

Investor Conference Webinar

Results for 1H 2020

5th August, 2020

Presenters

VYTAUTAS SINIUS, CEO
DONATAS SAVICKAS, CFO

1H 2020

- The Group earned EUR 12.5m during Q2, net profit for H1 reached EUR 20.9m
- Lower provisions for expected credit losses were formed due to better than expected country's macro indicators
- Due to COVID 19 updated KPIs for 2020 could be better

Key figures, mEUR	1H	Q2 vs Q1 2020	vs H1 2019
Net interest income	37.4	+2%*	+10%*
Net commission income	7.7	-14%*	-3%*
Impairment losses on loans	8.5	-34%	8.5x
Net profit	20.9	+50%	-25%

Key ratios	1H	Q2 vs Q1 2020	vs H1 2019
C/I ratio,%	39.0**	-5.0 p.p.	0.0 p.p.
CAR,%	18.7***	+0.2 p.p.	+2.6 p.p.
ROE,%	13.2	+2.2 p.p.	-7.6 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 35.2%)

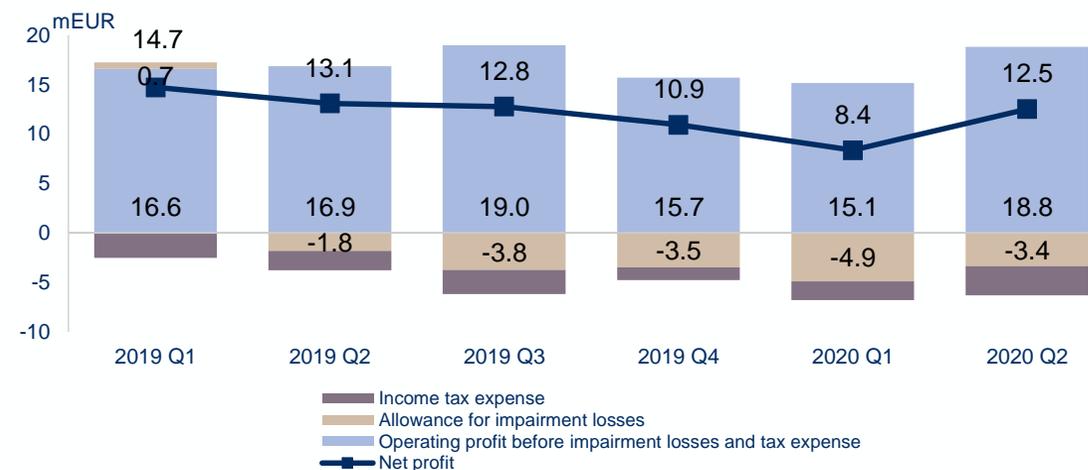
*** - preliminary

PUBLISHED GROWTH RATES OF GDP

	Change compared with the same quarter of the previous year	Change compared with the previous quarter
Lithuania	-3.7%	-5.1%
Latvia	-9.6%	-7.5%
Germany	-11.7%	-10.1%
EU	-14.4%	-11.9%
Euro area	-15.0%	-12.1%

