

Investor Conference Webinar

Results for Q3 2023

31 October 2023

Presenters



VYTAUTAS SINIUS, CEO

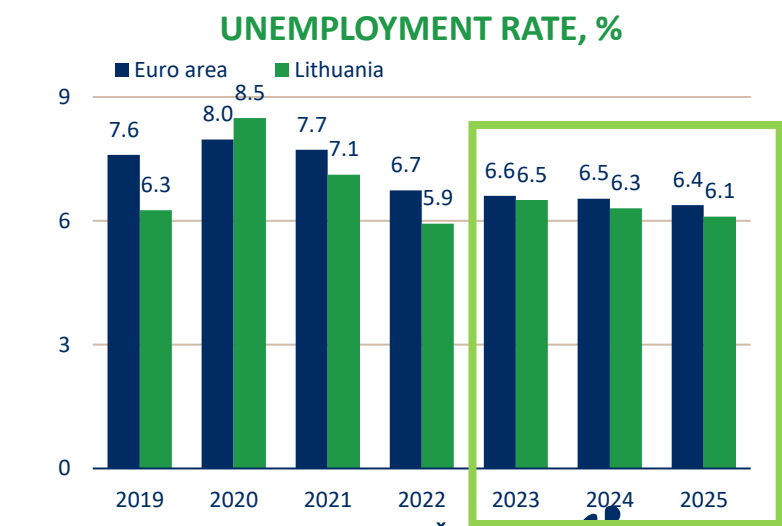
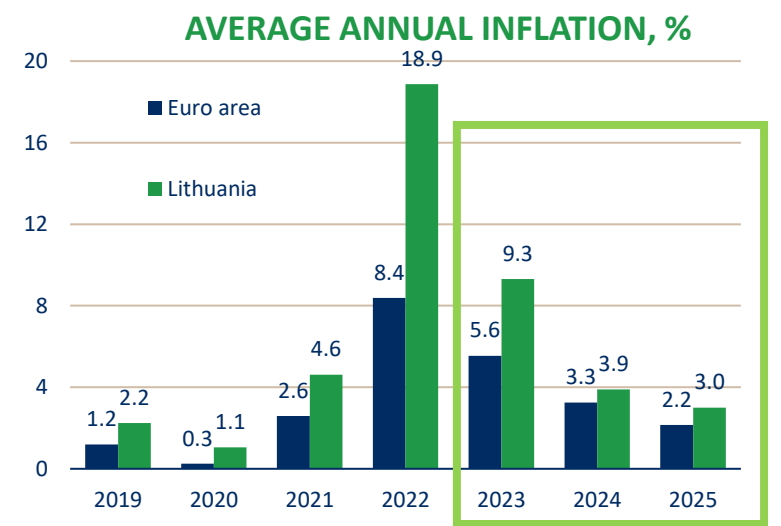
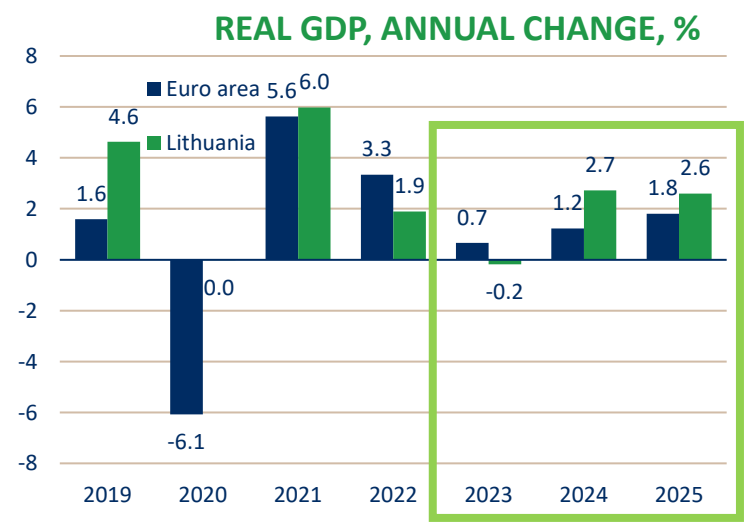
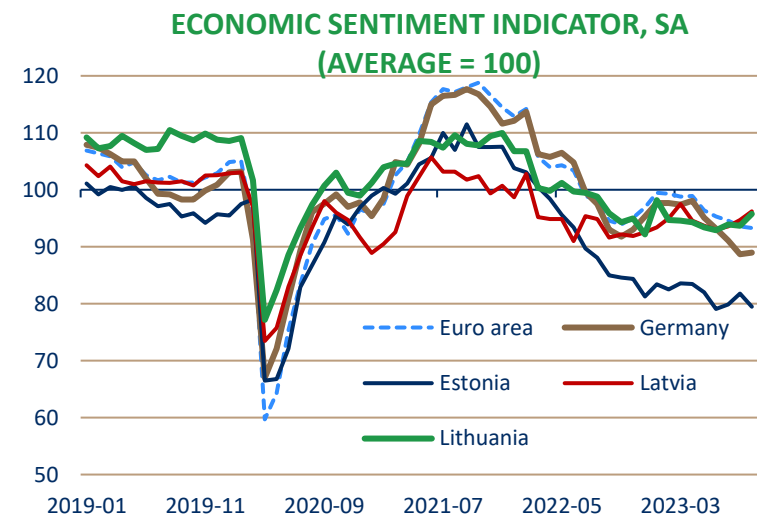


