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UAB VALSTYBĖS INVESTICINIS KAPITALAS

Debt investor presentation

14 September, 2021

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Today‘s presenters

Robertas Vyšniauskas, CEO
Valstybės investicinis kapitalas (VIK)

Dainius Vilčinskas, CEO
Valstybės investicijų valdymo agentūra (VIVA)

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- Fund organization structure and management
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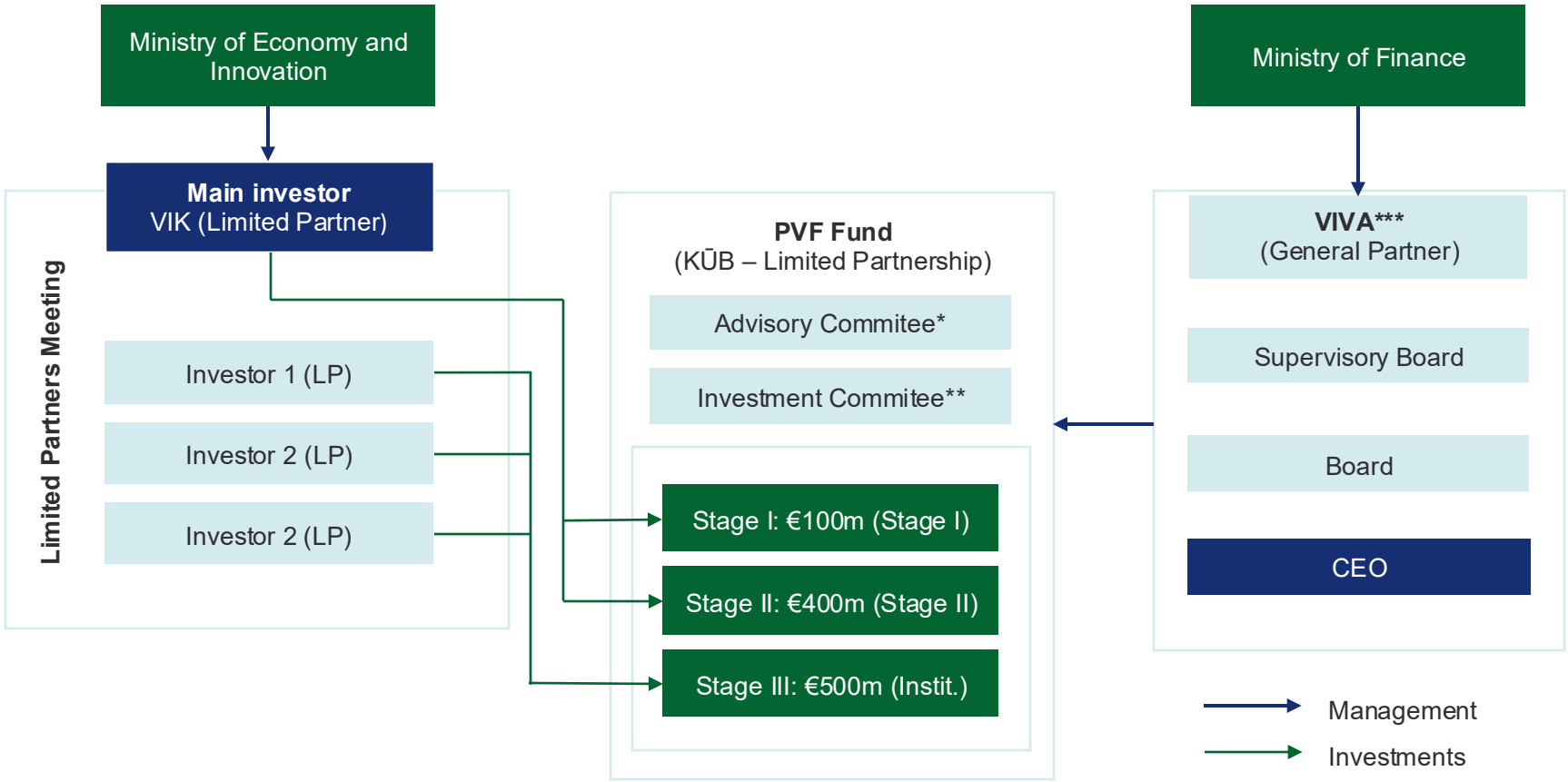
Background

19 March 2020	26 May 2020	26 August 2020	30 September 2020	25 January 2021
European Commission adopted a Temporary Framework for State Aid measures to support the economy in the current COVID-19 outbreak*	European Commission approved the establishment of the State Aid Fund for Business in Lithuania under the State aid Temporary Framework	UAB Valstybės investicinis kapitalas (VIK) was established	The Minister of Finance and the Minister of Economy and Innovation of the Republic of Lithuania approved the Description of Activities of the Measure State Aid Fund for Business	European Central Bank acknowledged VIK as recognized agency