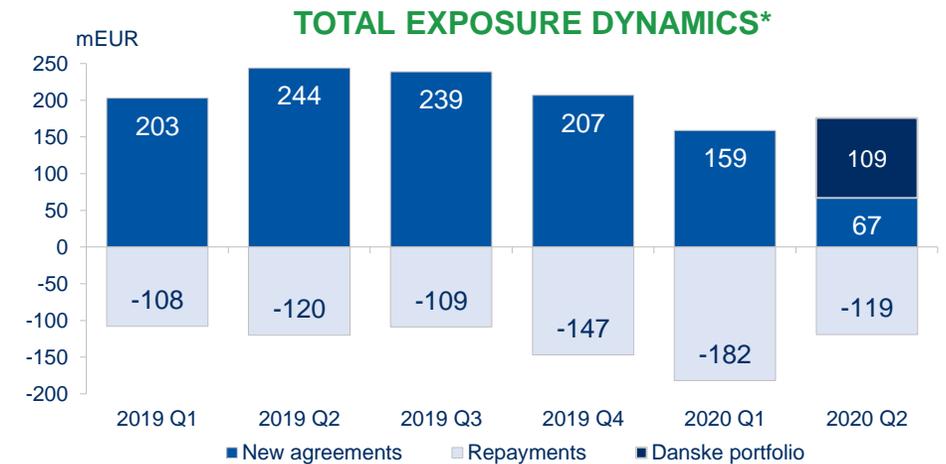
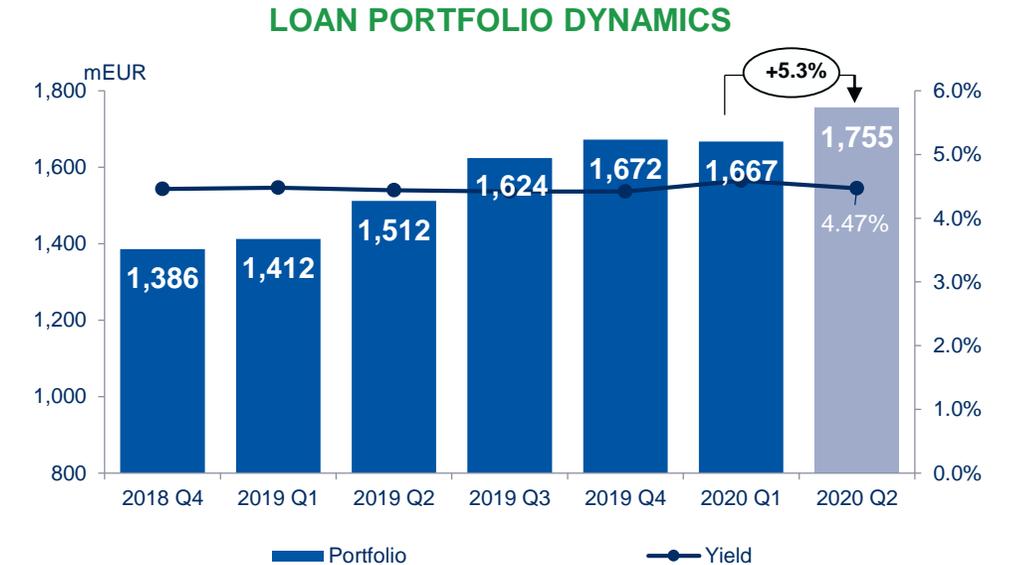
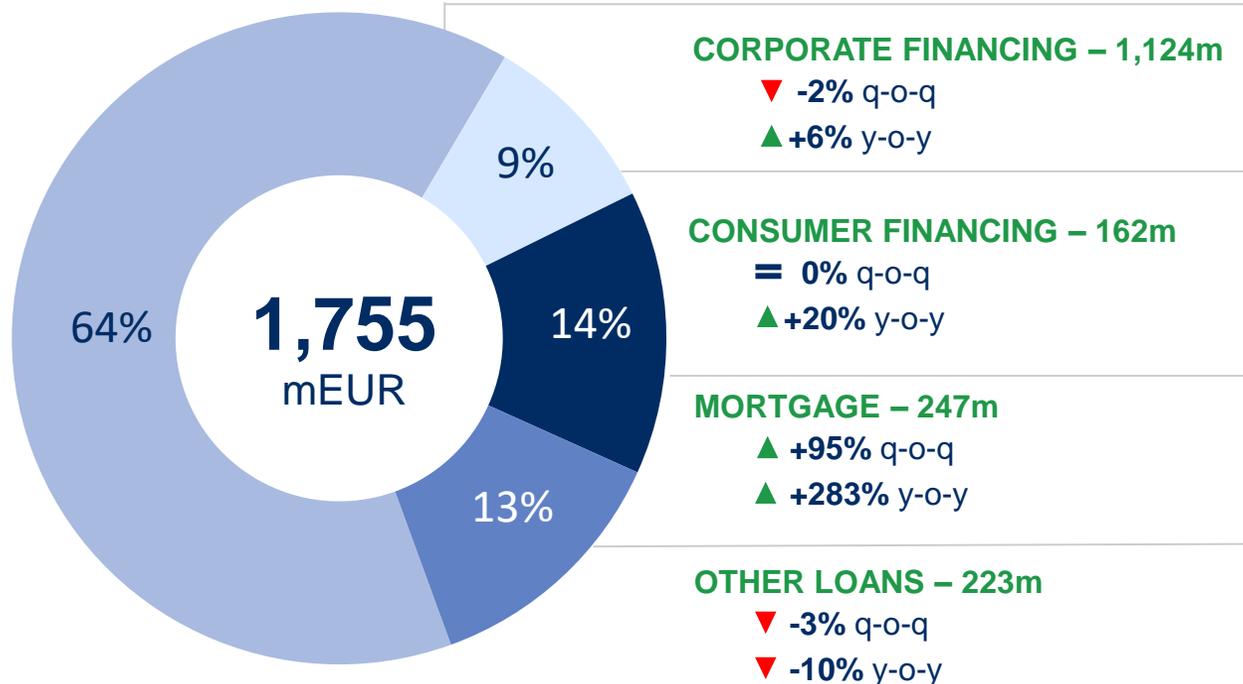
Source: Eurostat

NET PROFIT DYNAMICS



Loan portfolio dynamics

- Loan portfolio increased +5% or by EUR 88m in Q2
- The growth mainly influenced by the acquisition of the mortgage loan portfolio from Danske Bank
- Focus on the state business aid programs (loans issued in EUR 50m+)

