

To the editor

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**Danske Bank reports net profit of DKK 9.4 billion (EUR 1,263 million)
for the first half of 2015
Net profit guidance revised upwards to above DKK 16 billion (EUR 2,145 million)**

Danske Bank has announced its financial results for the first half of 2015.

“In the first half of 2015, we benefited from our diversified business model and posted a satisfactory result despite the adverse effect of negative interest rates. The result is driven by high customer activity, improved macroeconomic conditions and lower impairments,” says Thomas F. Borgen, Chief Executive Officer.

“Our underlying business continued its positive development as we are executing our strategy of becoming a more customer-centric, simple and efficient business. We have launched a number of new innovative solutions across our markets, strengthened relationships with our customers and have seen continually positive developments on the customer side.

On the basis of stronger income and lower impairments, we raise our guidance for the year and now expect a net profit of above DKK 16 billion (EUR 2,145 million) for 2015.”

The interim report for the first half of 2015 is available at danskebank.com. Highlights are shown below:

First half 2015 vs first half 2014

- In the first half of 2015, Danske Bank posted a profit before tax from core activities of DKK 12.1 billion (EUR 1,628 million). The net profit was DKK 9.4 billion (EUR 1,263 million), up 36% from the level in the first half of 2014. The net profit is satisfactory, with the improvement being driven by higher customer activity, improved macroeconomic conditions and lower impairments.
- The return on shareholders' equity after tax was 12.5% p.a., against 9.4% p.a. for the first half of 2014. We remain on track to reach our 2015 target for shareholders' return on equity.

- Total income amounted to DKK 23.2 billion (EUR 3,107 million) and was up 6%.
 - Net interest income totalled DKK 10.8 billion (EUR 1,452 million) and was at the same level as in the first half of 2014. The pressure on net interest income from low interest rates was offset by a fall in funding costs resulting from the repayment of the state hybrid capital in April 2014, an increased investment return and a positive development in lending volumes.
 - Net fee income rose 18% to DKK 6.1 billion (EUR 822 million) owing to increased customer activity at all banking units, a high level of mortgage refinancing and positive developments at Danske Capital.
 - Net trading income totalled DKK 4.2 billion (EUR 568 million), an increase of 2% from the year-earlier level that included the effect of the sale of our shares in Nets. The increase was driven by higher client activity and positive fair value adjustments, mainly in the first quarter of 2015.
- Operating expenses amounted to DKK 10.8 billion (EUR 1,441 million) and fell 2%. The cost/income ratio improved to 46.4% as a consequence of our continued cost focus and despite the higher customer activity.
- Loan impairments in core activities continued to show a declining trend and amounted to DKK 0.3 billion (EUR 38 million), down 78%. The declining impairments reflected an improvement of macroeconomic conditions and household finances and corresponded to a loan loss ratio of 0.03% p.a., against 0.14% p.a. in the first half of 2014.
- Total lending was up 2% from the level at the end of 2014, with increases recorded at all banking units. Total deposits were up 10%, with increases recorded in particular at Corporates & Institutions.

Second quarter 2015 vs first quarter 2015

- Profit before tax amounted to DKK 5.8 billion (EUR 779 million), against DKK 6.4 billion (EUR 852 million) in the first quarter of 2015 that was positively affected by extraordinarily high net trading income.
- Total income fell 10% from the first quarter of 2015, mainly because of lower net income from insurance business and lower net trading income. In the first quarter, net trading income benefited from high customer activity at Corporates & Institutions and positive value adjustments at Group Treasury.
- Net interest income rose 4%, driven by the positive effect from increasing average lending volumes at all business units and one more day in the second quarter.

- Loan impairments in core activities showed a net reversal of DKK 0.2 billion (EUR 29 million) against charges of DKK 0.5 billion (EUR 67 million) in the first quarter. The net reversal was driven by our constant focus on the credit quality of the loan portfolio and improved macroeconomic conditions, and it was the first time since the first quarter of 2007 that we booked a net reversal.

Solid common equity tier 1 capital ratio and total capital ratio

The common equity tier 1 capital ratio and the total capital ratio were 14.3% and 18.7%, respectively, against 15.1% and 19.3% at 31 December 2014. The liquidity coverage ratio (LCR) remained solid at 130% at 30 June 2015.

On 30 March 2015, we initiated our DKK 5.0 billion (EUR 669 million) share buy-back programme, which may run until 31 December 2015. By 30 June 2015, we had bought back shares for a total purchase amount of DKK 1.9 billion (EUR 255 million).

Rating targets for 2015 met

In June, Moody's raised Danske Bank's long-term rating to A2 and its short-term rating to P-1. In July, S&P changed its outlook for our long-term A rating to stable. These actions have brought us to our rating targets for 2015.

New operating model for Northern Ireland

Our activities in Northern Ireland will operate as a standalone business unit rather than as part of Personal Banking and Business Banking. We have made a business review that concluded that synergies between the Northern Irish market and the Nordic markets are limited, and we are confident that the change will better enable us to create value for our customers in Northern Ireland, to develop our market position and to improve profitability. Effective from 1 January 2016, Danske Bank in Northern Ireland will be disclosed in financial statements as a separate business unit.

Net profit guidance revised upwards

We now expect a net profit for 2015 of above DKK 16 billion (EUR 2,145 million), an increase from our earlier guidance of a net profit of above DKK 14 billion (EUR 1,877 million). The stronger outlook is owing mainly to positive developments in income supported by high customer activity at all business units and in impairments as macroeconomic conditions continue to improve.

Danske Bank

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