DONATAS SAVICKAS, CFO

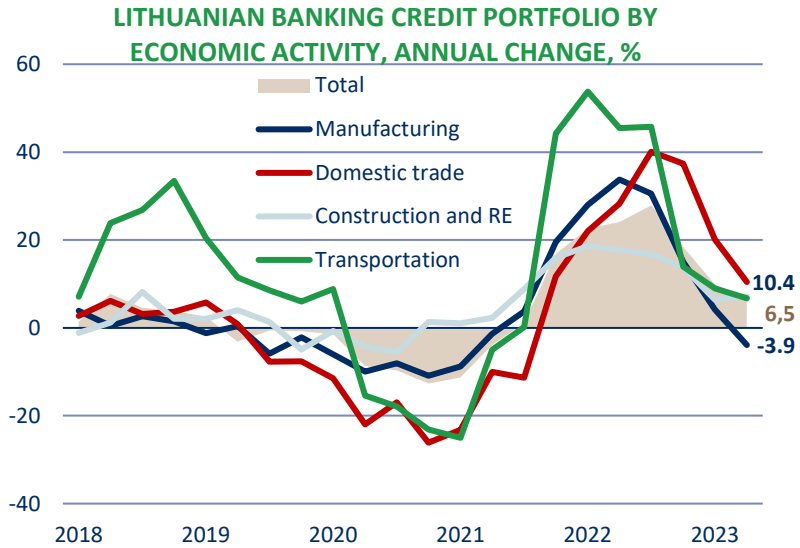
Macro-economic Overview

Recent trends and macroeconomic outlook: challenging chapter

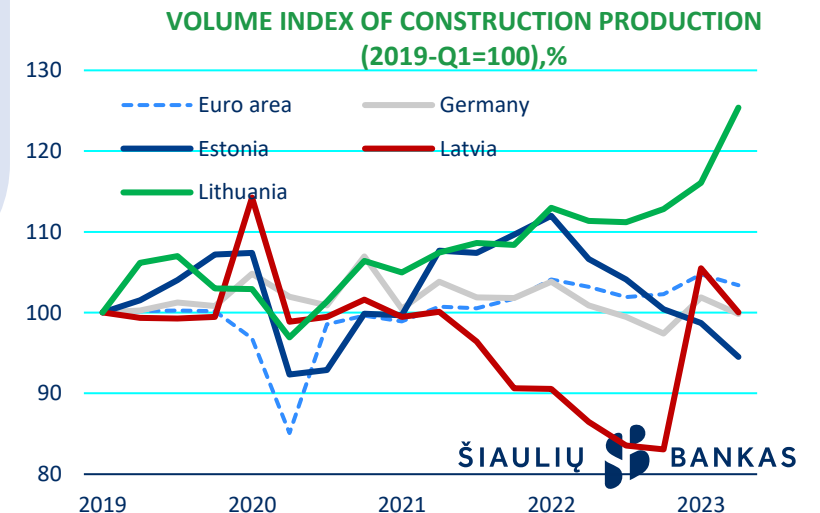
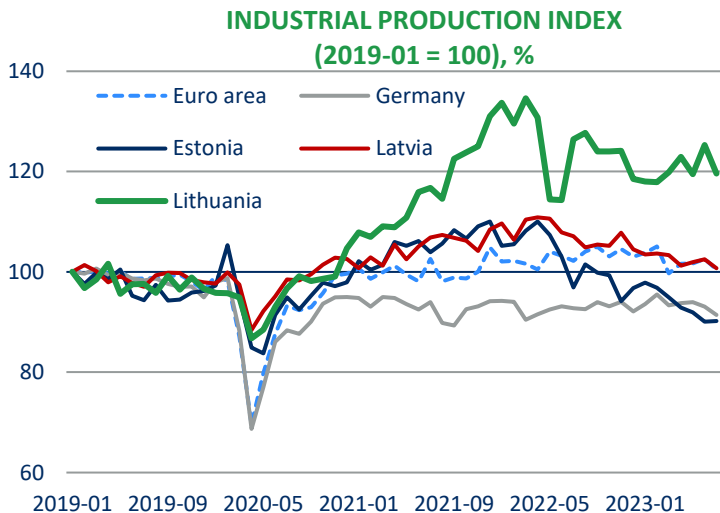
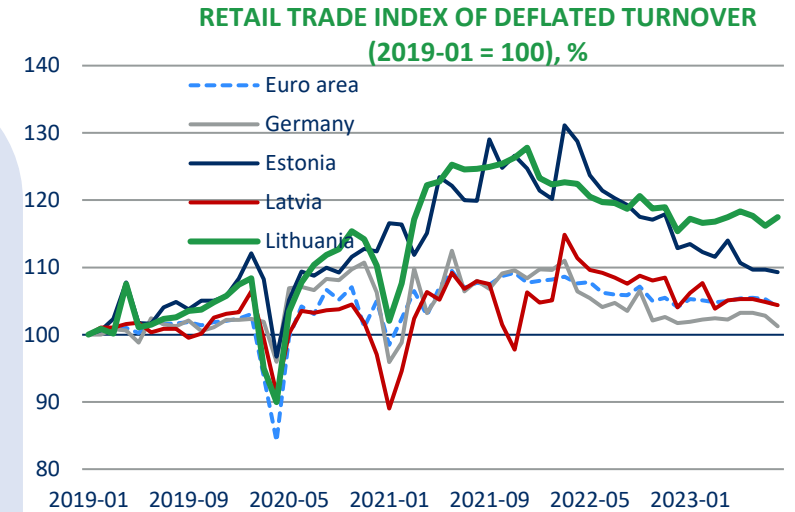
- Relatively mild and short-lived impact of the pandemic followed by a strong broad-based expansion in 2021-2022 helped Lithuanian economy to prepare well for the geopolitical and cyclical challenges.
- Weaker results in 2023
- Strong fundamentals, flexibility and resilience
- Outlook - Lithuania's economy is expected to avoid painful social strains or prolonged recession



Financial reserves, low debts and dynamic labor market – the pillars of resilience



- Major Lithuania's economic activities demonstrated resilience
- Remaining imbalances as COVID aftermath in manufacturing, transportation, real estate and other sectors.
- Strong base effects and negative performance in 2023: manufacturing, real estate and domestic trade sectors have expanded strongly in previous years
- Cost pressures will not fade out soon. Interest rates are expected to remain high until the middle of 2024.



Financials

Financial highlights Q1-3 2023

7

ROE 18.9%

C/I 34.4%*

Net profit EUR 65.7m

Operating income EUR 144m

INCOME STATEMENT

Q1-3 2023 net profit of EUR 65.7m
Operating income of EUR 144m
Operating expenses of EUR 51m

BALANCE SHEET

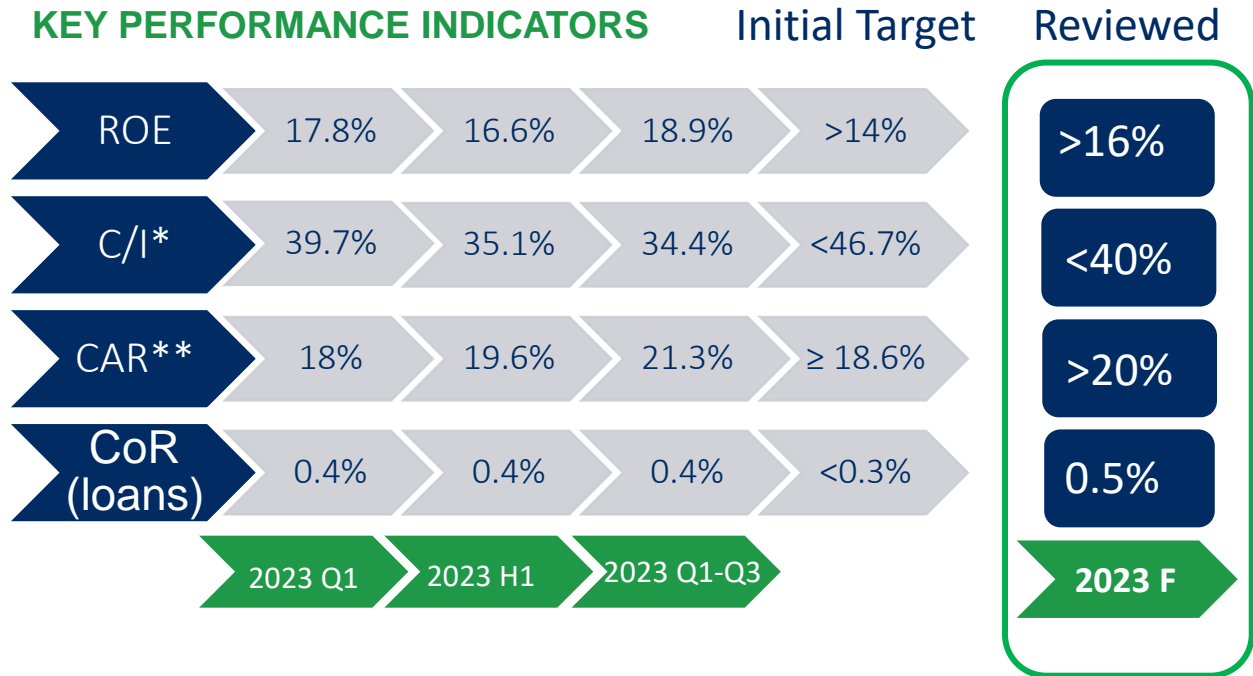
Loans: loan portfolio of EUR 2.9bn up 15% y-y and 4% q-q
Deposits: deposit portfolio of EUR 3bn up 11% y-y and up 5% q-q

CAPITAL

Maximum dividend payout ratio will not exceed 43% of the annual Group profit
Capital adequacy ratio (CAR) at 21.3%
MREL bonds in amount of EUR 50m to be issued in Q4