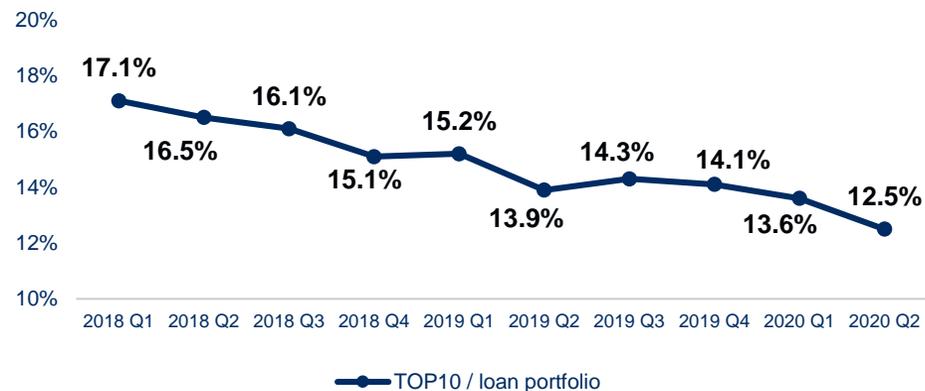


* - including loan commitments

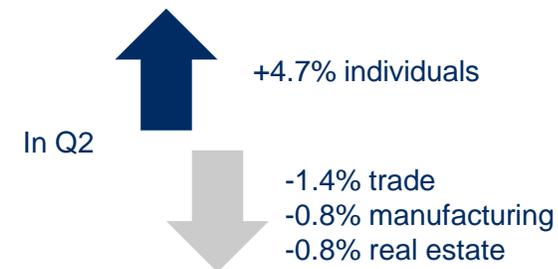
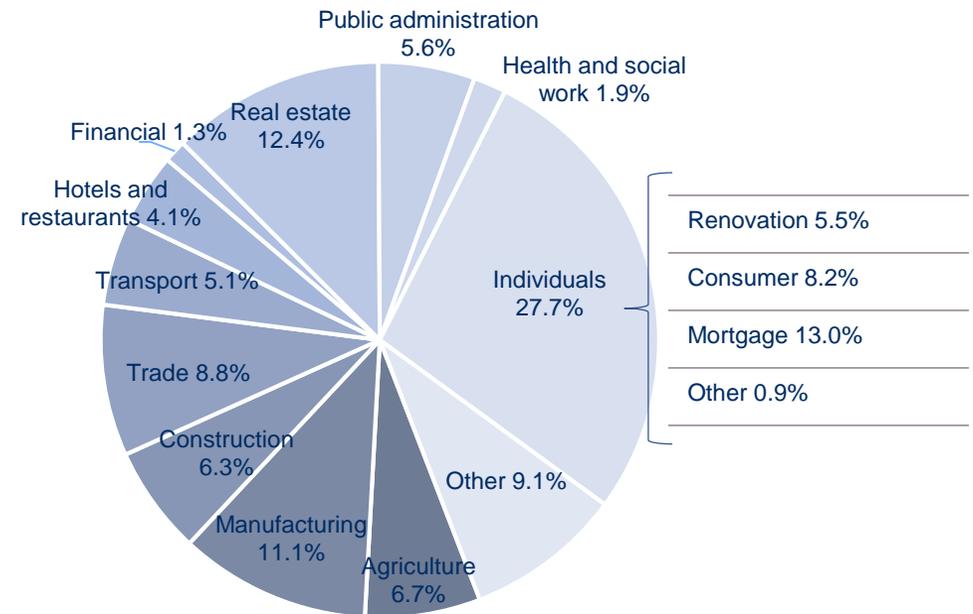
Loan portfolio breakdown

- Concentration risk decreasing with higher loan portfolio diversification:
 - No dependency on one economic sector
 - Increasing private individuals share in portfolio
 - TOP10 exposure to portfolio constantly decreasing

