

# Danske Bank Lithuania

## Financial results for first quarter 2016

Danske Bank in 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 3.5 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 loan impairment charges for core activities fell 22% from the level in Q1 2015 to EUR 2.5 million
- Total income fell 17% to EUR 5 million
- Expenses declined 11% to EUR 2.5 million
- Reversals of impairment charges were EUR 1 million, almost the same level as in the year-earlier period
- Deposit/loan ratio: 142%

CORE BANKING LITHUANIA <sup>1</sup> (EUR millions)	Q1 2016	Q1 2015	Index 16/15
Net interest income	3.6	4.2	86
Net fee income	0.9	0.9	100
Net trading income	0.5	0.9	56
Other income	0.0	0.0	-
<b>Total income</b>	<b>5.0</b>	<b>6.0</b>	<b>83</b>
Operating expenses	2.5	2.8	89
<b>Profit before loan impairment charges</b>	<b>2.5</b>	<b>3.2</b>	<b>78</b>
Loan impairment charges	-1.0	-1.2	83
<b>Profit before tax</b>	<b>3.5</b>	<b>4.4</b>	<b>80</b>
Tax	0.2	-0.3	-
<b>Net profit for the period</b>	<b>3.3</b>	<b>4.7</b>	<b>70</b>
Loans (end of period)	710	584	122
Deposits (end of period)	1,011	915	110

#### Financial results for core banking, Q1 2016 VS Q1 2015

In the first quarter of 2016, Danske Bank Lithuania's profit before loan impairment charges for core activities was EUR 2.5 million (against EUR 3.2 million a year before). Some EUR 1 million of previously recognised impairment charges was reversed (EUR 1.2 million). The pre-tax profit was EUR 3.5 million (EUR 4.4 million).

Total income declined 17% from the year-earlier level, mainly because of declines in net interest income and trading income. Lower short-term interest rates put margins under pressure and led to a 14% drop in net interest income. Lower activity in the financial markets led to 44% decline in trading income.

Operating expenses were reduced 11% to EUR 2.5 million. The cost/income ratio was 50% (47%).

“A month ago, the ECB reduced interest rates on deposits from commercial banks even further to the record-low level of -0.40%. This means that commercial banks incur costs on excess liquidity by depositing it with central banks. The negative short-term interest rate environment has substantially reduced opportunities for the banking sector to generate income growth from banking operations. As a result, net interest income of Danske Bank Lithuania declined 14 % in the first quarter, compared to the same period last year. We successfully grew the lending and deposit portfolios, however, and that lays the foundation for future income growth,” says Gintautas Galvanauskas, CEO of Danske Bank Lithuania.

In 2015, domestic demand was the key driver of growth in Lithuania and continue to be the main driver of growth in 2016 because fixed investment growth will slow temporarily as a result of a decline in the disbursement of EU funds this year. Danske Bank forecast GDP growth of 2.8% in Lithuania this year.

Danske Bank Lithuania’s core activity deposit portfolio increased by 10%. The loan portfolio increased 22% over the year.

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

Danske Bank today announced its financial results for the first quarter of 2016. For more information, please go to [www.danskebank.com/reports](http://www.danskebank.com/reports).

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<sup>i</sup> Danske Bank Lithuania’s activities related to corporate customers and private banking customers are reported as core activities. Activities related to other personal customers are not reported in this press release