



Investor Conference Webinar

NASDAQ
13th March 2019

AGENDA

1. Financial results FY 2018
2. Plans going forward
3. Draft resolutions for the GMS



*Presenter:
Vytautas Sinius, CEO*

1. Financial results FY 2018
2. Plans going forward
3. Draft resolutions for the GMS

Group structure

ŠIAULIŲ BANKAS

Consumer leasing
and consumer
credits



Life
Insurance

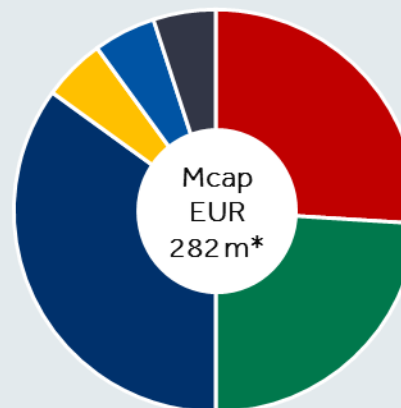


RE and investment
management

(5 subsidiaries)

Shareholders' structure

International investors - 50%



- EBRD 26 %
- Invalida INVL 5 %
- Algirdas Butkus 5 %**
- Gintaras Kateiva 5 %
- Other Lithuanian investors 35%
- Other international investors 24 %

*as of 13 March 2019

**including indirectly owned shares

Facts

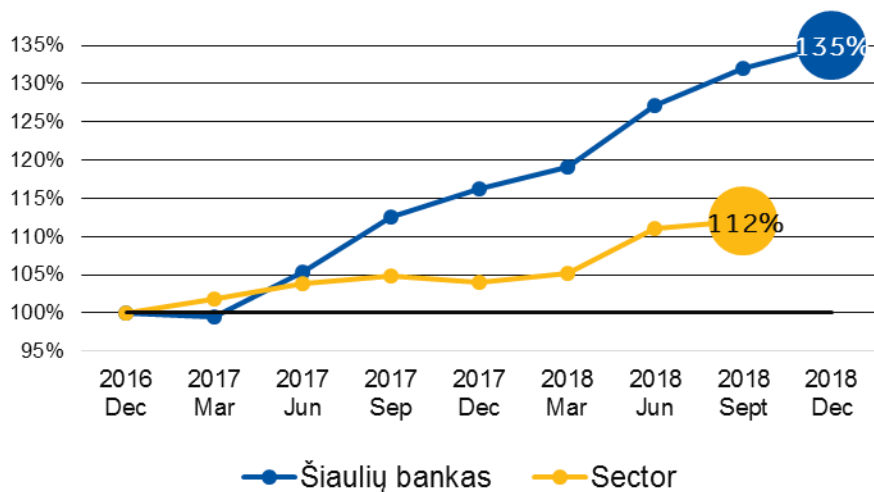
Established	1992
Listed	since 1994 on Nasdaq Vilnius
Rating	Baa3 (positive) by Moody's
Network	largest in the country (62 outlets in 37 towns)
Employees	>800
Assets	2.3 bn EUR

Key ratios

	2014	2015	2016	2017	2018
ROAE, %	11.5	19.0	27.6	16.1	22.3
Cost/Income, %	50.6	52.2	42.3	52.1	37.3
ROAA, %	0.7	1.4	2.5	1.6	2.4
Net interest margin (NIM), %	2.7	2.9	2.9	3.1	3.1