TOP 10 EXPOSURE-TO-LOAN PORTOFLIO RATIO

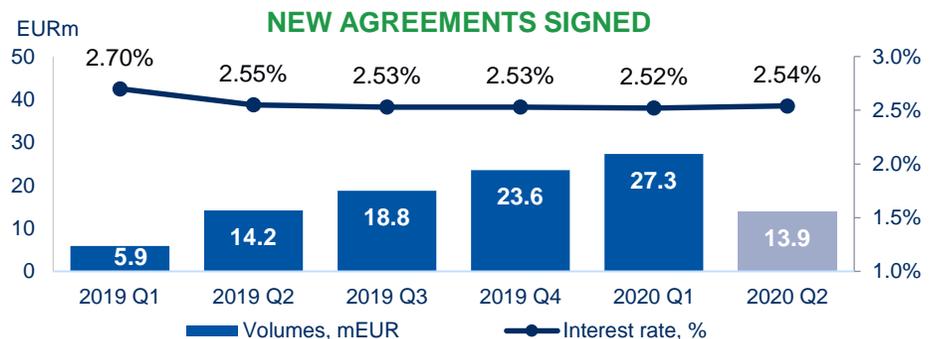
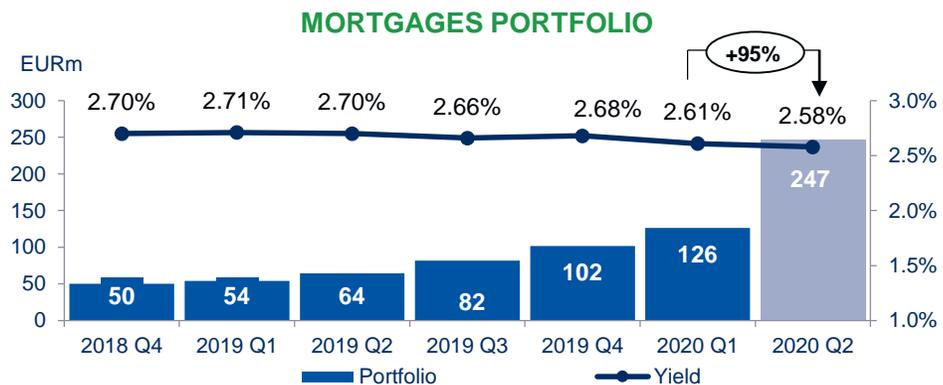


LOAN PORTFOLIO BREAKDOWN BY ECONOMIC ACTIVITY



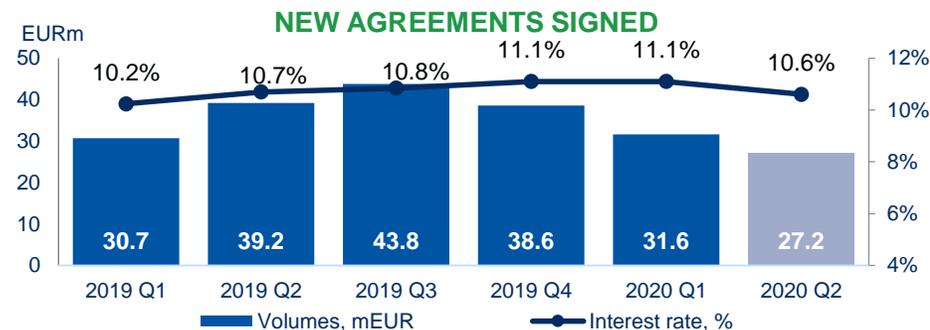
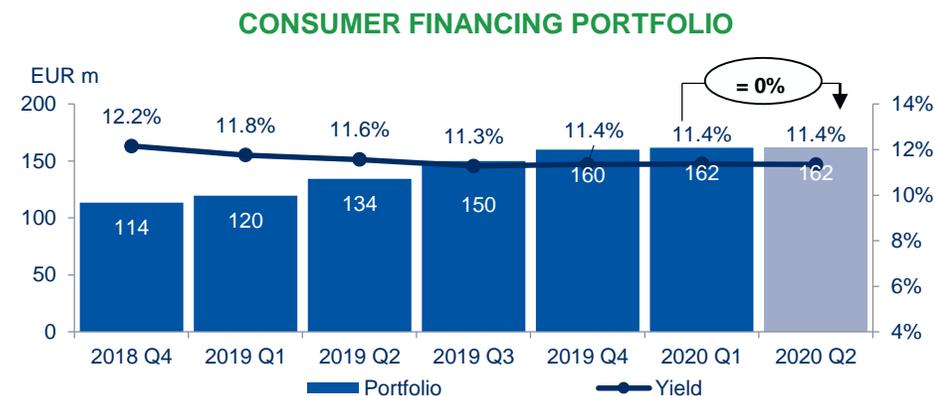
Mortgages

- On 1st May, acquisition of the private customers' credit portfolio from Danske Bank was completed
- Q2 started with a drop in mortgages applications with strong recovery since June



Consumer financing

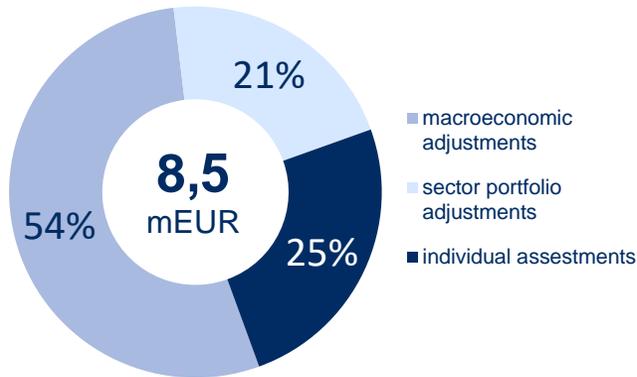
- Due to the COVID-19, new sales decreased by 14% during Q2
- Although SB lizingas did not join the moratorium, credit repayments were deferred to more than 500 customers as of end June (total deferred amount EUR 3.2m for up to 3M)



