

# Investor Conference Webinar

Results for Q1 2023

3 May 2023

# Presenters

**VYTAUTAS SINIUS, CEO**

**DONATAS SAVICKAS, CFO**

# Q1 2023

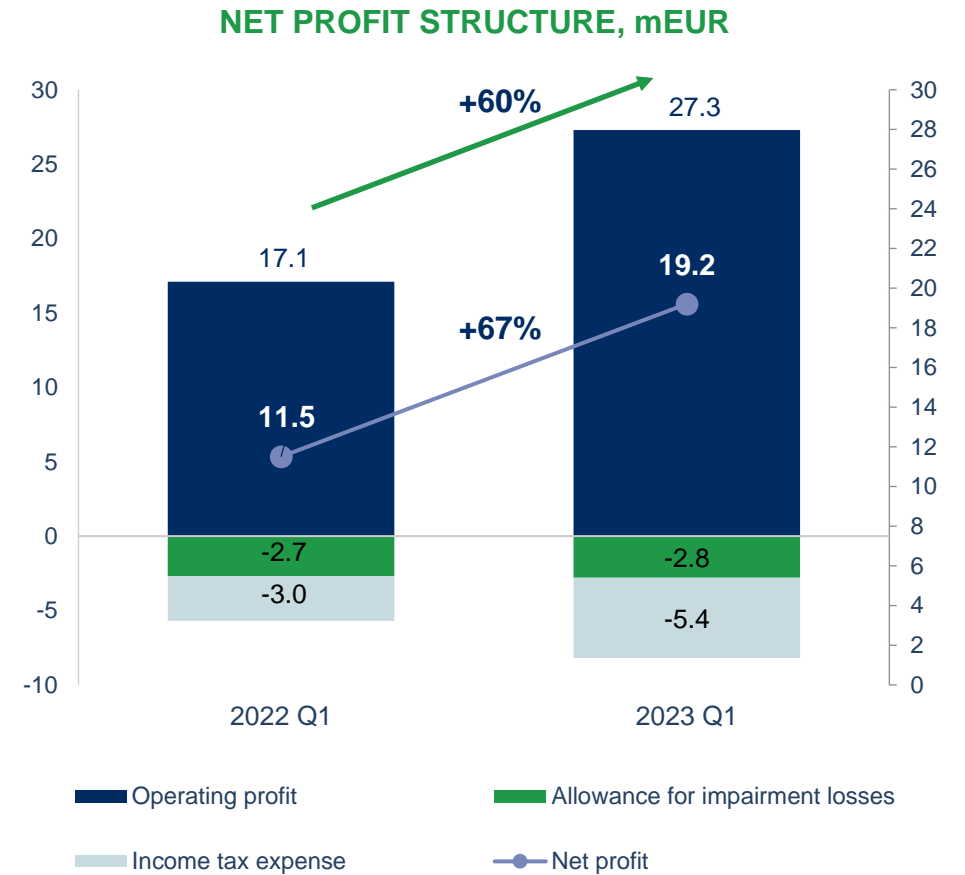
- Net profit for Q1 2023 reached EUR 19.2 million
- Operating profit up by 60% compared to 2022 Q1
- Loan portfolio continues to growth
- Increasing competition for deposits
- The Bank was recognized as the best bank in Lithuania by Global Finance
- Retail business merge is progressing smoothly

## KEY PERFORMANCE INDICATORS

		Targets for end 2023	2023 Q1
Efficiency	ROE	>14.0%	17.8%
	Cost / Income *	<46.7%	39.7%
Capital & Risk management	CAR **	≥18.6%	18.1%
	CoR	<0.3%	0.4%

