

Investor Conference Webinar

Results for Q1 2020

6th May, 2020

Presenters

VYTAUTAS SINIUS, CEO
DONATAS SAVICKAS, CFO

Q1 2020

- The Bank Group earned EUR 8.4 million of net profit, revenue reached EUR 23.4 million
- Higher provisions for expected credit losses were formed
- Key performance indicators for 2020 were updated

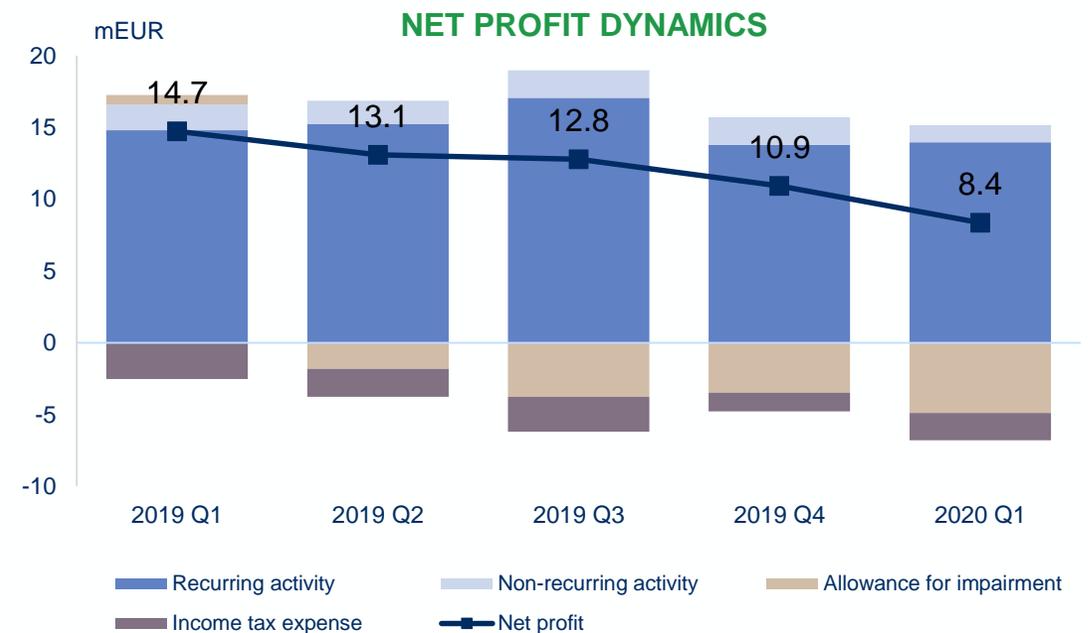
Key figures, mEUR	Q1	vs Q4 2019	vs Q1 2019
Net interest income	18.5	-3%*	+10%*
Net commission income	4.1	-5%*	+8%*
Impairment losses on loans	5.1	+77%	-
Net profit	8.4	-23%	-43%

Key ratios	Q1	vs Q4 2019	vs Q1 2019
C/I ratio,%	44.0**	+3.3 p.p.	+6.8 p.p.
CAR,%	18.5***	+2.3 p.p.	+1.6 p.p.
ROE,%	11.0	-6.6 p.p.	-12.4 p.p.

* - adjusted due to fee commission relocation to interest income in Q4 for the whole Y2019

