

# Investor Conference Webinar

Results for H1 2023

2 August 2023

# Presenters

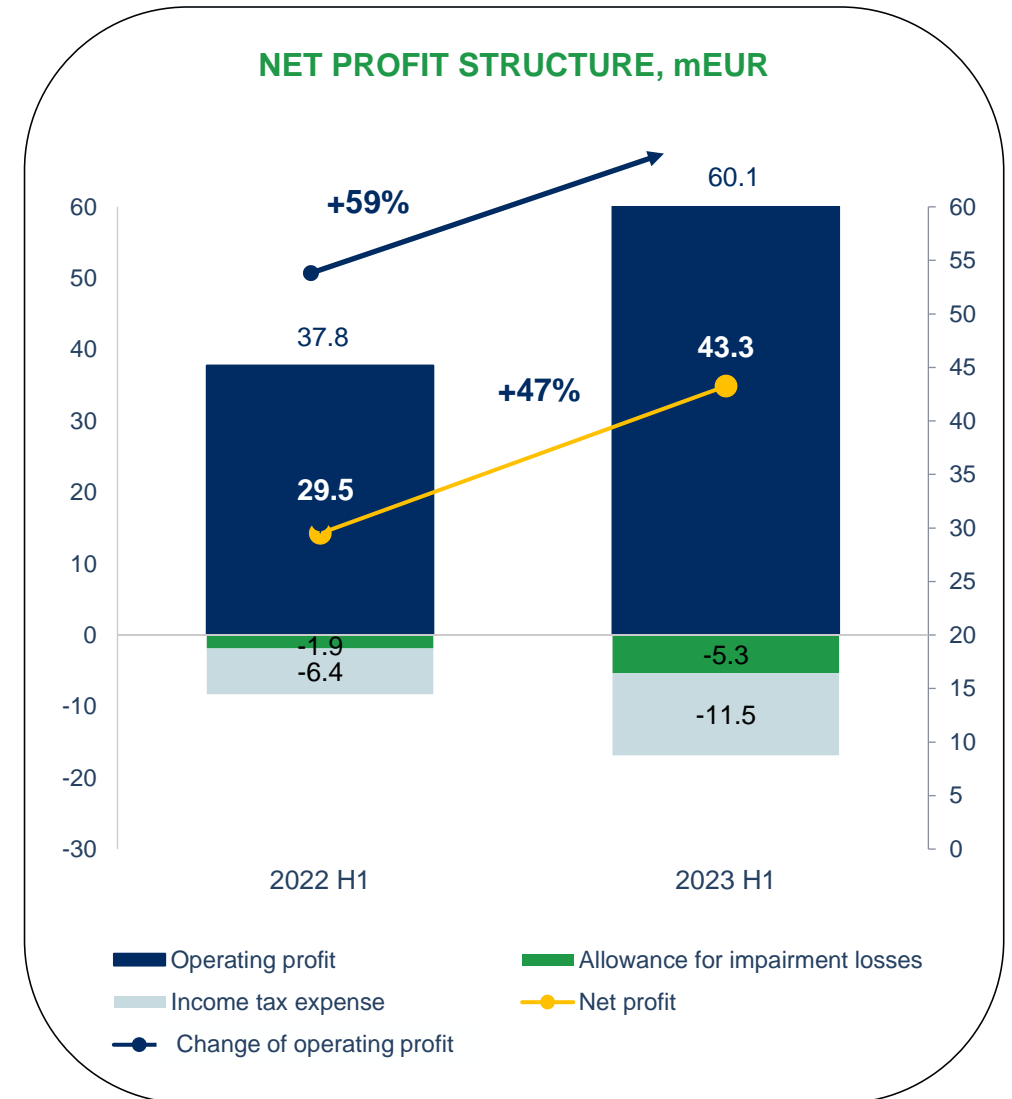
**VYTAUTAS SINIUS, CEO**  
**DONATAS SAVICKAS, CFO**

# H1 2023

- Net profit for Q2 reached EUR 24.1 million and EUR 43.3 million for H1
- Operating profit up by 59% compared to 2022 H1
- No banks' windfall tax is expected to be paid in 2023
- Moody's has upgraded credit rating to Baa1
- Retail business merge continues to progress smoothly, transaction date 1 December
- New Group strategy is being developed

KEY PERFORMANCE INDICATORS		Targets for end 2023	2023 Q1	2023 H1
Efficiency	ROE	>14.0%	17.8%	19.4%
	Cost / Income *	<46.7%	39.7%	35.1%
Capital & Risk management	CAR **	≥18.6%	18.1%	19.6%
	CoR (loans)	<0.3%	0.4%	0.4%

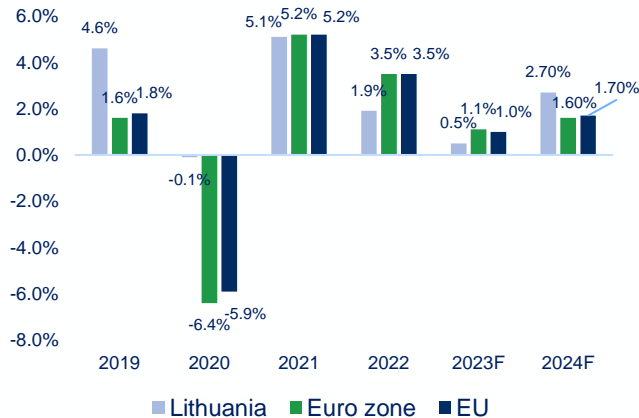
\*- excluding the impact from the investment result of the SB draudimas assets under unit-linked contracts  
 \*\*- forecast data



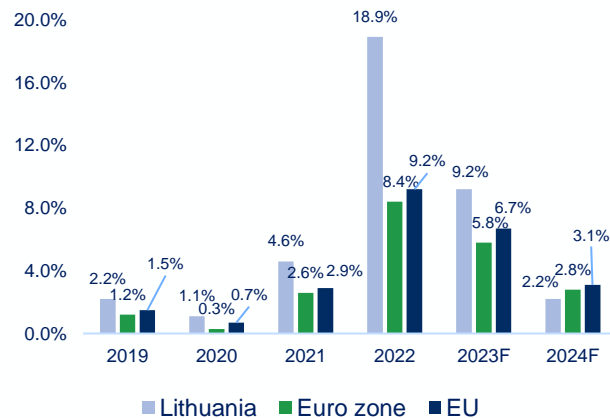
# Macroeconomic situation update

- After several weak quarters, Lithuania's GDP exceeded expectations and increased by 0.9% y-y in Q2 2023, and by 2.8% compared to the first quarter of 2023
- Inflation is declining for the seventh month in a row and reached 7.1% in July (initial estimate)
- Labor market shows resilience with a more favorable development in the number of people in work and wage growth, unemployment rate decreased in a quarter by 0.1% to 7.2% in May 2023
- While consumer confidence index hits near 2-year high in July, industrial confidence index moves in the opposite direction
- According to the EC's forecasts, Lithuania's real GDP growth, unemployment and inflation indicators should be better than those of the euro area in 2024