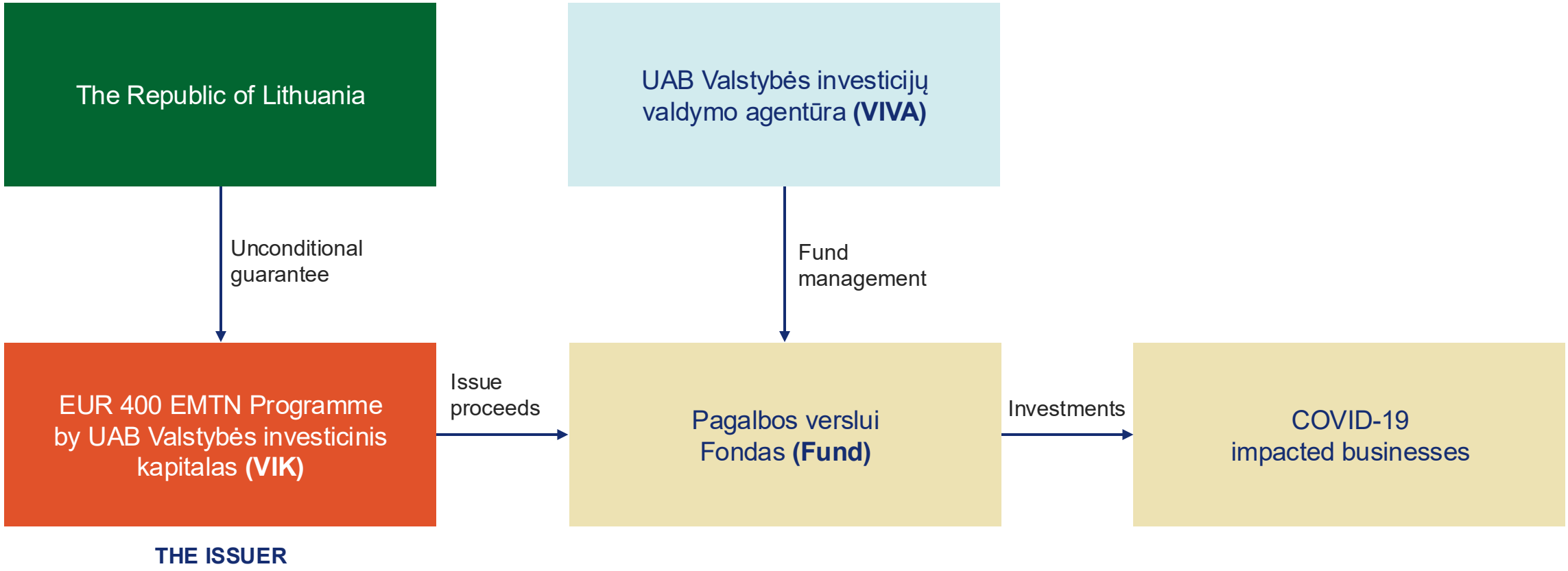
* Communication from The Commission - Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak, 19 March 2020

Project governance structure



* For stages I and II, the Advisory Committee consists of 3 members appointed by the Main Investor, including 2 from the Bank of Lithuania and 1 independent member from VIK's board.
** The Investment Committee consists of the members of the Board of VIVA. VIVA board is comprised solely from independent members.
*** VIVA was established to manage the Fund and is granted National Development Agency status (NPĮ).