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

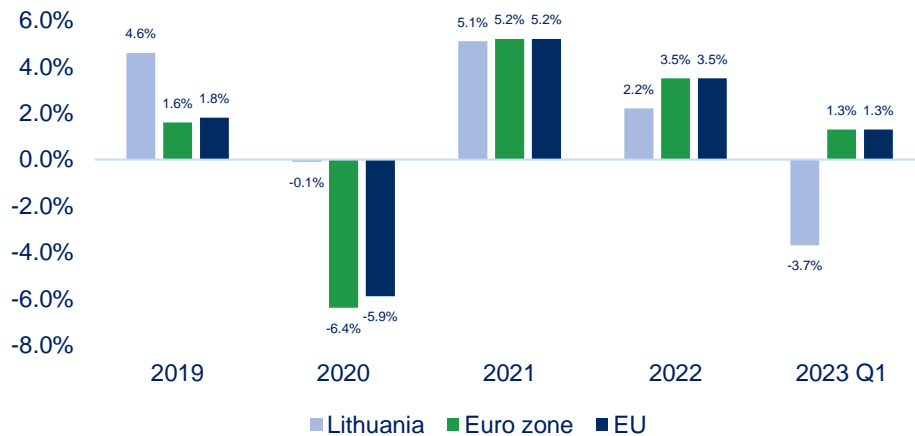
\*\*- forecast data



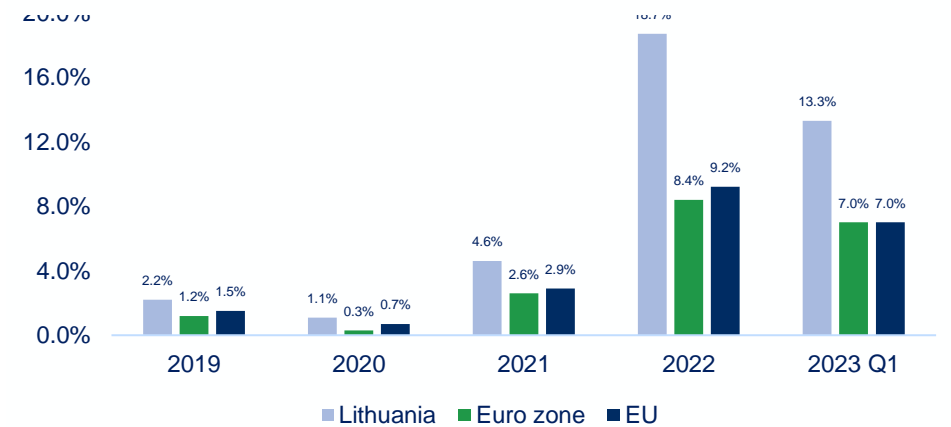
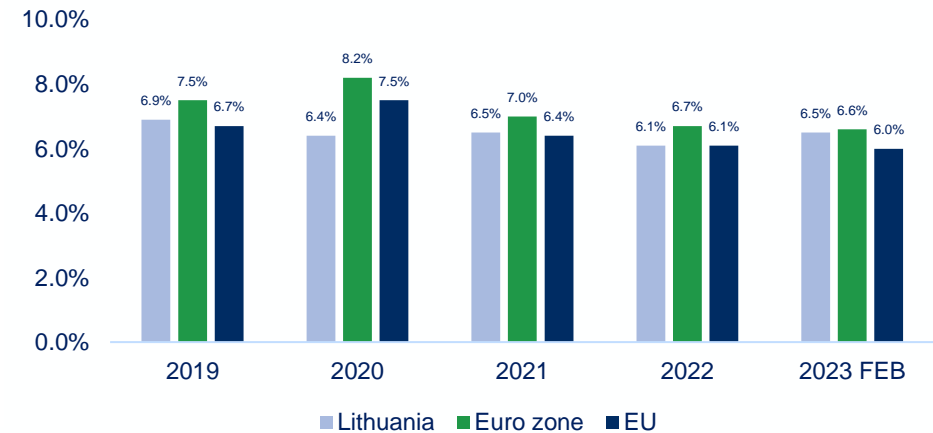
# Macroeconomic situation update

- Lithuania's GDP contracted by 3.7% year-on-year in the first quarter of 2023, and by 3% compared to the last quarter of 2022
- Inflation is declining for the seventh month in a row and reached 13.3% in April (initial estimate)
- Labor market shows resilience with a more favorable development in the number of people in work and wage growth, unemployment rate stands below 6.5% in Feb 2023

## REAL GDP CHANGE, y-y



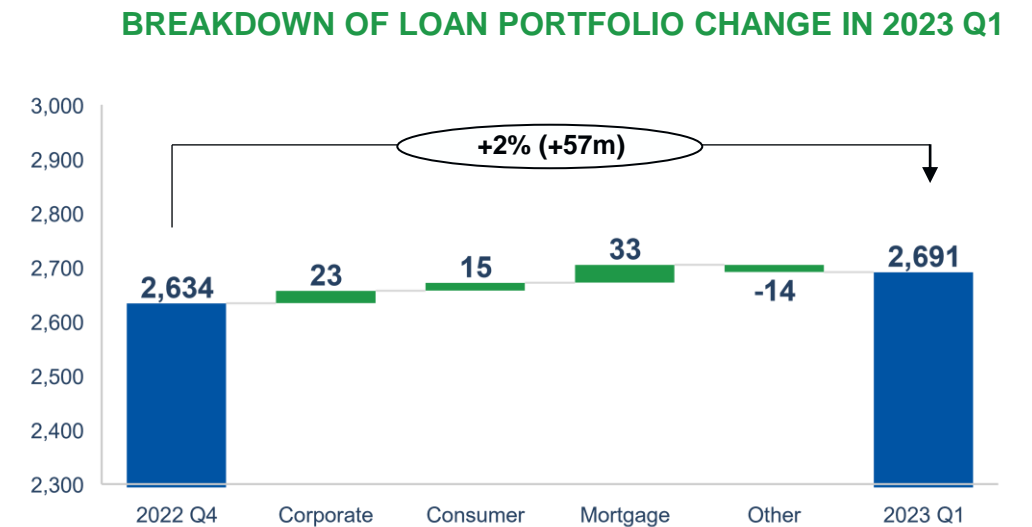
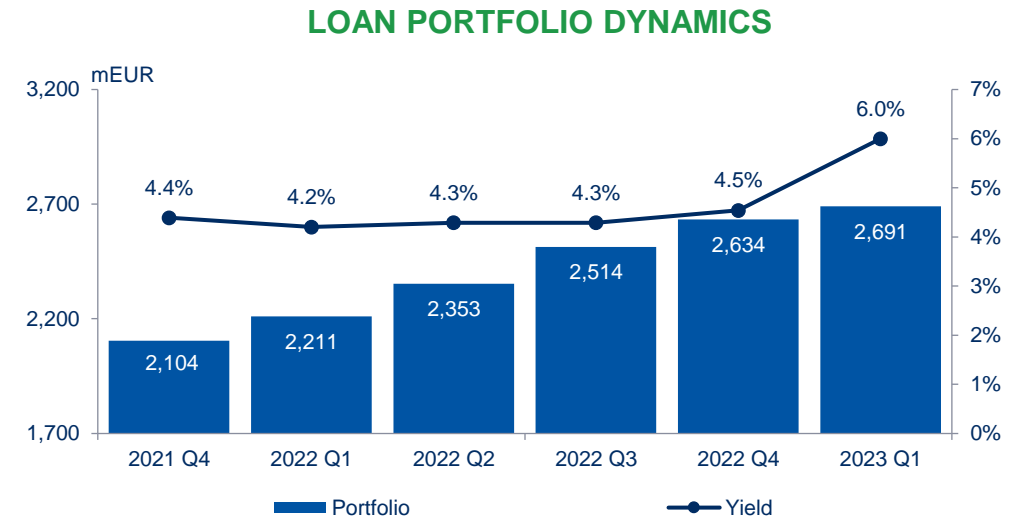
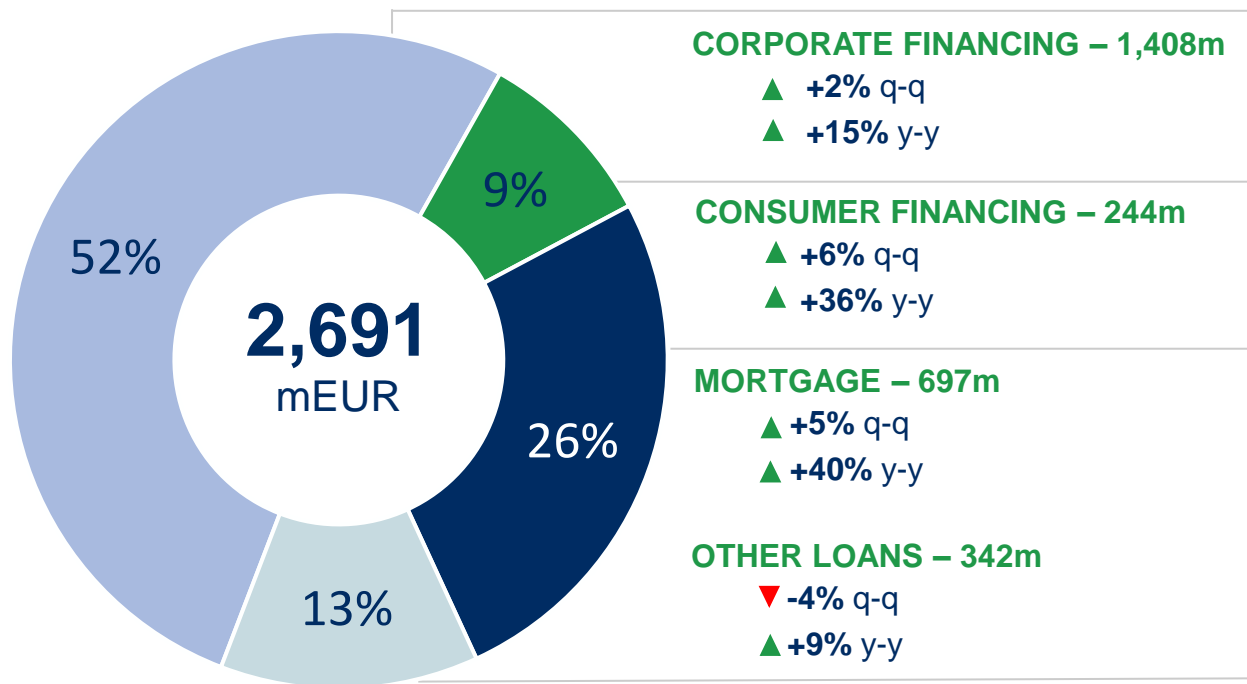
Graph source - Eurostat, 2<sup>nd</sup> May 2023