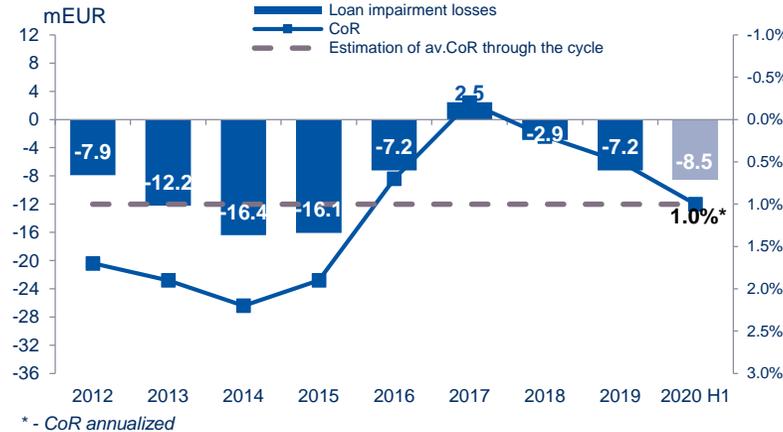
Loan portfolio quality

- In Q2, mainly due to negative country's macroeconomic outlook for this year, additional provisions of EUR 3.4m were recognized
- In H1, EUR 6.4m of an impairment loss is COVID-19 related
- CoR decreased from 1.2% to 0.8% during Q2

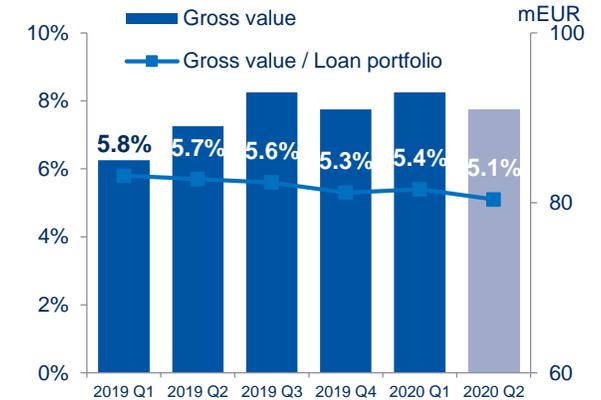
LOAN IMPAIRMENT LOSSES FOR H1



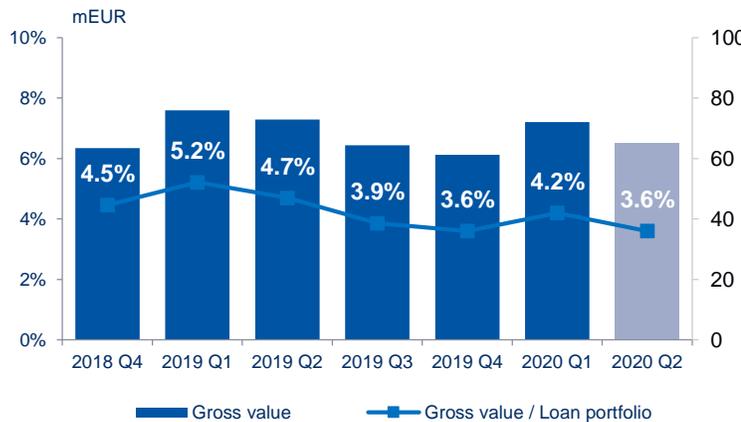
COST OF RISK (CoR)



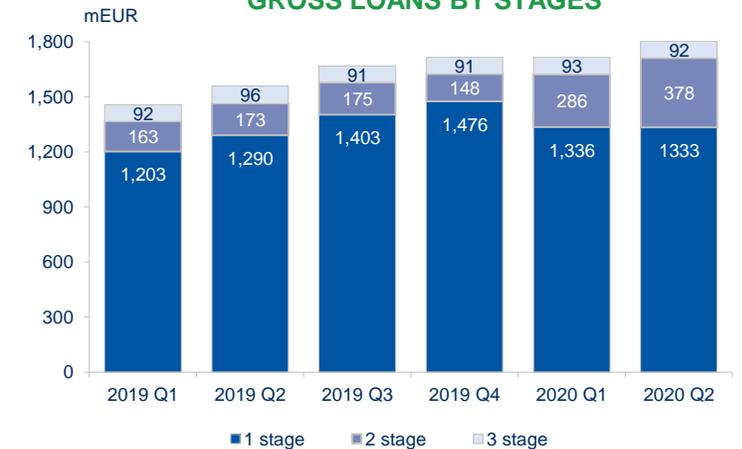
NPE (LOANS)



LOANS PAST DUE >30 DAYS



GROSS LOANS BY STAGES



Response to COVID 19

- Moratoriums on temporary deferral of credit liabilities extended until 30th September

APPLICATIONS APPROVED FOR MORATORIUM (AS OF 30TH JUNE)

	Number of clients	Total loan amount, mEUR
Total applications approved	675	235
Corporates	426	227
Private individuals	249	8