Transaction overview



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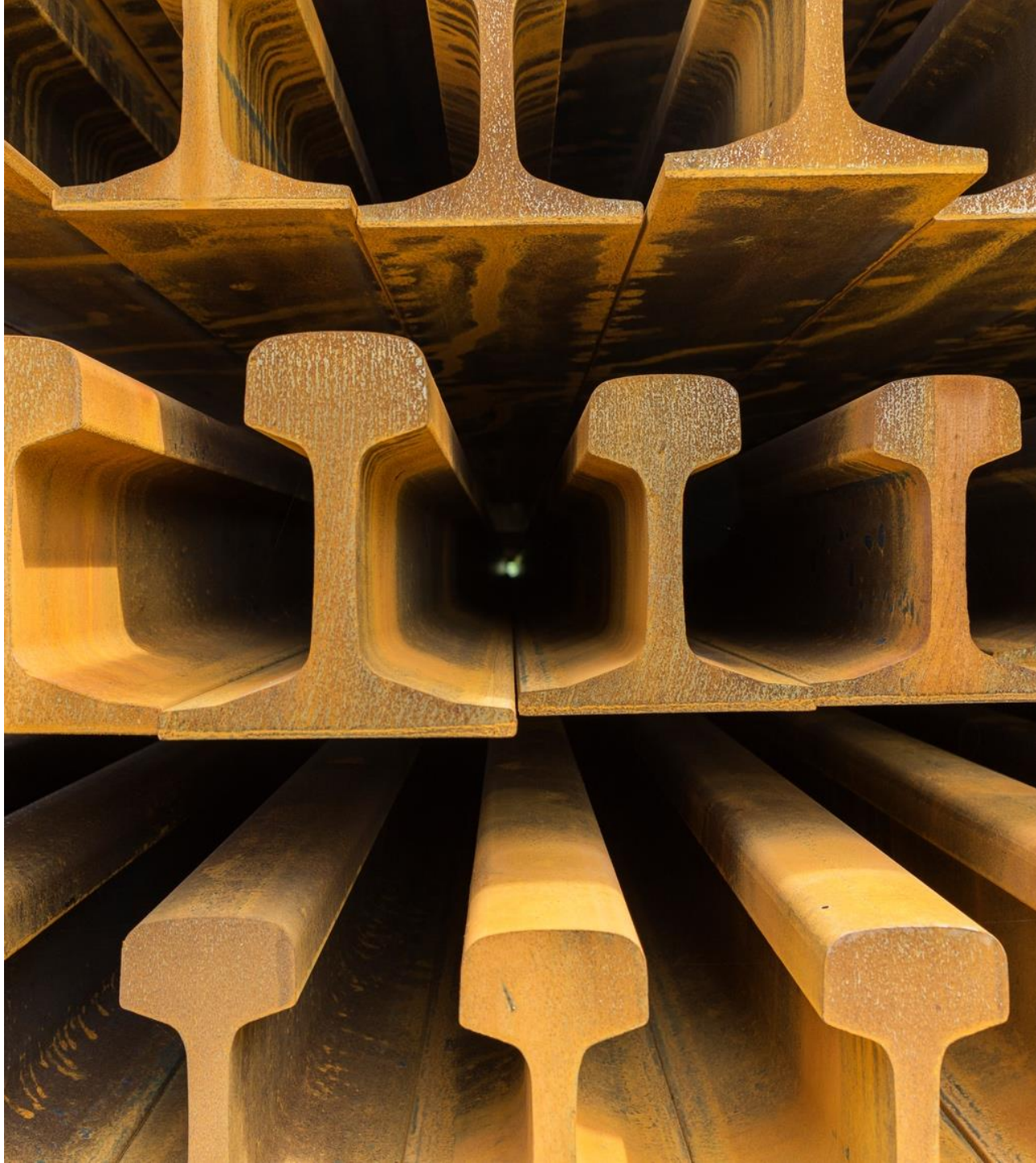


Credit highlights

1. UAB “Valstybės investicinis kapitalas” (further “VIK”) is owned by the government of **Republic of Lithuania** which at the moment holds the best credit rating historically

A+/A2/A
State credit rating

2. Project has **strategic importance** for sustainability of Lithuania’s economy, thus is led and advised by senior representatives from **government authorities**

MINISTRY OF FINANCE
of the Republic of Lithuania

MINISTRY OF THE ECONOMY AND INNOVATION

3. Fitch Ratings provided **A credit rating** for EMTN programme of VIK by taking into account the strength of **state guarantee**

Fitch Ratings

A

EMTN programme

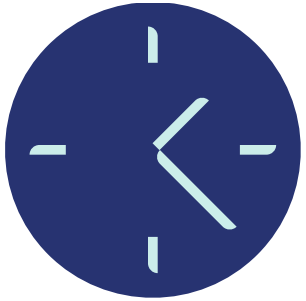
4. VIK is managed by a highly experienced team of **professionals**

State guarantee

€ 400 m EMTN programme of VIK is **secured by independent, unconditional and irrevocable guarantees** of the Government of the Republic of Lithuania

Full coverage

Notes nominal value plus any interest, and other sums payable by the VIK under the EMTN programme documentation and the Notes



Timely

Claim to be paid within 30 days after receipt and inspection of the Demand

Valid for the whole Maturity of Notes

Valid until the date on which all the guaranteed Notes have been fully redeemed and all the amounts to which any of the Noteholders is entitled have been fully paid

Pari Passu

All claims under the Guarantee will rank at least pari passu with the claims of all its other unsecured creditors

Note: currently the Government of the Republic of Lithuania has issued a guarantee for EUR 150m.