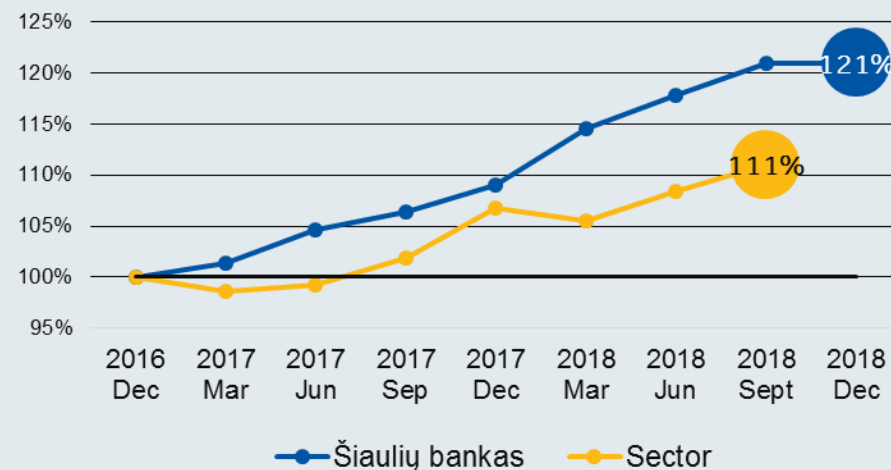
LOANS

Bank	Market share	
	30/09/2018	Change per 12 month
SEB	30.4 %	+0.8
Luminor	26.1 %	-2.9
Swedbank	25.6 %	+0.9
Šiaulių Bankas	6.6 %	+0.6
Citadele bank	1.3 %	-
Medicinos bankas	0.8 %	-
Foreign bank branches	6.9 %	+0.7



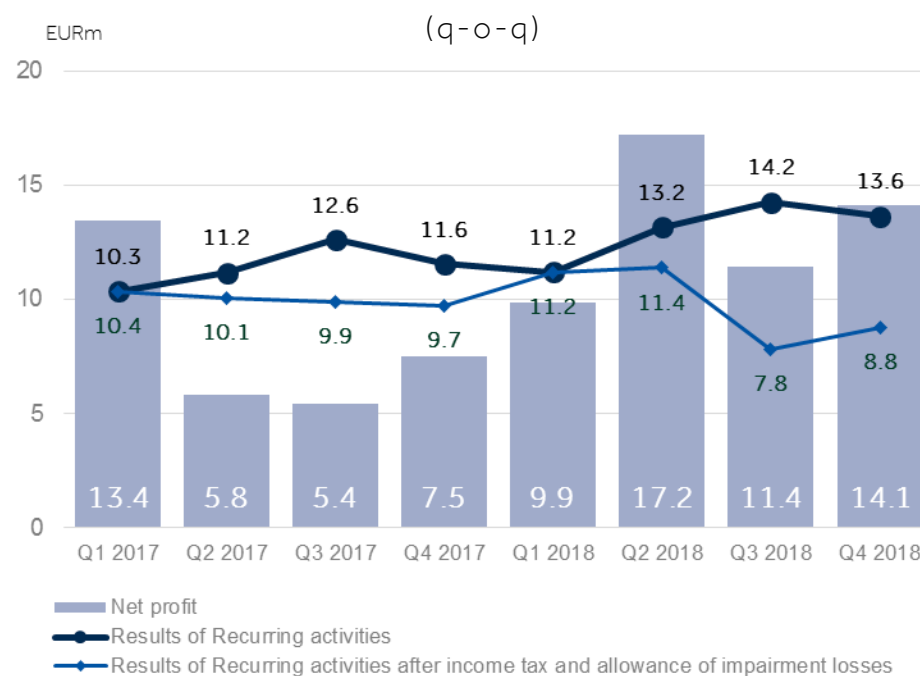
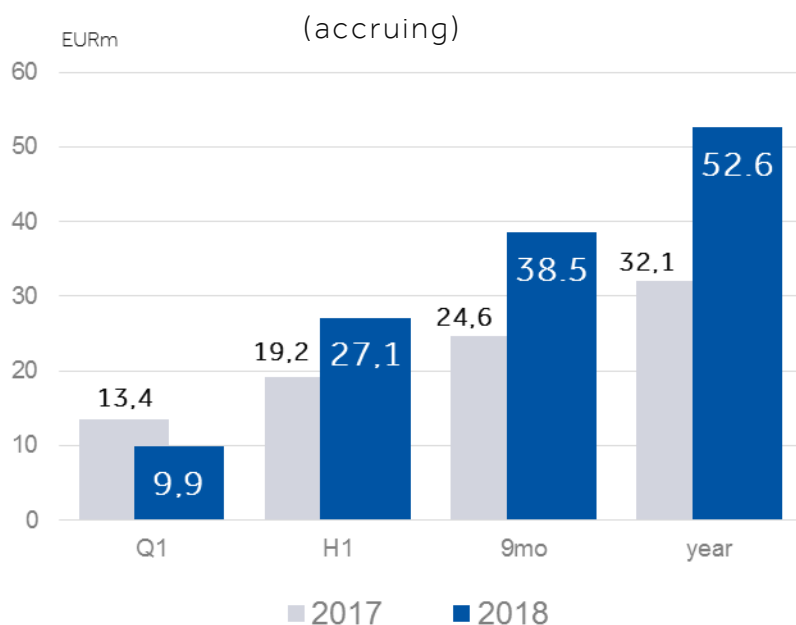
DEPOSITS