Graph source - Eurostat, 2<sup>nd</sup> May 2023

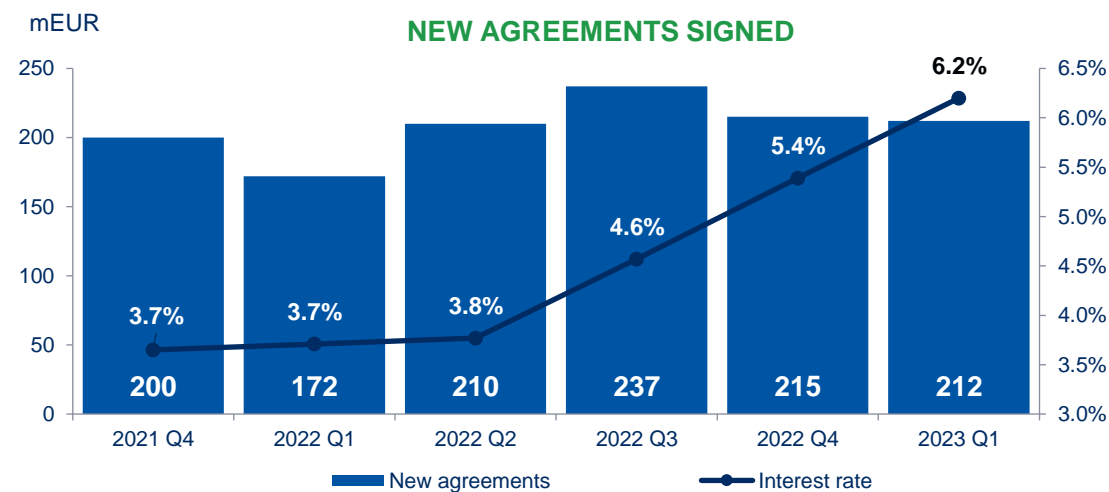
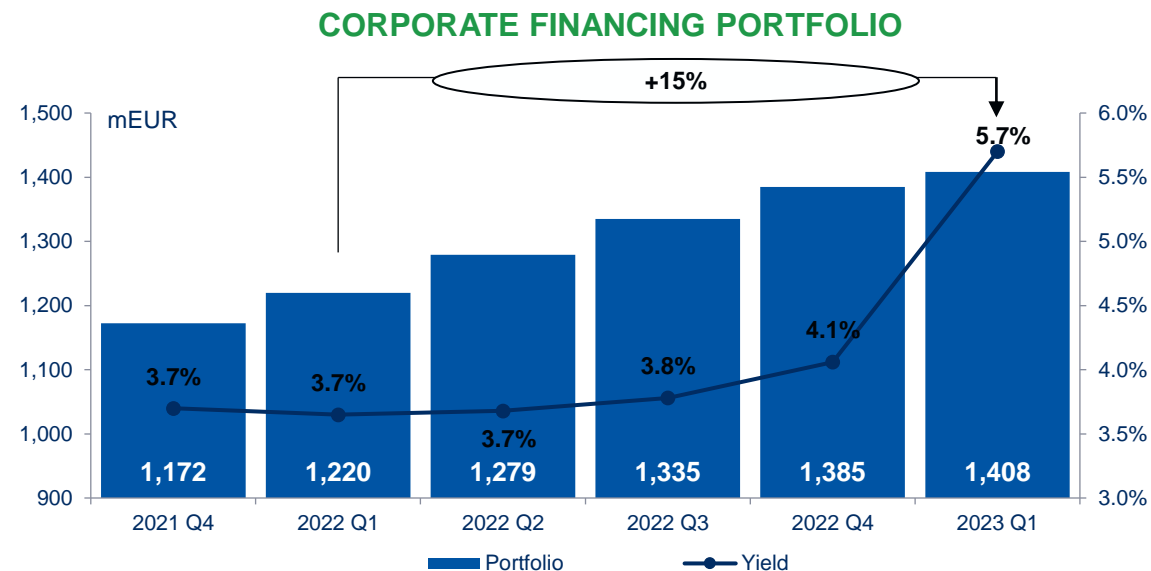
# Loan portfolio dynamics

