



DANSKE BANK PLC GROUP

INTERIM REPORT 30.6.2015

Danske Bank Plc is a part of Danske Bank Group, one of the largest financial enterprises in the Nordic region. Danske Bank Plc is the third largest bank in Finland and has nearly 1 million personal customers and about 90,000 corporate and institutional customers.

This Interim Report includes Danske Bank Plc and its subsidiaries.

DANSKE BANK PLC GROUP'S INTERIM REPORT FOR JANUARY-JUNE 2015
Risto Tornivaara, CEO: Pleasing development in credit and deposit portfolios in difficult market conditions

“The operating environment continued to be very challenging during the first half-year. Interest rates remained exceptionally low, and the Greek crisis increased uncertainty in the financial market. Danske Bank Plc Group, the Finnish subsidiary of the Danske Bank A/S Group, was able to improve its result in the challenging operating environment. The profit before taxes for the first half-year was EUR 113 million, which is 9 per cent more than in the same period of 2014. The positive profit performance was due to our determined efforts to improve the bank’s cost structure and the reduction of loan impairment charges.

Our cost-to-income ratio improved by 2 percentage points on the previous year and was 60.5 per cent. The interest rate environment had a negative impact on our net interest income, which declined by 2 per cent. Net fee income was almost at the previous year’s level. Operating income totalled EUR 293 million in January-June, which is 3 per cent less than a year earlier.

Danske Bank’s objective is to be the most trusted banking partner for Finns. Customer satisfaction improved in all our business units, especially among our medium-sized and large corporate customers. Our customers’ trust was reflected in the development of our credit and deposit portfolios in both Personal and Business Banking, which is very pleasing, especially considering the difficult market conditions.

The number of new housing loans grew by over 20 per cent on the previous year, boosted by our campaigns focusing on effortless banking. More than 22,000 of our household customers utilised the opportunity to have a interest-only period on their home loans, which released some EUR 110 million in assets for households to use.

After a long downturn, there are positive signs regarding Finnish companies’ willingness to invest. The corporate bond market has been utilised actively in financing, and there have also been new listings on the stock market after a long hiatus. The first half-year was successful for Danske Bank’s Corporate Finance business: we were chosen to participate in arranging the largest IPOs since 2006, and we played a key role in several major financing arrangements.

Danske Bank Plc Group’s capital adequacy is very strong, and our capital adequacy ratio was 15.5 per cent (14.5% at the end of 2014) at the end of the period. Our aim is to grow in Finland, and our strong capital adequacy provides a good foundation for this.”

Financial highlights

		1-6/2015	1-6/2014	1-12/2014
Total operating income	EURm	293	302	603
Profit before taxes	EURm	113	104	214
Total assets at the end of the period	EURm	31 647	27 037	29 692
Number of staff at the end of the period		1 923	1 811	1 709

Group in brief

Danske Bank Plc Group is part of the Danske Bank Group, which is one of the largest financial enterprises in the Nordic region. The Group is headquartered in Copenhagen and Danske Bank's share is quoted on the Nasdaq Omx Copenhagen.

As a Nordic universal bank, Danske Bank Group offers Finnish customers full banking services through Helsinki Branch, which is a branch of Danske Bank A/S, Denmark and the subsidiary Danske Bank Plc Group. End of June 2015, the total assets of the combined activities in Finland was around EUR 33 billion and the half-year result EUR 96 million.

Originally established as a local post savings bank, Danske Bank Plc has been an integral part of Finnish society for almost 130 years. It is the third largest bank in Finland with almost 1 million personal customers and about 90,000 corporate and institutional customers and a strongly Finnish rooted player with wide bridges to the world. Danske Bank Plc has a market share in lending slightly below 10 per cent and a market share in deposits just above 11 per cent.

Since 1. November 2014, Danske Bank Plc Group has been under supervision of the European Central Bank (ECB) which designated Danske Bank Plc as a systemically important bank. In July 2015, Danske Bank Plc was designated as other systemically important institution (O-SII) for the Finnish national financial system underlining that the bank plays a vital role in the Finnish financial sector.

