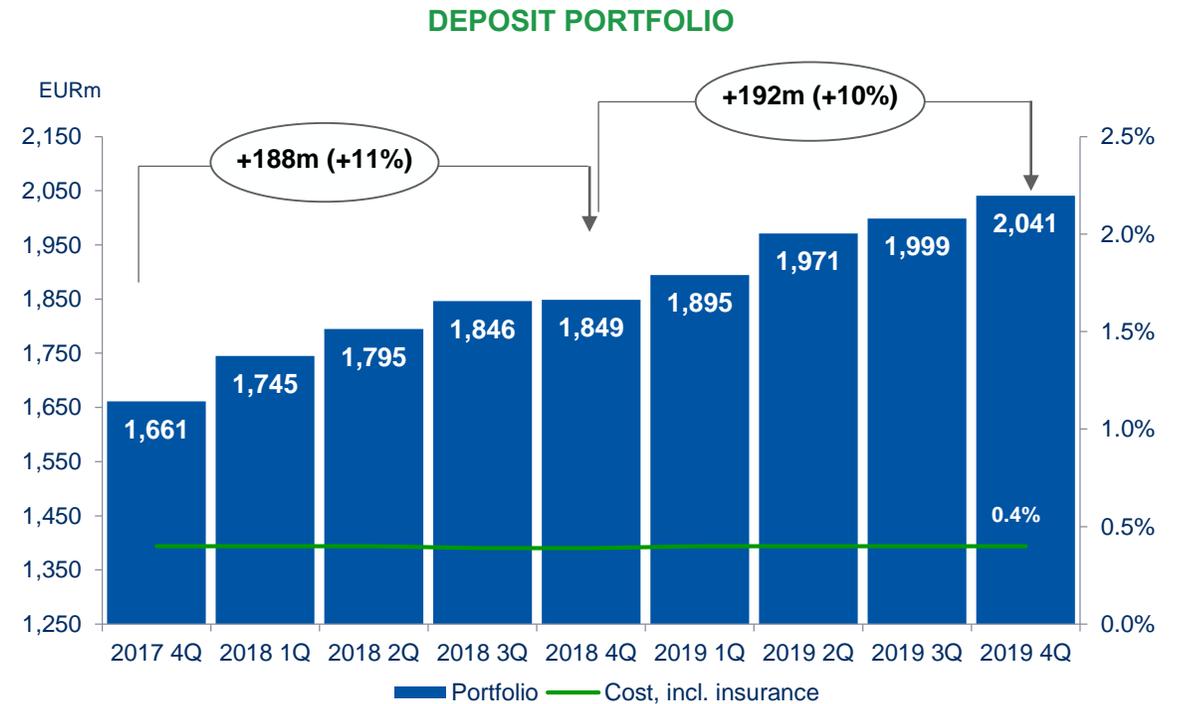
Loan portfolio quality

- Well-diversified loan portfolio, with none of the sectors contributing more than 15% of the total loan portfolio
- No adverse tendencies are being observed in any sector. The goal to reduce NPE ratio to <5%
- Impairment losses on loans of EUR 7.2m during 2019, CoR was 0.5%



Funding

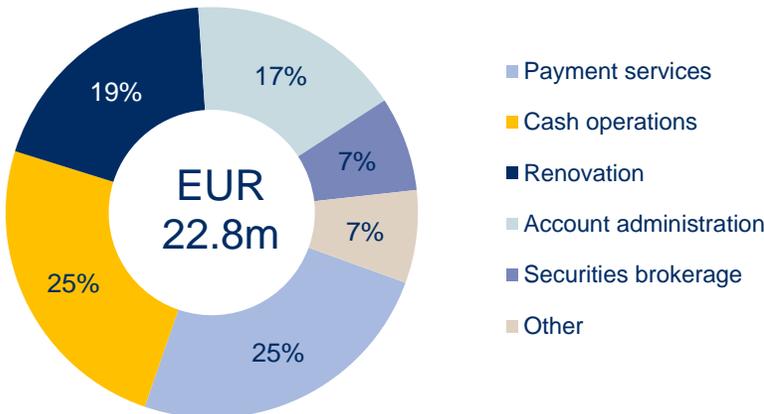
- LTD ratio 82.2 vs 75.1 (2019 end vs 2018 end)
- 95% of deposit portfolio consist of funds placed by the Lithuanian residents and companies
- 54% of total portfolio are demand deposits, more than a half are from private individuals
- Cost of funding stable for few years & stands 0.4%
- EUR 12m of 3+ year deposits raised through RAISIN e-platform
- Early redemption of EUR 20m senior unsecured bond in December 2019



