

Danske Bank Lithuania

Financial results for the first nine months of 2016

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

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Danske Bank Lithuania's core financial results

- Compared to the same period of 2015, profit before loan impairment charges for core activities fell 14 % to EUR 6.7 million
- Total income fell 11% to EUR 14.4 million
- Expenses declined 8% to EUR 7.7 million
- Reversals of impairment charges were EUR 1.5 million
- Deposit/loan ratio: 124%

"Negative interest rates and a flat yield curve in the eurozone were important factors causing falling interest income in the banking industry," says Gintautas Galvanauskas, CEO of Danske Bank Lithuania. "Economic growth and subsequently higher demand for loans reduced the effect of negative rates, however."

"In the first nine months of 2016, we managed to increase our loan portfolio by 37% over the level 12 months before. This growth gives us solid basis for further revenue growth."

CORE BANKING LITHUANIA ¹ (EUR millions)	9M 2016	9M 2015	Index 16/15
Net interest income	10.2	11.4	89
Net fee income	2.6	3.0	87
Net trading income	1.6	1.7	94
Other income	-	0.1	
Total income	14.4	16.2	89
Operating expenses	7.7	8.4	92
Profit before loan impairment charges	6.7	7.8	86
Loan impairment charges	-1.5	-4.7	32
Profit before tax	8.2	12.5	66
Tax	-0.4	2.0	
Net profit for the period	8.6	10.5	82
Loans (end of period)	749	545	137
Deposits (end of period)	928	819	113

¹ 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.

First nine months of 2016 vs first nine months of 2015

In the first nine months of 2016, Danske Bank Lithuania's profit before loan impairment charges for core activities was EUR 6.7 million (against EUR 7.8 million a year before). EUR 1.5 million of previously recognised impairment charges was reversed (EUR 4.7 million). The pre-tax profit was EUR 8.2 million (EUR 12.5 million).

Total income decreased 11% 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 a 11% drop in net interest income. Net fee income fell 13%, mainly because of the pricing harmonisation of payment cards in the market and reduced fee income from credit products.

Operating expenses were reduced 8% to EUR 7.7 million as a result of streamlined processes. The cost/income ratio was 53% (52%).

Danske Bank Lithuania's core activity deposit portfolio increased 13%. The loan portfolio showed a substantial rise of 37% from increased business activity and the bank's strategic concentration on business customers.

Danske Bank Group's financial results

Danske Bank today announced its financial results for the first nine months of 2016. Further information is available at danskebank.com/reports.