

Investor Conference Webinar

Results for 3Q 2020

10th November, 2020

Presenters

VYTAUTAS SINIUS, CEO
DONATAS SAVICKAS, CFO

Q3 2020

- Strong quarter in uncertain times - the Group earned EUR 13.3m during 3Q, net profit for 9M reached EUR 34.2m
- Lower provisions for expected credit losses were formed due to better than expected country's macro indicators
- Updated key performance indicators for 2020

| Key figures, mEUR | 2020 1-3Q | Q-o-Q | Y-o-Y |
|----------------------------|-----------|-------|-------|
| Net interest income | 56.6 | +1% | +6%* |
| Net commission income | 12.0 | +22% | -3%* |
| Impairment losses on loans | 9.4 | -75% | +116% |
| Net profit | 34.2 | +7% | -16% |

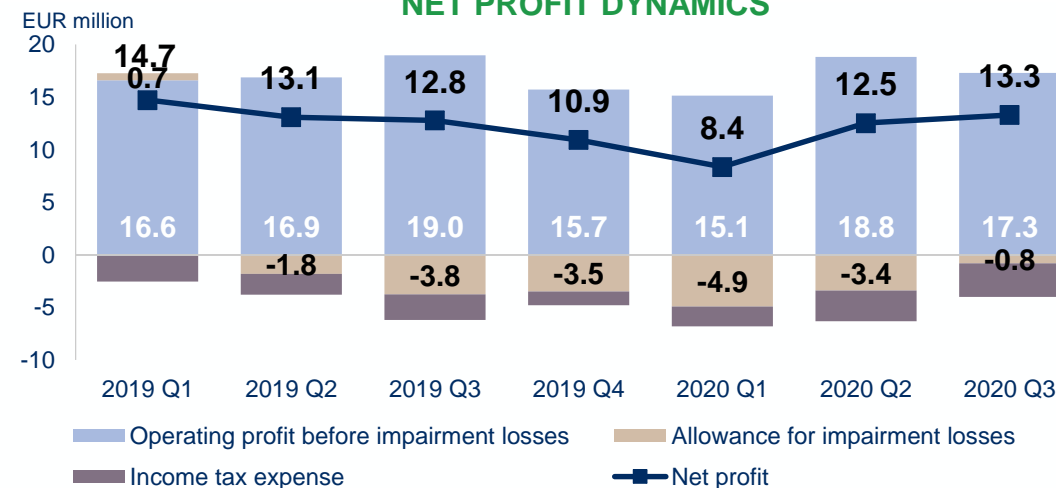
| Key ratios | 2020 1-3Q | Q-o-Q | Y-o-Y |
|--------------|-----------|-----------|-----------|
| C/I ratio, % | 39.9** | +0.9 p.p. | +1.8 p.p. |
| CAR, % | 18.6 *** | -0.1 p.p. | +3.3 p.p. |
| ROE, % | 14.0 | +0.7 p.p. | -5.1 p.p. |

* - adjusted due to fee commission relocation to interest income in Q4 for the whole Y2019
 ** - adjusted due to the impact of the SB draudimas clients' portfolio (before adj. C/I ratio stands at 38.8%)
 *** - preliminary

UPDATED KEY PERFORMANCE INDICATORS

| | | Initial targets for 2020 | Targets as of April | Targets as of September |
|-----------------|---------------|--------------------------|---------------------|-------------------------|
| Efficiency | ROE | >15% | ca. 8% | ca. 12% |
| | Cost / Income | <45% | <45% | <45% |
| Risk management | CAR | >15.5% | >15.5% | >15.5% |
| | CoR | - | <1.4% | ca. 0.8% |

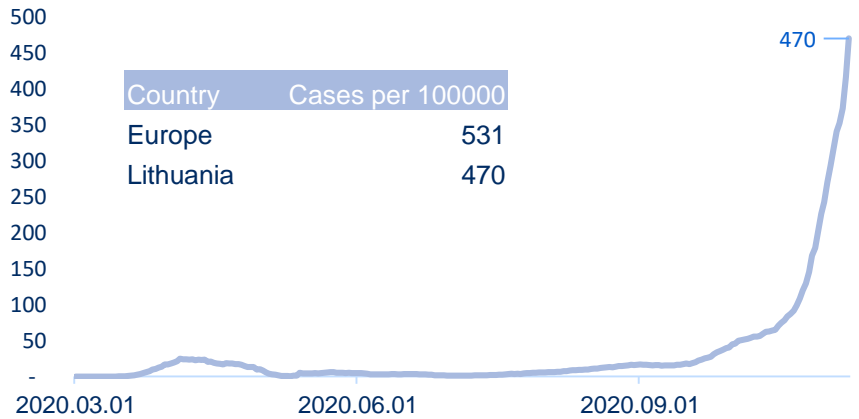
NET PROFIT DYNAMICS



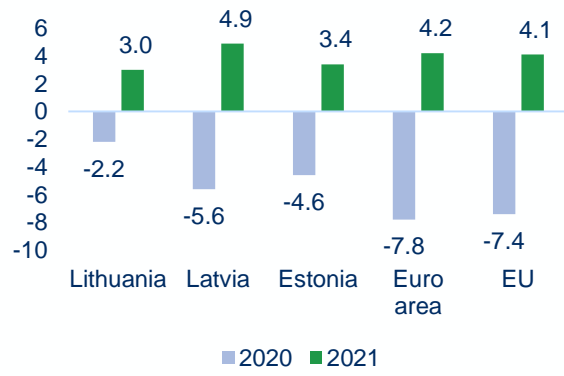
Macro update

- Lithuania's economy withstood the first wave of the COVID-19 pandemic relatively well
- Recent increase in the COVID-19 infection rate and corresponding measures to fight it are set to weigh on economic indicators
- Second nationwide lockdown announced for three weeks from 7th November (lockdown not as severe as the first one)

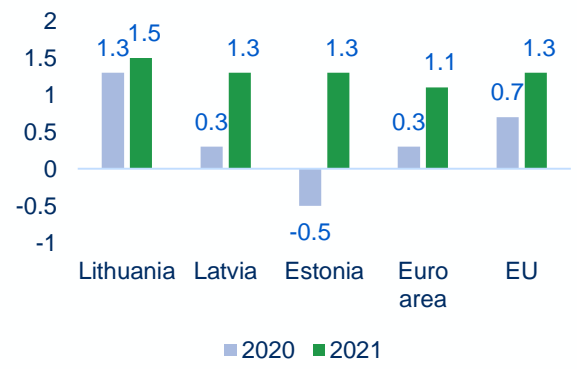
CUMULATIVE NUMBER FOR 14 DAYS OF COVID 19 CASES PER 100000