Daily banking and trading activities

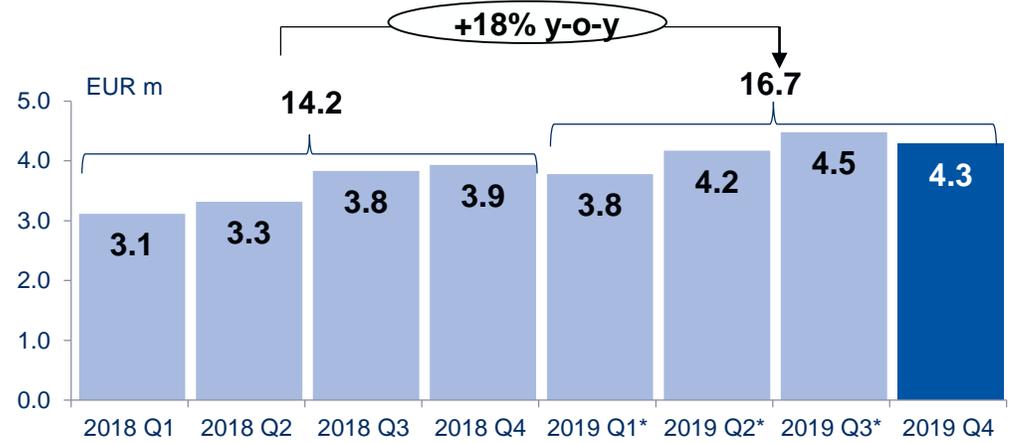
- Net fee and commission income increased by 18% in 2019 up to EUR 16.7m:
 - Income grew evenly across all types of services
 - In Q3 one-off factor - bonus from Mastercard EUR 0.3m
 - In Q4 EUR 1m income were relocated from fee income to interest income
- Service plans users – 131k private (+24% YoY), 13k corporate (+30% YoY)
- Gain from proprietary trading amounted to EUR 1.9m

FEE AND COMMISSION INCOME

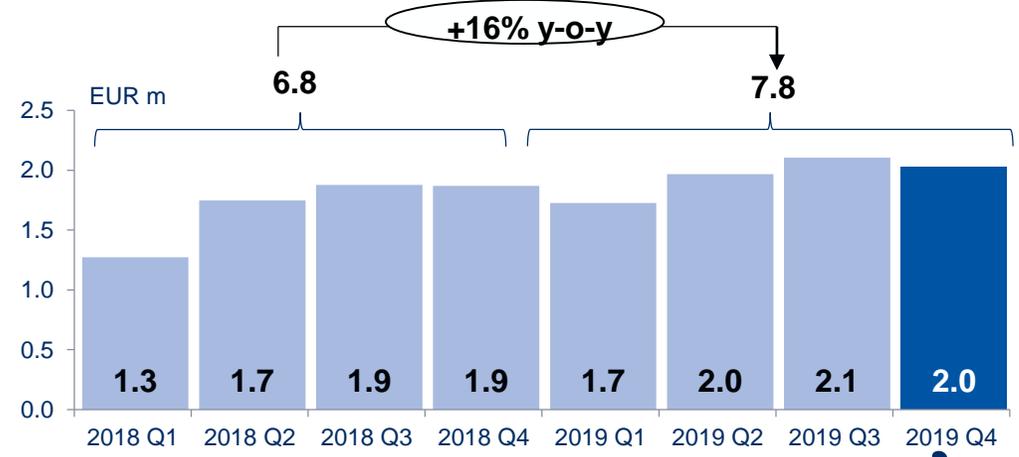


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NET FEE AND COMMISSION INCOME