Bank	Market share	
	30/09/2018	Change per 12 month
Swedbank	35.4 %	+3.3
SEB	27.5 %	+1.4
Luminor	18.9 %	-0.8
Šiaulių Bankas	8.6 %	+0.4
Citadele bank	1.9 %	-0.2
Medicinos bankas	1.2 %	+0.1
Foreign bank branches	3.6 %	-4.1

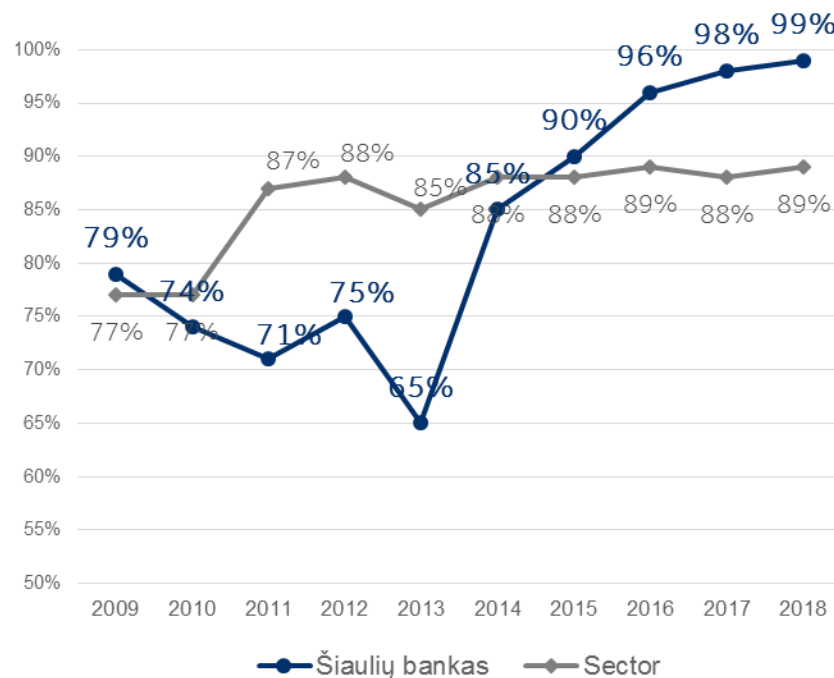
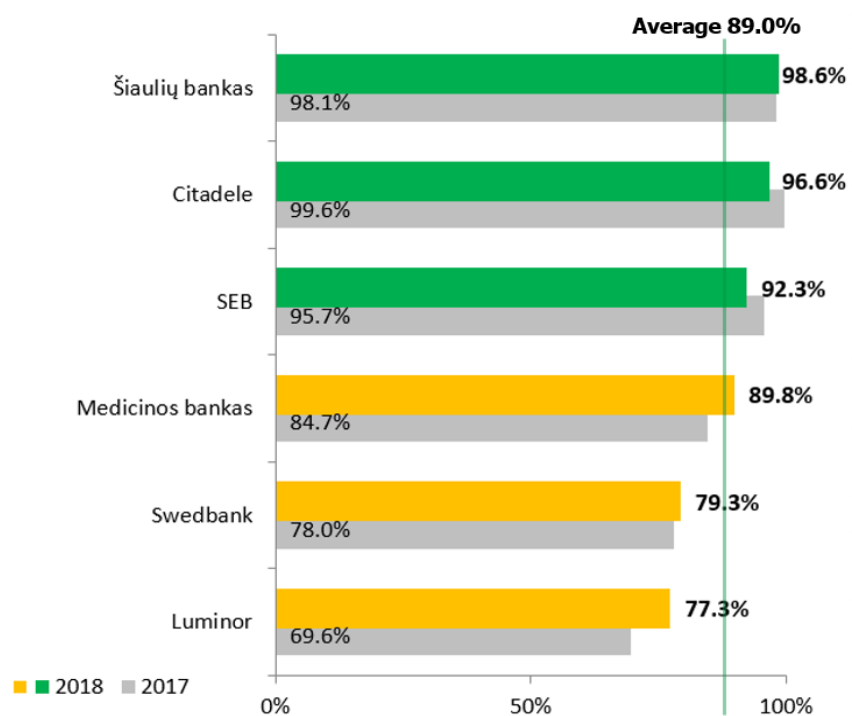