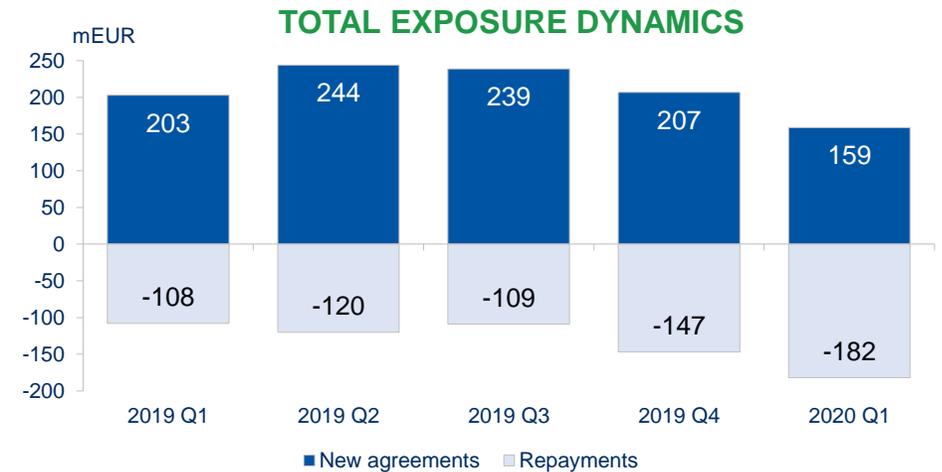
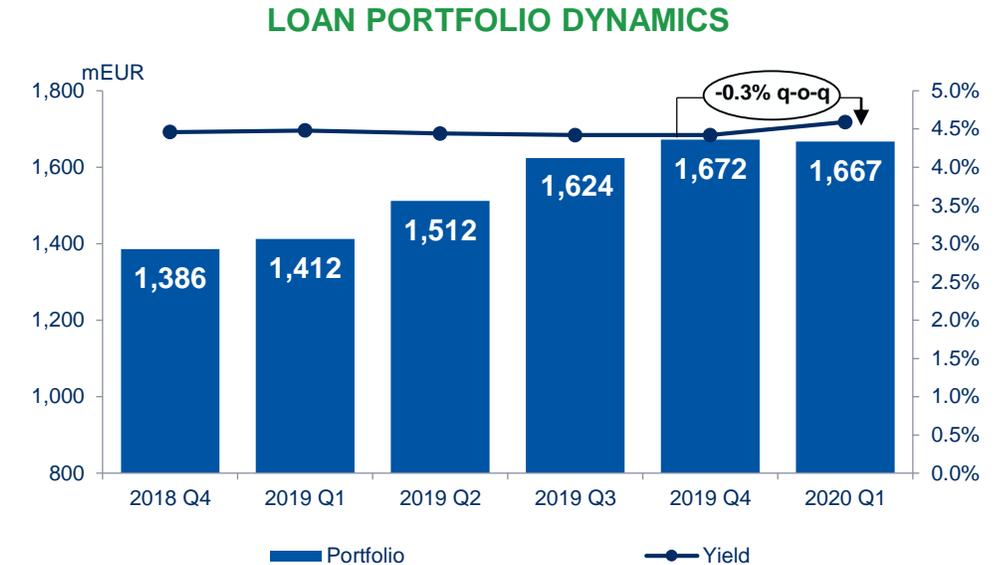
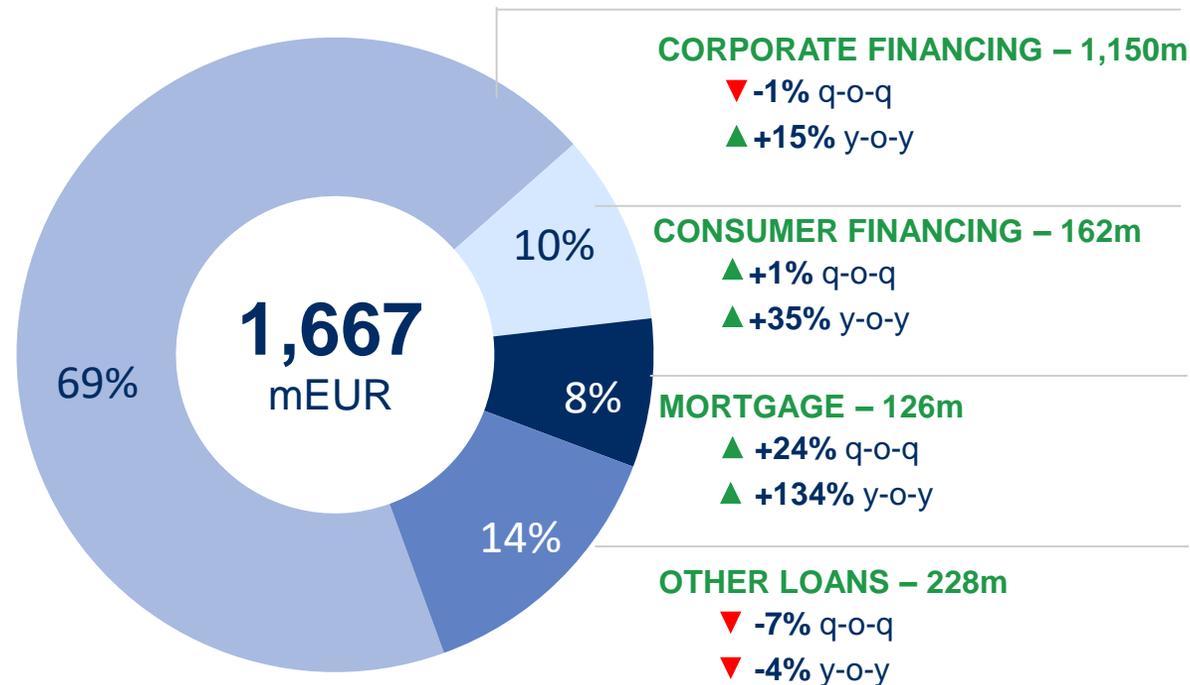
** - adjusted due to the impact of the Bonum Publicum clients' portfolio (before adj. C/I ratio stands at 35.2%)