REVENUES FROM FOREIGN EXCHANGE OPERATIONS**

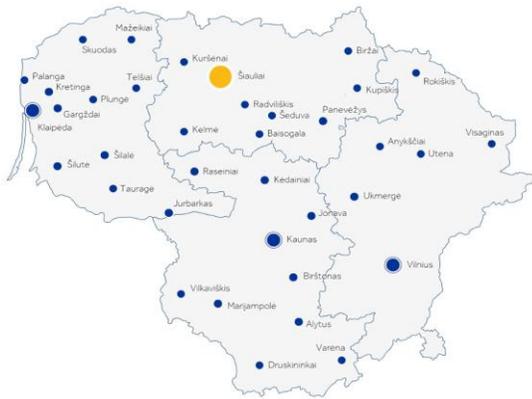


* 2019 Q1-3 adjusted due to relocation in Q4

**excluding the impact of the Bonum Publicum clients' portfolio

Customer service network and quality

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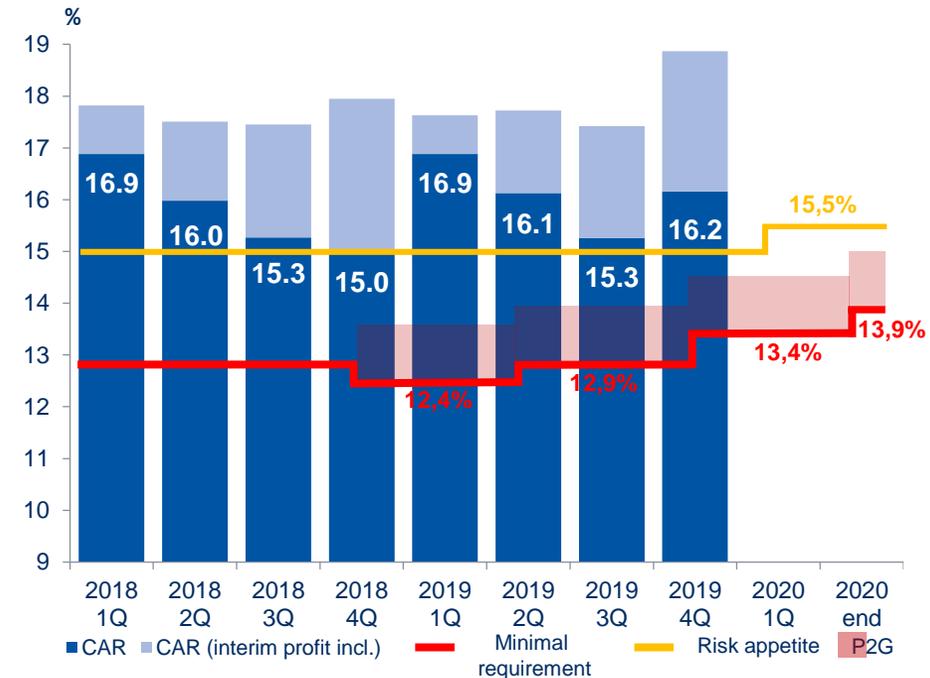
- Bank maintains a largest network of the branches, consisting of 60 regional outlets in 37 different cities

- 21 customer service outlets are upgraded according to a new branch network interior standard

- #1 Client Service Provider in Lithuania for the second year in the row (Dive)
- New brand strategy, visual identity and the slogan "Your bank - closer to you"

Capital & liquidity position

- Due to regulatory changes internal risk appetite has been adjusted to CAR 15.5%
- 10Y subordinated bonds issue of EUR 20m 6.15% was placed in December 2019; bonds are eligible liabilities to meet MREL requirement which will come into force within 4 years
- Strong liquidity buffer provides solid base for future core growth; LCR was maintained well above the regulatory requirement



Recent relevant news



- Regulatory changes; ECB comprehensive assessment process



- The BoL's inspection results and further steps



- Strategic alternatives analysis



- Acquisition of the retail loan portfolio from Danske Bank Lithuania



- Impact of the COVID-19 outbreak

Key performance indicators for 2020

- The Bank's Strategic Business Plan for 2019-2021 set the key objectives in the areas of operational efficiency, risk management, market share growth and customer satisfaction

		2019 fact	2020 targets
Efficiency	ROE	17.6%	>15%
	Cost / Income	42.5%	<45%
Risk management	CAR	16.2%	>15.5%
	NPE	5.3%	<5%
Market share	Corporate	12.1%	>12%
	Consumer	10.4%	>11%
Customers satisfaction	NPS	65	>65