Management

Šarūnas Ruzgys - Chairman of the Board

More than 20 years of active top management roles in financial industry with specific knowledge in corporate portfolio management, investment and pension funds management and regulatory environment, participated in multiple cross-regional and multi-functional projects

Other roles: Independent Member of the Management Board of Victory Funds Company, CEO of Signeda UAB
Previous roles: CEO and Chairman of the Management Board at Luminor Asset Management Company, president of Lithuanian Investment and Pension Funds Management Association and member of the Management Board of Lithuanian Business Confederation | International Chamber of Commerce
Education: EMBA from Baltic Management Institute and Vytautas Magnus University, M.S. in Economics Vytautas Magnus University

Tomas Urban - Member of the Board

More than 10 years of experience in consultancy sector: project management, funding, procurement, legal advice

Other roles: Head of Business Environment Department at Ministry of the Economy and Innovation, Member of the Management Board at Investment and Business Guarantees (INVEGA)
Previous roles: Member of the Management Board at CPO LT, Adviser to the Minister of the Economy and Innovation, Strategic Change Project Manager at Office of the Government, CEO and Founder at JCI Public Solutions

Education: Mykolas Romeris University, Master of Management and Business Administration (Strategic Management of Organizations) Master of Law (LL.M.) (Business Law)

Jonas Bložė - Member of the Board

More than 18 years professional experience in commercial and business law, risk management, Business Development & Strategy Consulting

Other roles: advocate, local and foreign court arbitrator, mediator

Previous roles: INVEGA independent member of the board, board member of various companies

Education: Mykolas Romeris University, Master of Laws L.L.L

Robertas Vyšniauskas - CEO

20 years of professional experience in commercial and business law and 10 years of top management roles with deep knowledge in corporate governance, risk management, business development and strategy, M&A, management of multinational complexed projects.

Other roles: Independent Member of the Board and member of Audit committee of UAB „EPSO-G“ , Independent Member of the Board of UAB „Vilniaus vystymo kompanija“
Previous roles: Independent Board member of UAB „Valstybės investicinis kapitalas“, independent board member of state-owned company VĮ „INFOSTRUTŪRA“ and member of Board or CEO or lawyer of related or holding companies of UAB “Vilniaus prekyba”
Education: Mykolas Romeris University, Master of Laws LLM

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State aid fund organization structure

Shareholders Meeting

Supervisory Board

Internal Audit

Board

CEO

Dainius Vilčinskas – *CEO*

Dainius has over 19 years of experience in financial industry.

During the last 13 years, Dainius held various executive positions at Swedbank. For the last 5 years, he led the corporate banking branch in the Baltics.

Financial Management Department

Marta Jablonskė – *CFO*

Marta has over 15 years of experience in financial management.

For the last 7 years she was the CFO at Barclays Lithuania. She has also worked in financial management of companies such as Oracle, BT invest and PwC.

Legal and Compliance

Oksana Kostogriz – *Head of Legal*

Oksana has over 14 years of legal and corporate management experience.

During the last 9 years, she held a variety of executive and board positions at companies of the Vilnius Prekyba group in the Baltics, Poland and Sweden.

Business Development

Darius Petrauskas – *Head of Business Development*

Darius Petrauskas have engaged in various consulting roles with private and public entities advising them on asset management, risk management, corporate governance as well as capital market development issues.

Risk Management Department

Rolandas Ročius – *CRO*

Rolandas has over 12 years of experience in banking and finance.

Prior joining VIVA, Rolandas was in charge of credit risk and quality of credit portfolio in SME Finance, the largest vehicle for business alternative financing.

Investment Department

Artūras Vilkas – *CIO*

Artūras has over 13 years of experience in banking and finance.

For the last 12 years he worked at SEB Bank with responsibility for restructuring projects, structuring deals and investment financing of large enterprises.

Fund board / Investment committee

Marius Dvareckas – *Independent Chairman*

Marius has over 23 years of experience in private equity, corporate management and M&A.

He currently holds several board positions at companies of strategic importance to Lithuania and industry, leads an M&A advisory firm, and is an expert assessor for Horizon2020.

Agnė Daukšienė – *Independent Member*

Agnė has over 15 years of experience in asset management, fund creation and development, banking licensing and management consulting.

Currently, Agnė holds an executive position at an energy company of strategic importance to Lithuania – Ignitis Group.

Andrius Sokolovskis – *Independent Member*

Andrius has over 15 years of experience in finance and corporate banking.

Andrius currently works at the European Investment Bank (EIB) on loan portfolio supervision in the regions of Western, Central and Eastern Europe. He is an alumnus of Nordea Bank.