*** - preliminary



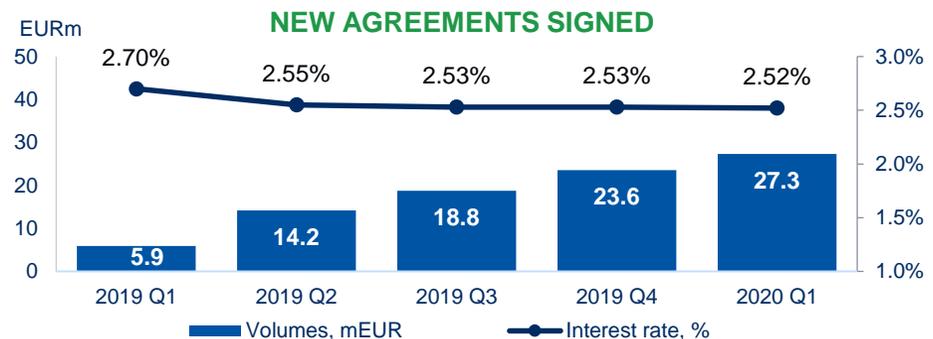
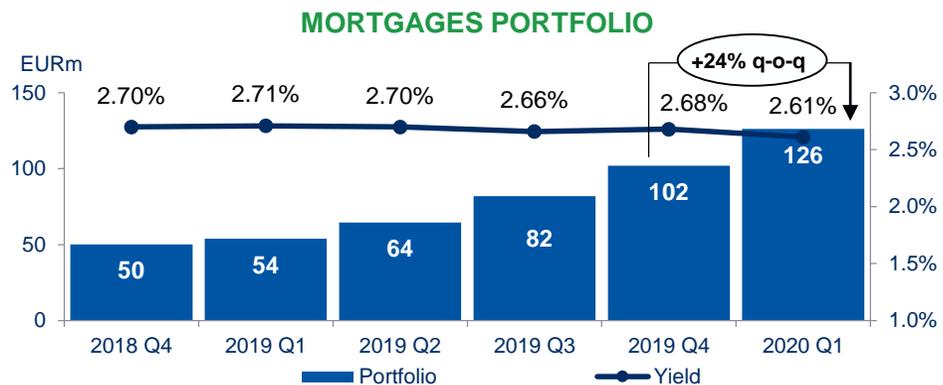
Loan portfolio dynamics

- Flat loan portfolio during Q1
- Due to seasonality and uncertainty of COVID-19, the number of new credit agreements decreased by 23% compared to Q4 2019
- The decline in new business and consumer financing was partly offset by strong growth in mortgage loans