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 30th September

For business clients

- Deferral period - up to 6M
- Applies to business loans totaling up to EUR 5m per group of companies and which have not had significant delays last year
- Takes effect from 24 April and is valid until 30th September

- Since the start of quarantine, the Bank was one of the first in the market to provide loans under the State Business Aids Programme to help businesses facing difficulties caused by the COVID-19 pandemic

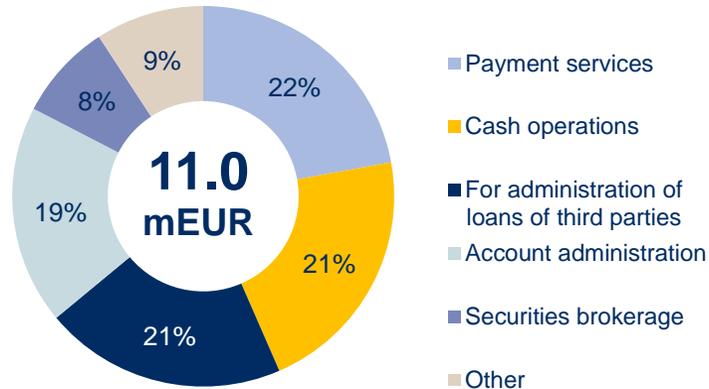
LOANS PROVIDED TILL JULY 20TH

	Number of clients	Total loan amount, mEUR
Loans from the state funds	537	46.5
Loans with state loss reduction guarantee	6	6.5

- The issuance of state fund loans have a positive effect on commission income in Q2 and Q3; the program itself expired on July 20th

Daily banking

FEE AND COMMISSION INCOME



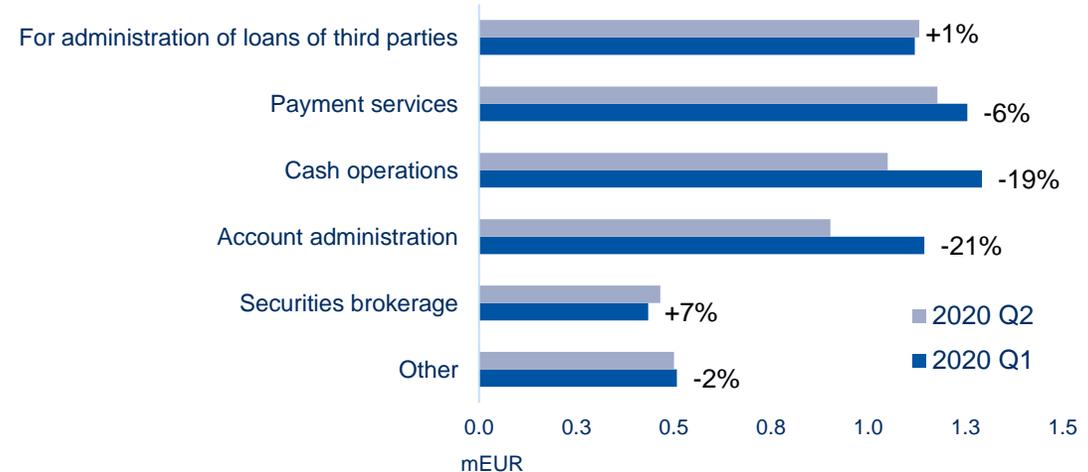
NET FEE AND COMMISSION INCOME



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

- During the quarantine the number of operating units were reduced, meanwhile ensuring customers can receive services remotely
- From June, all the units are open, the sales of volumes returning to the pre-quarantine level
- New Mobile App is scheduled to be launched in H2