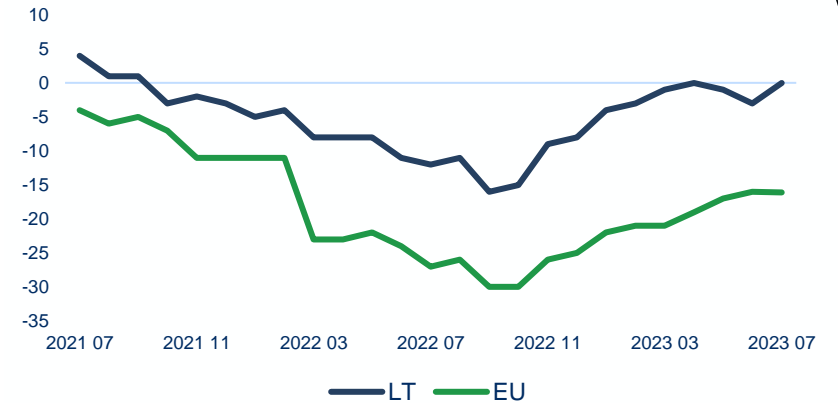
REAL GDP CHANGE, YoY



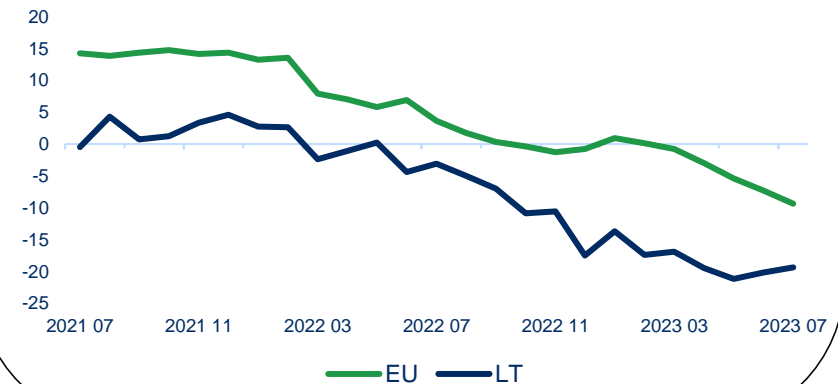
INFLATION CHANGE, YoY



CONSUMER CONFIDENCE INDEX, %



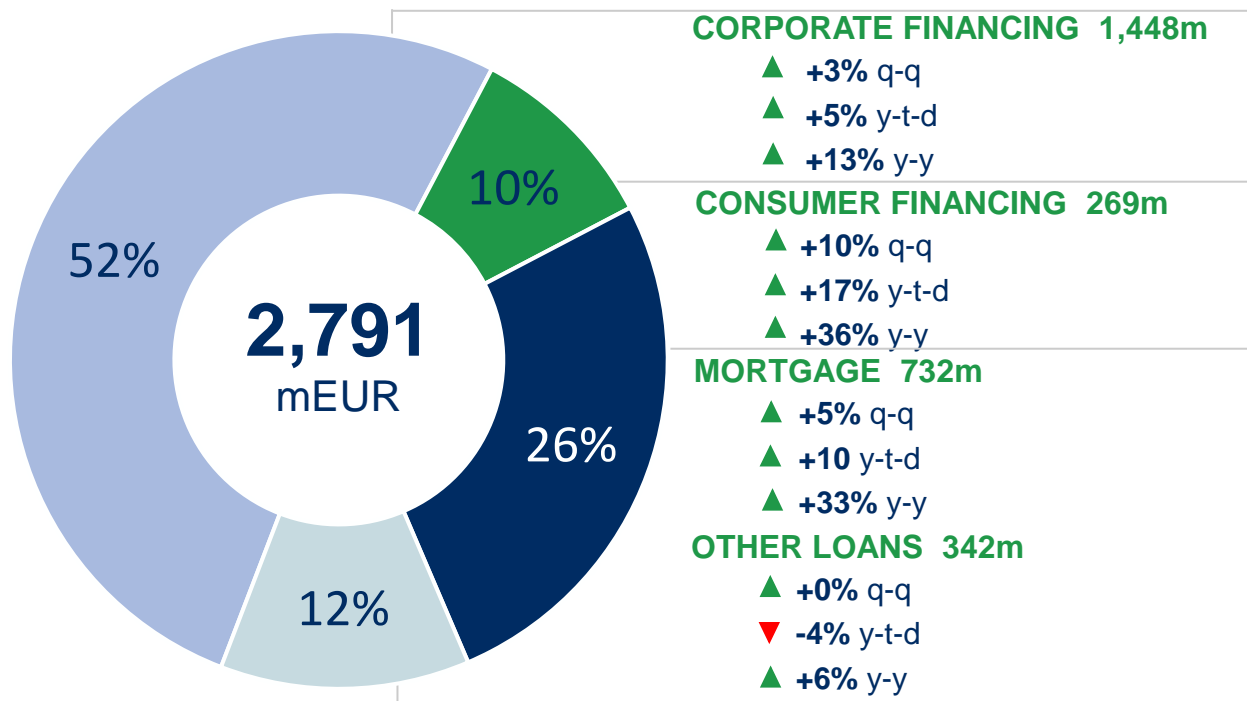
INDUSTRIAL CONFIDENCE INDEX



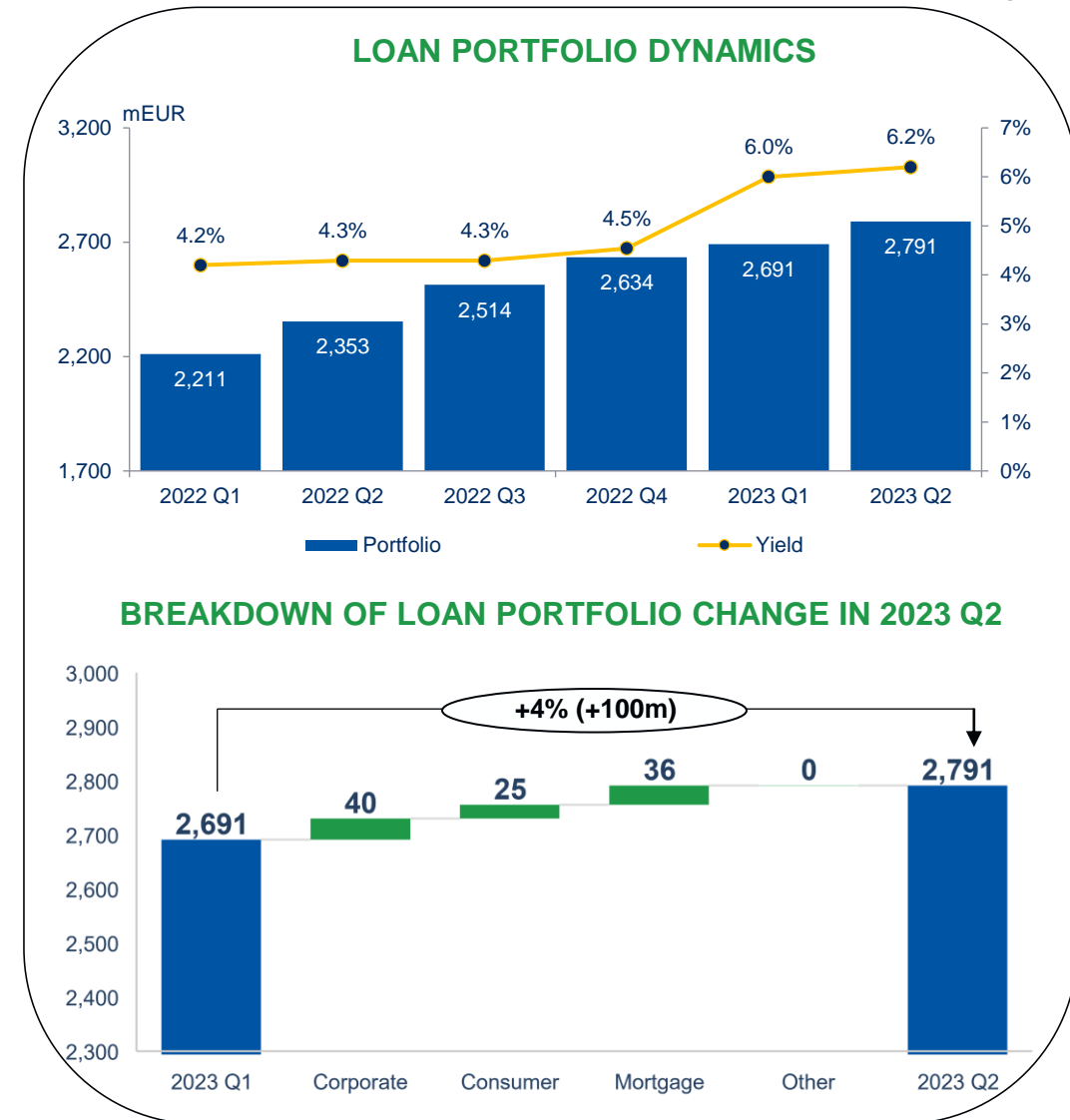
Graphs source - Eurostat, European Commission Spring 2023 Economic Forecast

# Loan portfolio dynamics

- Growing financing in all key segments - the loan portfolio increased by 4% in Q2, 6% y-t-d and by 19% y-y
- EUR 740 million worth of new credit agreements were signed, an increase of 9% y-y
- Over the last 12M loan market increased by 12%, while Bank's market share increased by 0.8 p.p. to 9.7% (market data as of end Q1 2023)