Aurimas Martišauskas – *Independent Member*

Aurimas has over 15 years of experience in strategic management, corporate governance and M&A.

Currently, Aurimas is an active investor, independent M&A advisor and board member with alumni positions in the Vilnius Prekyba group, Finasta and Bite.

Virginijus Doveika – *Independent Member*

Virginijus has over 18 years of experience in finance and banking.

Currently, he is the CEO of a financial firm seeking to obtain a banking license. Prior to that, Virginijus served in various executive roles at SEB Bank in the course of 14 years.

Fund supervisory board

Valdas Vitkauskas – *Independent Chairman*

Valdas has over 20 years of experience in international banking and corporate governance.

Currently, Valdas holds the position of Associate Director at the European Bank for Reconstruction and Development (EBRD).

Algirdas Neciunskas –*Member*

Algirdas has long years experience in finance, banking and risk management.

He is currently the Director of the Market Infrastructure Department at the Bank of Lithuania and a board member at the Lithuanian Mint.

Aušra Vičkačkienė –*Member*

Aušra has over 20 years of experience in civil service positions.

Currently, Aušra is the Head of Asset Management Department in the Ministry of Finance and a member of Supervisory Board in Ignitis Group.

Giedrius Dusevičius – *Independent Member*

Giedrius has over 18 years of experience in banking, finance and corporate governance.

He is currently the Chairman of the Board of AB Klaipėdos Nafta, a company of strategic importance, and the CEO of UAB Digital Audio.

Fund business model

Size

Up to EUR 1 bn

During the first stage the Fund will reach EUR 500 m in terms of size, out of which EUR 100 m has been already contributed by the State while the remaining EUR 400 m will be raised by issuing **bonds under State guarantee**.

The Fund will also seek to attract institutional investors, aiming to raise more than EUR 500 m and reaching EUR 1 bn in total scale at the later stages

Target

Viable businesses

Investments will be made into viable business with sound future prospects, but affected by the Coronavirus outbreak which consequently may affect the sustainability of operation of other businesses or might have significant negative socio-economic consequences.

Secondary aim is to stimulate debt capital markets development, thus most of investments will be arranged via debt securities issuance

Financing structure

Conventional financing structure

Financing will be structured according to the best market practices including financial and non-financial covenants, collateral in the cases where needed and regular reporting and information sharing – in order to provide grounds for investment quality monitoring and security of Fund's investments

Interest payments

Interest payments

Every financial investment that Fund provides is subject to financial return according to its riskiness. Return on investment shall ensure the bond service.

Otherwise, bond interest payments are **guaranteed by the State**

Financial instruments at funds disposal

<30 %

01

Loans

From EUR 0.3 million to EUR 2 million

<60 %

02

Debt securities

From EUR 2 million

<30 %

03

Shares and hybrid instruments

Restrictions and limitations

Financial instrument maturity
maximum 6 years

Purpose
investments and working capital

Maximum one investment amount
<€ 250 m

Exemption
state and municipal companies
some industries (guns, alcohol, etc.)

Investment amount restriction
<25% of total Beneficiary turnover, or
< 2 x yearly expenses, or = liquidity needs to extremely impacted sectors

Exposure to one investment
<10% of Funds portfolio

<x% - maximum share in total portfolio composition

Target investment

Beneficiary Eligibility Criteria

Size

Small (50+ employees), medium-sized or large enterprise according to the criteria established in the Law

Reliability

Cannot be included in the list of taxpayers that do not meet the minimum reliability criteria;

Has not received state aid declared as illegal or incompatible;

Last available financial statements are filled with Register of Legal Entities

Affected by Covid-19

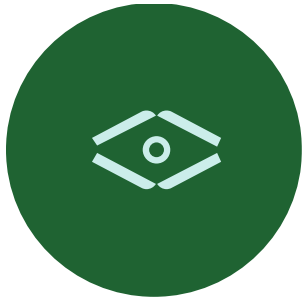
Beneficiary encountered some business disruptions due to Covid-19 and at the same time as of 31 December 2019 was not considered a company in difficulty

Viable business with increased financing needs

Restrained access to finance under reasonable martket terms;

Proven business model and sound debt servicing capacity

Credit origination process



Applicant screening

Legal, financial, tax inspection, property due diligence or business appraisal conducted by the external professional service provider acting for the benefit of the Fund

Investment committee

Each investment is analysed and supported by the management team of VIVA. Final decision is taken by Investment committee by simple majority (2/3 majority in case not all members are present).