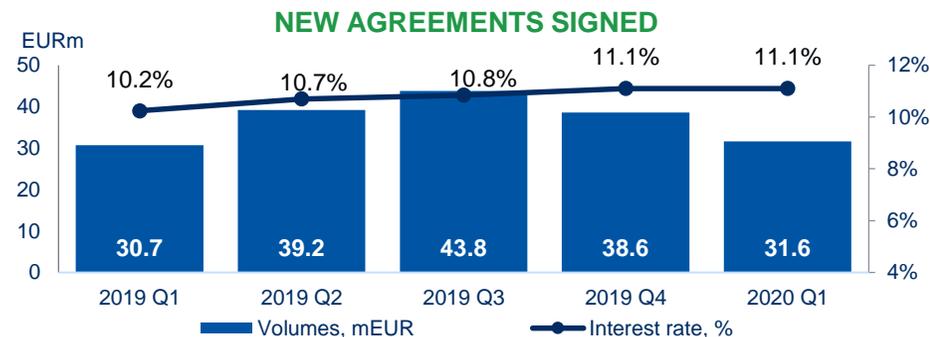
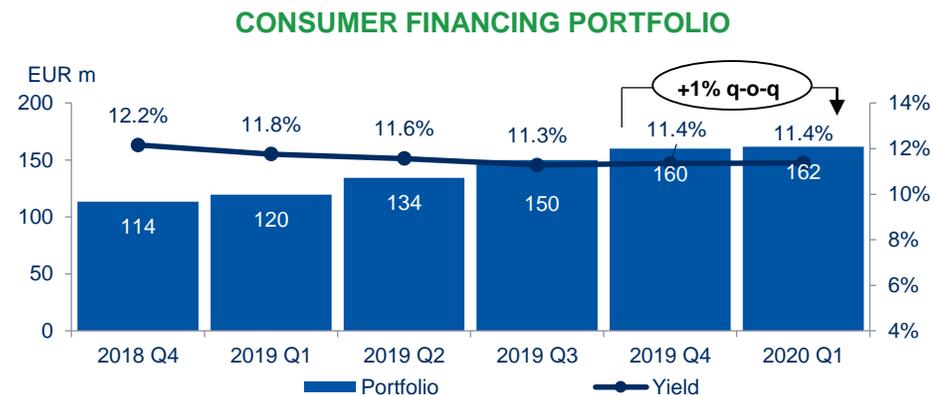
Mortgages

- On 1st May, acquisition of the private customers' credit portfolio from Danske Bank A/S Lithuania branch was completed:
 - 2.2+ thousand of agreements; 2+ thousand of clients
 - Transaction value EUR 108 million



Consumer financing

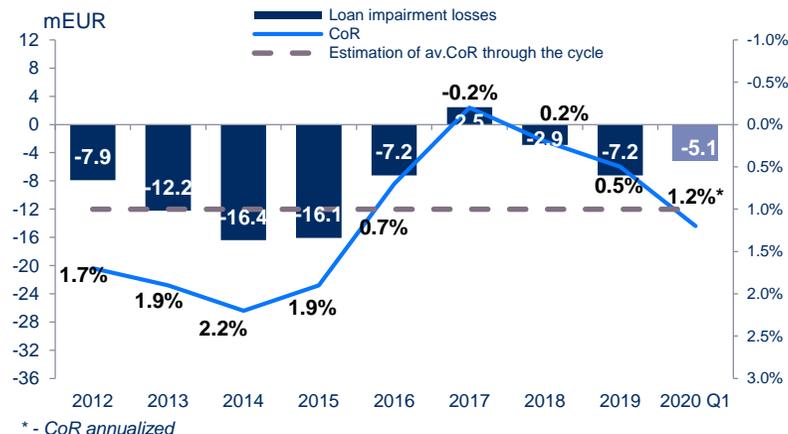
- Flat consumer financing portfolio during Q1
- The volume of new sales is negatively impacted by COVID 19 and changed consumers' behavior



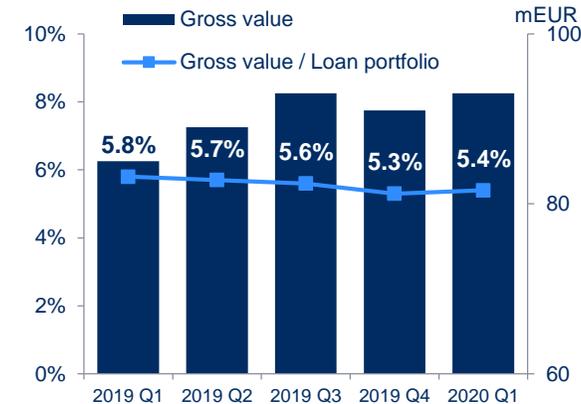
Loan portfolio quality

- An impairment loss of EUR 5.1 million was recognized due to expected deterioration of loan portfolio quality
- EUR 3.1 million of an impairment loss is COVID-19 related
- Recognized an increased credit risk due to COVID-19 in these sectors: trade, hotels and restaurants, education, recreation
- The cost-of-risk ratio could reach 1.4 % in 2020