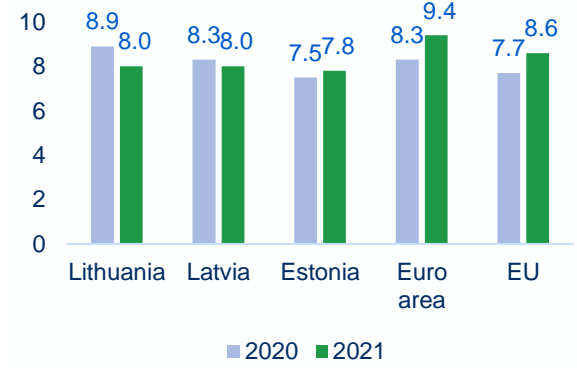
REAL GDP FORECAST, %



INFLATION FORECAST, %



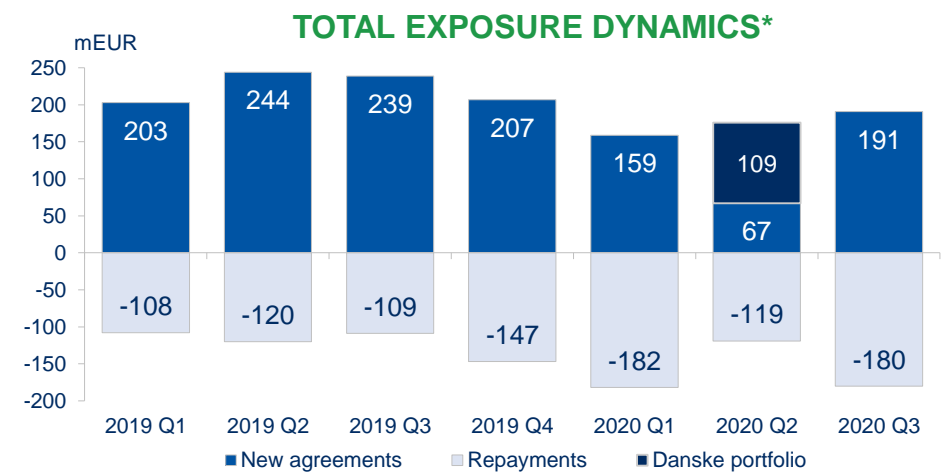
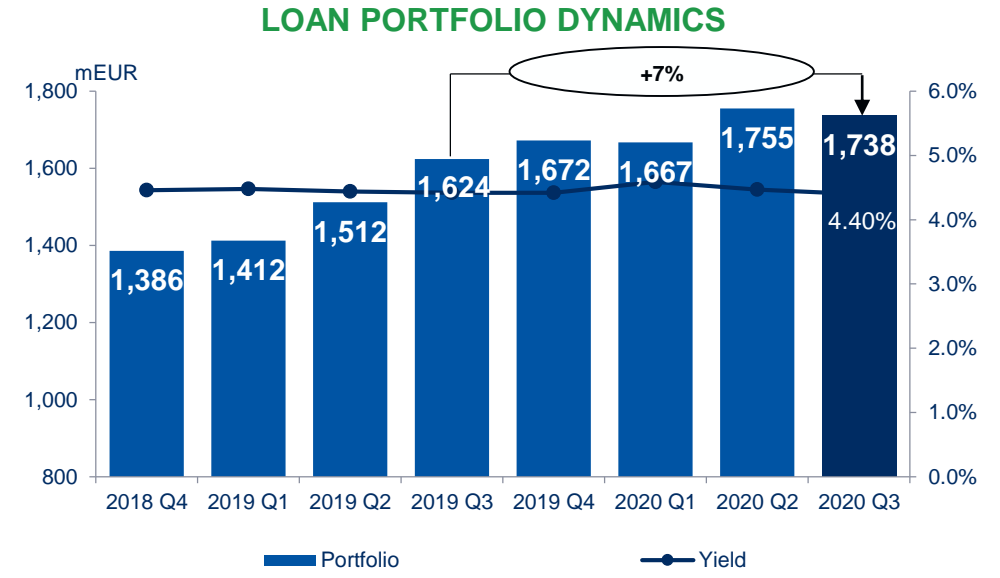
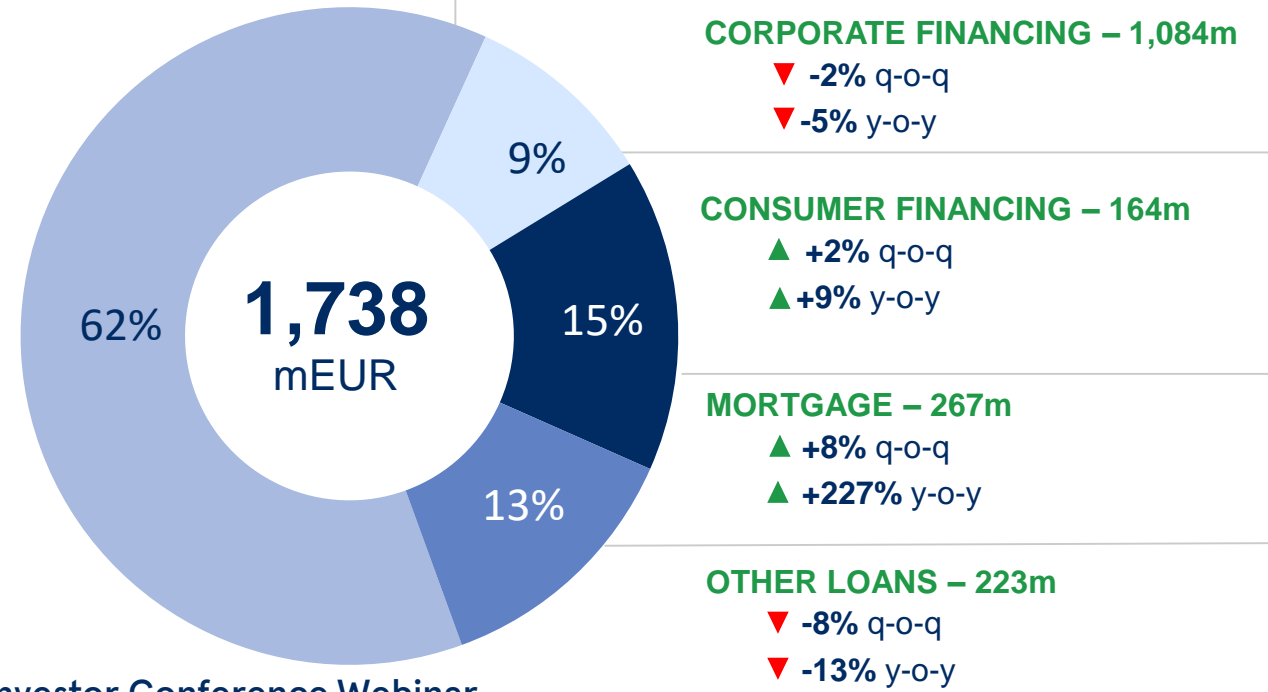
UNEMPLOYMENT RATE FORECAST, %