Regular monitoring

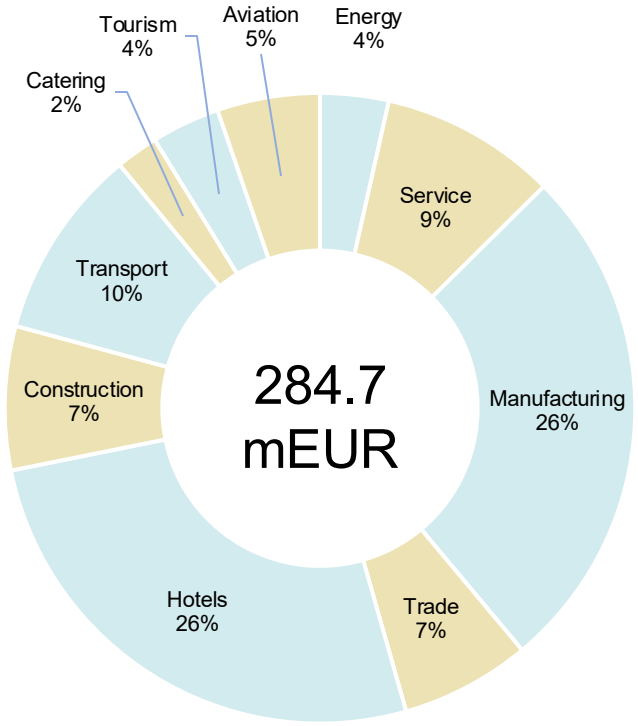
Credit case monitoring, revaluations are performed every quarter: review of latest financial statements, external information, credit rating update. Based on that the present value of investment is assessed. The fund estimates the default level of up to 10%.

Repayment

Investment can be repaid any time without restrictions. Contractual repayment schedule is set individually. Companies are motivated to repay investments due to annual interest step-ups.

Project pipeline

Potential projects pipeline by sectors…



… and status in progress

NOVATURAS
Addere Care
APEX ALLIANCE
DANBALT INTERNATIONAL
citybee
MONTUOTOJAS
park inn by Radisson
MEDIENOS ERA
AMBER FOOD
Ruptela Transport Telematics
VICHY vandens parkas
ELINTA CHARGE

Transaction T&C

ISSUER	Valstybės investicinis kapitalas, UAB
STATUS	Senior, State Guaranteed*
GUARANTOR	Republic of Lithuania (A2/A+/A)
AMOUNT	EUR 30 million under EUR 400 million EMTN Programme
TENOR	4 years non callable for 3 years (4NC3)
AMORTIZATION	100% bullet repayment at maturity
ISSUER CALL OPTION	at par after 3 years
USE OF PROCEEDS	Will be directed to the Fund, where the Issuer is acting as one of the Limited Partners and contributes its equity. The proceeds will further be used by the Fund via various types of financial instruments in order to support large and medium-sized enterprises in Lithuania affected by COVID-19 outbreak.
TARGET MARKET	Professional clients and Eligible counterparties
DENOMINATIONS	EUR 100 000 + EUR 1 000 minimum increment
COUPON	Fixed rate of [●] per annum
DOCUMENTATION	EMTN Programme under the Lithuanian law
RATING	'A' by Fitch Ratings
KEY UNDERTAKINGS	• Change of Control Noteholders put option at par • Cross Default Noteholders put option at par • Listing failure Noteholders put option at par (in 6 months)
ECB ELIGIBILITY	Yes
LISTING	Subsequently to be listed on Nasdaq Vilnius Baltic Bond List
ARRANGER	Luminor

* Note: currently the Government of the Republic of Lithuania has issued a guarantee for EUR 150m.

ANNEXES

VIK'S key financial figures

BALANCE SHEET

UAB VALSTYBĖS INVESTICINIS KAPITALAS EUR		2020	2019
A. NON-CURRENT ASSETS		4 129 746	-
Investments in subsidiaries and associates	1	4 124 817	-
Deferred profit tax		4 929	-
B. CURRENT ASSETS		94 181 229	-
Receivables and prepayments		3 487	-
Cash and cash equivalents		94 177 742	-
TOTAL ASSETS		98 310 975	-

		2020	2019
D. EQUITY		97 298 030	-
Issued capital	2	100 200 000	-
Retained earnings (loss)		(2 901 970)	
F. PAYABLES AND OTHER LIABILITIES		1 012 945	
Non-current liabilities		-	
Current liabilities	3	1 012 945	-
TOTAL EQUITY AND LIABILITIES		98 310 975	-

PROFIT (LOSS) STATEMENT

UAB VALSTYBĖS INVESTICINIS KAPITALAS EUR		2020	2019
Operating revenue		-	-
Cost of sales		-	-
GROSS PROFIT (LOSS)		-	-
Operating expenses		(31 715)	-
Other expenses		-	
Financial activity income			
Financial activity cost	4	(2 875 184)	
PROFIT (LOSS) BEFORE TAX		(2 906 899)	-
Income tax		4 929	
NET PROFIT (LOSS)		(2 901 970)	-

The Issuer's financial statements are prepared in accordance with international accounting standards. Financial year: 1 January-31 December. Data for 2020 is presented in accordance with the audited financial statements of the Issuer.