- Growing financing in all key segments - the loan portfolio increased by 2% in Q1 and by 22% y-y
- EUR 350 million worth of new credit agreements were signed, an increase of 15% y-y
- Over the last 12M loan market increased by 16%, while Bank's market share increased by 0.7 p.p. to 9.5% (market data as of end 2022)



# Corporate financing

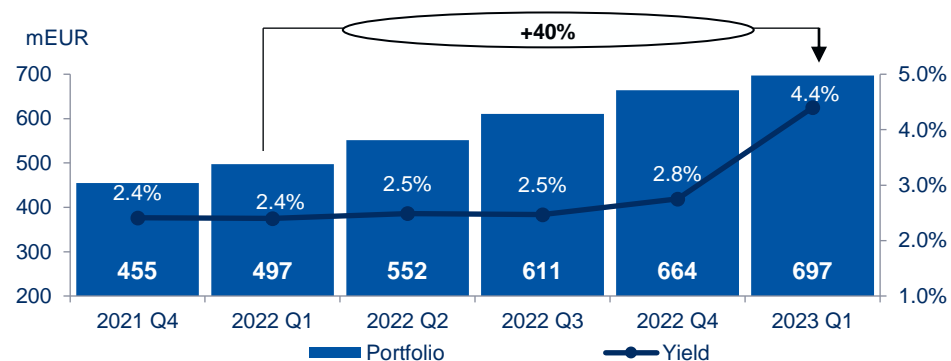
- Portfolio grew by 2% in Q1 and 15% y-y
- New loan agreements signed amounted EUR 212 million, 23% higher than in Q1 2022
- Loan portfolio yield is increasing with raising interest rates
- Quality of loan portfolio remains good - the share of non-performing loans remained stable, with 19% fewer such business loans compared to the same period last year
- Over the last 12M corporate loan market increased by 17%, while Bank's market share increased by 0.2 p.p. to 12.5% (market data as of end 2022)



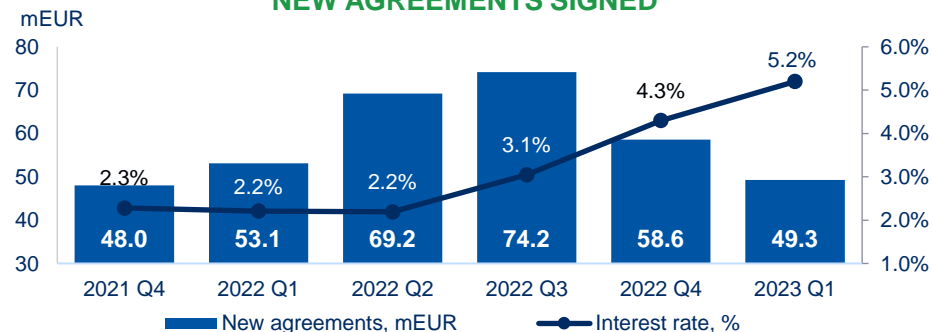
# Mortgages

- Sales volumes returned to an upward trend already in March, with a total of EUR 49 million worth of contracts signed in Q1
- The mortgage loan portfolio grew by 5% in Q1 and by 40% y-y
- Over last 12M the mortgage market increased by 12%, while Bank's market share increased by 1.4 p.p. to 5.9% (market data as of end 2022)

## MORTGAGES PORTFOLIO



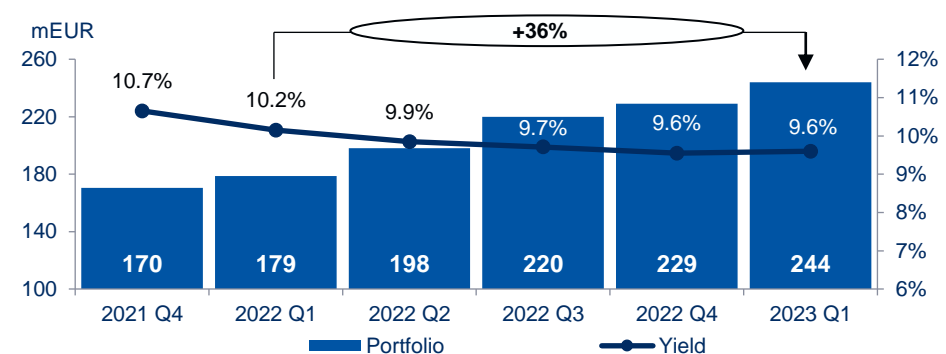
## NEW AGREEMENTS SIGNED



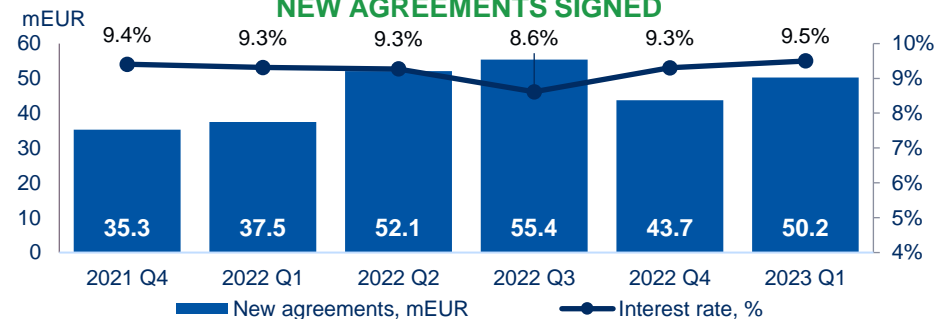
# Consumer financing

- Due to active and visible advertising and the availability of the financing services offered, consumer credit was granted for EUR 50 million in Q1, 33% more than in Q1 2022
- The consumer loan portfolio grew by 5% in Q1 and by 36% y-y
- Over last 12M the consumer credit market increased by 22%, while Bank's market share increased by 1.1 p.p. to 12.3% (market data as of end 2022)