Graphs sources: European Commission, 5th November; European Centre for Disease Prevention and Control, 8th November

Loan portfolio dynamics

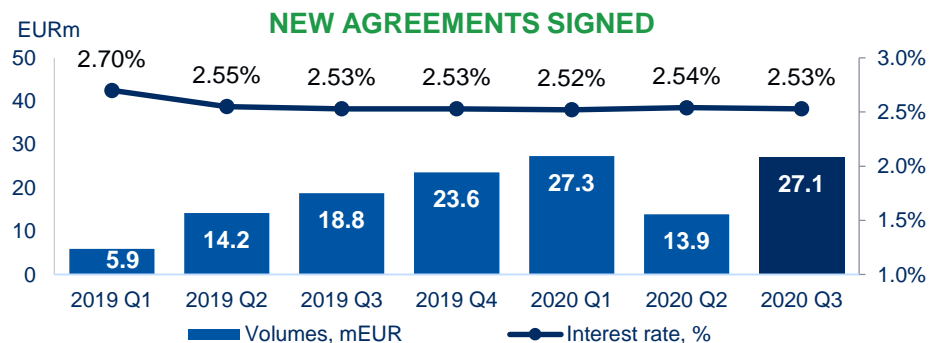
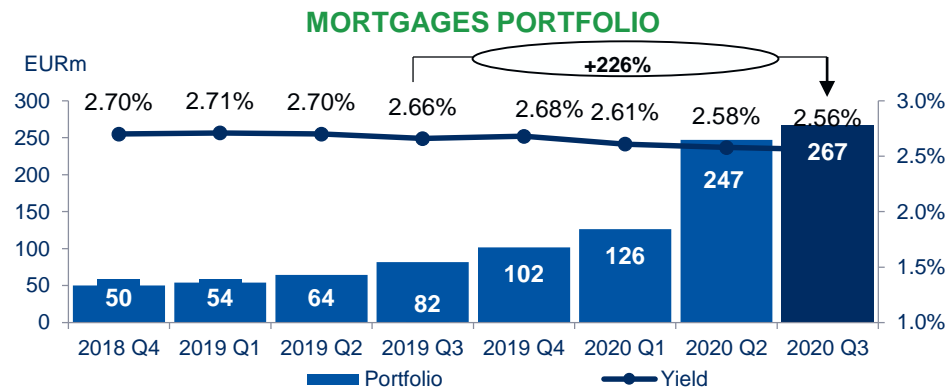
- High focus on household lending - portfolio increased by 6% q-o-q to EUR 431m
- Due to low corporate loan demand, which is negatively impacted by economic uncertainty, net lending dropped by 1% q-o-q
- During Q2 the total loan market decreased by 3%, while Bank's market share increased by 0.7 p.p. to 8.3%. The biggest decline was recorded in banking sector corporate loan market which decreased by 14% in Q2, therefore Bank's market share increased by 1.5 p.p. to 13.8%



* - including loan commitments

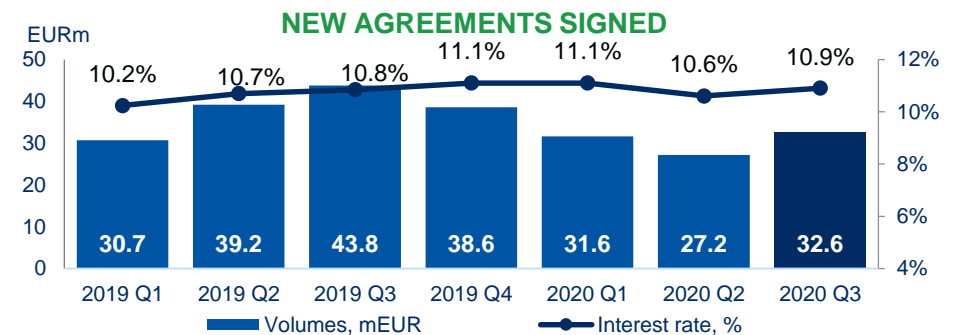
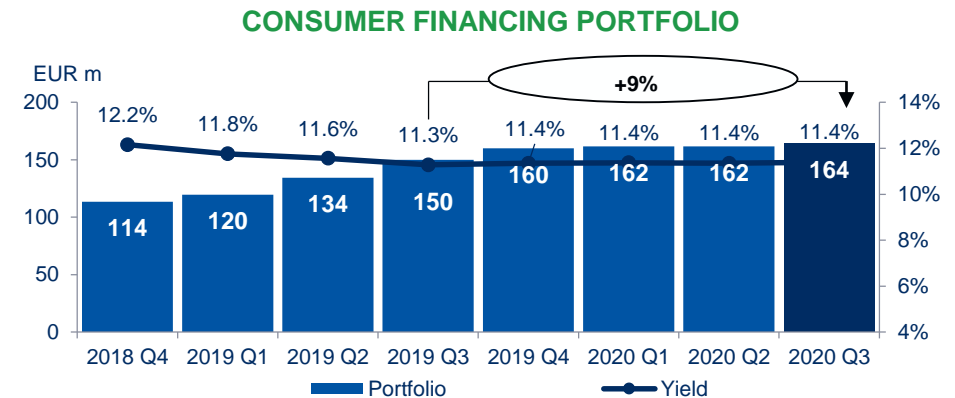
Mortgages

- Strong demand for household lending since June
- Q3 ended with a record month of signed mortgage agreements – EUR 12 million
- During Q2 the mortgage market increased by 1%, while Bank's market share increased by 1.4 p.p. to 2.8%