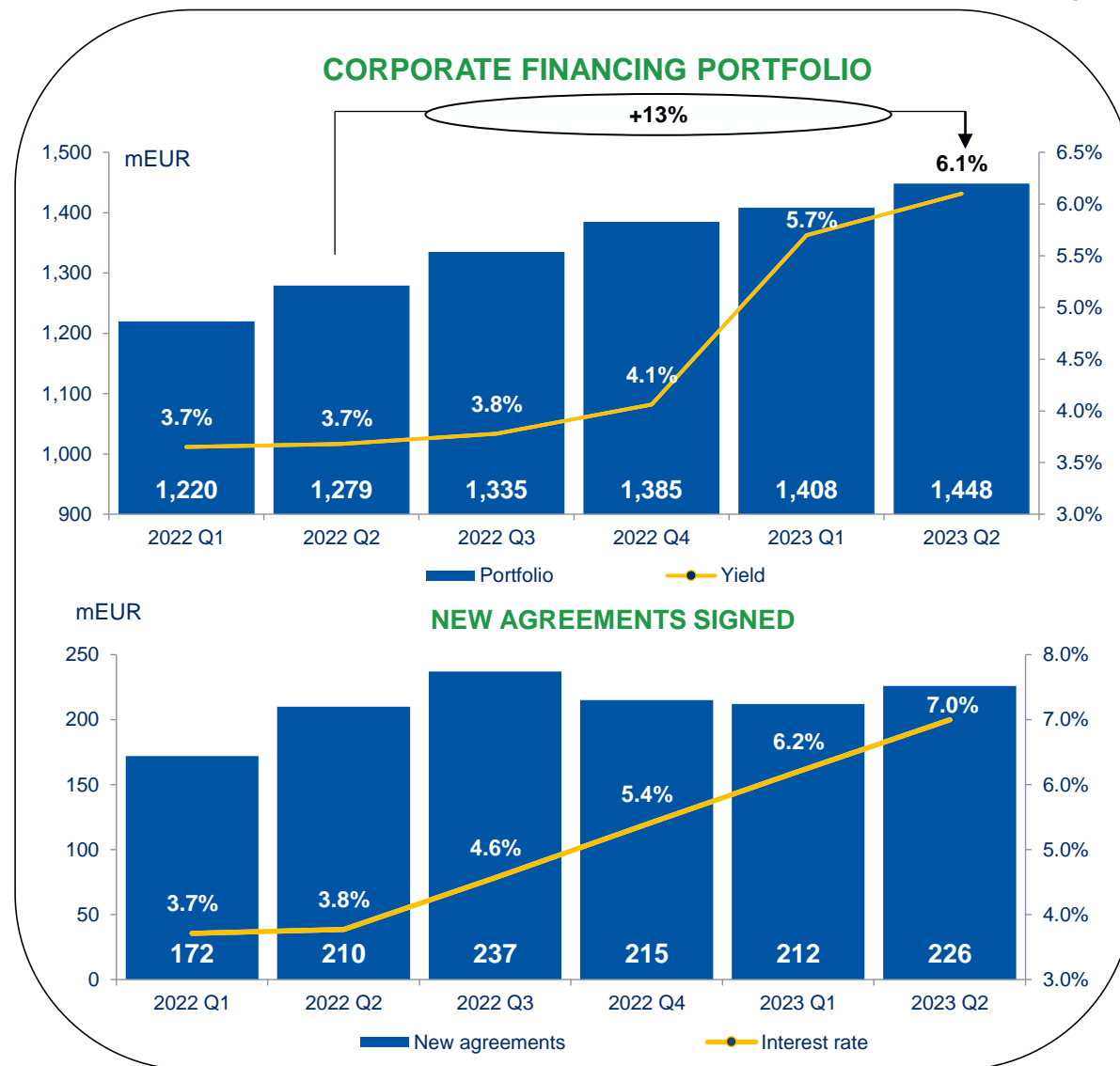


Investor Conference Webinar



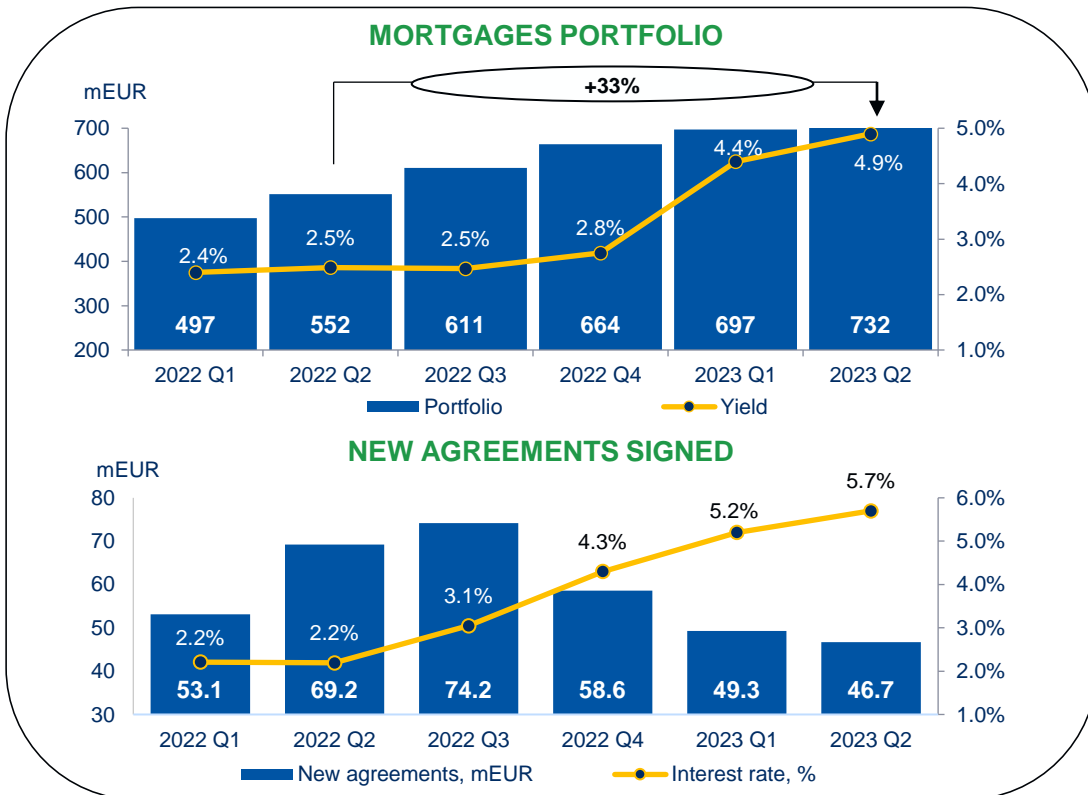
# Corporate financing

- Portfolio grew by 3% in Q2, 5% YTD and 13% y-y
- New loan agreements signed amounted EUR 438 million, 15% higher than in Q2 2022
- Loan portfolio yield is increasing with raising interest rates
- The quality of portfolio remains stable
- Over the last 12M corporate loan market increased by 10%, while Bank's market share increased by 0.6 p.p. to 12.8% (market data as of end Q1 2023)