## CONSUMER FINANCING PORTFOLIO



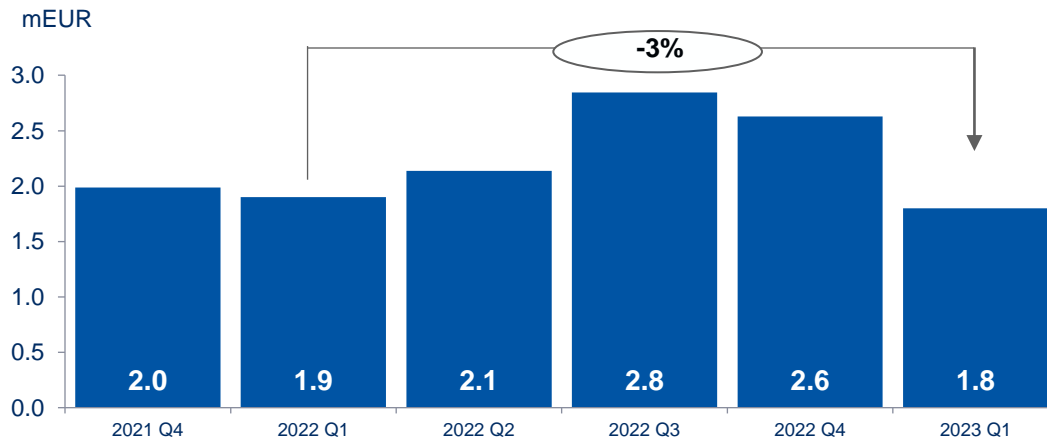
## NEW AGREEMENTS SIGNED



# Daily banking

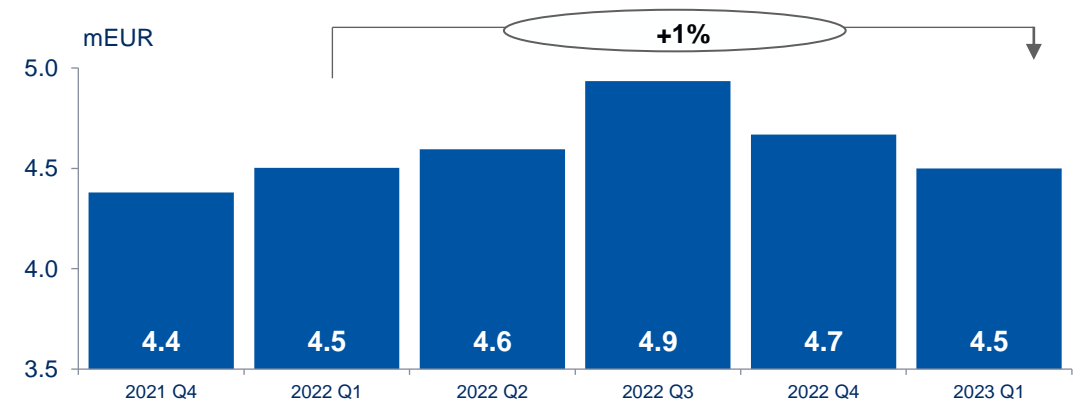
- NFCI slightly increased to reach EUR 4.55 million, up 1% y-y
- The number of clients subscribing to service plans is growing constantly and reaching 190 thousand (+2% q-q and +8% y-y) with revenues from account administration up by 39% y-y
- The number of clients using credit cards is growing rapidly. The annual growth rate remains above 30% and in Q1 alone this number grew by 9% to over 30 thousand
- The most extensive network of customer service outlets is maintained, while convenient smart solutions is developed as well

## REVENUE FROM FOREIGN EXCHANGE OPERATIONS\*

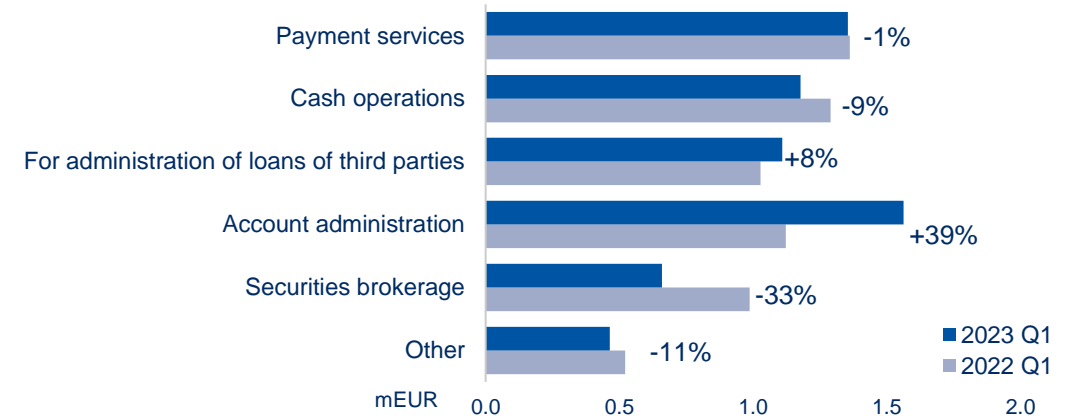


\* excluding the impact from the investment result of the SB draudimas assets under unit-linked contracts