Consumer financing

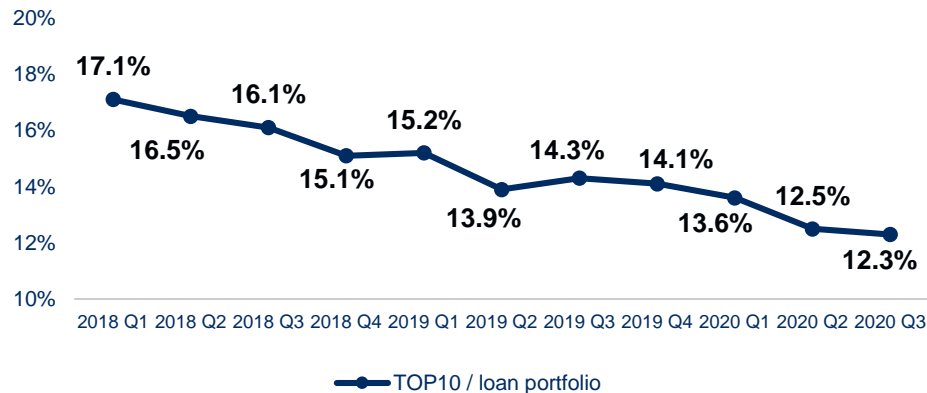
- Cooperation with the largest e-shops led to successful results of the financing of goods acquisition on installment purchase agreement
- Platforms for comparing consumer financing alternatives are penetrating the domestic market
- During Q2 the consumer credit market decreased by -3%, while Bank's market share increased by 0.3 p.p. to 11.6%



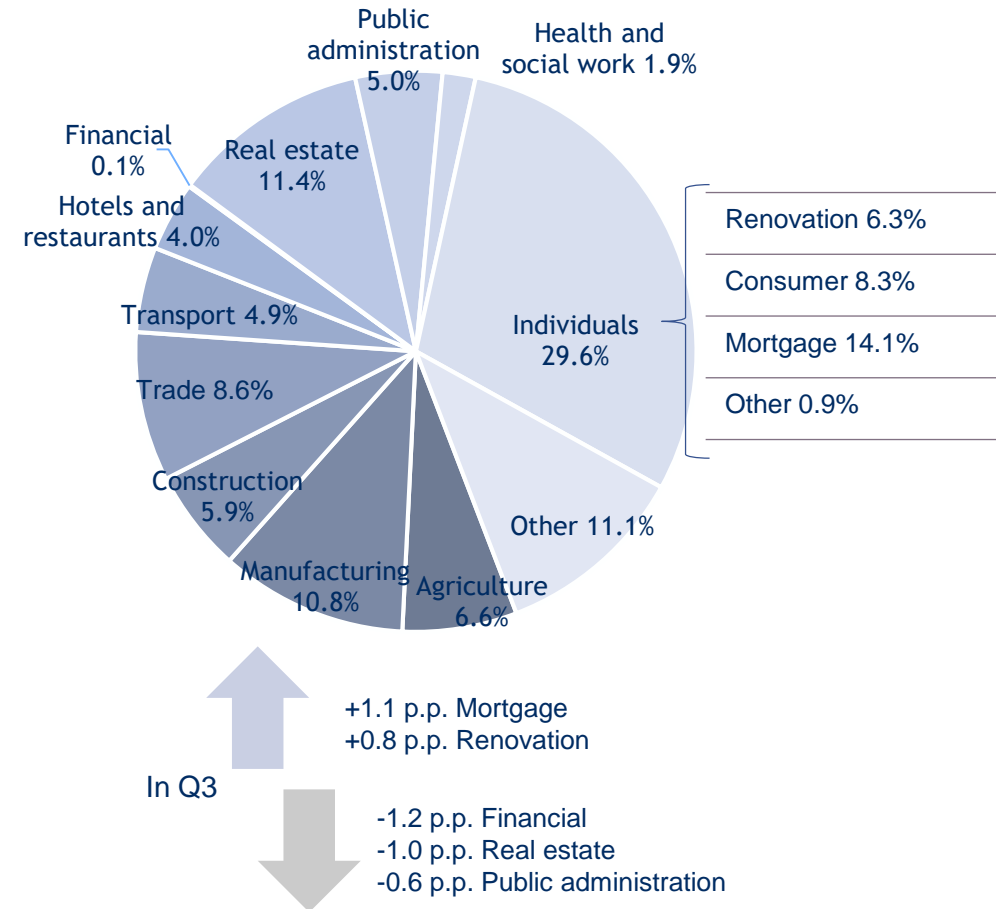
Loan portfolio breakdown

- The share private individuals loan portfolio increased to 29.6% (+1.9 p.p.) in Q3
- As of end Q3, due to COVID-19 deferrals for loan repayments amounted to EUR 228m (13% of the total loan portfolio; legal entities - EUR 217m, EUR 11m - individuals). Most clients plan to return to the usual loan repayment schedules, and only a small number are likely to apply for additional restructuring.
- Concentration risk decreasing with higher loan portfolio diversification:
 - No dependency on one economic sector
 - Increasing private individuals share in portfolio
 - TOP10 exposure to portfolio keeps decreasing

TOP 10 EXPOSURE-TO-LOAN PORTOFLIO RATIO



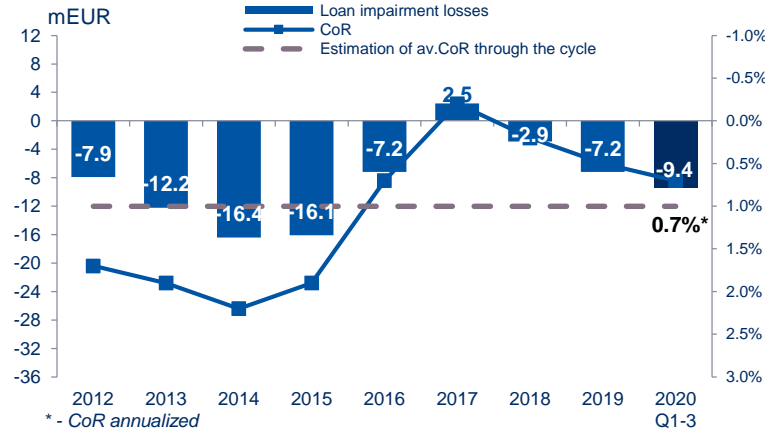
LOAN PORTFOLIO BREAKDOWN BY ECONOMIC ACTIVITY



