

# Danske Bank Lithuania

## Financial results – first quarter of 2017

Danske Bank Lithuania serves corporate and private banking customers. In addition to its banking activities, Danske Bank also operates one of the largest and fastest-growing IT and group services organisations in Lithuania.

Danske Bank Lithuania is part of Danske Bank Group.

Danske Bank is a Nordic universal bank with strong regional roots and bridges to the rest of the world. We serve more than 3.4 million personal, business and institutional customers, and in addition to banking services, we offer life insurance and pension, mortgage credit, wealth management, real estate and leasing services and products.

Our vision is to be recognised as the most trusted financial partner. We are driven by a desire to make important financial decisions and daily banking easy, and our aim is to create long-term value for our customers and investors and the societies we are a part of.

Danske Bank is headquartered in Copenhagen and is listed on Nasdaq Copenhagen.

[danskebank.com](http://danskebank.com)

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## Danske Bank Lithuania's core financial results

- Profit before tax for core activities down 17% to EUR 2.9 million
- Total income down 10% to EUR 4.5 million
- Expenses up 16% to EUR 2.9 million
- Impairment reversals of EUR 1.3 million
- Deposit/loan ratio: 119%

"Danske Bank's Lithuanian branch has now been operating in a very low interest rate environment for a couple of years. This reduces our opportunities to generate interest income as well as trading income. As a result, total income fell 10% from the year-earlier level.

The sustained growth of our loan portfolio is testimony, however, to our determination to keep pace with the needs of the market and to continue to provide funding for our core customers," says Gintautas Galvanauskas, CEO of Danske Bank Lithuania.

CORE BANKING LITHUANIA <sup>1</sup> (EUR millions)	Q1 2017	Q1 2016	Index 17/16
Net interest income	3.3	3.6	92
Net fee income	0.8	0.9	89
Net trading income	0.4	0.5	80
Other income	0.0	0.0	
Total income	4.5	5.0	90
Operating expenses	2.9	2.5	116
Profit before loan impairment charges	1.6	2.5	64
Loan impairment charges	-1.3	-1.0	130
Profit before tax	2.9	3.5	83
Tax	0.4	0.2	200
Net profit for the period	2.5	3.3	76
Loans (end of period)	731	710	103
Deposits (end of period)	871	1,011	86
Net profit / average allocated capital (%)	11.3	16.3	
Cost/income ratio (%)	64.4	50.0	

<sup>1</sup> Danske Bank Lithuania's activities related to corporate customers and private banking customers are reported as core activities.

#### **Financial results for core banking, Q1 2017 vs Q1 2016**

In the first quarter of 2017, Danske Bank Lithuania's profit before tax for core activities was EUR 2.9 million (against EUR 3.5 million for Q1 2016), including a reversal of EUR 1.3 million of previously recognised impairment charges (EUR 1 million).

Total income fell 10% from the year-earlier level, mainly because of a decline in net interest income. Lower short-term interest rates put pressure on margins and led to an 8% drop in net interest income. Net fee income fell 11%, mainly because of pricing harmonisation for payment cards in the market and reduced fee income from credit products.

Danske Bank Lithuania's core activity deposit portfolio decreased 14%. The loan portfolio increased 3% from the year-earlier period. The deposit/loan ratio remained high and stood at 119% (142%).

Operating expenses increased 16% to EUR 2.9 million. The cost/income ratio was 65% (50%).

#### **Danske Bank Group's financial results**

Danske Bank today announced its financial results for the first quarter of 2017. Further information is available at [danskebank.com/reports](https://www.danskebank.com/reports).