

DANSKE BANK LITHUANIA

Financial results for the first half of 2015

22 July 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 NOT REPORTED IN THIS PRESS RELEASE. 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 1,204 FULL-TIME STAFF, 870 OF WHOM WORK AT THE SHARED SERVICE CENTRE AND THE IT CENTRE. CORE BANKING ACTIVITIES EMPLOY 185 FULL-TIME STAFF.

SINCE DANSKE BANK'S ACTIVITIES IN LITHUANIA FOCUS ON THE CORE SEGMENTS, THIS PRESS RELEASE REPORTS ON THE RESULTS OF THE CORE BANKING ACTIVITIES OF DANSKE BANK LITHUANIA AND UAB DANSKE LIZINGAS.

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	A2	A	A
SHORT-TERM	P-1	A-1	F1

Danske Bank Lithuania's core financial results

- Profit before impairment charges for core activities fell 31% to EUR 5.3 million
- Total income fell 17% to EUR 11 million
- Expenses were almost unchanged at EUR 5.7 million
- Reversals of impairment charges rose slightly to EUR 4.1 million
- Deposit/loan ratio: 168%

CORE BANKING LITHUANIA (EUR millions)	H1 2015	H1 2014	Index 15/14
Net interest income	7.8	9.1	86
Net fee income	2.0	2.4	83
Net trading income	1.2	1.8	67
Other income	0.0	0.0	
Total income	11.0	13.3	83
Operating expenses	5.7	5.6	102
Profit before loan impairment charges	5.3	7.7	69
Loan impairment charges	-4.1	-3.0	137
Profit before tax	9.4	10.7	88
Tax	1.6	3.5	46
Net profit for the period	7.8	7.2	108
Loans (end of period)	511	543	94
Deposits (end of period)	856	835	103

FINANCIAL RESULTS FOR CORE BANKING, H1 2015 VS H1 2014

In the first half of 2015, Danske Bank Lithuania's profit before loan impairment charges for core activities was EUR 5.3 million (against EUR 7.7 million a year before). Some EUR 4.1 million of previously recognised impairment charges was reversed (EUR 3 million), indicating further improvement in the impaired loan portfolio. The pre-tax profit was EUR 9.4 million (EUR 10.7 million).

Total income declined 17% from the year-earlier level, mainly because of a decline in net interest income. Falling market interest rates led to a 14% drop in net interest income. Fee income declined 17% because of the introduction of the euro in Lithuania. Net trading income was 33% lower owing to lower trading activities in the market and lower interest rates.

Operating expenses were almost unchanged at EUR 5.7 million. The cost/income ratio was 52% (42%).

“As we observe the dynamics of Lithuania’s economy, we note that its growth has recently slowed down slightly, particularly because demand in Russia and other CIS countries has fallen significantly,” says Gintautas Galvanauskas, CEO of Danske Bank Lithuania. “We believe this is a temporary situation, however. Lithuania’s businesses have already succeeded in redirecting export flows to other European Union countries or countries in northern Europe.”

“We do not think that Lithuanian enterprises will experience significant losses during the current difficulties. Towards the end of the year and next year we may see stronger economic growth, and we could be among the fastest-growing economies in the European Union.”

Danske Bank Lithuania’s core activity deposit portfolio grew 3%, and the loan portfolio declined 6% over the year. The deposit portfolio remains high. On 30 June 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 half of 2015. For more information, please go to www.danskebank.com/reports.

For further information:

Gintautas Galvanauskas
General Manager, Danske Bank Lithuania
Tel.: +370 5 215 6226
E-mail: gintautas.galvanauskas@danskebank.lt

Ramūnas Bičiulaitis
Chief Financial Officer, Danske Bank Lithuania
Tel.: +370 5 215 6226
E-mail: ramunas.bicilaitis@danskebank.lt