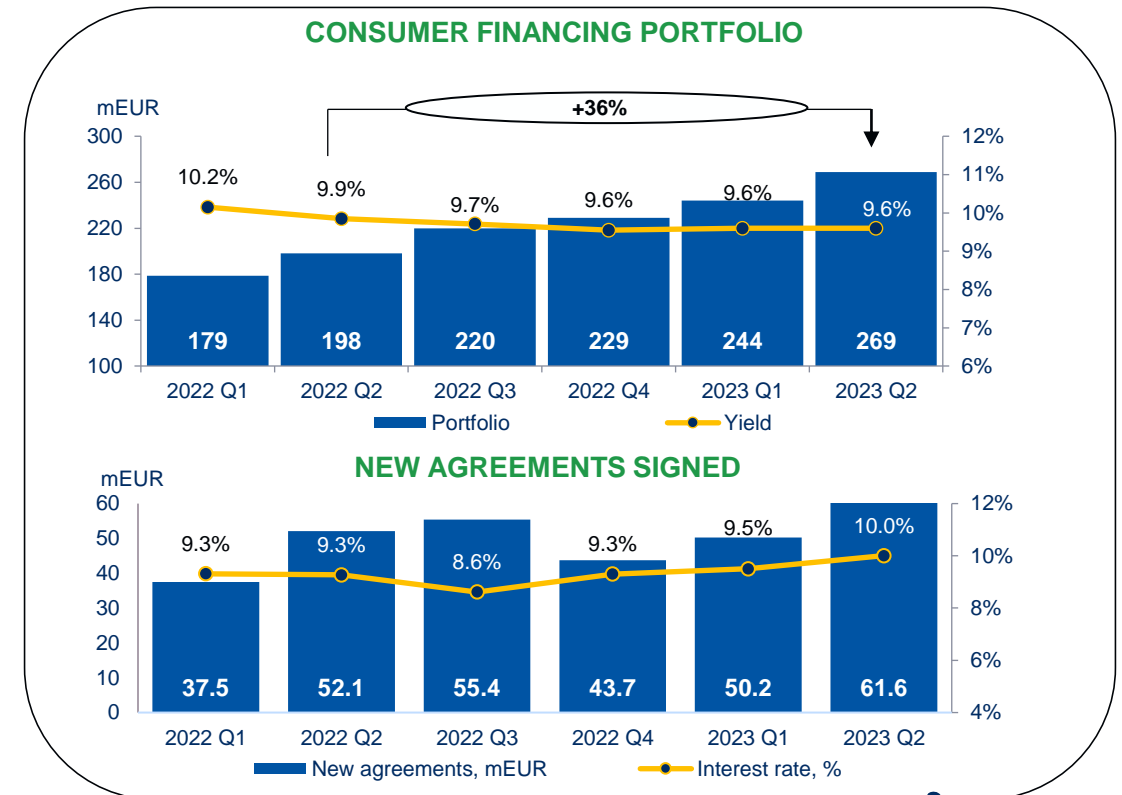
# Mortgages

- In 2023, sales volumes are lower by 21% than a year ago, with a total of EUR 96 million signed in H1
- The mortgage loan portfolio grew by 5% in Q1, 10% y-t-d and by 33% y-y
- Over last 12M the mortgage market increased by 11%, while Bank's market share increased by 1.4 p.p. to 6.2% (market data as of end Q1 2023)



# Consumer financing

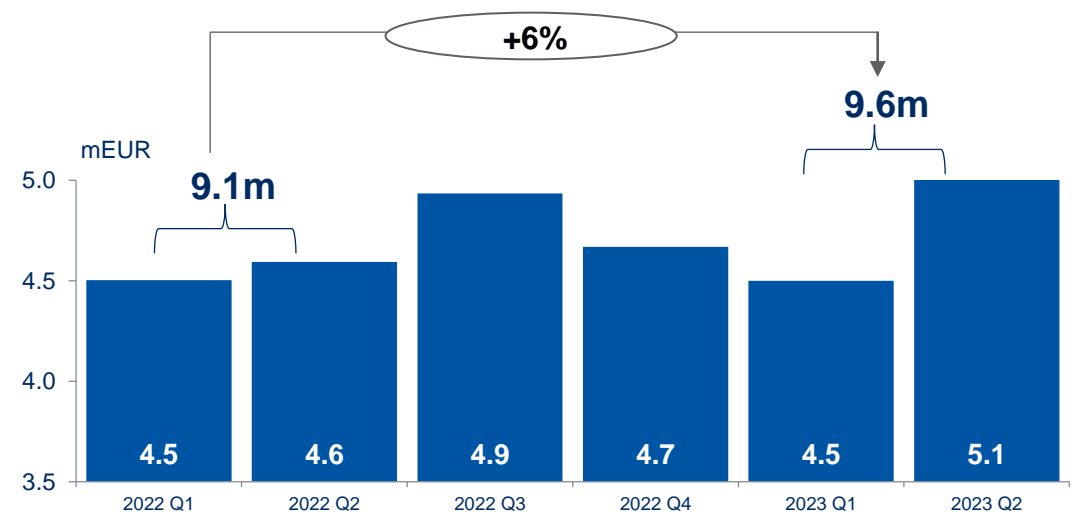
- Consumer finance market remains highly competitive, nevertheless new sales are up by 24% compared to H1 2022
- The consumer loan portfolio grew by 10% in Q1, 17% y-t-d and by 36% y-y
- Over last 12M the consumer credit market increased by 21%, while Bank's market share increased by 1.5 p.p. to 12.7% (market data as of end Q1 2023)



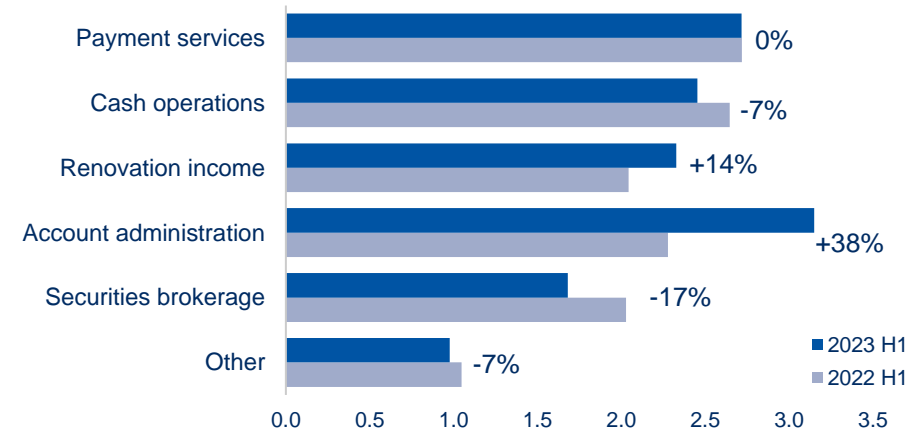
# Daily banking

- NFCI slightly increased to reach EUR 9.6 million, up 6% y-y
- In H1, more than 16 thousand new private clients started using the Bank's services
- The number of active clients are growing, while subscribing to service plans is at 190 thousand (+4% y-y) with revenues from account administration up by 38% y-y
- The number of clients using credit cards continues to grow rapidly. The annual growth rate remains above 30% and in Q2 alone this number grew by 9% to over 33 thousand
- Development focus will be kept on digital channels (online banking, mobile app, banking services)

NET FEE AND COMMISSION INCOME (NFCI)