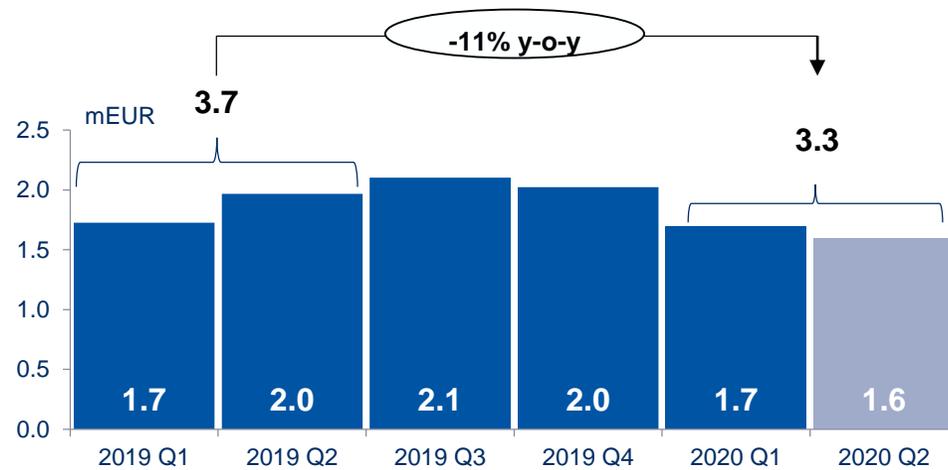
FEE AND COMMISSION INCOME



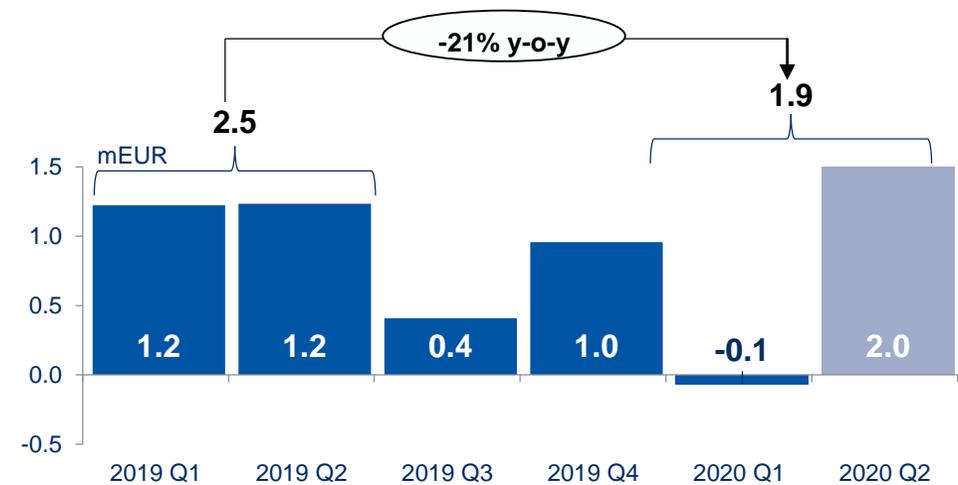
Treasury operations

- FX revenue and volume affected by lower number of operating units in Q2
- Positive changes in the bond market in Q2 offset the loss of EUR 0.4m in Q1

REVENUE FROM FOREIGN EXCHANGE OPERATIONS *



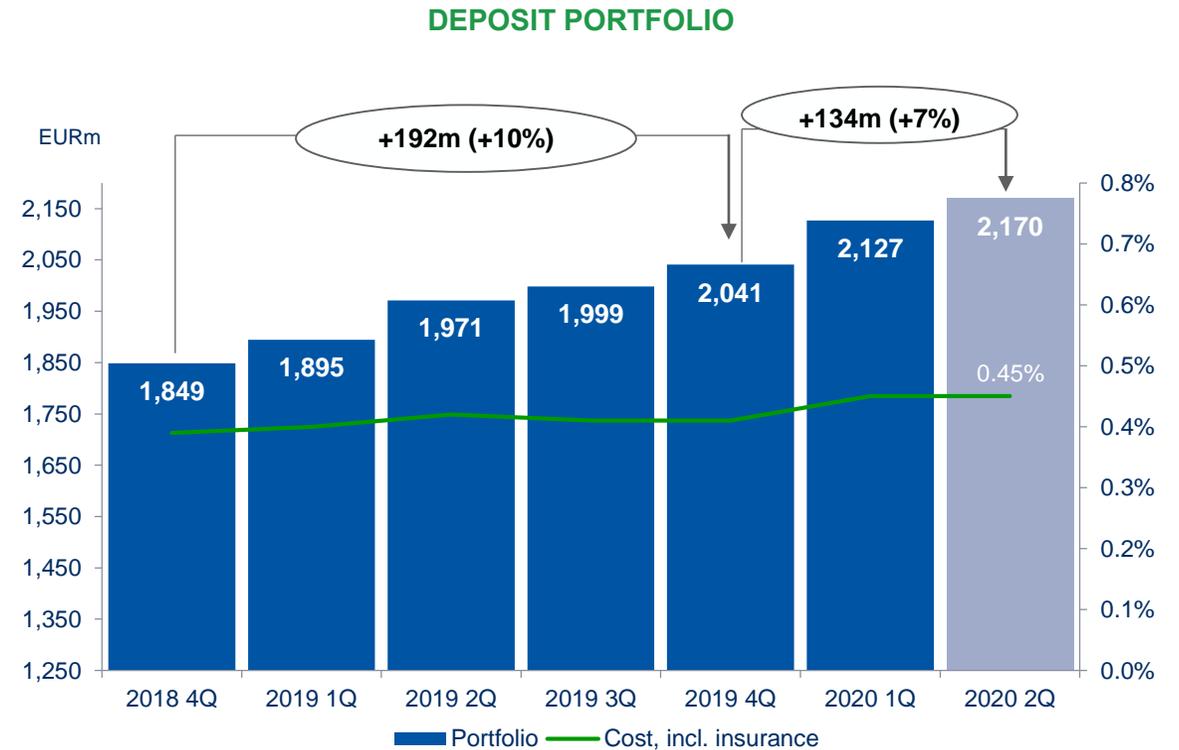
REVENUE FROM OPERATIONS WITH SECURITIES *



* excluding the impact of the SB draudimas clients' portfolio

Funding

- In 1H, total deposit portfolio up by 7% to EUR 2.17 bn:
 - Term deposits EUR -27m
 - Demand deposits EUR +161m
- LTD ratio 81% vs 78.5% (2020 Q2 vs 2020 Q1)
- Cost of funding stable & stands 0.45%
- The ECB approved TLTRO III borrowing allowances of EUR 571.6m. In June, the Bank borrowed EUR 150m for the 3-year term.