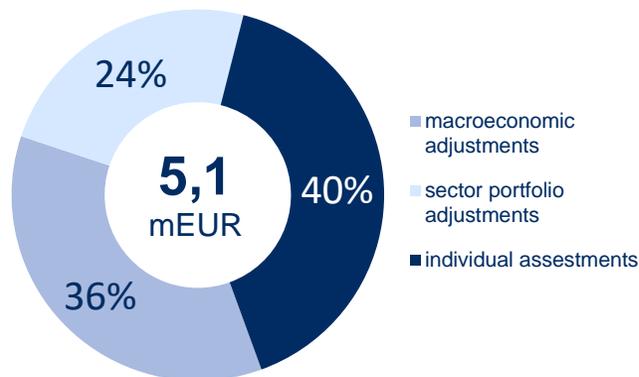
COST OF RISK (COR)



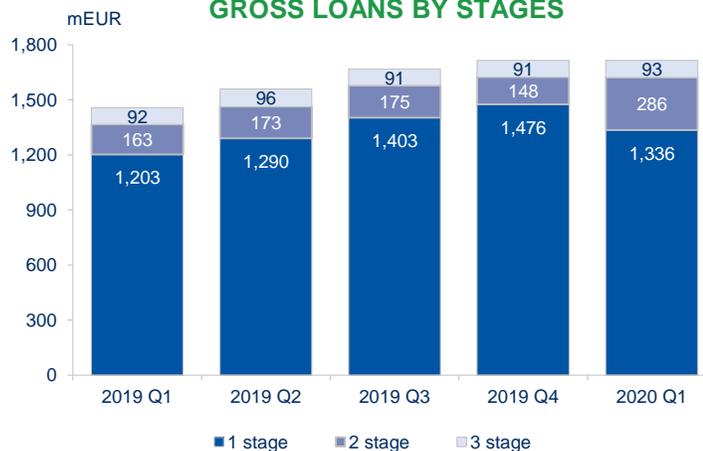
NPE (LOANS)



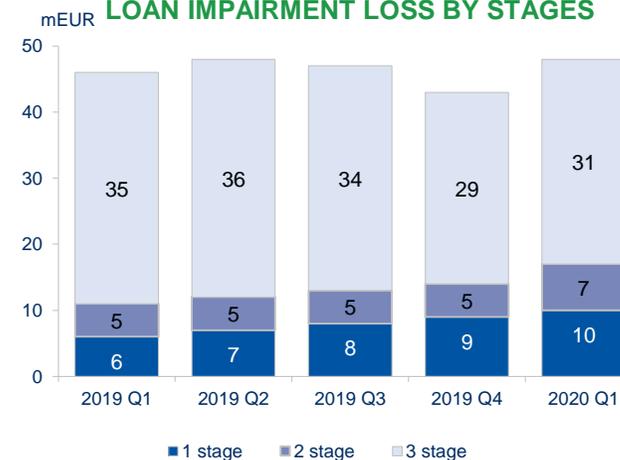
LOAN IMPAIRMENT LOSSES FOR Q1



GROSS LOANS BY STAGES



LOAN IMPAIRMENT LOSS BY STAGES



Response to COVID 19

The Bank together with Lithuanian credit institutions has signed two moratoriums for individuals and businesses:

- For private individuals:
 - Mortgages and real estate loans: deferral period - up to 12M
 - Consumer loans and leasing: deferral period up to 6M
 - Takes effect from 20 April and is valid until 1 July
- For business clients
 - Deferral period - up to 6M
 - Applies to business loans totaling up to EUR 5 million per group of companies and which have not had significant delays last year
 - Takes effect from 24 April and is valid until 1 July

APPLICATIONS RECEIVED FOR MORATORIUM (AS OF 30TH APRIL)

	Number of clients	Total loan amount, mEUR
Total applications received	1.368	282
Corporates	556	270
Private individuals	812	12

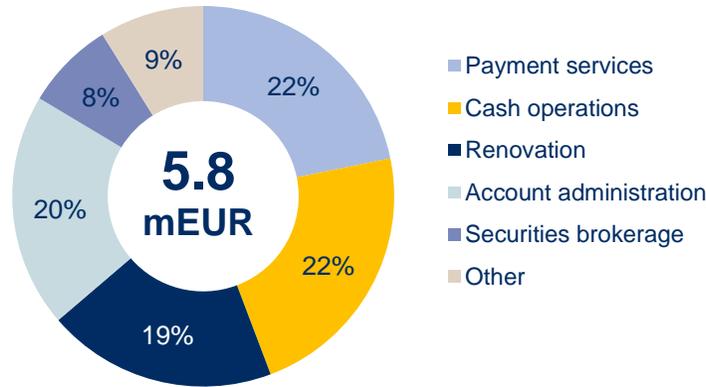
Lithuanian state aid package to promote business and economic recovery – EUR 5 billion (10% of GDP)