Net profit - 64% more than in 2017

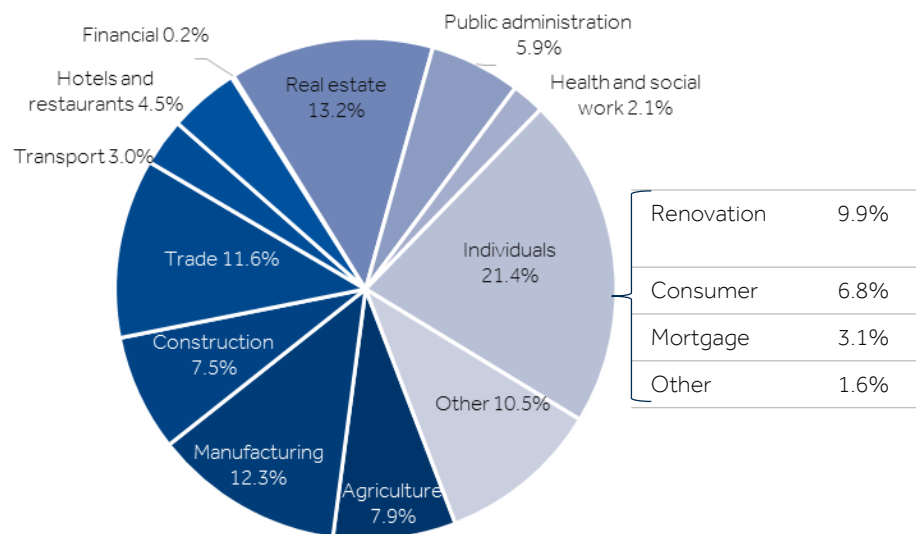
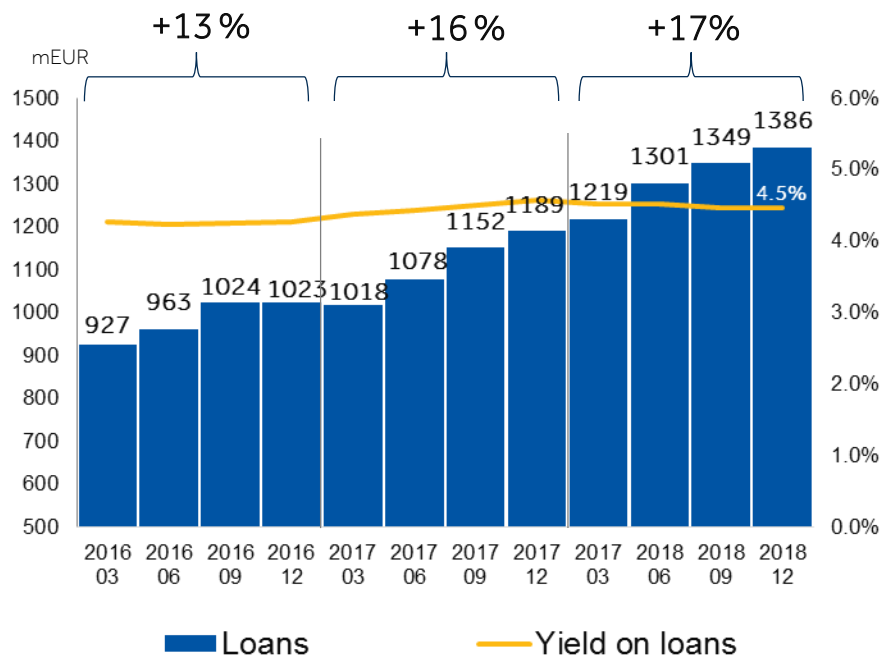
Results of recurring activities grew by 14% over the year



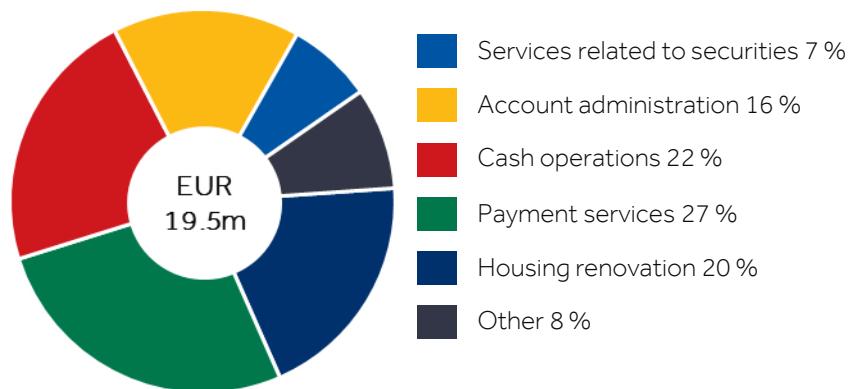
Šiaulių bankas - the best customer service bank