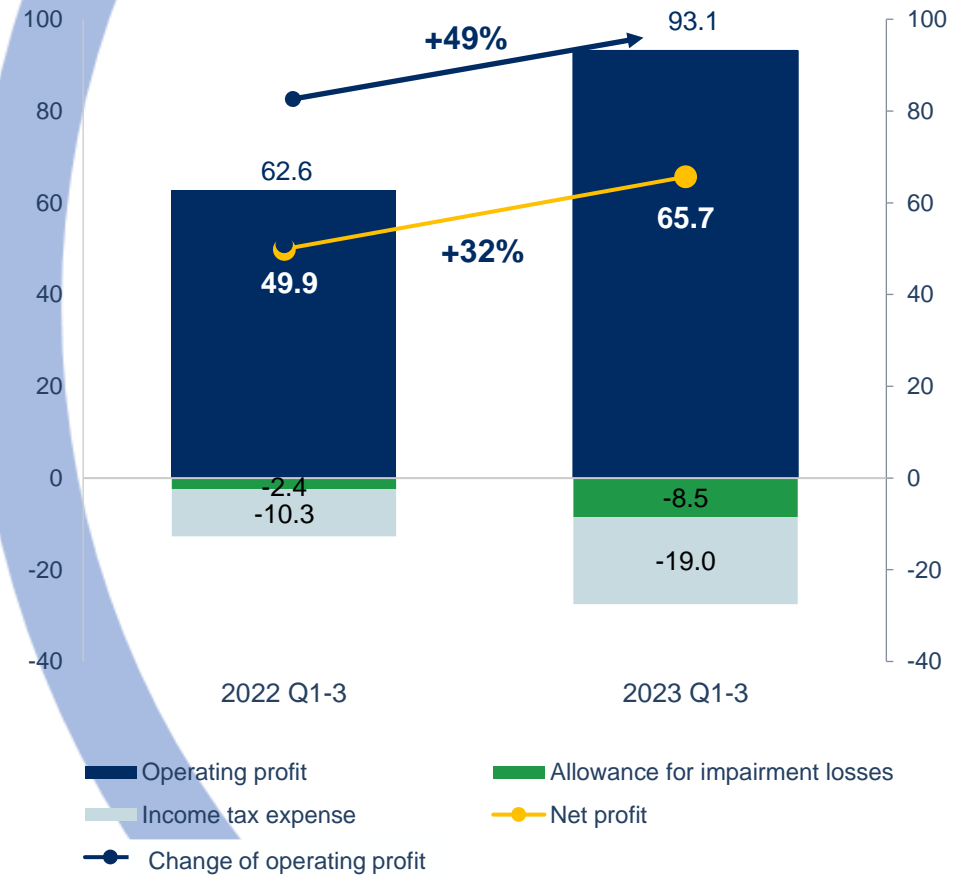
Q1-3 2023

KEY PERFORMANCE INDICATORS



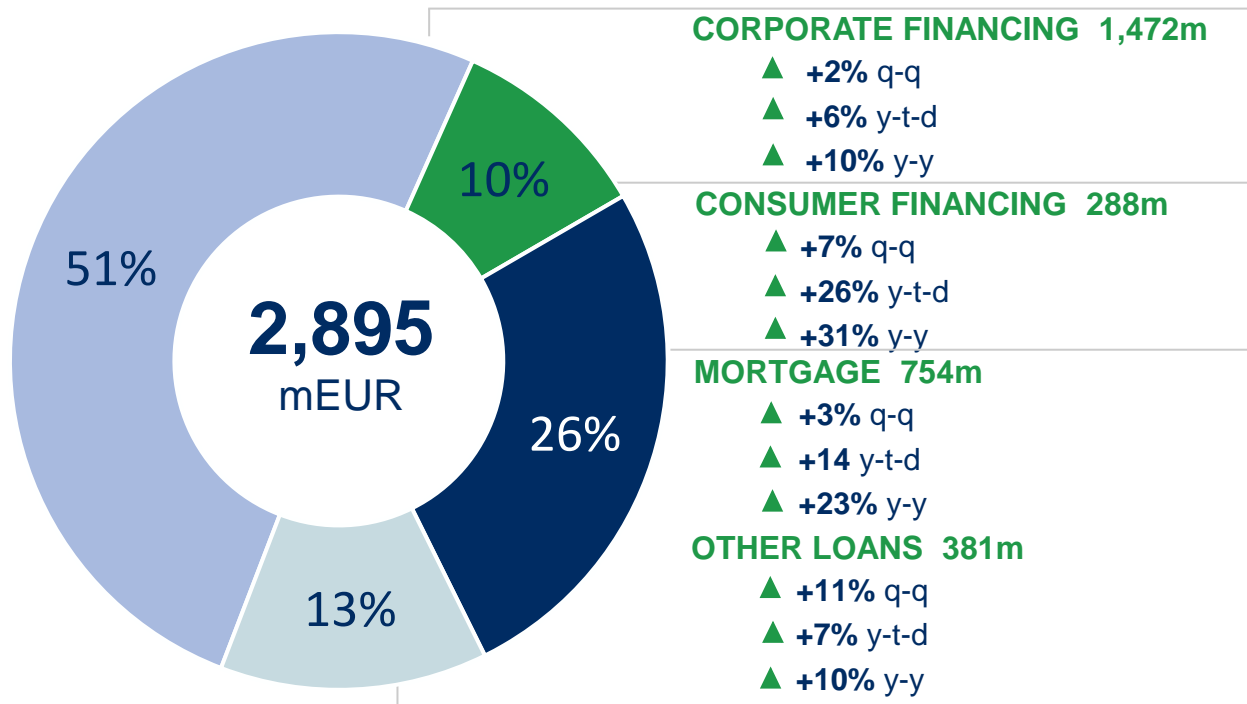
*- excluding the impact from the investment result of the SB draudimas assets under unit-linked contracts
 **- forecast data

NET PROFIT STRUCTURE, mEUR



Loan portfolio dynamics

- Growing financing in all key segments - the loan portfolio increased by 4% in Q3, 10% y-t-d and by 15% y-y
- EUR 1.04 billion worth of new credit agreements were signed, a decrease of 7% y-y
- Over the last 12M loan market increased by 10%, while Bank's market share increased by 0.7 p.p. to 9.8% (market data as of end Q2 2023)