Valuation data & ratios

TARGET PRICE

EUR 0.70

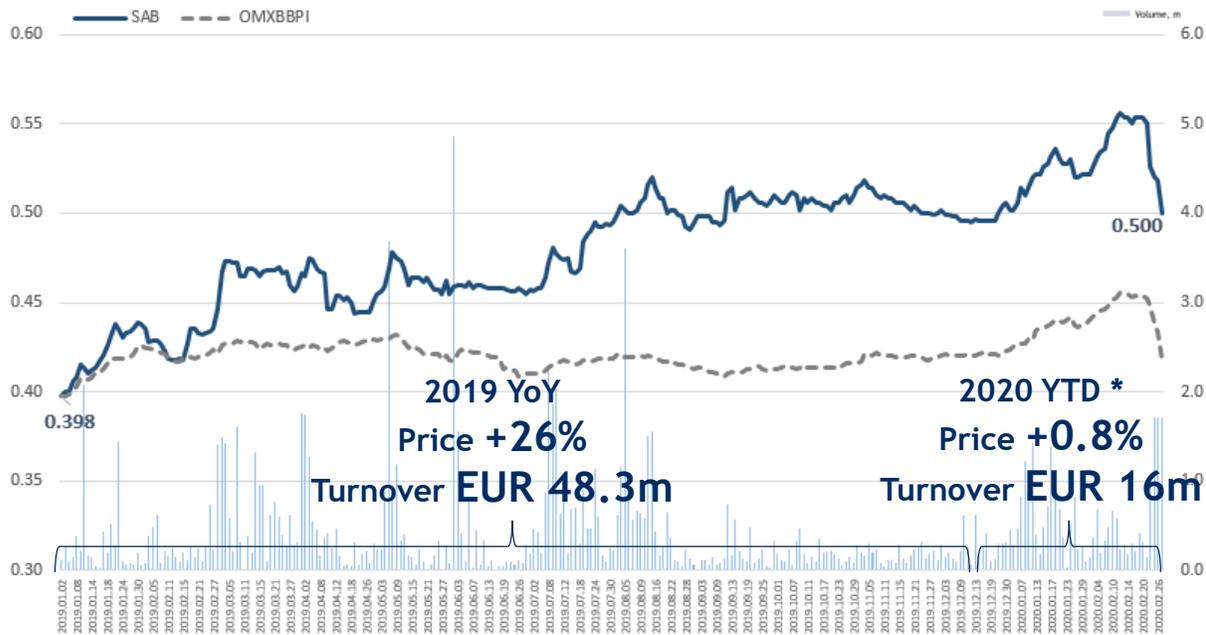
EUR 0.67

EUR 0.60 - 0.64



SHARE PRICE DYNAMICS

* Source: NASDAQ OMX Baltic



* as of 3rd March, 2020

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KEY RATIOS

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	2014	2015	2016	2017	2018	2019
Net profit, mEUR	11.8	23.8	43.7	32.1	52.6	51.5
NIM, %	2.7	2.9	2.9	3.1	3.1	3.1
ROAA,%	0.7	1.4	2.5	1.6	2.4	2.1
ROAE,%	11.5	19.0	27.6	16.1	22.3	17.6
C / I,%	50.6	52.2	42.3	52.1	37.3	42.5
C / I,% (recurring activity)	61.2	56.1	50.7	47.3	42.2	45.0
CET1 ratio,%	9.3	12.1	15.0	13.9	15.0	15.0
CAR,%	11.4	14.2	17.0	15.5	15.0	16.2
CAR,% (interim profit incl.)	12.6	15.7	19.2	18.6	18.0	18.9
L/D ratio, %	54.7	63.3	68.5	72.2	75.1	82.2

* Source: NASDAQ OMX Baltic

SHARE DATA

	2014	2015	2016	2017	2018	2019
Capitalization, m Eur	71.8	93.7	169.5	266.8	240.9	304.0
Turnover, m Eur	8.1	12.7	23.1	44.5	34.7	48.3
P/BV	0.7	0.7	1.0	1.3	0.9	1.0
P/E	6.1	3.9	3.9	8.3	4.6	5.9
Capital increase from retained earnings, %	8.6	20.0	20.0	20.0	-	-
Dividend yield, %	0.3	0.7	1.1	0.8	6.2	
Dividend payout ratio, %	1.7	2.6	4.3	7.1	33.0	

Q&A