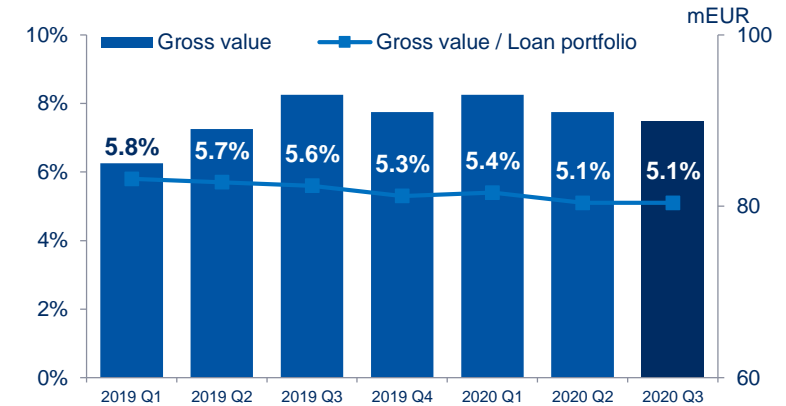
Loan portfolio quality

- Additional provisions of EUR 0.8m were recognized
- CoR decreased from 0.8% to 0.7% during Q3
- In Q4 individual assessments of macro and sector portfolio impairments will be performed

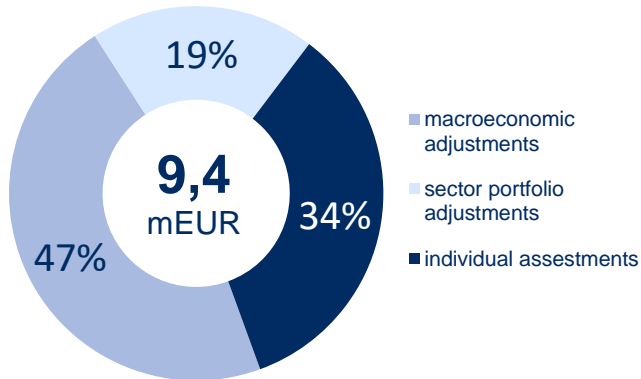
COST OF RISK (COR)



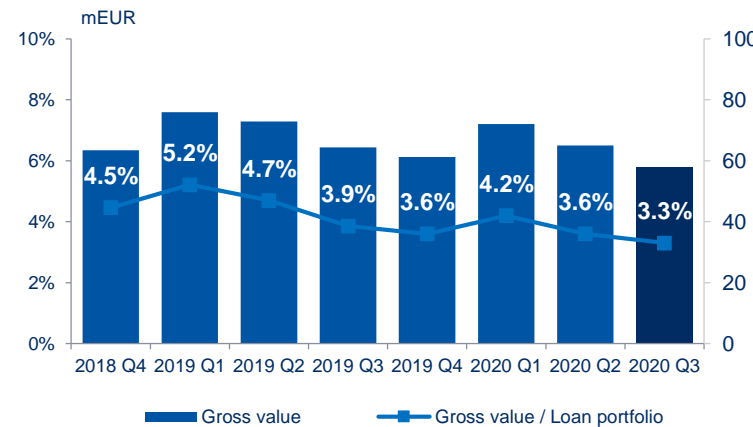
NPE (LOANS)



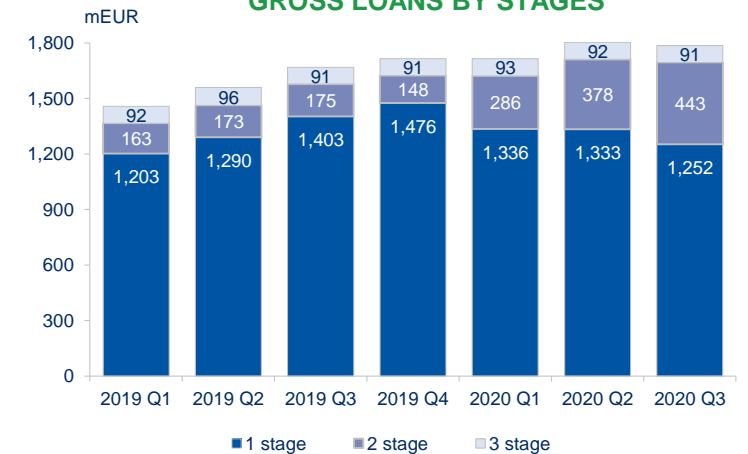
LOAN IMPAIRMENT LOSSES FOR 9M 2020



LOANS PAST DUE >30 DAYS

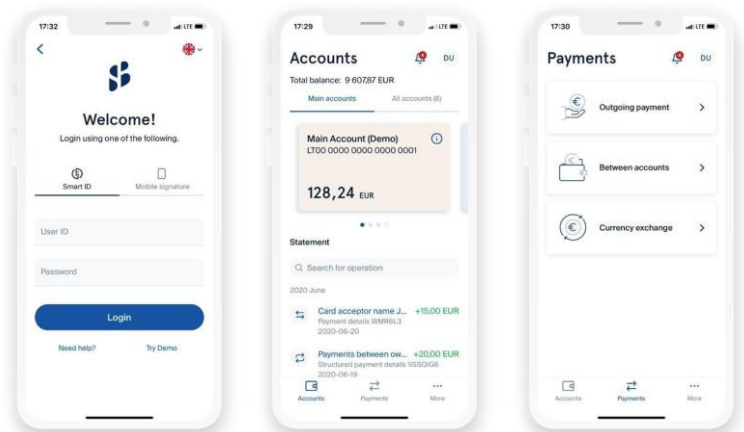


GROSS LOANS BY STAGES

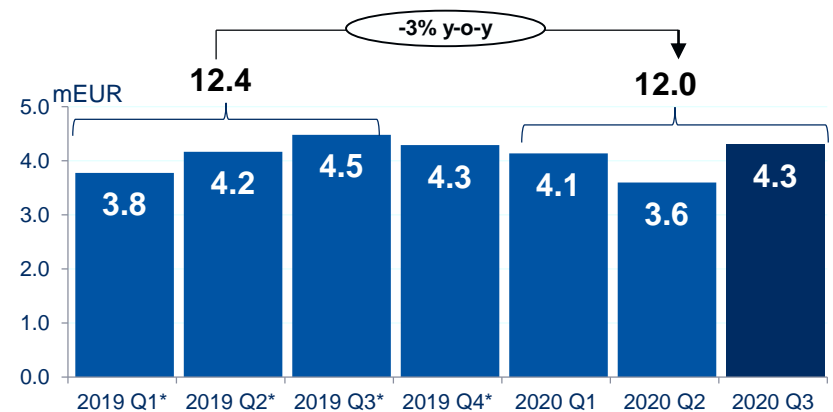


Daily banking

- NFCI increased by 22% compared to the second quarter to EUR 4.3m
- From June, all the units were open, with increasing economic activity the sales of volumes were returning to the pre-pandemic level
- Digital services updated – new mobile app and BETA version of the on-line banking was introduced to customers
- The number of payment cards increased by 11% (to 172 thousand units) compared to the same period last year