LOAN PORTFOLIO: diversified and growing



Fee and commission income



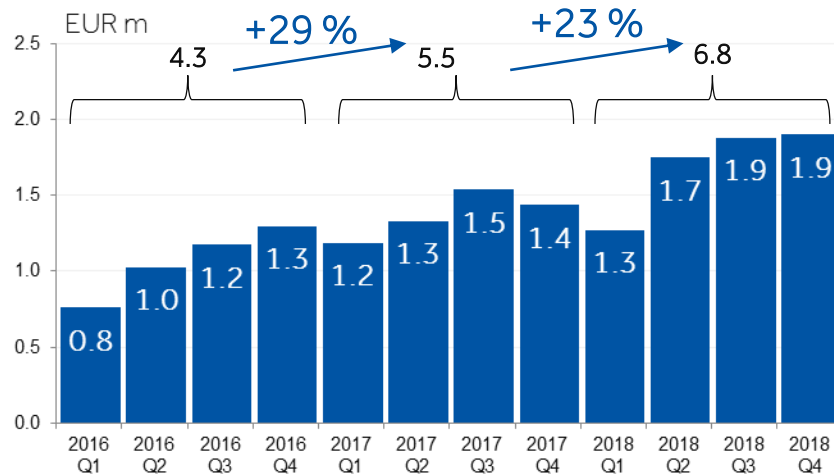
Data for 2018

- Significant growth of income across all types of services
- Net commission earned through payment cards grew significantly and exceeded EUR 1 million
- Šiaulių Bankas maintains a leading position (60 % of the market) in the multi-apartment house renovation programme financing