CORPORATE FINANCING 1,472m

- ▲ +2% q-q
- ▲ +6% y-t-d
- ▲ +10% y-y

CONSUMER FINANCING 288m

- ▲ +7% q-q
- ▲ +26% y-t-d
- ▲ +31% y-y

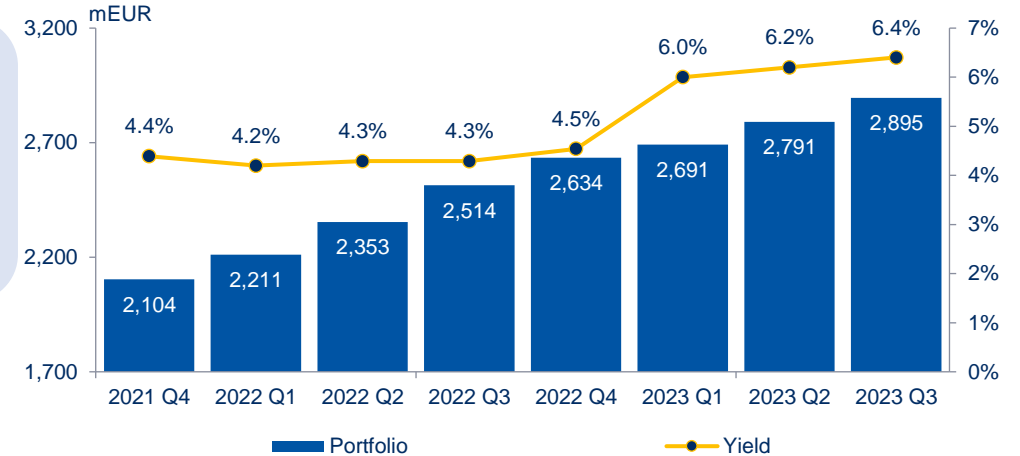
MORTGAGE 754m

- ▲ +3% q-q
- ▲ +14 y-t-d
- ▲ +23% y-y

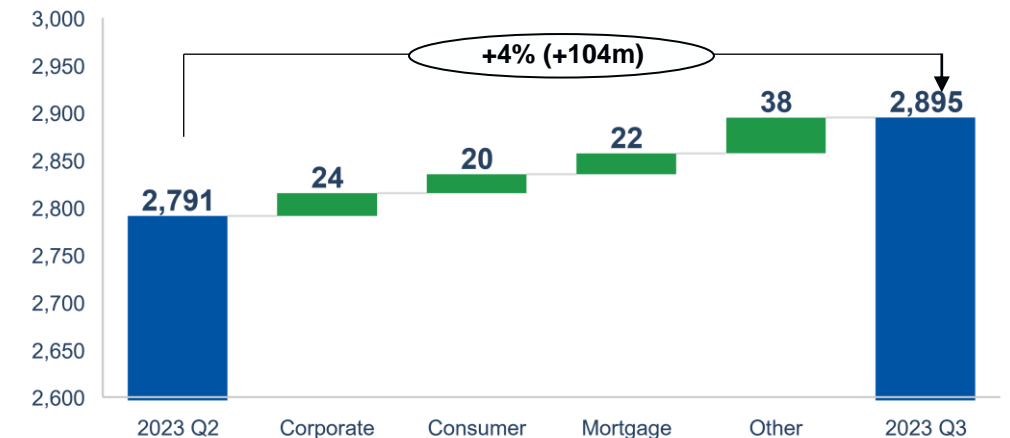
OTHER LOANS 381m

- ▲ +11% q-q
- ▲ +7% y-t-d
- ▲ +10% y-y

LOAN PORTFOLIO DYNAMICS



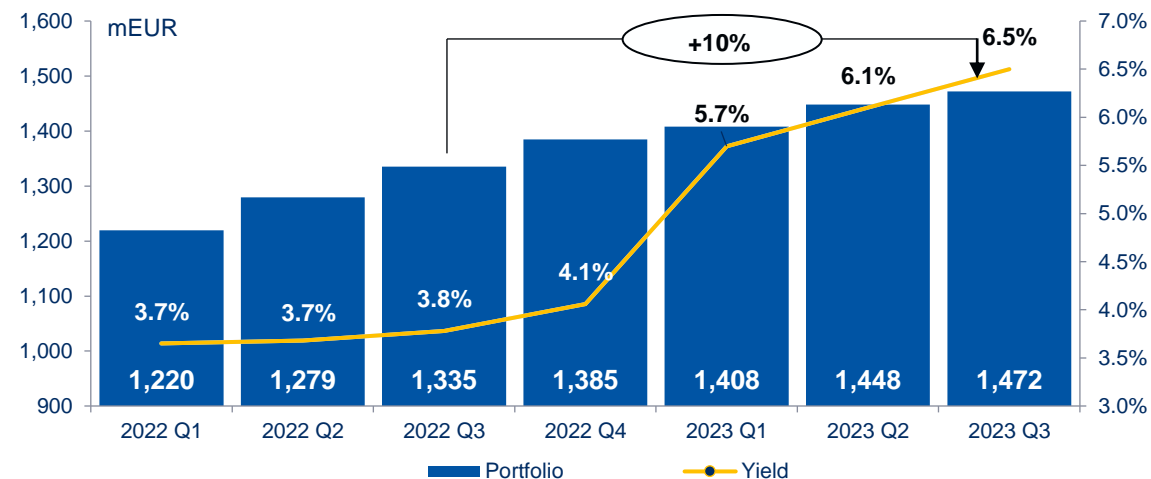
BREAKDOWN OF LOAN PORTFOLIO CHANGE IN 2023 Q3



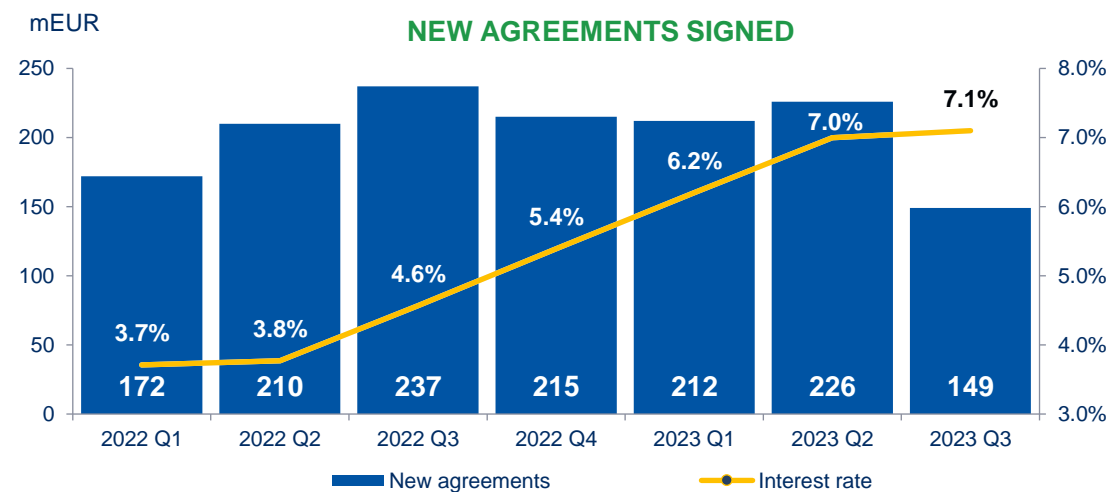
Corporate financing

- Portfolio grew by 2% in Q3, 6% y-t-d and 10% y-y
- New loan agreements signed amounted EUR 587m, 5% less than in Q1-3 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 7%, while Bank's market share increased by 0.8 p.p. to 13.2% (market data as of end Q2 2023)

CORPORATE FINANCING PORTFOLIO



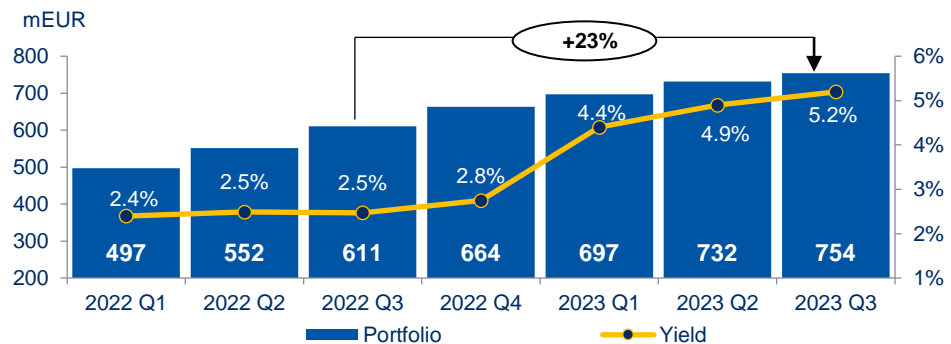
NEW AGREEMENTS SIGNED



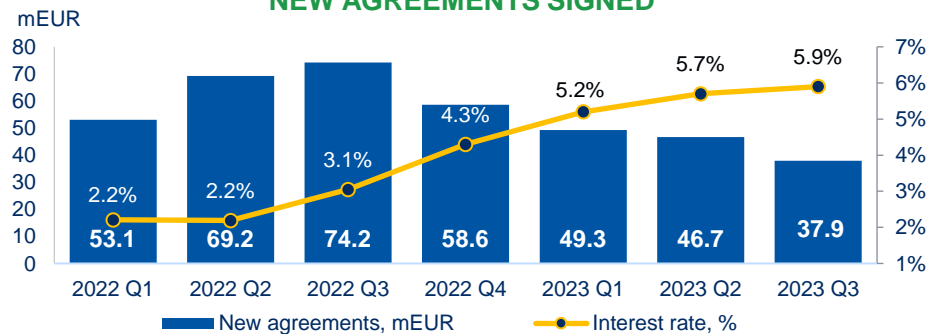
Mortgages

- In 2023, sales volumes are lower by 32% than a year ago, with a total of EUR 134m signed in Q1-3
- The mortgage loan portfolio grew by 3% in Q3, 14% y-t-d and by 23% y-y
- Over last 12M the mortgage market increased by 9%, while Bank's market share increased by 1.1 p.p. to 6.3% (market data as of end Q2 2023)