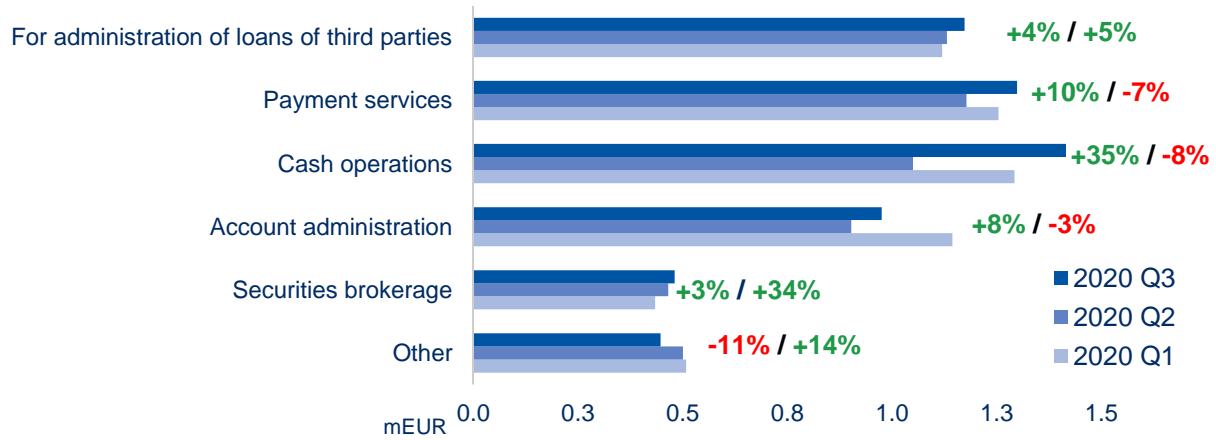


NET FEE AND COMMISSION INCOME



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

FEE AND COMMISSION INCOME, Q-Q / Y-Y

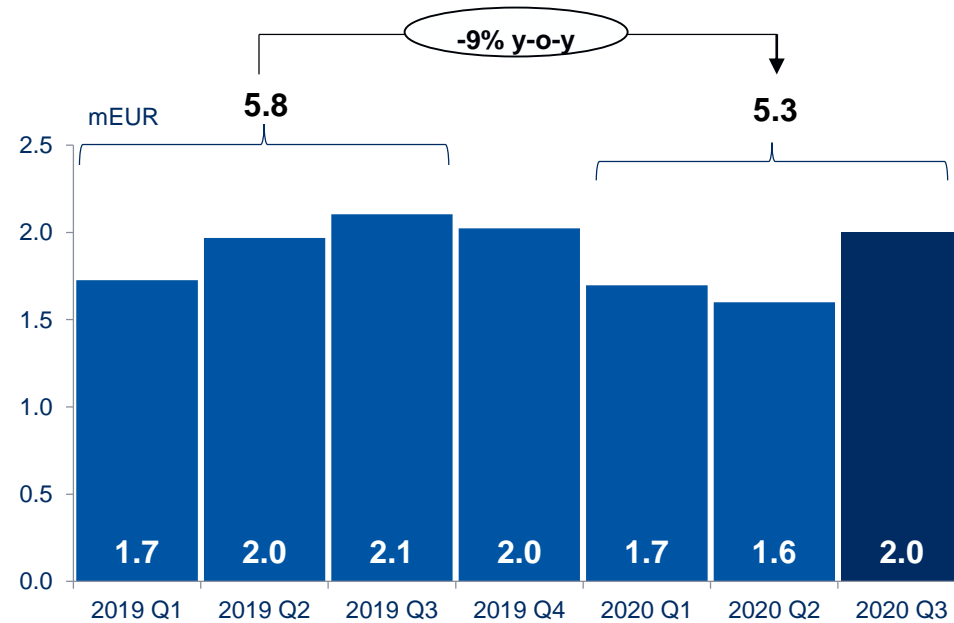


Treasury operations

- Q3 profit from FX operations increased by 25% during the quarter due to the end of national lockdown
- With the decline in incoming summer tourism activity in Lithuania, Q3 revenues from FX operations decreased 5% YoY

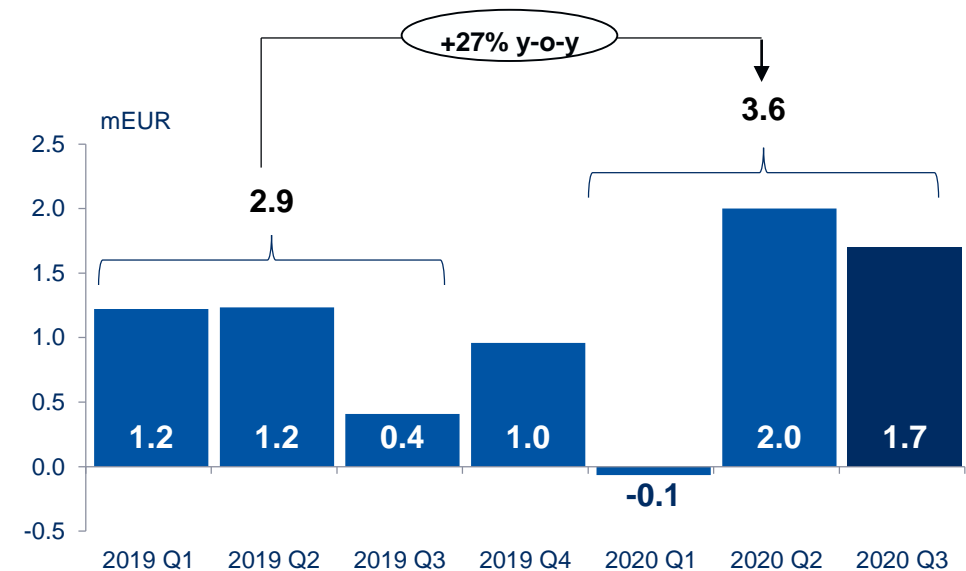
- Revenues increased by 27% y-o-y due to favorable bond market performance and realized profit from securities portfolio
- Group's securities portfolio reached EUR 775m in Q3 (+9% q-o-q; +22% y-o-y)