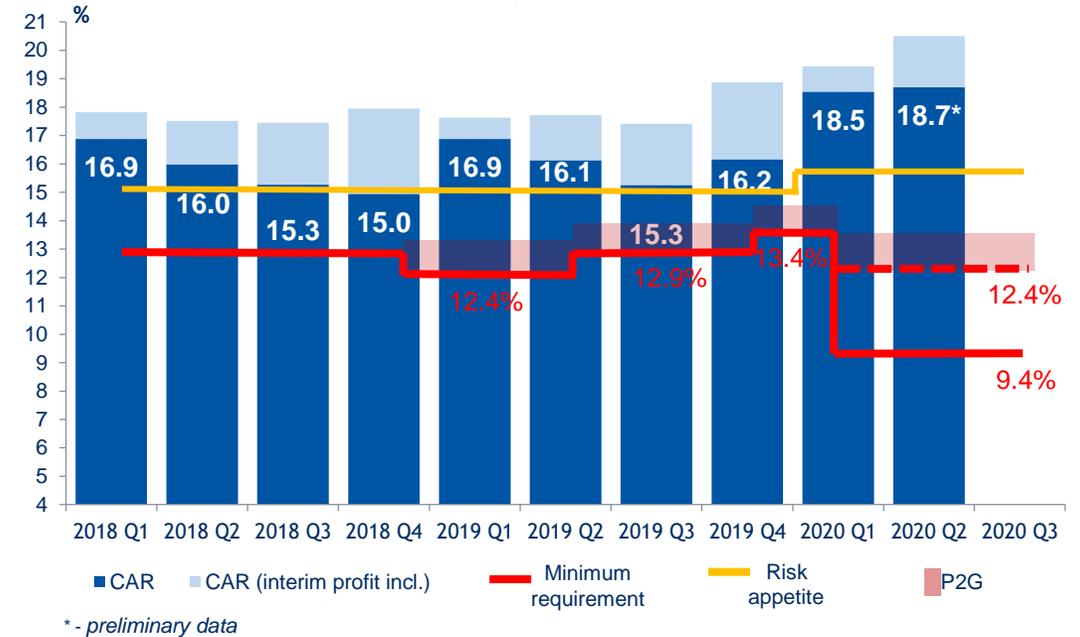
Strong capital & liquidity position

- Total capital requirement temporarily reduced from 12.4% 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)
- Due to Danske bank mortgage portfolio acquisition LCR decreased by up to 50 percentage points

LIQUIDITY COVERAGE RATIO (LCR)



CAPITAL ADEQUACY RATIO



Recent major news

13



- Bank was selected by the European Investment Bank to establish a EUR 200m renovation fund



- Life insurance company Bonum Publicum changed its name to SB draudimas



- Two more independent members elected to the Bank's Supervisory Council

Valuation data & ratios

TARGET PRICE

EUR 0.65 (June 22nd)

EUR 0.57 (May 13th)

EUR 0.45 (May 7th)

EUR 0.60 - 0.64 (under review)



SHARE PRICE DYNAMICS



KEY RATIOS

	2015	2016	2017	2018	2019	2020 1H
Net profit, mEUR	23.8	43.7	32.1	52.6	51.5	20.9
NIM, %	2.9	2.9	3.1	3.1	3.1	3.2
ROAA, %	1.4	2.5	1.6	2.4	2.1	1.6
ROAE, %	19.0	27.6	16.1	22.3	17.6	13.2
C / I, %	52.2	42.3	52.1	37.3	42.5	36.8
C / I, % (recurring activity)	56.1	50.7	47.3	42.2	45.0	39.3
CET1 ratio, %	12.1	15.0	13.9	15.0	15.0	17.5*
CAR, %	14.2	17.0	15.5	15.0	16.2	18.7*
CAR, % (interim profit incl.)	15.7	19.2	18.6	18.0	18.9	20.5*
RWA, mEUR	968	1.015	1.212	1.471	1.654	1.686*
Total assets, mEUR	1.695	1.861	2.031	2.262	2.508	2.801
L/D ratio, %	63.3	68.5	72.2	75.1	82.2	81.0

* - preliminary data

SHARE DATA

	2015	2016	2017	2018	2019	2020 1H
Capitalization, m EUR	93.7	169.5	266.8	240.9	304.0	245.1
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	0.38
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	5.9
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