MORTGAGES PORTFOLIO



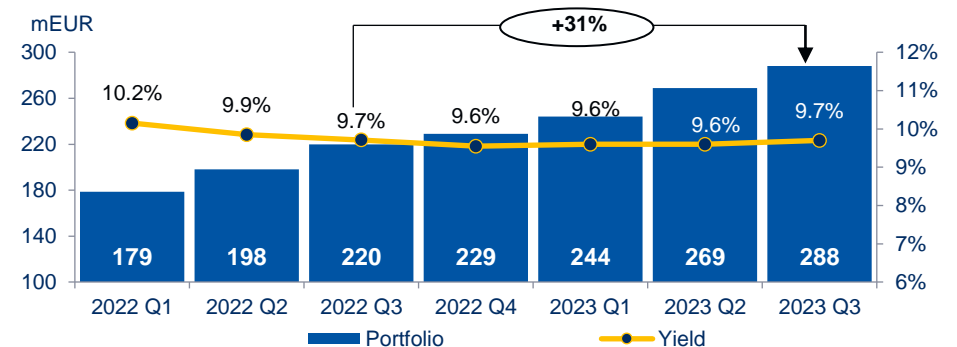
NEW AGREEMENTS SIGNED



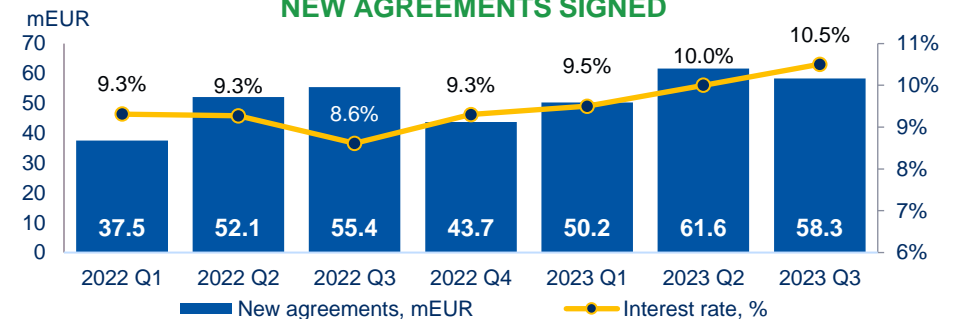
Consumer financing

- Consumer finance market remains highly competitive, nevertheless new sales are up by 17% compared to Q1-3 2022
- The consumer loan portfolio grew by 7% in Q3, 26% y-t-d and by 31% y-y
- Over last 12M the consumer credit market increased by 18%, while Bank's market share increased by 1.7 p.p. to 13.3% (market data as of end Q2 2023)

CONSUMER FINANCING PORTFOLIO



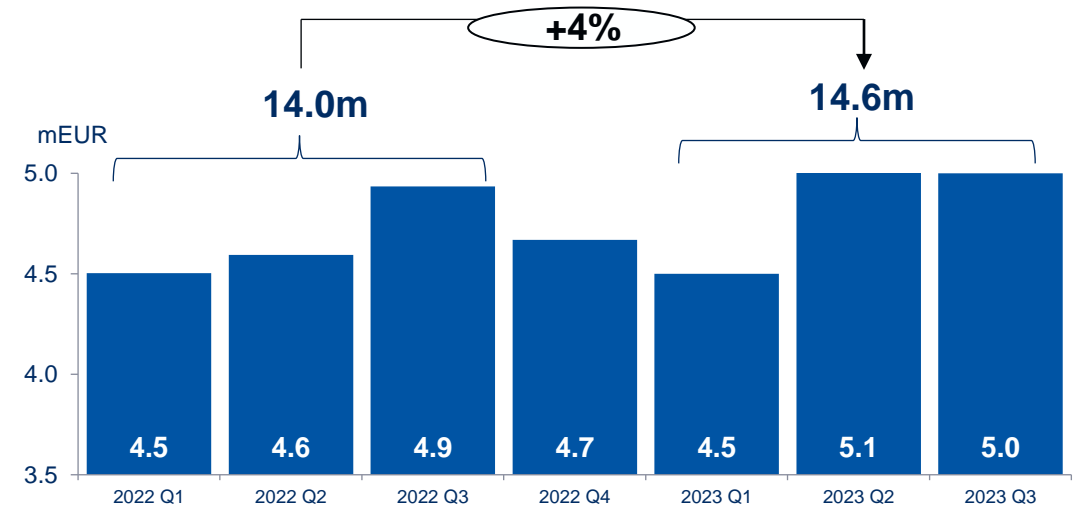
NEW AGREEMENTS SIGNED



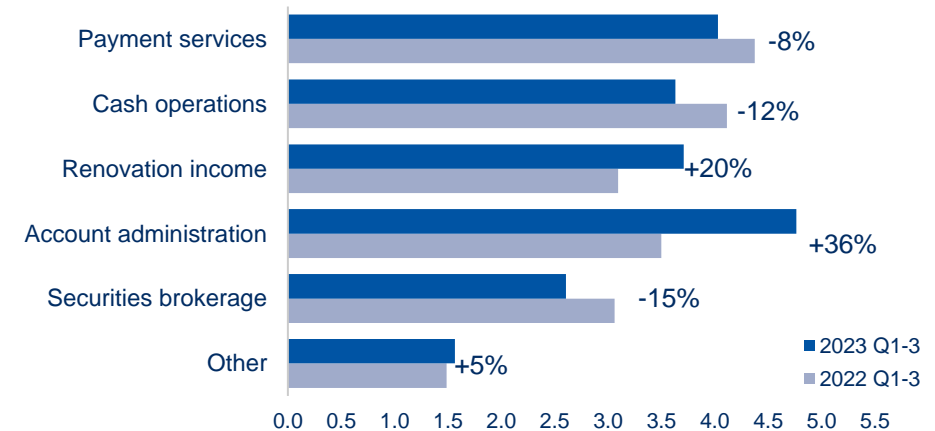
Daily banking

- In Q1-3, more than 23,5 thousand new private clients started using the Bank's services
- Subscribed to service plans exceeded 190 thousand (+4% y-y) with revenues from account administration up by 36% y-y
- The number of clients using credit cards continues to grow rapidly. The annual growth rate remains above 30% and in Q3 alone this number grew by 6% to over 35 thousand
- Number and volume of cash transactions continued to decline, with the additional negative impact of the restrictions on cash transactions by non-EU citizens introduced from July
- SB Modernizavimo fondas has already signed contracts for the full amount of EUR 275 million raised by Lithuanian and foreign investors
- During Q3, the Bank arranged 11 corporate bond placements in amount of more than EUR 40m
- Major focus is on improving the Bank's internet bank and mobile app

NET FEE AND COMMISSION INCOME (NFCI)