The Bank participates in two state programs valid till 2020 end:

- COVID loans:
 - EUR 100 million of funds from the state owned finance entity INVEGA are available
- Portfolio guarantee for loans:
 - EUR 530 million of funds are available
 - Facility - 80% of loss reduction guarantee, cap - 20%
 - Borrower - company with 30% turnover decrease

Daily banking and treasury operations

FEE AND COMMISSION INCOME



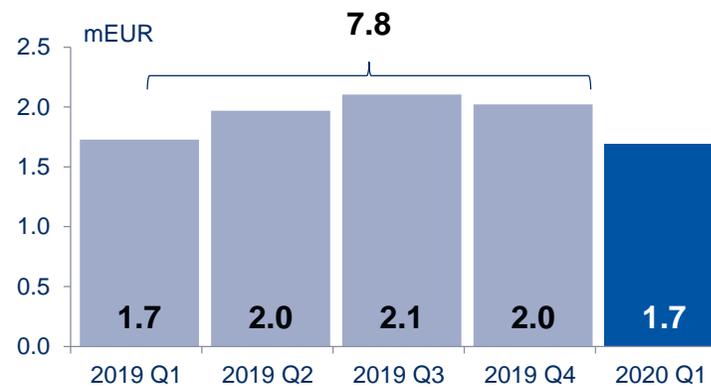
- Due to seasonality fee and commission income lower compared to Q4 2019
- COVID-19 impact will be more visible in Q2 results
- Revenue from operations with securities and foreign currency limitedly affected by negative financial market returns in Q1

NET FEE AND COMMISSION INCOME



* adjusted due to fee commission relocation to interest income in Q4 for whole Y2019

REVENUE FROM FOREIGN EXCHANGE OPERATION **



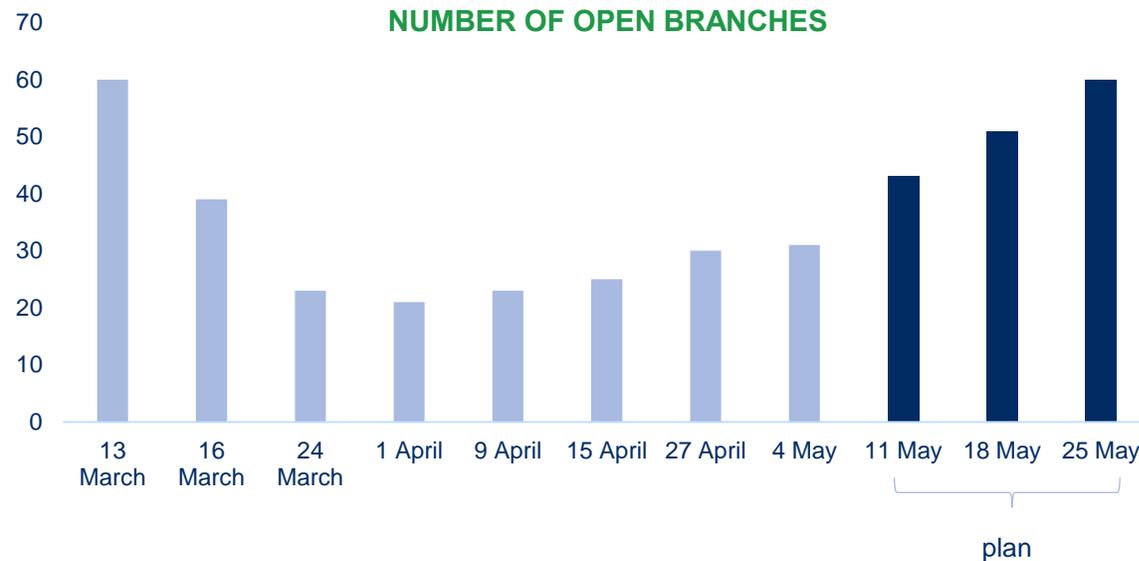
** excluding the impact of the Bonum Publicum clients' portfolio