Auditor: UAB Deloitte Lietuva

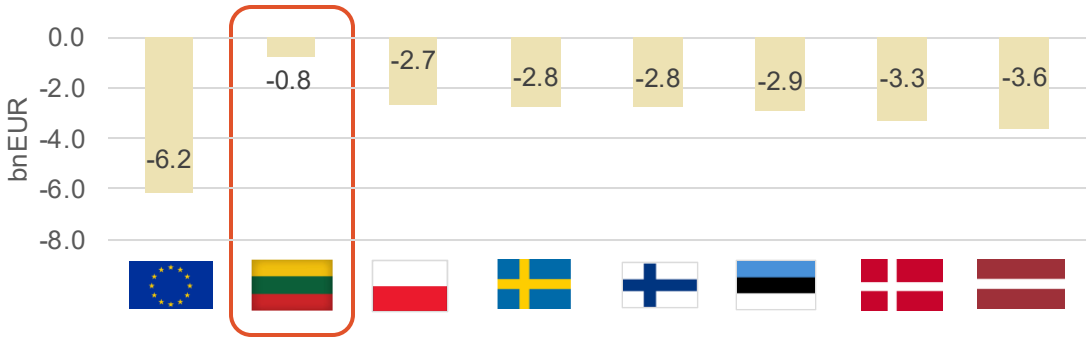
1. Investment into the Fund (fair value of 7 mEUR actual investments maid).
2. Initial State capital. In 2021 March increased by additional 1 mEUR received from State.
3. 1 mEUR received from State to increase the share capital (implemented in 2021 March).
4. Mainly decrease in value of investments into the Fund.

Events after the reporting period
After the closing date of the reporting period, the Issuer made investment of EUR 93,000,000 into the Fund in March 2021 under the Capital Call Notice.

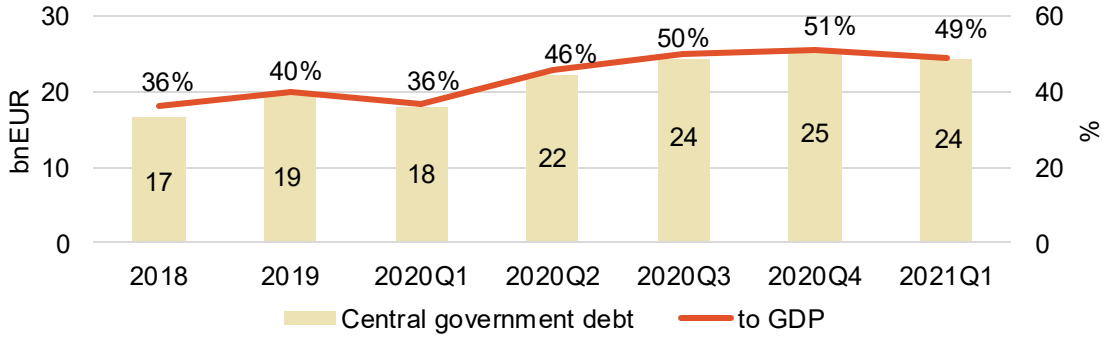
Macroeconomic tendencies of Lithuania

LITHUANIA - flexible economy, with **diversity** in industry and export markets, and **lack of macroeconomic imbalances**

Lithuania demonstrated **remarkable resilience to the global economic slowdown in 2020**



Significant fiscal easing will increase the **central government debt but remains slightly below of its 'A' category peers**



GDP	**48.8 bnEUR**
GDP per capita	**17.5 tEUR**
Inflation	**0.2 %**
Unemployment	**8.5 %**
Gross average income	**1,524 EUR/month**
Trade balance	**-1.2 %**