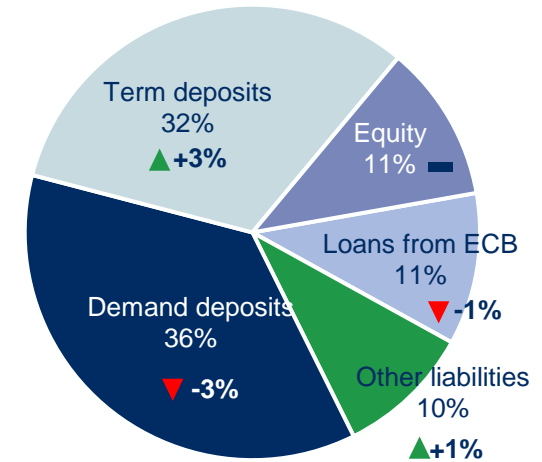
FEE AND COMMISSION INCOME, Y-Y



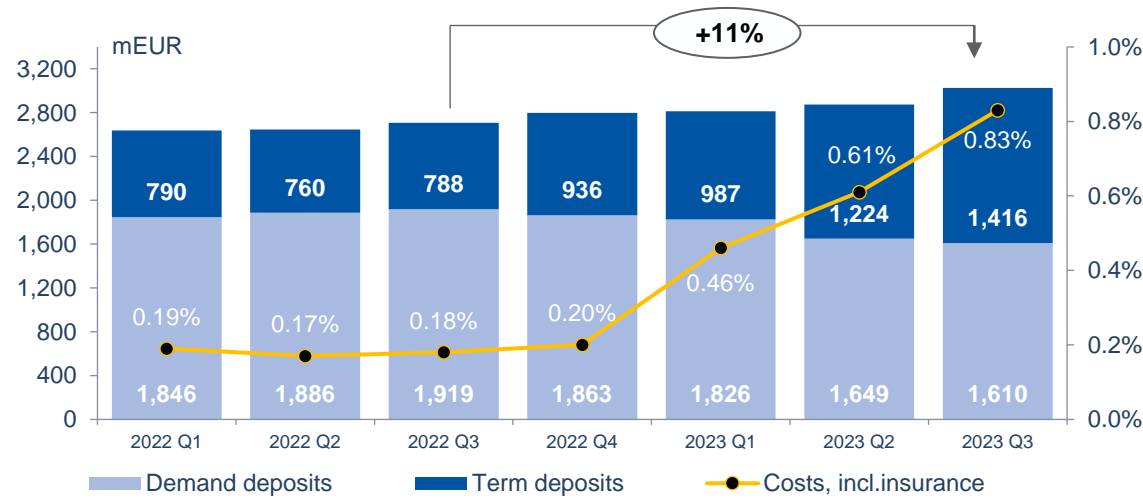
Funding & liquidity

- Term deposit portfolio growing by more than 51% to EUR 1.41bn y-t-d, total client deposit portfolio amounts to EUR 3.0bn
- Increasing competition for deposits pushing deposit costs upwards
- LTD ratio 96.0% vs 97.7 % (Q3 vs Q2)
- The long-term liability structure is planned to be improved with the MREL bond issue later this year (amount EUR 50m)

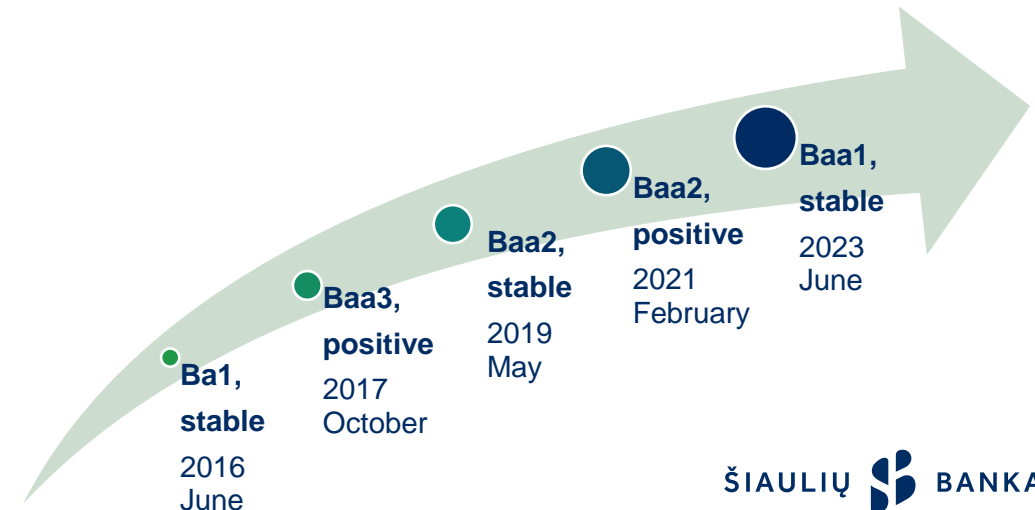
FUNDING STRUCTURE (CHANGE IN Q3)



DEPOSIT PORTFOLIO DYNAMICS AND STRUCTURE



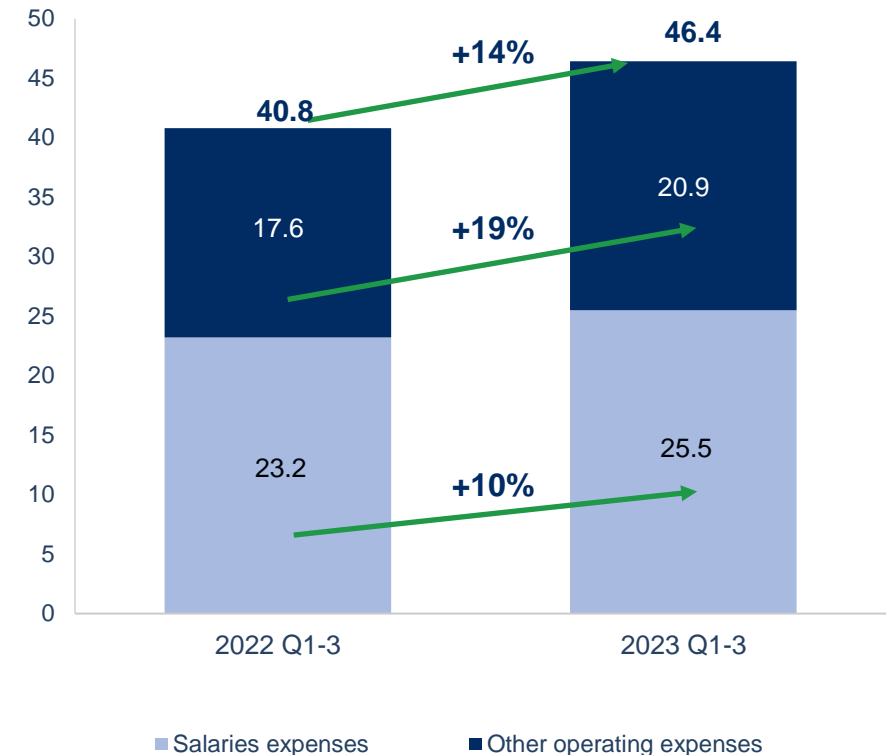
DEVELOPMENT OF BANK'S LT DEPOSIT RATING



Operating expenses

- Operating costs increased by 14% y-y
 - Salary expenses increased 10% due to growing headcount and regular annual salary review
 - IT expenses increased by 18% y-y to EUR 7.1m in Q1-3
 - Marketing expenses increased by 28% y-y to EUR 2.6m in Q1-3
- Despite growing expenses, operational efficiency is maintained - cost-to-income ratio is 34.4% (40.0% in Q1-3 2022)

OPERATING EXPENSES DYNAMICS, mEUR



Capital & risk management

- Mainly due to risk assessment of individual exposures, provisions of EUR 3.1m in the Q3 and EUR 8.5m 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
- Part of the interim profit for the first half of 2023 was included in the own funds

