

BANKING ACTIVITIES LITHUANIA

Financial results for first quarter 2015

30 April 2015

DANSKE BANK LITHUANIA SERVES BOTH RETAIL AND CORPORATE CUSTOMERS IN LITHUANIA. THE ACTIVITIES RELATED TO CORPORATE CUSTOMERS AND PRIVATE BANKING CUSTOMERS ARE REPORTED AS CORE ACTIVITIES, ACTIVITIES RELATED TO OTHER PERSONAL CUSTOMERS ARE REPORTED AS NON-CORE ACTIVITIES. IN ADDITION TO BANKING ACTIVITIES, SINCE NOVEMBER 2012 THE UNIT HAS PROVIDED SHARED SERVICE CENTRE SERVICES TO DANSKE BANK, AND IN OCTOBER 2014, A DANSKE BANK GROUP IT CENTRE WAS ESTABLISHED IN THE COUNTRY. DANSKE BANK LITHUANIA HAS 11 REGIONAL BRANCHES.

UAB DANSKE LIZINGAS PROVIDES FINANCIAL LEASING SERVICES.

DANSKE BANK LITHUANIA AND UAB DANSKE LIZINGAS EMPLOY 1,054 FULL-TIME STAFF, 704 OF WHOM WORK AT THE SHARED SERVICE CENTRE AND THE IT CENTRE.

THIS PRESS RELEASE COMMENTS ON THE RESULTS OF THE BANKING ACTIVITIES OF DANSKE BANK LITHUANIA AND UAB DANSKE LIZINGAS, MAINLY THE RESULTS OF CORE ACTIVITIES.

DANSKE BANK IS THE LARGEST BANK IN DENMARK AND ONE OF NORTHERN EUROPE'S LEADING FINANCIAL INSTITUTIONS.

DANSKE BANK'S CURRENT RATINGS:

	MOODY'S	S&P	FITCH
LONG-TERM	A3	A	A
SHORT-TERM	P-2	A-1	F1

Danske Bank Lithuania's financial results

- Profit before impairment charges (core activities) fell 14% to EUR 3.2 million
- Total income (core) fell 8% to EUR 6 million
- Expenses (core) were unchanged at EUR 2.8 million
- Reversals of impairment charges (core) increased slightly to EUR 1.2 million
- Deposit/loan ratio (core): 157%

BANKING ACTIVITIES LITHUANIA (EUR millions)	Q1 2015	Q1 2014	Index 15/14
Net interest income	4.2	4.5	93
Net fee income	0.9	1.1	82
Net trading income	0.9	0.9	100
Other income	0.0	0.0	
Total income	6.0	6.5	92
Operating expenses	2.8	2.8	100
Profit before loan impairment charges	3.2	3.7	86
Loan impairment charges	-1.2	-1.0	120
Profit before tax, Core	4.4	4.7	94
Profit before tax, Non-core	-0.7	0.9	
Profit before tax	3.7	5.6	66
Tax	0.4	-0.3	
Net profit for the period	4.1	5.3	77
Loans, Core (end of period)	584	531	110
Loans, Non-core (end of period)	461	474	97
Deposits, Core (end of period)	915	709	129
Deposits, Non-core (end of period)	139	132	105

FINANCIAL RESULTS OF CORE ACTIVITIES FOR Q1 2015 VERSUS Q1 2014

In the first quarter of 2015, Danske Bank Lithuania's profit before loan impairment charges for core activities was EUR 3.2 million (against EUR 3.7 million a year before). Some EUR 1.2 million of previously recognised impairment charges was reversed (EUR 1 million), indicating some additional improvement in the impaired loan portfolio. The pre-tax profit was EUR 4.4 million (EUR 4.7 million).

Total income declined 8% from the year-earlier level. Falling market interest rates contributed to a 7% drop in net interest income. Fee income declined 18% because of the introduction of the euro in Lithuania. Net trading income remained at the same level as the year before.

“Despite geopolitical risks and a turbulent economic environment, Lithuanian companies are maintaining a positive outlook for the country’s economic prospects and are continuing to look for new investment projects,” says Gintautas Galvanauskas, General Director of Danske Bank in Lithuania. “For our part, we are doing our best to meet the expectations of our core customers: the business and private banking segments. While total lending in Lithuania continues to shrink, we have expanded our loan portfolios for core segment customers by 10% since the beginning of 2014. We are committed to continuing to provide top-quality service and helping our business customers expand their activities.”

Operating expenses were unchanged at EUR 2.8 million. The cost/income ratio was 47% (43%).

Danske Bank Lithuania’s core activity deposit and loan portfolios grew 10% and 29% respectively over the year. The deposit portfolio growth was strongly accelerated by EUR adoption in Lithuania, and the portfolio total still remains high. On 31 March 2015, Danske Bank Lithuania was self-financing; that is, deposit volume was larger than the loan portfolio.

Danske Bank Group’s financial results

Danske Bank today announced its financial results for the first quarter of 2015. For more information, please go to www.danskebank.com/reports.

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