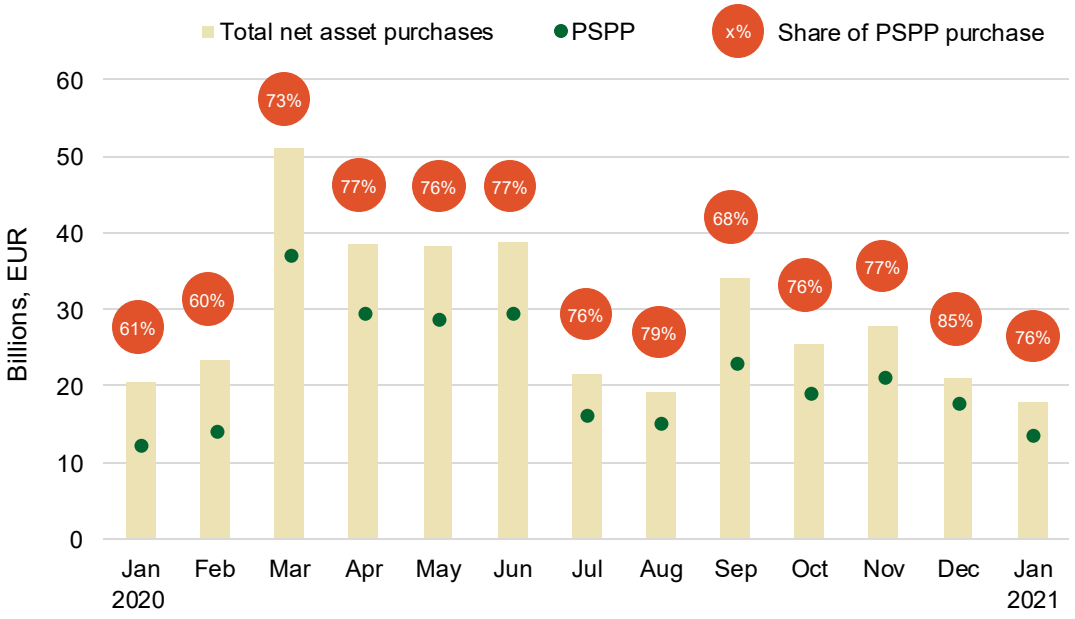
*As of end of 2020

Source: Official Statistics Portal (Main Lithuanian indicators - Oficialiosios statistikos portalas), Bank of Lithuania (General government | Bank of Lithuania (lb.lt)), Eurostat (Statistics | Eurostat (europa.eu))

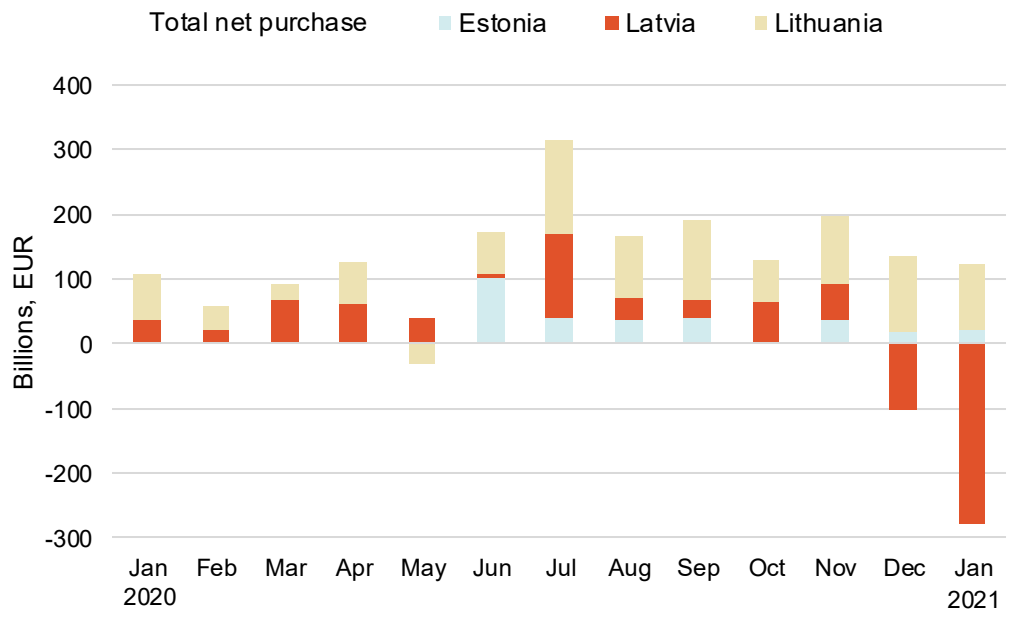
ECB eligibility

VIK's issued debt instruments might qualify as **eligible collateral** for ECB loans and **Public Sector Purchase Programme** (PSPP)

PSPP accounts >¾ of total ECB's net asset purchases on average…



… out of which EUR ~100 m per month are allocated to the Baltics



*PSPP – Public Sector Purchase Programme
Source: European Central Bank (Asset purchase programmes (europa.eu))