Net fee and commission income

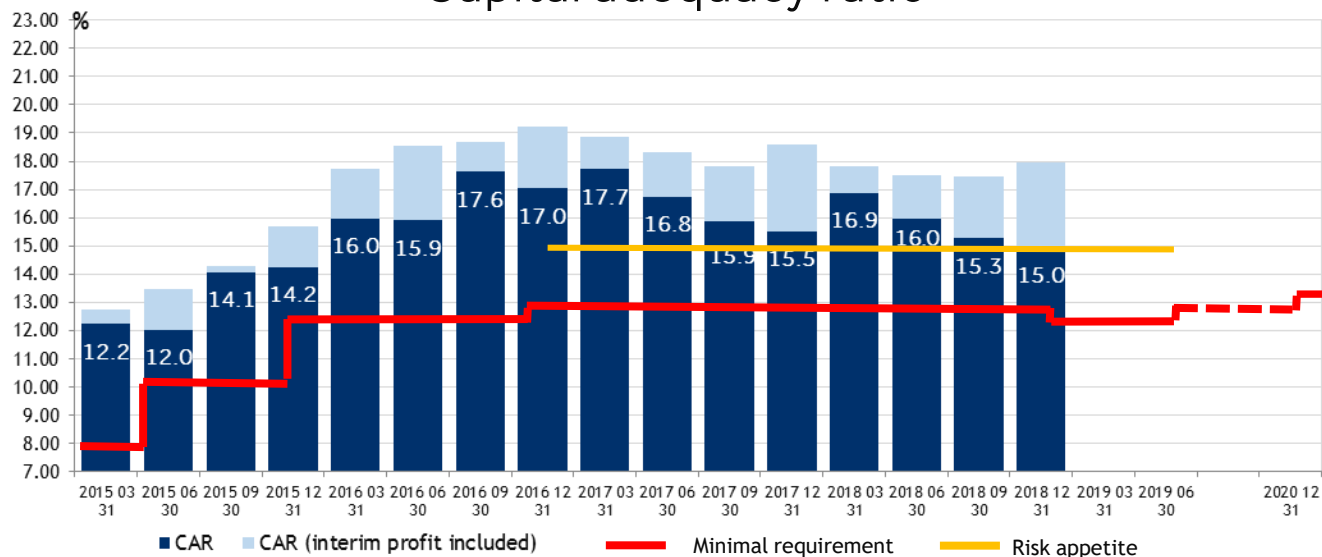


Gain from foreign exchange operations*



*excluding the impact of the Bonum Publicum clients' portfolio

Capital adequacy ratio

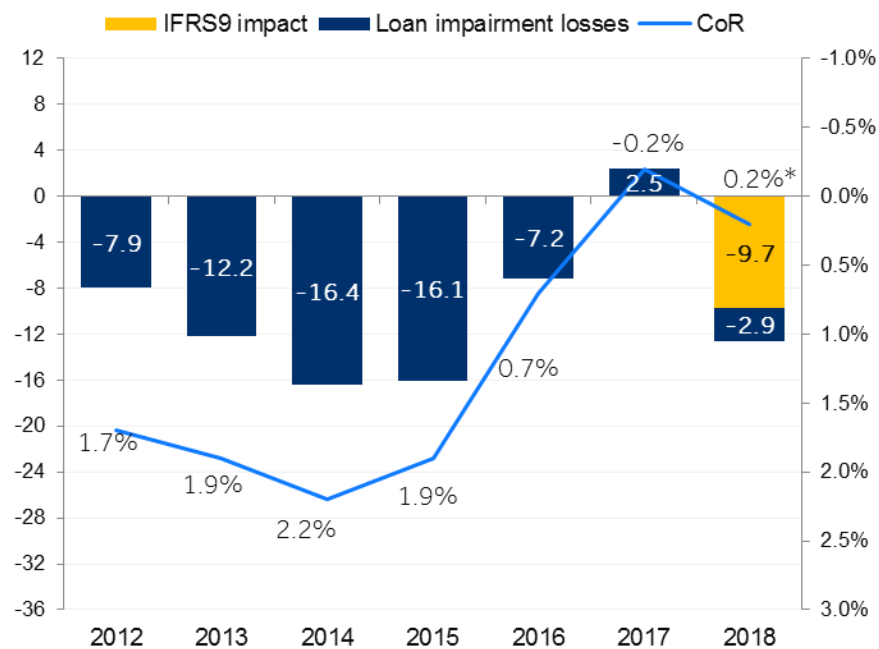


Risk ranking

Type of risk	Risk level
IT/cyber risk	●
Compliance risk	●
Concentration risk	●
Liquidity risk	●
Credit risk	●
Operational risk	●
Interest rate risk in the banking book	●
Model risk	●
Market risk	●

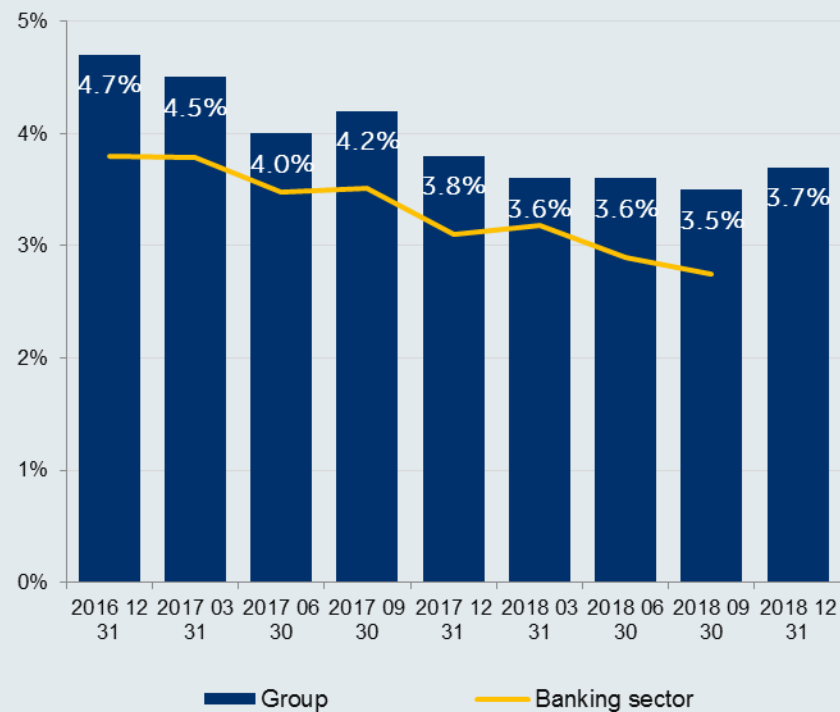
31/12/2018	Minimal requirement	12.4%
	Risk appetite	15.0%
	CAR (interim profit included)	18.0%
30/06/2019	Minimal requirement	12.9%
31/12/2020	Minimal requirement	13.4%

Risk cost ratio (CoR) (impairment loss to loans)



