

Danske Bank Lithuania

Annual financial results 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

- Profit before loan impairment charges for core activities fell 13% to EUR 8.4 million
- Total income fell 10% to EUR 19 million
- Expenses declined 7% to EUR 10.6 million
- Reversals of impairment charges were EUR 0.8 million
- Deposit/loan ratio: 120%

"The economic situation in Lithuania is improving, and consumer and business confidence indices are at their highest levels in the post-crisis period," says Gintautas Galvanauskas, CEO of Danske Bank Lithuania. "Businesses are therefore eager to invest in expansion as well as to increase efficiency and productivity."

"We have seen a sharp rebound in corporate credit growth in the past year and expect this trend to continue in 2017. In implementing our business banking strategy, Danske Bank Lithuania surpassed the market average in 2016, increasing lending by a third over the level the year before."

CORE BANKING LITHUANIA ¹ (EUR millions)	Q4 2016	Q4 2015	Index 16/15
Net interest income	13.5	14.8	91
Net fee income	3.4	4.0	85
Net trading income	2.0	2.3	87
Other income	0.1	0.0	
Total income	19.0	21.1	90
Operating expenses	10.6	11.4	93
Profit before loan impairment charges	8.4	9.7	87
Loan impairment charges	-0.8	-4.6	17
Profit before tax	9.2	14.3	64
Tax	-	2.4	
Net profit for the period	9.2	11.9	78
Loans (end of period)	735	554	133
Deposits (end of period)	882	873	101
Net profit / average allocated capital (%)	9.7	23.9	
Cost/income ratio (%)	55.8	54.0	

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

Financial results for core banking 2016 vs 2015

In 2016, Danske Bank Lithuania's profit before loan impairment charges for core activities was EUR 8.4 million (against EUR 9.7 million a year before). Some EUR 0.8 million of previously recognised impairment charges was reversed (EUR 4.6 million). Significantly lower reversals also had a marked impact on pre-tax profit, which was EUR 9.2 million (EUR 14.3 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 a 9% drop in net interest income. Net fee income fell 15%, mainly because of the pricing harmonisation of payment cards in the market and reduced fee income from credit products.

We reduced operating expenses 7% to EUR 10.6 million. The cost/income ratio was 56% (54%).

Danske Bank Lithuania's core activity deposit portfolio increased 1%. The loan portfolio saw a large gain of 33% 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 2016. Further information is available at [danskebank.com/reports](https://www.danskebank.com/reports).