Strong financial position and low risk

Funding and capital position

21.3%
CAR*

96%
Loan-to-deposit

Liquidity position

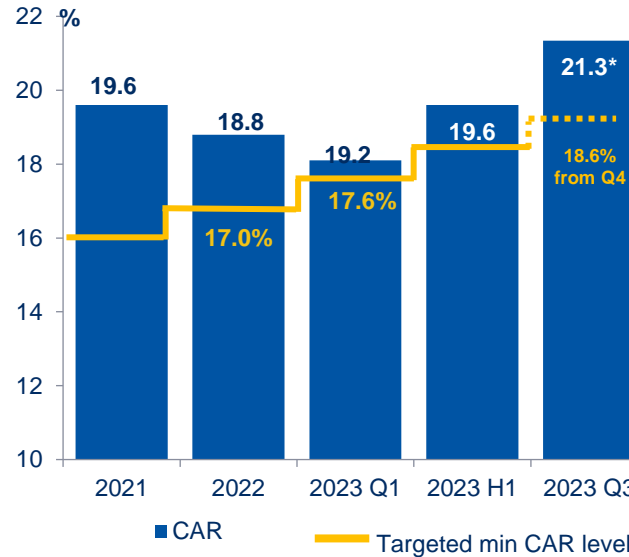
183%
LCR

145%
NSFR

*forecast data

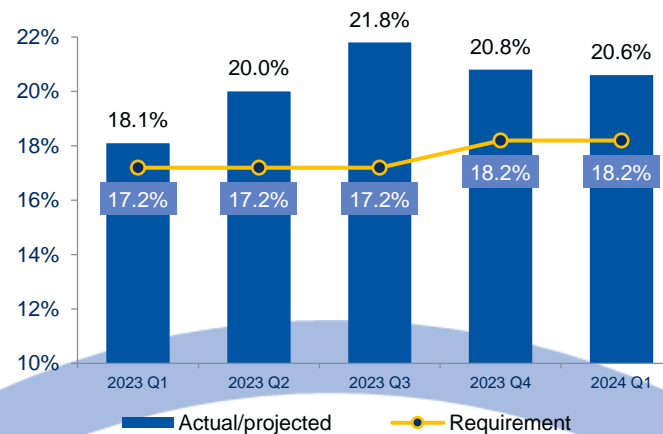
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CAPITAL ADEQUACY RATIO

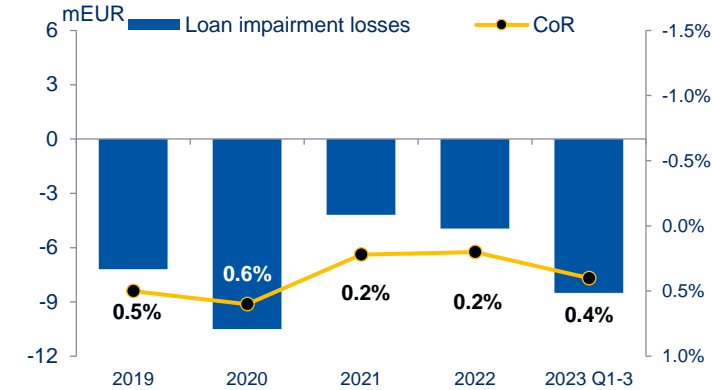


* - forecast data

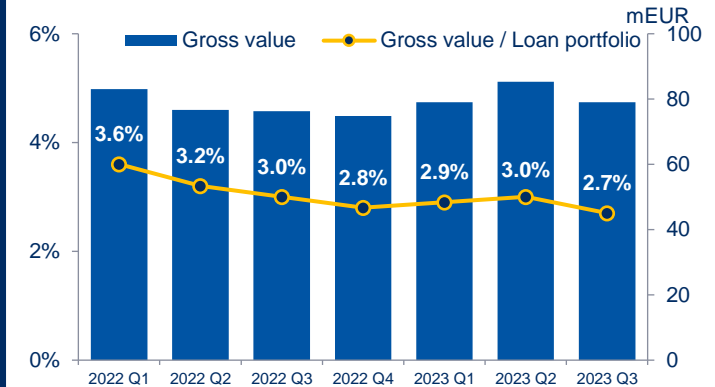
MREL-TREA SUBORDINATED REQUIREMENT



LOANS COST OF RISK (COR) 15



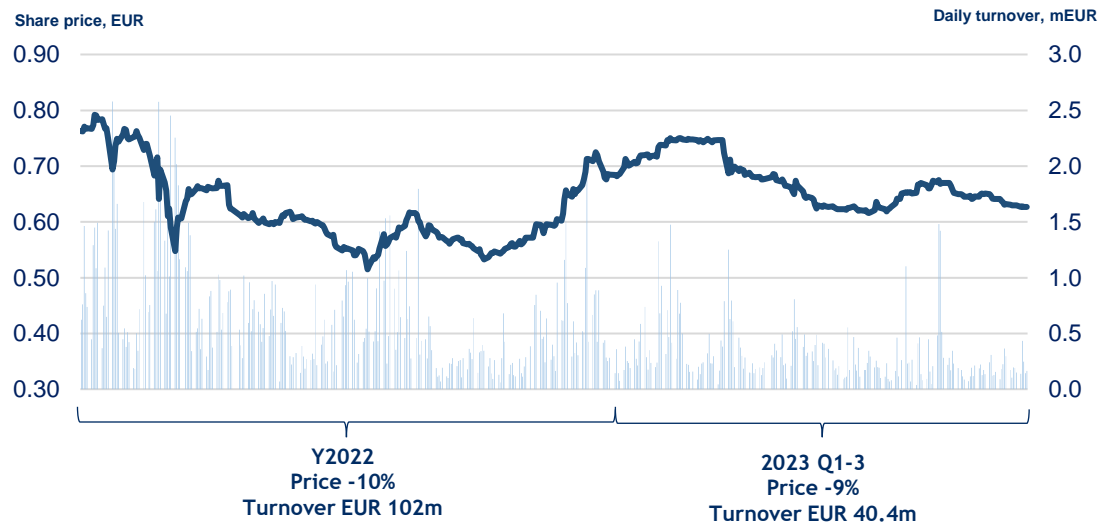
NPE (LOANS)



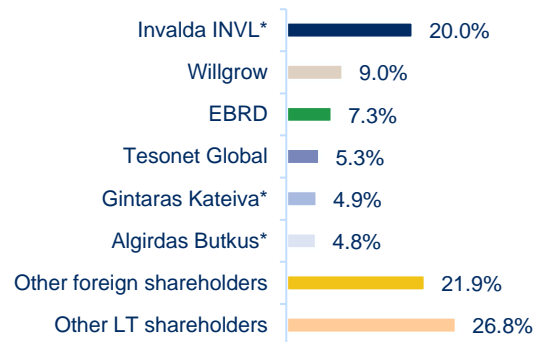
ŠIAULIŲ BANKAS

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 Willgrow 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

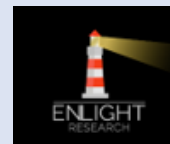
SHARE DATA

	2017	2018	2019	2020	2021	2022	2023 Q3
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	0.21
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	4.3
Number of shareholders *	4 496	4 992	5 391	9 053	16 573	18 524	19 605

*- 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 1.13 / 0.95 / 0.78
(bull / base / bear) (2023 August)



EUR 0.86 (2022 December)



EUR 0.90 (2023 August)



Organizational Changes

Merged team to close the transaction and lead business



The transaction is expected to be completed by the 1st December



SB Asset Management has obtained a management company license



SB Draudimas has established branches in Latvia and Estonia



Organizational structural changes have been implemented - separate business lines were formed: private clients, corporate clients and investment management