## NET FEE AND COMMISSION INCOME (NFCI)



## FEE AND COMMISSION INCOME, Y-Y CHANGE

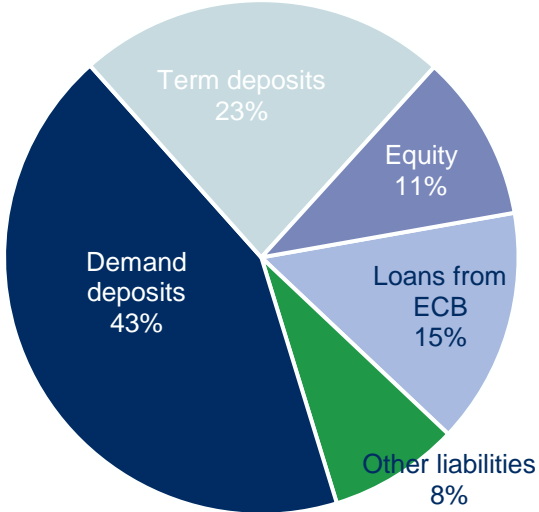




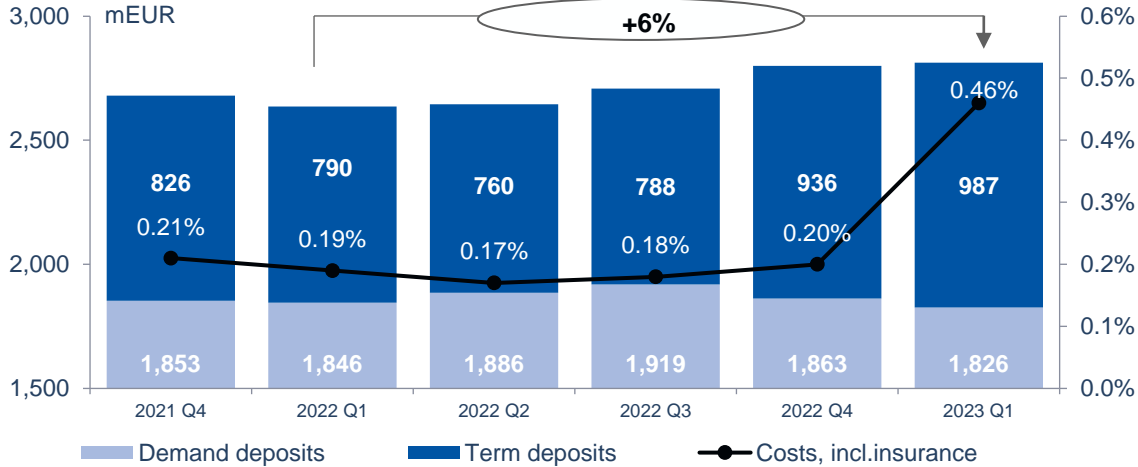
# Funding & liquidity

- In Q1, total deposit portfolio increased by 1% to EUR 2.8bn:
  - Term deposits EUR +51m
  - Demand deposits EUR -37m
- Increasing competition for deposits pushing deposit costs upwards
- LTD ratio 96.0% vs 94.6% (2023 Q1 vs 2022 Q4)
- LCR stands at 270% (up from 194% through Q1) (preliminary data)
- Two bond issues – subordinated and senior preferred notes - is planned to be issued in 2023

## FUNDING STRUCTURE



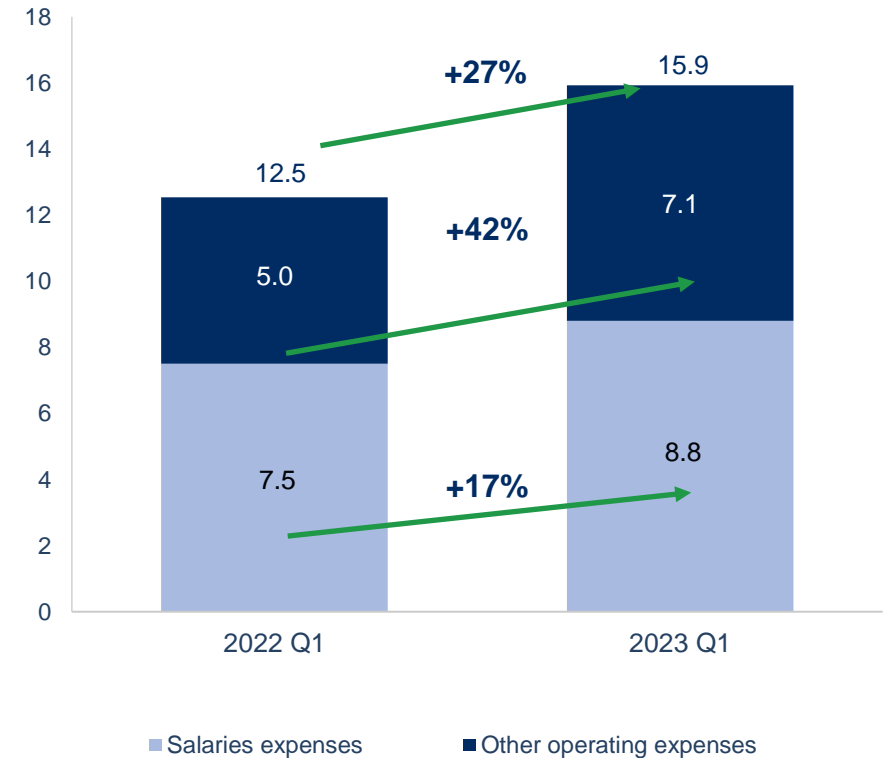
## DEPOSIT PORTFOLIO DYNAMICS AND STRUCTURE



# Operating expenses

- Operating costs increased by 27% y-y
- Salary expenses increased due to growing headcount and regular annual salary review
- IT expenses increased by 35% y-y to EUR 2.7 million in Q1
- Despite growing expenses, operational efficiency is maintained - cost-to-income ratio is 39.7%

