

To the editor

Group Communications
Holmens Kanal 2-12
DK-1092 København K
Tel. +45 45 14 56 95

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**Danske Bank reports net profit of DKK 2.8 billion (EUR 376.7 million)
for the first quarter of 2014**

Danske Bank has announced its financial results for the first quarter of 2014.

“Our financial performance in the first quarter of 2014 is encouraging,” says Thomas F. Borgen, CEO. “Although our income is challenged by the subdued economic activity, our financial results show a number of positives. Our cost programme is driving the fall in expenses, and impairments continue to decline. All in all, net profit increased 91% from the level in the first quarter of 2013.

“A top priority is still our commitment to strengthen our market position and improve customer satisfaction. This is a challenge and achieving our goals will take time. The encouraging trend in customer satisfaction among our largest Nordic corporate and institutional clients is a sign that we can succeed in reaching our ambitious targets also for personal and business customers.”

The report is available at danskebank.com. Highlights are shown below:

First quarter 2014 vs. first quarter 2013

- In the first quarter of 2014, Danske Bank posted a profit before tax for core activities of DKK 4.3 billion (EUR 570.9 million). The net profit was DKK 2.8 billion (EUR 376.7 million), up 91% from the first quarter of 2013.
- The return on shareholders' equity after tax for the first quarter was 7.7% p.a., against 4.3% p.a. for the first quarter of 2013.
- Total income rose 3% to DKK 10.3 billion (EUR 1,384.3 million). The increase was driven, among other things, by income from insurance business and higher fee income.

- Expenses amounted to DKK 5.4 billion (EUR 727.6 million) and fell 6%. The cost programme is progressing according to plan. The cost/income ratio improved to 52.6%.
- Impairments in our core activities remained low at DKK 0.6 billion (EUR 85.9 million), a fall of 55% from the level in the first quarter of 2013. This corresponds to a loan loss ratio of 0.14%.
- Non-core activities posted a loss before tax of DKK 0.6 billion (EUR 84.7 million). The result was in line with our expectations, and the winding-up process continues according to plan.

First quarter 2014 vs fourth quarter 2013

- The net profit represented an increase of 46% from the level in the fourth quarter of 2013.
- Total income was down 4% from the fourth quarter of 2013. Net interest income fell 5% from the fourth quarter, among other things because of fewer interest days in the first quarter of 2014, and net fee income declined 13% from the fourth quarter of 2013 because performance fees at Danske Capital are measured mainly in the fourth quarter. Net trading income rose 27%, primarily because of improved income at Group Treasury.
- Expenses fell 18%. Fourth quarter 2013 expenses contained significant restructuring costs.
- Impairments were down 30%. Impairments declined at all business units.

Capital ratios still solid

In the first quarter, we raised new capital through an additional tier 1 capital issue of DKK 5.6 billion (EUR 750.1 million), which was well received by investors. In April, we redeemed the DKK 24 billion (EUR 3,224.1 million) hybrid capital raised from the Danish state in 2009. Both initiatives were part of our ongoing capital structure optimisation that will reduce our funding costs going forward.

On 24 March 2014, Danske Bank signed an agreement to sell its equity interest in Nets Holding A/S. The transaction is subject to regulatory approval and, when completed, the sale will have a positive effect of about DKK 1 billion (EUR 133.9 million).

The common equity tier 1 capital ratio and the total capital ratio were solid at 14.0% and 18.1%, against 14.7% and 21.4% at 31 December 2013. The redemption of the hybrid capital raised from the Danish state, which was made in April 2014, reduced the total capital ratio at 31 March 2014 by 2.7 percentage points. With an LCR of 119%, our liquidity position remains strong, however.

Ratings upgrade

On 29 April 2014, Standard & Poor's (S&P) upgraded Danske Bank's long- and short-term ratings one notch as a result of a more positive view on Danske Bank's asset quality. S&P also changed the outlook for the long-term rating to negative.

Profit outlook at the higher end of the range

We expect net profit for 2014 to be at the higher end of our previously communicated range of DKK 9-12 billion (EUR 1,205.5-1,607.3 million).

Danske Bank

Contacts:

Thomas F. Borgen, CEO, tel. +45 45 14 60 01

Henrik Ramlau-Hansen, CFO, tel. +45 45 14 06 66

More information about Danske Bank's financial results is available at danskebank.com/reports.

This is a translation of a press release in the Danish language. In case of discrepancies, the Danish version prevails. Danish kroner translated into euros at an exchange rate of 1:7.4659. The hybrid capital from the Danish state was raised in 2009 and is translated into euros at an exchange rate of 1:7.4415.