REVENUE FROM FOREIGN EXCHANGE OPERATIONS *



* excluding the impact of the SB draudimas clients' portfolio

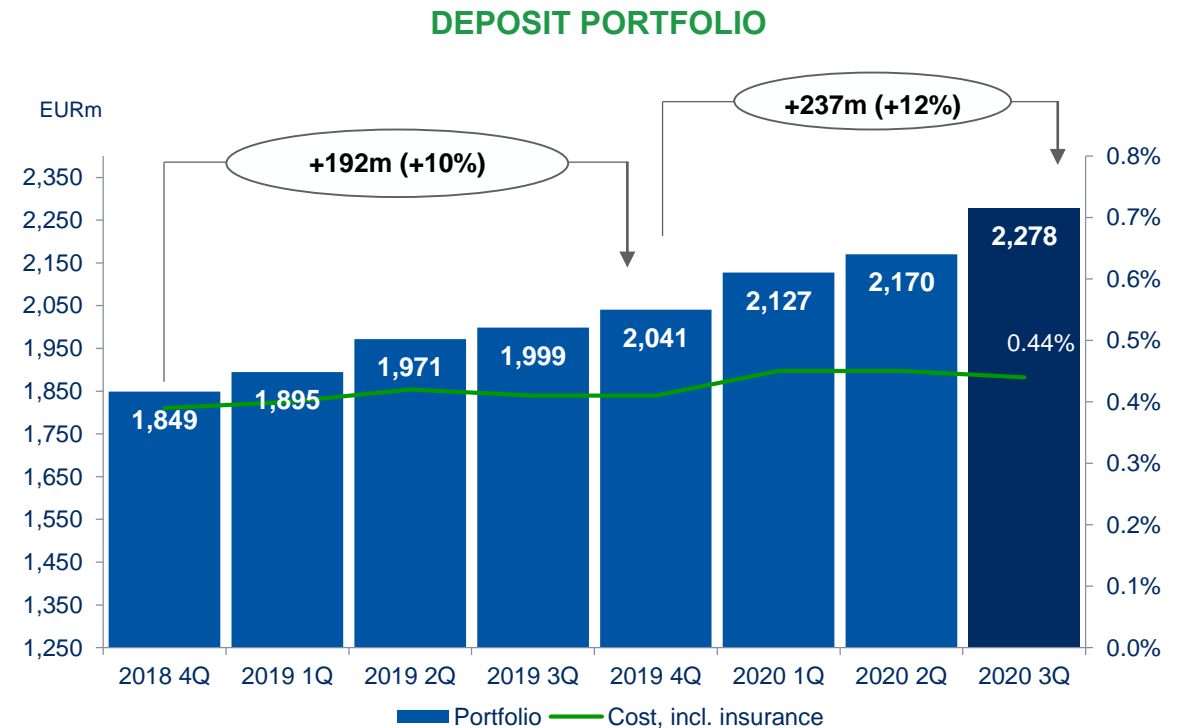
REVENUE FROM OPERATIONS WITH SECURITIES *



* excluding the impact of the SB draudimas clients' portfolio

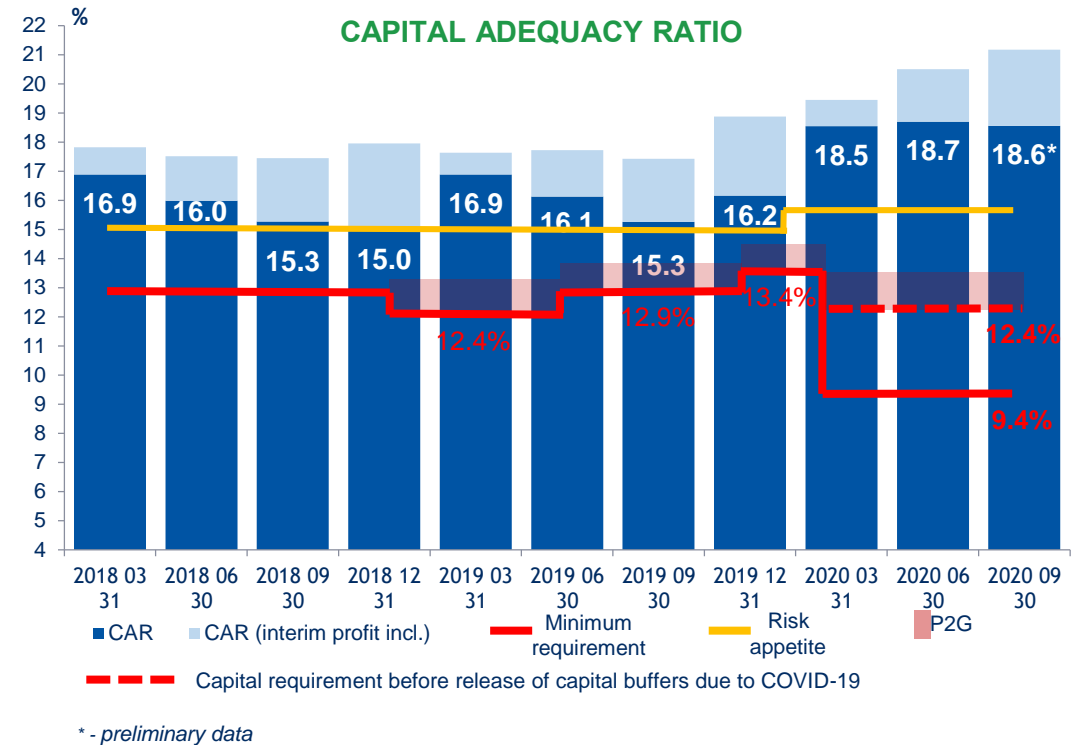
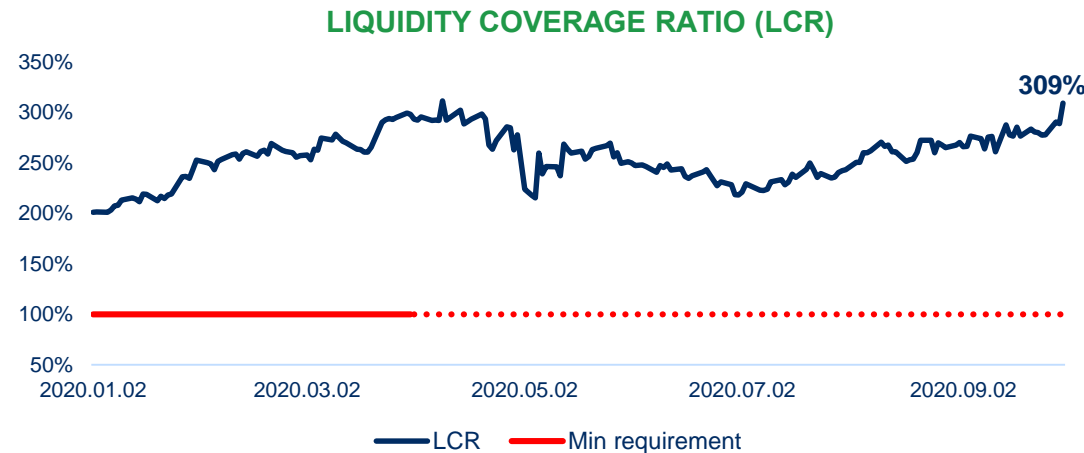
Funding