FEE AND COMMISSION INCOME, Y-Y CHANGE

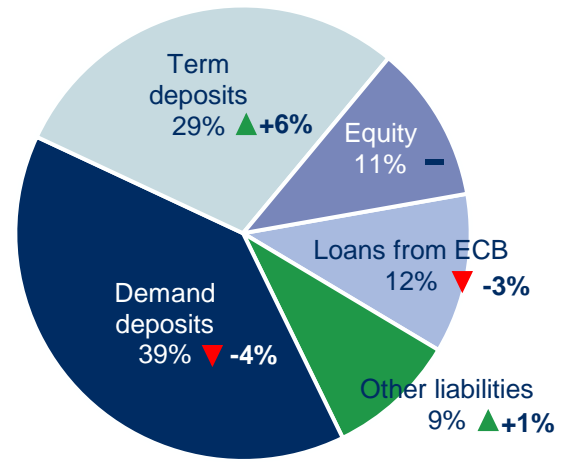




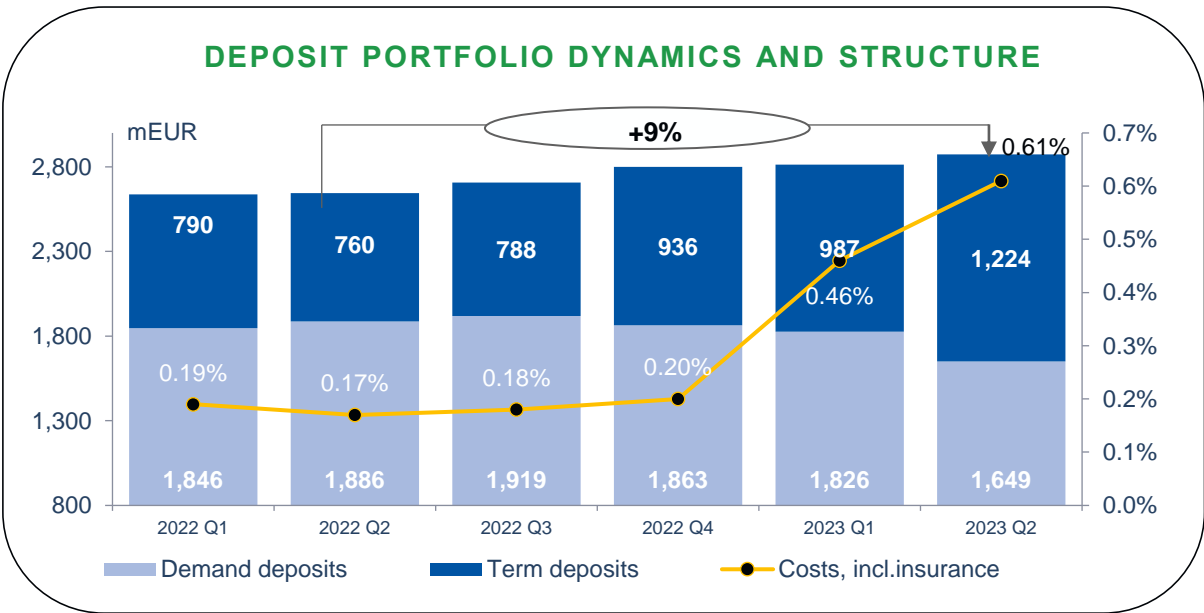
# Funding & liquidity

- Moody's upgraded the Bank's long-term deposit rating to Baa1 with stable outlook
- Term deposit portfolio growing by more than 30% to EUR 1.22 billion y-t-d, total client deposit portfolio amounts to almost EUR 2.9 billion
- Increasing competition for deposits pushing deposit costs upwards
- LTD ratio 97.7% vs 96.0% (Q2 vs Q1)
- LCR stands at 225% vs 270% (Q2 vs Q1)
- EUR 150 million TLTRO III loan was repaid in June

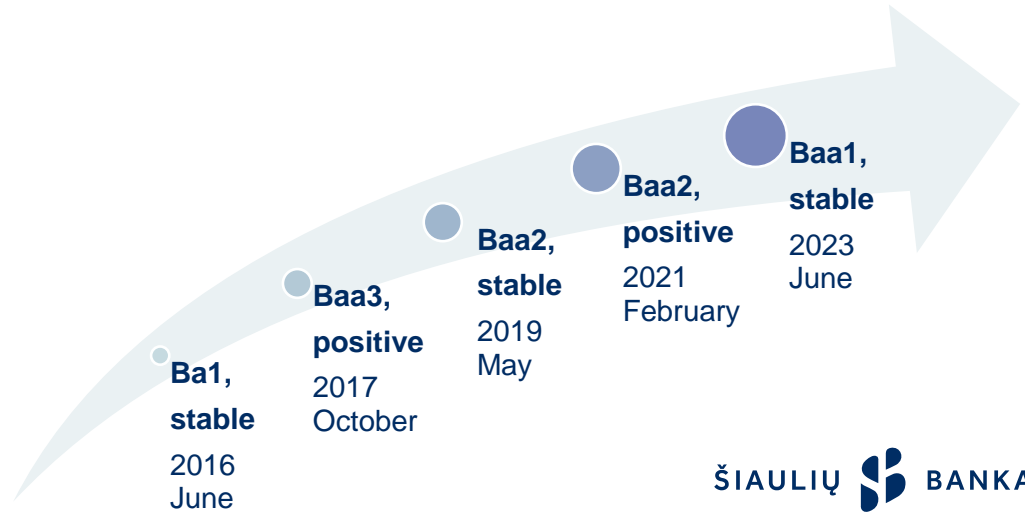
## FUNDING STRUCTURE (CHANGE IN 2Q)