*1.0% incl. IFRS9 impact

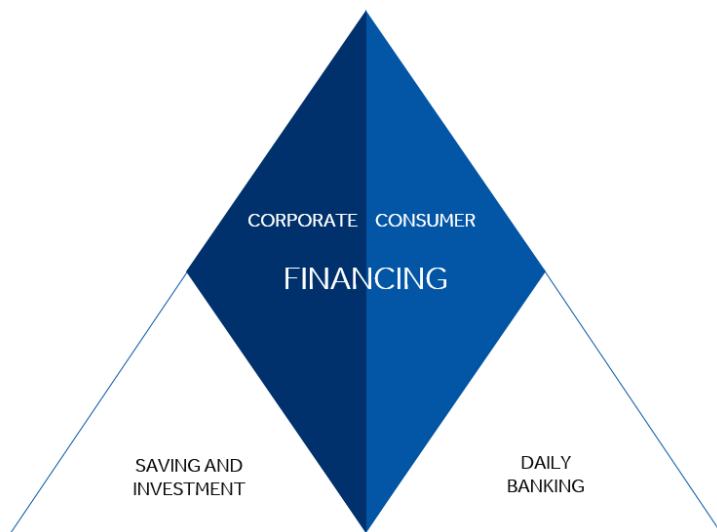
NPE (non performing exposures)



- ❑ Šiaulių bankas core customer base consists of corporate and private customers from Lithuania. Šiaulių bankas did not serve corporate non-residents before 2013
- ❑ In 2013, Šiaulių bankas took over insured deposits from Ukio bankas customers with no historical responsibility for the operations performed by these customers before the acquisition date
- ❑ All of the non-resident business customers, which were taken over were subject to comprehensive KYC procedures. Šiaulių bankas refused to start business relations with majority of them
- ❑ Currently, the bank has a very limited non-resident customer base (<5% of total customer deposits)
- ❑ Šiaulių bankas strengthens KYC/AML processes, human resources, invests in AML IT systems. Expertise of external professional consultants is used for evaluation and suggestions on further development of bank's AML system

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Efficiency	ROE	>15%
	Cost/Income (recurring activity)	<45%
Risk appetite	CAR	>15%
Market share	Corporate financing	10-12%
	Consumer financing	9-11%
Customer satisfaction	NPS	>63



- Strategic directions - corporate and consumer financing - remain unchanged
- Traditional customer service channels are maintained, e-channels are developed
- Under the main scenario the Bank expects that macroeconomic trends will not change, interest rates will remain at a similar level
- The Bank sees organic growth in local market as the main scenario, but does not restrain itself from acquisitions in case favourable opportunities with strong business cases appear



- Strong position in lending to SMEs
- Wide geography of branch network
- Best customer service due to proximity to the clients
- Leading position in the multi-apartment house renovation programme
- Sound liquidity position



- Limited scalability of IT infrastructure
- Dislocation of the head office in 3 cities
- Attracting and retaining competent staff



- Cross-sale opportunities within Šiaulių bankas group (life insurance, consumer financing)
- Expansion of funding sources in foreign markets
- Economic growth, business synergies and consolidation of the banking sector
- Using the potential in mortgage lending market