- In Q3, total deposit portfolio up by 5% to EUR 2.28 bn:
 - Term deposits EUR -3m
 - Demand deposits EUR +109m
- LTD ratio 76% vs 81% (2020 Q3 vs 2020 Q2)
- Cost of funding stable & stands 0.44%
- With high liquidity ratios and to manage financing costs more efficiently, interest rates on term deposits have been reduced since October
- No participation in ECB TLTRO III auction in September (approved limit EUR 571,6m; used amount EUR 150m)



Strong capital & liquidity position

- During Q3:
 - Capital adequacy ratio (CAR) decreased from 18.7 to 18.6%*
 - The liquidity coverage ratio (LCR) increased from 223% to 309%*
- Bank going through comprehensive assessment conducted by the ECB banking supervision
- Capital reserve is well above minimum capital requirement, however, due to ongoing uncertainty, dividend payment and share buy back will be evaluated in Q1 2021



Social and green finance initiatives

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- Bank continues intensive preparation to establish EUR 200m energy saving modernization fund. It's expected to launch the fund in the beginning of 2021. With implementation of green financing projects it will be achieved at least 40% energy savings for multi-apartment buildings



- To help small businesses to deal with pandemic consequences the Bank launched social initiative "Plan A". The Bank brought together socially responsible large companies and COVID-19 impacted small businesses to promote and help customers to discover and choose small businesses for their needs. More than 1200 companies already joined the initiative



- For the first time the Bank, disclosed its climate change impact through CDP, a global non-profit that runs the world's leading environmental disclosure platform

Share valuation data & ratios

TARGET PRICE

EUR 0.65 (June 22nd)



EUR 0.45 (May 7th)



EUR 0.60 - 0.64 (under review)



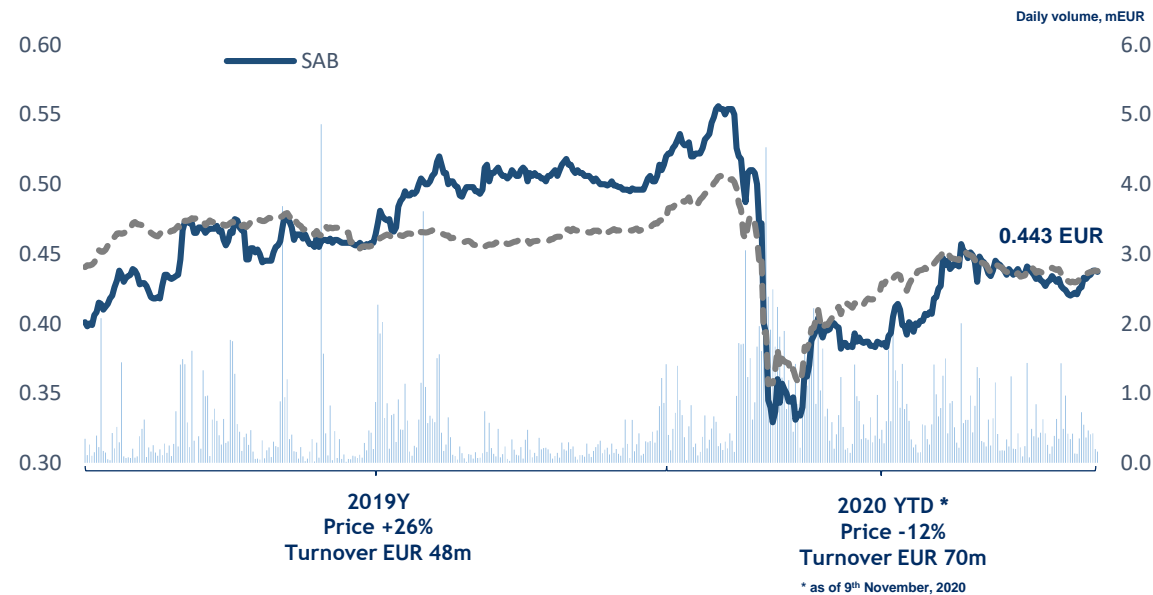
EUR 0.57 (May 13th)



EUR 0.48 / 0.61 / 0.75 (bear / base / bull) (October 19th)



SHARE PRICE DYNAMICS



SHARE DATA

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 Q3 |
|--|------|-------|-------|-------|-------|---------|
| Capitalization, mEUR | 93.7 | 169.5 | 266.8 | 240.9 | 304.0 | 252.9 |
| Turnover, mEUR | 12.7 | 23.1 | 44.5 | 34.7 | 48.3 | 63.3 |
| 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 | 0.7 |
| P/E | 3.9 | 3.9 | 8.3 | 4.6 | 5.9 | 5.5 |
| 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



Annex I

KEY RATIOS

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 Q3 |
|--|-------|-------|-------|-------|-------|---------|
| Net profit, mEUR | 23.8 | 43.7 | 32.1 | 52.6 | 51.5 | 34.2 |
| NIM, % | 2.9 | 2.9 | 3.1 | 3.1 | 3.2 | 3.1 |
| ROAA, % | 1.4 | 2.5 | 1.6 | 2.4 | 2.1 | 1.7 |
| ROAE, % | 19.0 | 27.6 | 16.1 | 22.3 | 17.6 | 14.0 |
| C / I, % | 52.2 | 42.3 | 52.1 | 37.3 | 42.5 | 38.8 |
| C / I, % (excl. the impact of the SB draudimas clients' portfolio) | 51.6 | 41.4 | 51.7 | 37.9 | 40.8 | 39.9 |
| 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 | 18.6* |
| CAR, % (interim profit incl.) | 15.7 | 19.2 | 18.6 | 18.0 | 18.9 | 21.2* |
| RWA, mEUR | 968 | 1.015 | 1.212 | 1.471 | 1.654 | 1694* |
| Total assets, mEUR | 1.695 | 1.861 | 2.031 | 2.262 | 2.508 | 2.911 |
| L/D ratio, % | 63.3 | 68.5 | 72.2 | 75.1 | 82.2 | 76.5 |

* - preliminary data