REVENUE FROM OPERATIONS WITH SECURITIES **



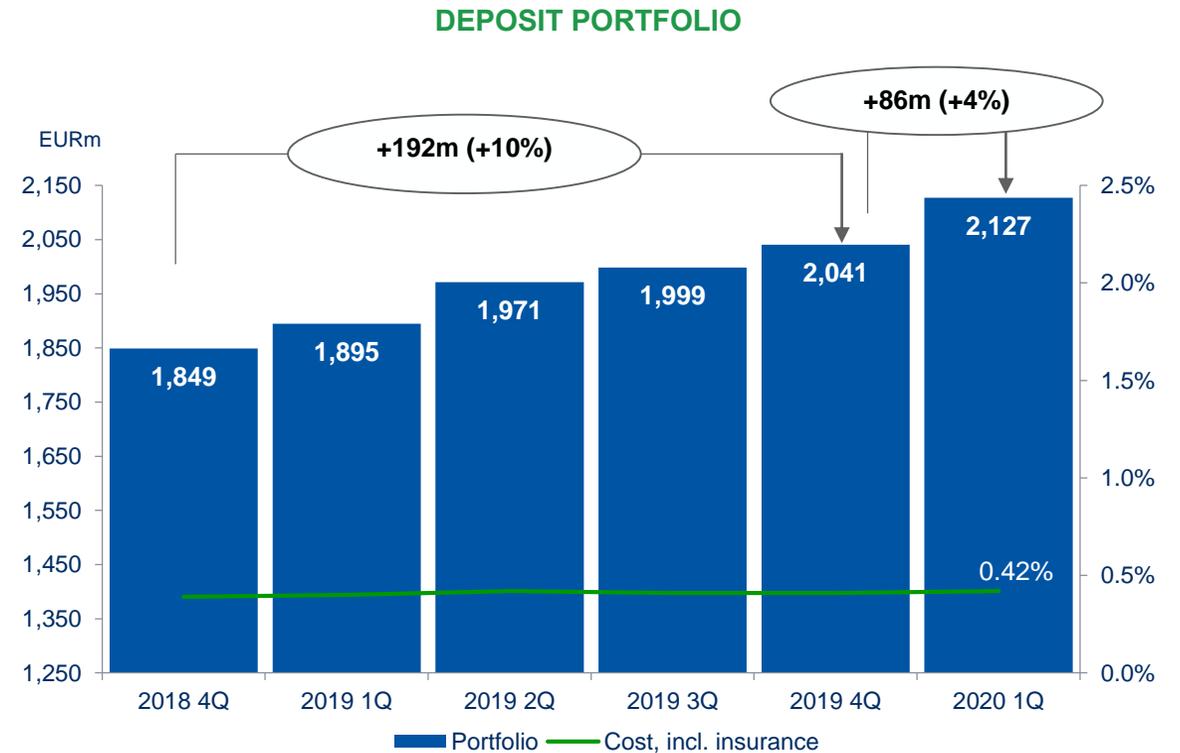
Customer service under COVID 19

- Quarantine was announced on March 16th
- The number of operating units were reduced, ensuring customers can receive services remotely
- Contact center staff increased from 15 to 36
- At the end of May all the branches are planned to be open