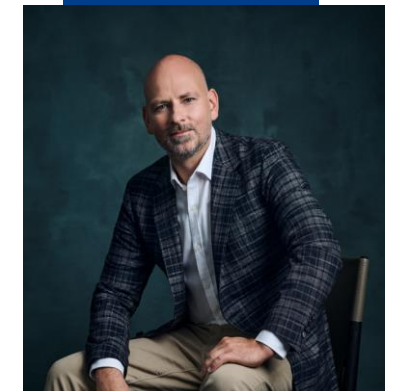
NEW BUSINESS DIVISIONS FORMED



Laura Križinauskienė
Head of Private Client
Division



Daiva Šorienė
Head of Corporate
Client Division



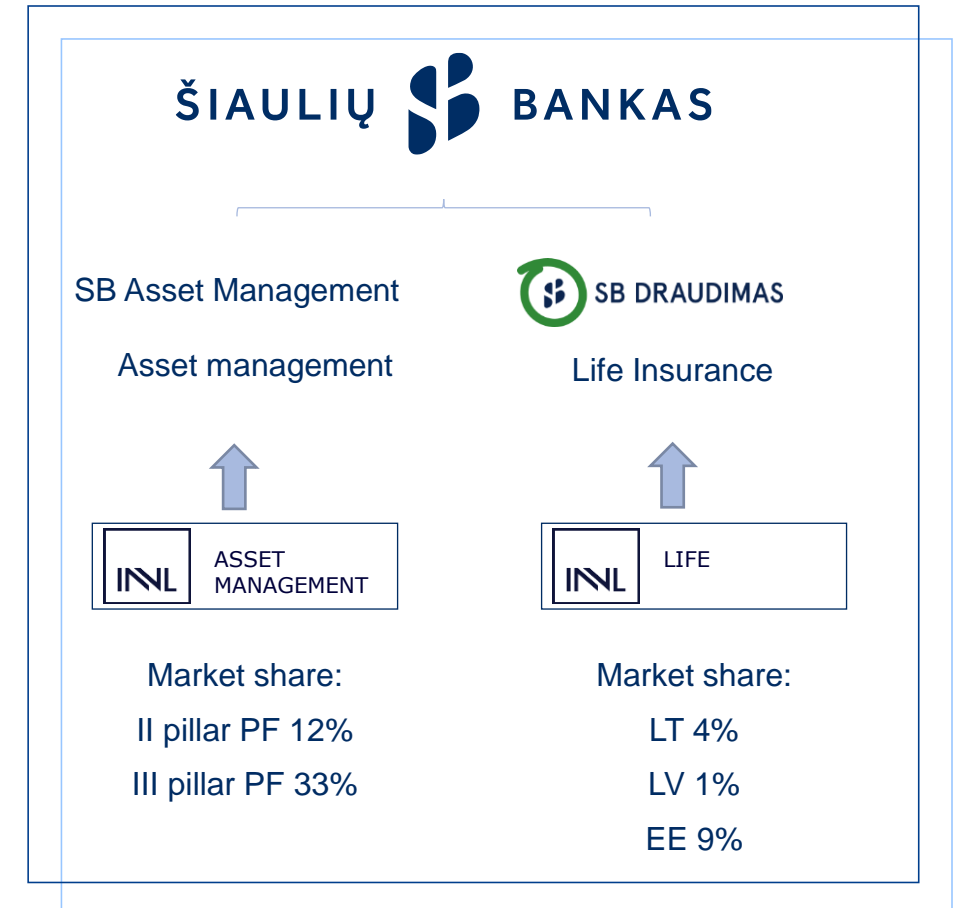
Tomas Varenbergas
Head of Investment
Management Division

Merger to strengthen retail banking business

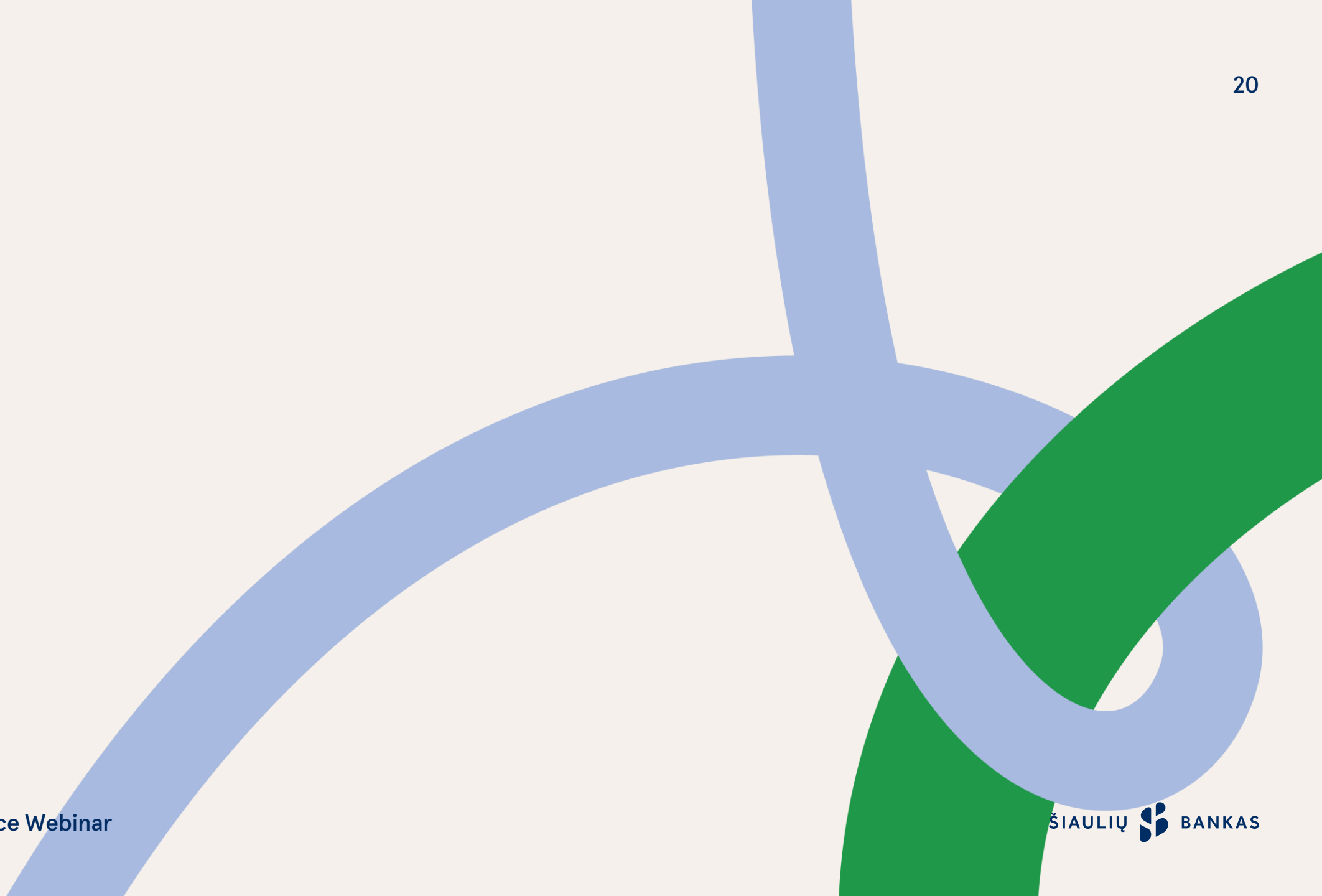
SCOPE OF THE TRANSACTION

- II and III pillar pension funds and retail investment funds in Lithuania
- Life insurance in Lithuania, Latvia and Estonia
- 230+ thousand clients
- EUR 1.1 billion AuM
- 160 specialists and *know how*

POST TRANSACTION STRUCTURE



Q&A



Annex I

KEY RATIOS

	2015	2016	2017	2018	2019	2020	2021	2022	2023 Q1-3
Net profit, mEUR	23.8	43.7	32.1	52.6	51.5	43.0	55.2	63.6	65.7
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	18.9
C / I,%	52.2	42.3	52.1	37.3	42.5	42.7	44.1	42.9	35.5
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	34.4
CET1 ratio,%	12.1	15.0	13.9	15.0	15.0	16.1	16.7	15.2	18.8*
CAR,%	14.2	17.0	15.5	15.0	16.2	17.2	17.6	16.0	21.3*
CAR,% (interim profit incl.)	15.7	19.2	18.6	18.0	18.9	20.6	19.6	18.8	21.3*
RWA, mEUR	968	1.015	1.212	1.471	1.654	1.917	2.118	2.421	2.422*
L/D ratio, %	63.3	68.5	72.2	75.1	82.2	75.0	78.6	94.6	96.0

* - forecast data