

Danske Bank Lithuania

Financial results for 2017

Danske Bank Lithuania serves business 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, 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

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Danske Bank Lithuania's core banking results

- Profit before tax for core activities fell 11% to EUR 8.2 million
- Total income declined 3% to EUR 18.5 million
- Expenses increased 10% to EUR 11.7 million
- Reversal of impairment charges was EUR 1.4 million
- Deposit/loan ratio: 137%

"Pricing regulation in the market and low customer activity in the securities trading market had a significant impact on financial performance in 2017. In addition, we are still investing in the customer service platform in the Baltic countries, which resulted in increased operating expenses. This led to drop of 11% in profit before tax," says Ramūnas Bičiulaitis, CEO of Danske Bank Lithuania.

CORE BANKING LITHUANIA ¹ (EUR millions)	2017	2016	Index 17/16
Net interest income	13.7	13.5	101
Net fee income	3.2	3.4	94
Net trading income	1.5	2.0	75
Other income	0.1	0.1	100
Total income	18.5	19.0	97
Operating expenses	-11.7	-10.6	110
Profit before loan impairment charges	6.8	8.4	81
Loan impairment charges	1.4	0.8	175
Profit before tax	8.2	9.2	89
Tax	-1.5	0.0	
Net profit for the period	6.7	9.2	73
Loans (end of period)	703	735	96
Deposits (end of period)	963	882	109
Net profit/average allocated capital (%)	8.0	9.7	83
Cost/income ratio (%)	63	55.8	113

¹ Danske Bank Lithuania's activities related to business customers and private banking customers are reported as core activities.

Financial results for core banking 2017 vs 2016

In 2017, Danske Bank Lithuania's profit before tax for core activities was EUR 8.2 million (against EUR 9.2 million a year before), including a reversal of EUR 1.4 million of previously recognised impairment charges (EUR 0.8 million a year before).

Total income fell 3% from the year-earlier level, mainly because of a decline in net fee income and trading income. Net fee income fell 6%, mainly because of pricing regulation in the market and reduced fee income from credit products. Net trading income decreased 25%. Higher derivative-related interest had a positive impact on net interest income, which showed a moderate 1% increase.

Danske Bank Lithuania's core activity deposit portfolio increased 9%. The loan portfolio decreased 4% from the year-earlier period. The deposit/loan ratio increased to 137% (120%).

Operating expenses increased 10% to EUR 11.7 million. The main reason for the increase was the sale of the retail banking business, which resulted in a larger proportion of fixed expenses being allocated to core banking activities. The development of the single customer service platform in the Baltic countries also contributed to the increase in operating expenses.

Danske Bank Group's financial results

Danske Bank announced its financial results for the year 2017 today. Further information is available at danskebank.com/reports.