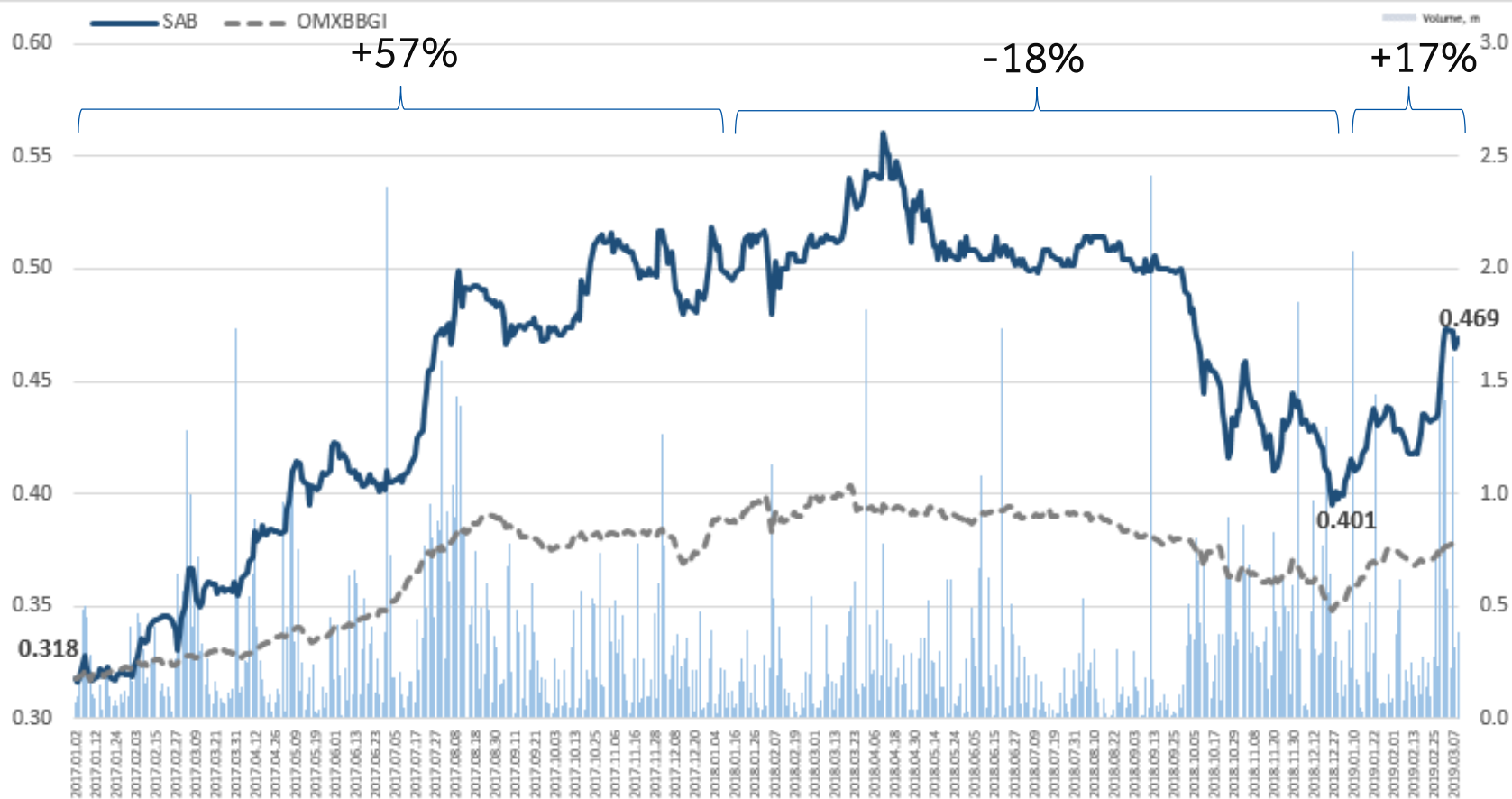


- Risk of not keeping pace with rapidly progressing technologies
- Increasing regulatory burden creates a threat to sufficient income flows and capital attraction
- Competition from new FinTech players

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- The Bank's Dividend Policy was approved in November 2018. It states that the Bank will aim to allocate at least 25 per cent of the group's annual profit for dividends
- Draft resolution for the General Meeting of Shareholders proposes to allocate EUR 17.4m for dividends:
 - 33% of the Group's annual profit;
 - EUR 0.029 per share (i.e. 6 times more than last year);
 - 6.2% dividend yield (according to current share price)

- ❑ Draft profit allocation envisage reserve of EUR 10m for acquisition of own shares
- ❑ The purposes of acquisition of own shares:
 - ✓ **to preserve the market price of the share**
 - acquisition price will be set within these intervals:
min → $0.85 \times \text{Market Price}$;
max → $\min(\text{BV}; 1.15 \times \text{Market Price})$
 - ✓ **to grant the shares to the employees as part of the variable remuneration**
 - variable remuneration expenses are accrued in bank's income statement as part of the staff expenses
- ❑ Decisions regarding specific actions will be taken by the management board



Share data	2012	2013	2014	2015	2016	2017	2018
Capitalization, m Eur	54.2	66.5	71.8	93.7	169.5	266.8	240.9
Turnover, m Eur	2.8	5.5	8.1	12.7	23.1	44.5	34.7
P/BV	0.6	0.7	0.7	0.7	1.0	1.3	0.9
P/E	14.3	12.4	6.1	3.9	3.9	8.3	4.6

Target price:

Swedbank 
EUR 0.68
05/03/2019

WOOD
&
COMPANY
EUR 0.60
06/11/2018

LHV
EUR 0.55-0.59
06/11/2018



THANK
YOU