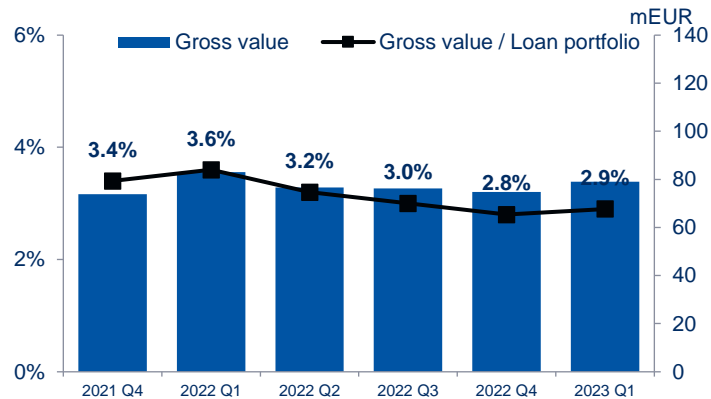
OPERATING EXPENSES DYNAMICS, mEUR



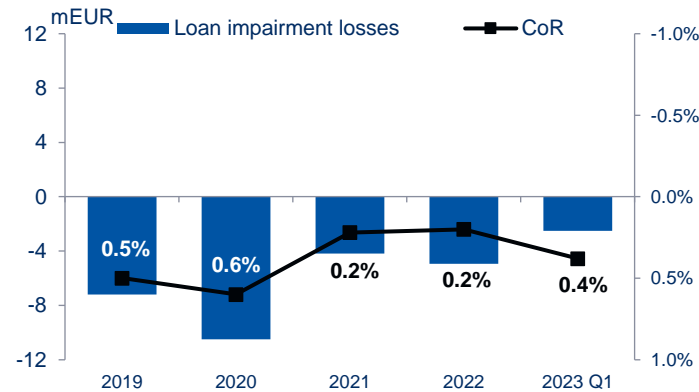
# Capital & risk management

- Capital position is at safe zone
- The quality of the loan portfolio remains good
- The Group made provisions of EUR 2.8 million in Q1. This was mainly impacted by an updated risk assessment of individual exposures and revised provisioning parameters in line with updated macroeconomic forecasts

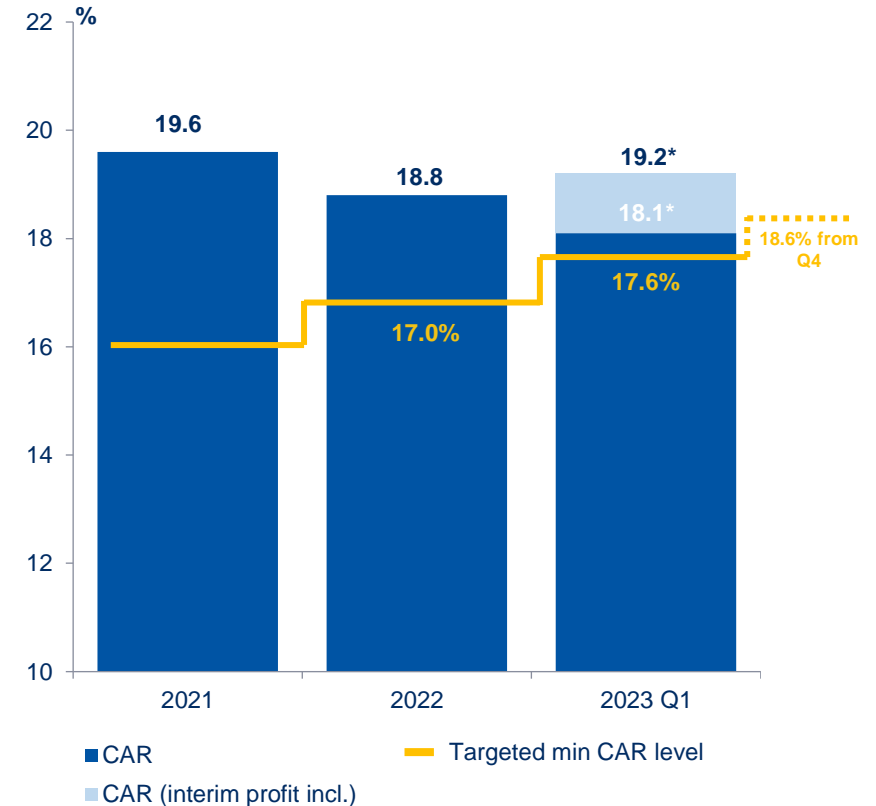
## NPE (LOANS)



## LOANS COST OF RISK (COR)



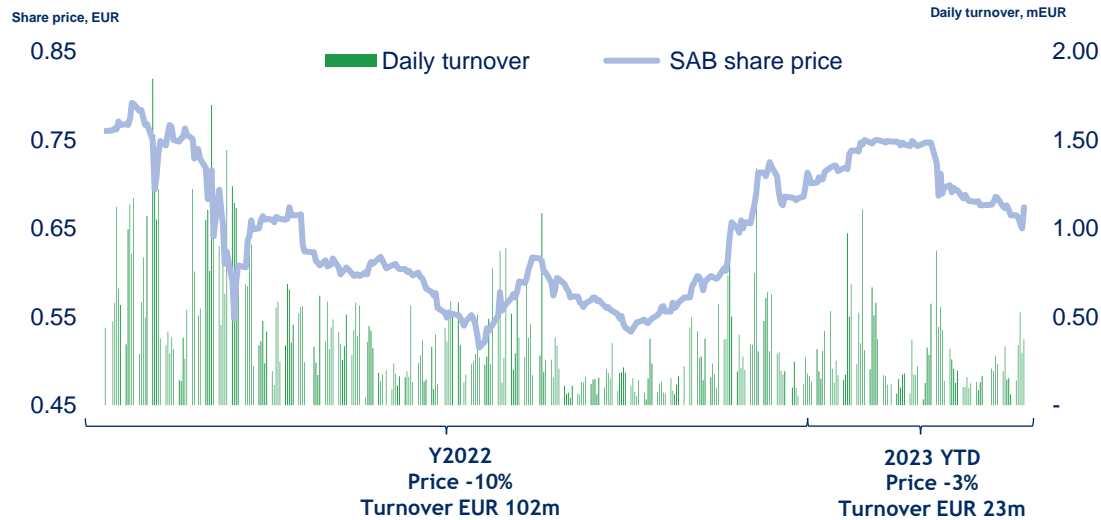
## CAPITAL ADEQUACY RATIO



\* - forecast data

# Share data & ratios

## SHARE PRICE DYNAMICS



## SHARE DATA

	2017	2018	2019	2020	2021	2022	2023 APR
Capitalization, mEUR	267	241	304	299	457	412	400
Average daily turnover, mEUR	0.18	0.14	0.19	0.34	0.56	0.41	0.28
P/BV	1.3	0.9	1.0	0.8	1.1	0.9	0.9
P/E	8.3	4.6	5.9	7.0	8.3	6.5	5.6
Number of shareholders	4 496	4 992	5 391	9 053	16 573	18 524	19 371*

\*- The actual number is higher (Bank has no detailed information about the number of small shareholders that accounted on intermediary (omnibus) account), data as of 24 MAR 2023

