

Danske Bank Lithuania

Financial results for the first nine months 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

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Danske Bank Lithuania's core banking financial results

- Profit before tax for core activities down 18% to EUR 6.7 million
- Total income down 4% to EUR 13.8 million
- Expenses up 12% to EUR 8.6 million
- Deposit/loan ratio: 134%

"The decline in income was driven mainly by the negative interest rate environment, which caused a decrease in customer investment activity. On the other hand, the Lithuanian economy has been showing more signs of optimism lately and is back on a very good growth track."

"Business sentiment has been improving as well, so we expect significantly more business activity for the fourth quarter and the beginning of the next year. The successful implementation of our strategy to focus on business customers, ensures that we are ready to meet their needs and help them grow their business, invest in technological upgrading or satisfy the growing demand for their goods and services," says Ramunas Bičiulaitis, Head of Danske Bank Lithuania.

CORE BANKING LITHUANIA ¹ (EUR millions)	First nine months 2017	First nine months 2016	Index 17/16
Net interest income	10.1	10.2	99
Net fee income	2.4	2.6	92
Net trading income	1.2	1.6	75
Other income	0.1	-	
Total income	13.8	14.4	96
Operating expenses	-8.6	-7.7	112
Profit before loan impairment charges	5.2	6.7	78
Loan impairment charges	1.5	1.5	100
Profit before tax	6.7	8.2	82
Tax	-0.9	0.4	
Net profit for the period	5.8	8.6	67
Loans (end of period)	753	749	101
Deposits (end of period)	1009	928	109
Net profit / average allocated capital (%)	8.8	11.7	
Cost/income ratio (%)	62	53	

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

Financial results for core banking, first nine months 2017 vs first nine months 2016

In the first nine months of 2017, Danske Bank Lithuania's profit before tax for core activities was EUR 6.7 million (against EUR 8.2 million for the first nine months of 2016), including a reversal of EUR 1.5 million of previously recognised impairment charges (EUR 1.5 million).

Total income fell 4% from the year-earlier level, mainly because of a decline in net fee income and net trading income. Net fee income fell 8%, mainly because of pricing regulation in the market and reduced fee income from credit products. Net trading income decreased 25% as lower market rates reduced customer activity within securities trading.

Danske Bank Lithuania's core banking deposit portfolio increased 9%. The loan portfolio increased 1% from the year-earlier period. The deposit/loan ratio remained high and stood at 134% (138%). The cost/income ratio was 62% (53%).

Operating expenses increased 12% to EUR 8.6 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 – which will eventually allow us to improve internal processes and optimise costs – also contributed to the increase in operating expenses.

Danske Bank Group's financial results

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