## DEPOSIT PORTFOLIO DYNAMICS AND STRUCTURE

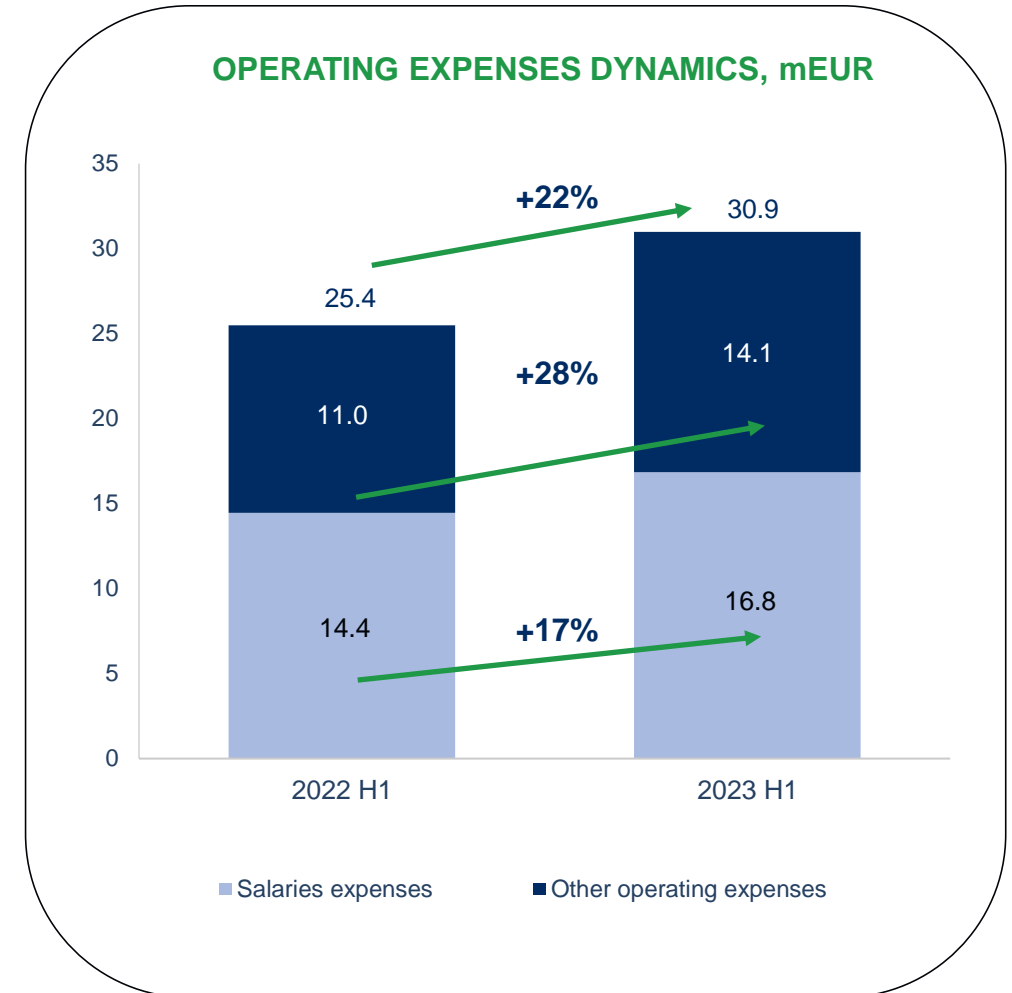


## DEVELOPMENT OF BANK'S LT DEPOSIT RATING



# Operating expenses

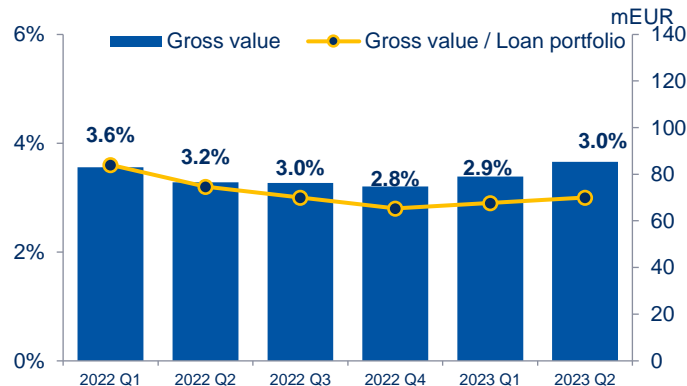
- Operating costs increased by 22% y-y
- Salary expenses increased due to growing headcount and regular annual salary review
- IT expenses increased by 32% y-y to EUR 4.8 million in H1
- Despite growing expenses, operational efficiency is maintained
  - cost-to-income ratio is 35.1% (43.4% in H1 2022)



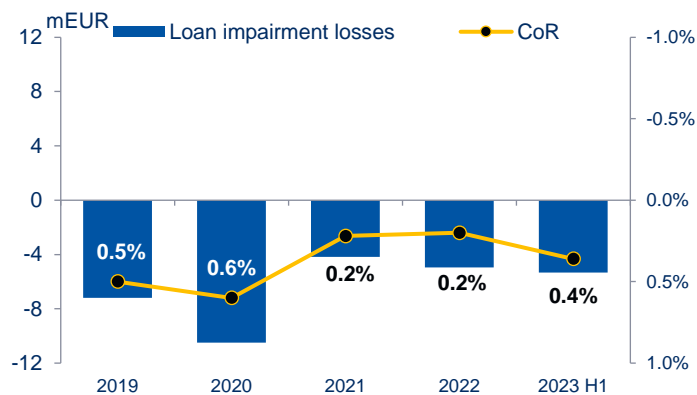
# Capital & risk management

- Improved capital position with an issue of EUR 50 million 10-year subordinated debt
- The quality of the loan portfolio remains good
- Mainly due to risk assessment of individual exposures, provisions of EUR 2.6 million in the Q2 and EUR 5.3 million since the beginning of the year were made
- Loan portfolio's cost of risk (CoR) reached 0.4% and is in line with the target level

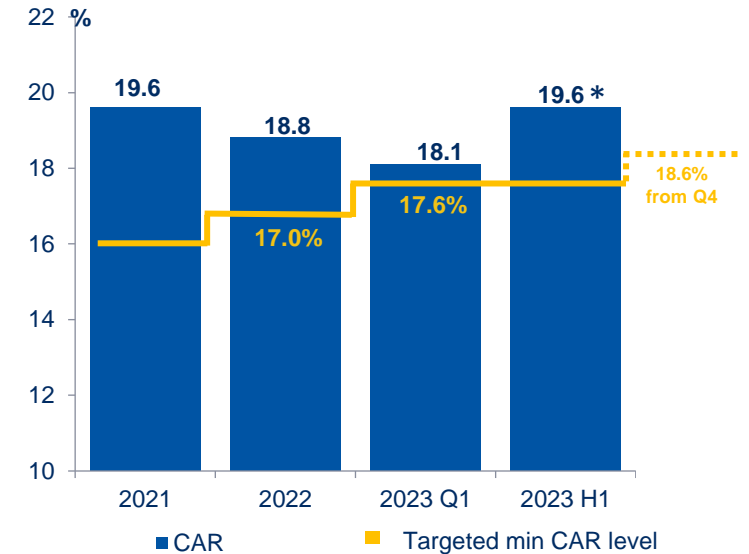
## NPE (LOANS)