## TARGET PRICE

EUR 0.96 / 0.81 / 0.66  
(bull / base / bear) (2023-03-23)



EUR 0.86 (2022-12-15)



EUR 0.90 (2023-03-10)



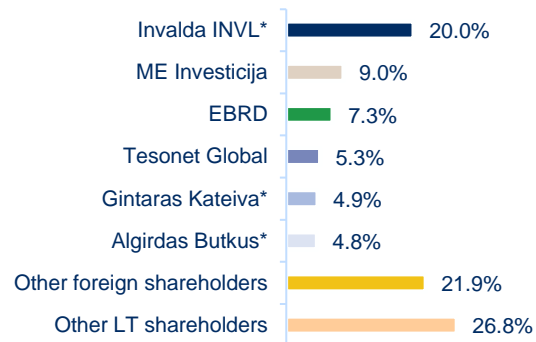
No target price set



EUR 0.88 (2022-12-30)



## EXPECTED STRUCTURE OF SHAREHOLDERS

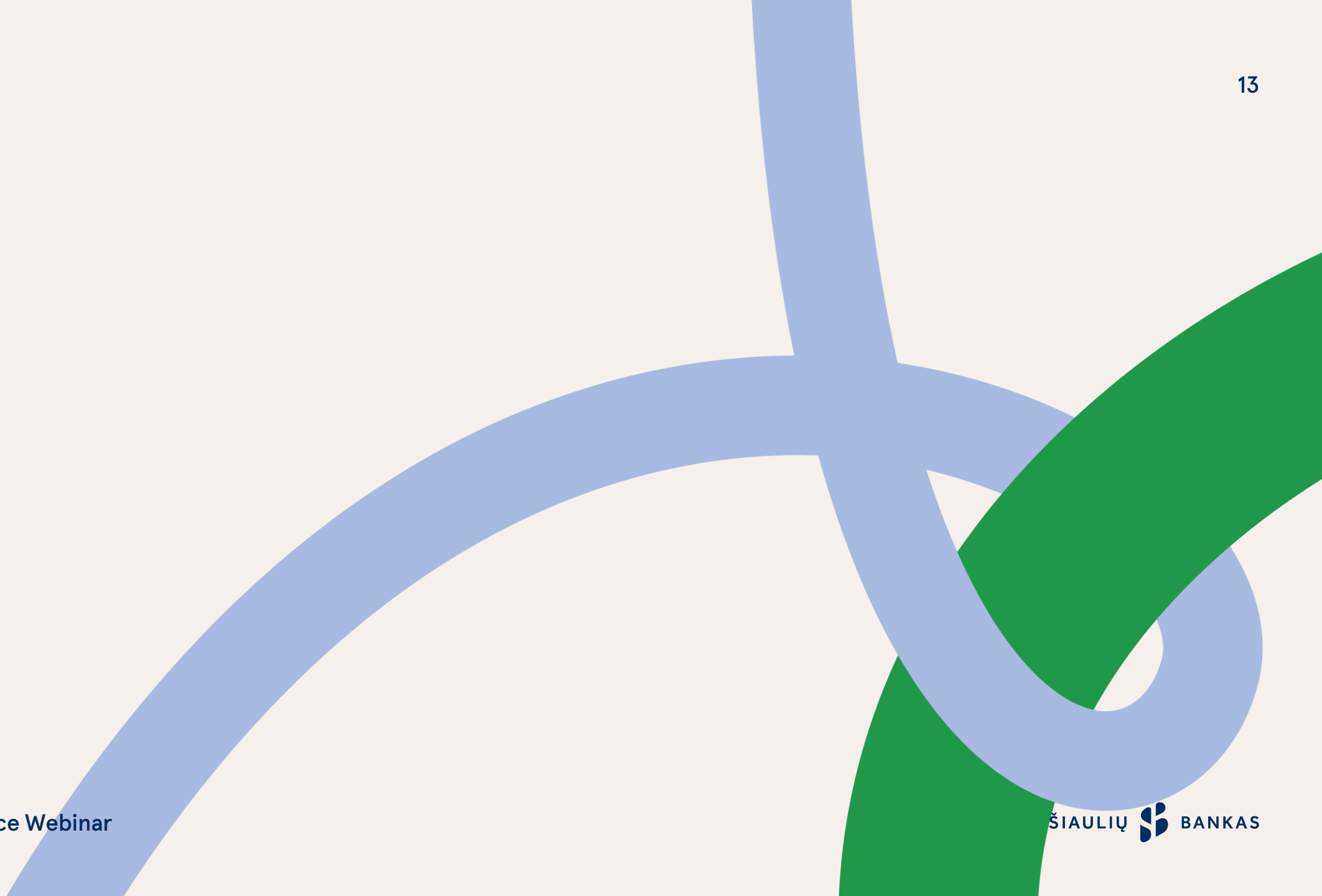


\*incl. indirectly owned shares

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. 6% 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

# Q&A



# Annex I

## KEY RATIOS

	2015	2016	2017	2018	2019	2020	2021	2022	2023 Q1
Net profit, mEUR	23.8	43.7	32.1	52.6	51.5	43.0	55.2	63.6	19.2
NIM, %	2.9	2.9	3.1	3.1	3.2	3.0	2.9	3.1	3.9
ROAA,%	1.4	2.5	1.6	2.4	2.1	1.5	1.6	1.6	1.9
ROAE,%	19.0	27.6	16.1	22.3	17.6	12.7	14.3	15.2	17.8
C / I,%	52.2	42.3	52.1	37.3	42.5	42.7	44.1	42.9	41.3
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	39.7
CET1 ratio,%	12.1	15.0	13.9	15.0	15.0	16.1	16.7	15.2	17.3
CAR,%	14.2	17.0	15.5	15.0	16.2	17.2	17.6	16.0	18.1
CAR,% (interim profit incl.)	15.7	19.2	18.6	18.0	18.9	20.6	19.6	18.8	19.2
RWA, mEUR	968	1.015	1.212	1.471	1.654	1.917	2.118	2.421	2.419
L/D ratio, %	63.3	68.5	72.2	75.1	82.2	75.0	78.6	94.6	96.0

\* - forecast data