

To the editor

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**Danske Bank reports net profit of DKK 10.1 billion (EUR 1,361.1 million)
for the first nine months of 2014
Net profit guidance revised upwards**

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

“In the third quarter, we continued to make progress in strengthening our position as a Nordic universal bank by focusing on relations with our customers and improving financial performance,” says Thomas F. Borgen, CEO. “In the first nine months of 2014, we increased net profit by 95% from the profit for the same period last year, which shows that our initiatives are working. The results are encouraging, but we still have some way to go before reaching our long-term targets. We will continue to execute our strategy and focus on becoming a truly customer-driven, simple and efficient bank.”

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

First nine months of 2014 vs first nine months of 2013

- In the first nine months of 2014, Danske Bank posted a profit before tax from core activities of DKK 14.2 billion (EUR 1,902.3 million). The net profit was DKK 10.1 billion (EUR 1,361.1 million) and represents an increase of 95% from the level in the first nine months of 2013. The increase was driven by growth in most income lines, lower expenses and lower impairments.
- The return on shareholders' equity after tax was 8.9% p.a., against 4.9% p.a. for the first nine months of 2013.
- Total income amounted to DKK 32.6 billion (EUR 4,385.9 million), rising 13% from the first nine months of 2013. Income rose on the strength of growth in all main income lines.

- We continued our tight cost control. Expenses totalled DKK 16.6 billion (EUR 2,223.7 million), and were down 4% from the first nine months of 2013. The cost/income ratio improved to 50.7% from 59.4%.
- At DKK 1.9 billion (EUR 260.0 million), impairments in our core activities were down 39% and remained low. This corresponds to a loan loss ratio of 0.14% p.a. Impairments declined at all business units.
- The result of Non-core activities, which consist mainly of the portfolio of Non-core Ireland exposures, showed a loss before tax of DKK 1.0 billion (EUR 137.8 million). The result was in line with expectations, and the winding-up of our Non-core activities continues according to plan.
- At the end of September 2014, total lending was up 3% from the level at the end of 2013. Most of Danske Bank's markets saw weak growth and low demand for credit. Total deposits were 2% below the level at the end of 2013.
- Together with other European Banks, Danske Bank participated in a stress test led by the European Banking Authority (EBA). Danske Bank's results in the stress test were very sound. Even in the adverse scenario, we had more than twice the amount of capital required by the authorities. As stated in company announcement No. 24 of 26 October 2014, impairment charges of DKK 0.7 billion (EUR 94 million) will be taken into account in the last quarter of 2014 as a result of the AQR.
- Our capital base is strong. At 30 September 2014, the common equity tier 1 capital ratio and the total capital ratio were 15.0% and 19.3%, respectively, against 14.7% and 21.4% at 31 December 2013.
- With a liquidity coverage ratio of 125% at 30 September 2014, our liquidity position is robust.

Previous guidance revised upwards

On the basis of the satisfactory results for the first nine months of 2014, we now expect net profit for 2014 to be in the range of DKK 11.5-13.5 billion (EUR 1,545.1-1,813.8 million), an increase from our previous guidance of a range of DKK 10-13 billion (EUR 1,343.5-1,746.6 million).

Third quarter 2014 vs second quarter 2014

- In the third quarter of 2014, profit before tax amounted to DKK 4.5 billion (EUR 605.0 million), against DKK 5.0 billion (EUR 670.6 million) in the second quarter.
- Total income amounted to DKK 10.9 billion (EUR 1,468.9 million) and fell 4%. Income from Market Making at Corporates & Institutions was higher in the third quarter, but second-quarter trading income benefited from the positive effect relating to Nets.
- Expenses were down 1% and amounted to DKK 5.5 billion (EUR 743.0 million).
- Impairments in core activities amounted to DKK 0.7 billion (EUR 89.7 million) and were at largely the same level as in the second quarter.

Danske Bank

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