## LOANS COST OF RISK (COR)

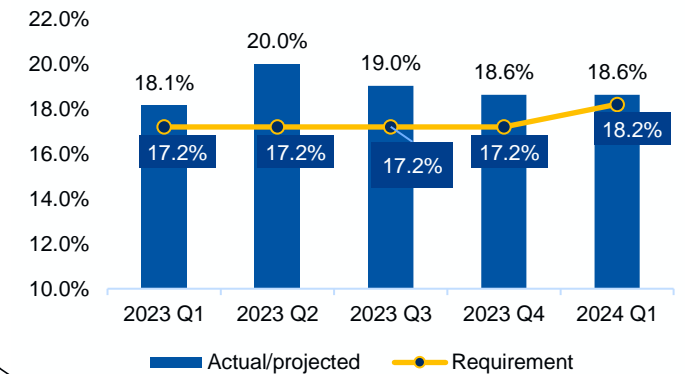


## CAPITAL ADEQUACY RATIO, %



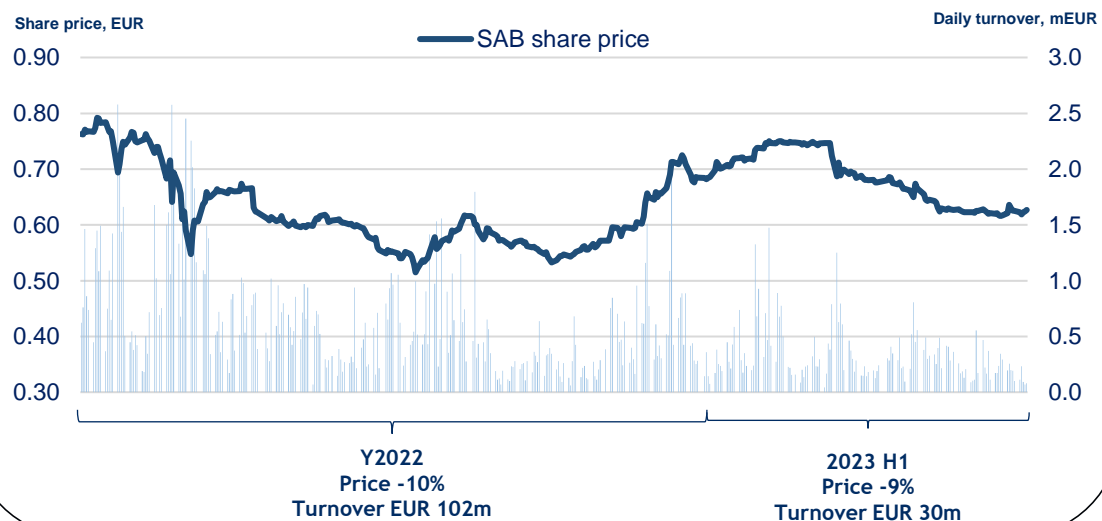
\* - forecast data

## MREL-TREA SUBORDINATED REQUIREMENT

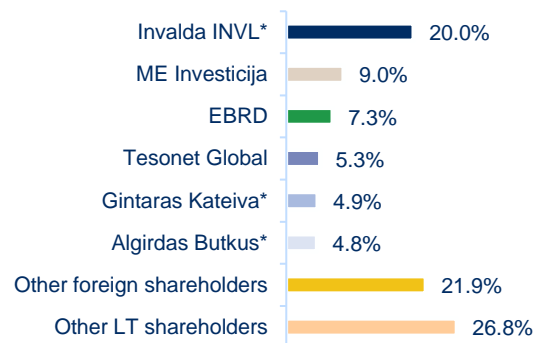


# Share data & ratios

## SHARE PRICE DYNAMICS



## EXPECTED SHAREHOLDERS STRUCTURE



\*incl. indirectly owned shares

Expected structure of shareholders after settlement of all publicly announced transactions:

- EBRD announced that it has agreed to sell an 18% stake in the Bank. Invalda INVL, Tesonet Global and ME Investicija to acquire stakes till June 2024. 12% of stake has already been settled as of end 2022
- After closing of retail business merge, Invalda INVL will acquire 9.39% of the Bank post-transaction shareholding. Transaction closing is expected in Q4 2023

## SHARE DATA

	2017	2018	2019	2020	2021	2022	2023 H1
Capitalization, mEUR	267	241	304	299	457	412	377
Average daily turnover, mEUR	0.18	0.14	0.19	0.34	0.56	0.41	0.24
P/BV	1.3	0.9	1.0	0.8	1.1	0.9	0.8
P/E	8.3	4.6	5.9	7.0	8.3	6.5	7.8
Number of shareholders *	4 496	4 992	5 391	9 053	16 573	18 524	19 737

\*- The actual number is slightly higher (Bank has no detailed information about the number of shareholders that accounted on intermediary (omnibus) account)

## TARGET PRICE

**EUR 1.09 / 0.92 / 0.76**  
(bull / base / bear) (2023 May)



**EUR 0.86** (2022 December)

**WOOD**  
&  
COMPANY

**EUR 0.90** (2023 May)

**Swedbank**

# Q&A



# Annex I

## KEY RATIOS

	2015	2016	2017	2018	2019	2020	2021	2022	2023 H1
Net profit, mEUR	23.8	43.7	32.1	52.6	51.5	43.0	55.2	63.6	43.3
NIM, %	2.9	2.9	3.1	3.1	3.2	3.0	2.9	3.1	4.0
ROAA,%	1.4	2.5	1.6	2.4	2.1	1.5	1.6	1.6	2.1
ROAE,%	19.0	27.6	16.1	22.3	17.6	12.7	14.3	15.2	19.4
C / I,%	52.2	42.3	52.1	37.3	42.5	42.7	44.1	42.9	36.8
C / I,% (excl. the impact of the SB draudimas clients' portfolio)	51.6	41.4	51.7	37.9	40.8	42.9	42.8	43.2	35.2
CET1 ratio,%	12.1	15.0	13.9	15.0	15.0	16.1	16.7	15.2	17.1
CAR,%	14.2	17.0	15.5	15.0	16.2	17.2	17.6	16.0	19.6
CAR,% (interim profit incl.)	15.7	19.2	18.6	18.0	18.9	20.6	19.6	18.8	21.5
RWA, mEUR	968	1.015	1.212	1.471	1.654	1.917	2.118	2.421	2.430
L/D ratio, %	63.3	68.5	72.2	75.1	82.2	75.0	78.6	94.6	97.7

\* - forecast data