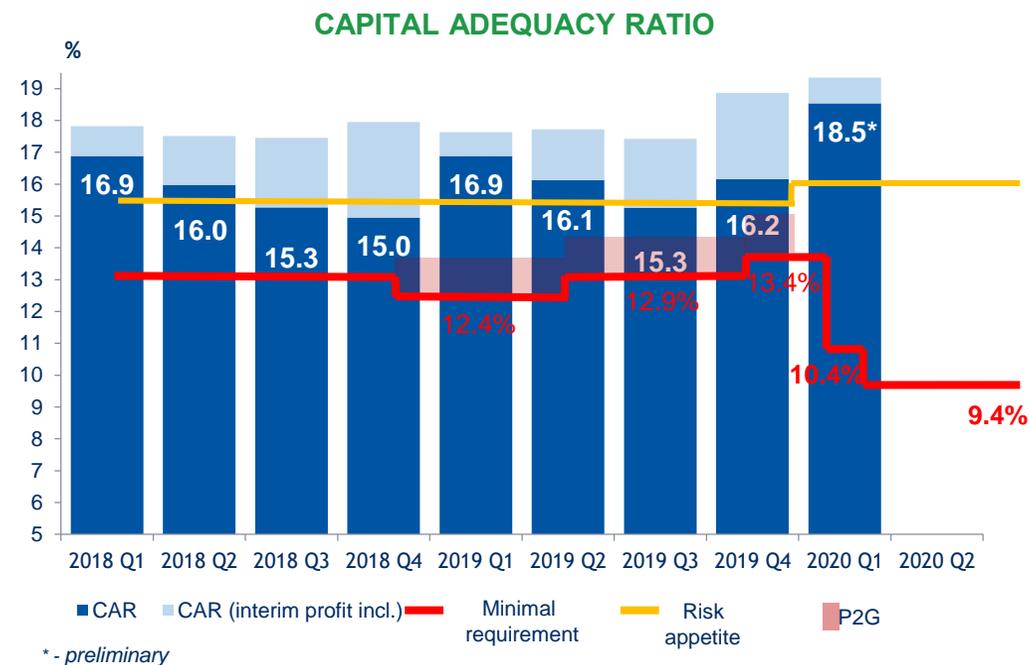
Funding

- Total deposit portfolio up by 4% to EUR 2.1 bn:
 - Term deposits EUR -15 million
 - Demand deposits EUR +101 million
- LTD ratio 78.5 vs 82.2 (2020 1Q vs 2019 end)
- Cost of funding stable & stands 0.42%



Strong capital & liquidity position

- Total capital requirement was temporarily reduced to a binding total capital ratio of 9.4% (release of the conservation buffer, countercyclical capital buffer, other systemically important institution buffer & no P2G requirement)
- Allowed to operate temporarily below the liquidity coverage ratio (LCR) requirement of 100%



Updated key performance indicators for 2020

- Uncertainty on full COVID 19 impact
- U-shaped recession (GDP to contract by 11.4% in 2020) is the baseline scenario by the Bank of Lithuania

		Previous 2020 targets	Updated 2020 targets
Efficiency	ROE	>15%	ca. 8%
	Cost / Income	<45%	<45%
Risk management	CAR	>15.5%	>15.5%
	NPE	<5%	To be set in Q2
Market share	Corporate	>12%	>12%
	Consumer	>11%	>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



2019 YoY
Price **+26%**
Turnover **EUR 48m**

2020 YTD *
Price **-21%**
Turnover **EUR 37m**

* as of 30th April, 2020

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KEY RATIOS

	2015	2016	2017	2018	2019	2020 Q1
Net profit, mEUR	23.8	43.7	32.1	52.6	51.5	8.4
NIM, %	2.9	2.9	3.1	3.1	3.1	3.2
ROAA, %	1.4	2.5	1.6	2.4	2.1	1.4
ROAE, %	19.0	27.6	16.1	22.3	17.6	11.0
C / I, %	52.2	42.3	52.1	37.3	42.5	35.2
C / I, % (recurring activity)	56.1	50.7	47.3	42.2	45.0	37.0
CET1 ratio, %	12.1	15.0	13.9	15.0	15.0	17.4*
CAR, %	14.2	17.0	15.5	15.0	16.2	18.5*
CAR, % (interim profit incl.)	15.7	19.2	18.6	18.0	18.9	19.4*
RWA, mEUR	968	1.015	1.212	1.471	1.654	1.706*
Total assets, mEUR	1.695	1.861	2.031	2.262	2.508	2.575
L/D ratio, %	63.3	68.5	72.2	75.1	82.2	78.5

* - preliminary

SHARE DATA

	2015	2016	2017	2018	2019	2020 04-30
Capitalization, m EUR	93.7	169.5	266.8	240.9	304.0	208.5
Turnover, m EUR	12.7	23.1	44.5	34.7	48.3	36.7
Average daily turnover, m EUR	0.05	0.09	0.18	0.14	0.19	0.44
P/BV	0.7	1.0	1.3	0.9	1.0	0.7
P/E	3.9	3.9	8.3	4.6	5.9	6.2
Capital increase from retained earnings, %	20.0	20.0	20.0	-	-	-
Dividend yield, %	0.7	1.1	0.8	6.2	-	-
Dividend payout ratio, %	2.6	4.3	7.1	33.0	-	-

Q&A