Operating environment

For the last three years the GDP growth in Finland has been negative and the level of GDP is still more than 5 per cent below the level seen before the financial crisis. This year has started quite weak as well. The GDP decreased by 0.1 per cent in the first quarter. So it looks that the recovery in Europe has still not reached Finland. Despite shrinking GDP, Finnish economy has been relatively resilient; unemployment has risen only moderately and number of bankruptcies has fallen in early 2015. Public finances have weakened, however. Moody's changed outlook on Finland's Aaa rating to negative from stable in May. The new conservative three-party government is reform oriented and fiscal policy will be tightened significantly, which should help to maintain good credit ratings.

We expect the GDP to grow modestly only by 0.5 per cent this year and by 1.4 per cent next year. The expected growth is likely to be driven by exports. The outlook for the main Finnish export markets (Germany, Sweden, and USA) is relatively good. The weakening of euro should help our exports to USA, which is nowadays Finland's 3rd biggest trading partner. Russia is an exception as its economy is contracting and imports are substituted by local production. Given low inflation, above normal unemployment and modest growth, money market rates are expected to stay extremely low in 2015. Bond market yields should remain relatively low as well, although the yield curve steepened in the first half of 2015.

Finnish consumer confidence has improved and is now above its long-term average. Low interest rates, fall in consumer prices and amortization free months offered by banks have boosted household finances, despite rising unemployment. Nevertheless, we expect private consumption to grow only modestly in 2015. Household purchasing power is being weakened by slowly rising unemployment and low earnings growth. Housing market looks relatively stable, although trading in larger apartments and houses is below normal. According to preliminary data, prices of dwellings in old blocks of flats and terraced houses went up by 0.4 per cent from April to May. Compared with the corresponding period of the previous year, prices fell by 0.6 per cent in May.

Investment activity has been weak, but manufacturing capex shows early signs of a recovery and also construction has stabilized in the first half of 2015. According to a survey by Confederation of Finnish Industries (EK), companies have increased their investment plans significantly.

Financial review

(The comparison figures in parentheses refer to the first six months of 2014).

Danske Bank Plc Group's profit before taxes for January–June 2015 was EUR 113.0 million (103.6 million). The result was EUR 78.1 million (83.2 million). Return on equity (annualized) amounted to 6.3 per cent end of June 2015 compared to 6.9 per cent last year.

Total operating income for the first six months of 2015 declined 3 per cent compared with the same period a year earlier totalling EUR 293.0 million (302.1 million). The Group's net interest income was EUR 150.6 million (153.6 million). The continued low interest environment, especially negative short-term interest rates, keeps our net interest income under pressure. Also ECB's deposit rate for banks remained negative. This combined with only a slight lending growth caused the net interest income to fall 2 per cent year-on-year.

The Group's net fee income remained almost at the same level compared to year earlier and amounted to EUR 116.8 million (117.8 million).

Net trading income decreased 19 per cent year-on-year and totalled EUR 14.8 million (18.2 million). The decline was partly stemming from increased counterparty risk on derivatives (CVA), but also from negative value adjustments on bonds in the liquidity portfolio. The comparative period on the other hand was affected by crisis in Ukraine in the beginning of 2014, which resulted challenges in particular in ruble currency trading and ruble interest rate hedging and had a negative effect to this profit and loss line. Last year's net trading income includes also a dividend from Luottokunta and no corresponding income is received during the first half of 2015.

The Group's other operating income decreased also with 15 per cent year-on-year to EUR 10.7 million (12.6 million). This was primarily attributable to some one-off income received during the corresponding period, but no corresponding income items were received during this review period.

Danske Bank Plc Group's cost to income ratio was 60.5 per cent showing an improvement of 2 percentage points compared with last year (62.5 per cent). Group's operating expenses from January-June totalled EUR 176.9 million (EUR 188.9 million).

Total operating expenses decreased around 6 per cent (EUR 12 million) compared to previous year. Bank tax's portion of the previous year's costs was EUR 17.2 million and there is no corresponding cost during this review period.

Net impairments on loans and receivables was EUR 3.1 million on (9.6 million). Individually assessed impairment charges and final write-offs totalled EUR 7.3 million (15.5 million). EUR 0.4 million (-1.0 million) was reversed in collective impairments, and recoveries came to EUR 4.0 million (6.9 million). Impairment charges and write offs consisted of a few corporate receivables.

Danske Bank Plc Group's effective tax rate was 30.9 per cent end of June 2015. The high tax rate is due to the Danish group tax scheme in which the whole Danske Bank Group is involved.

Personal Banking

Products and services

Our aspiration in Personal Banking Finland is to lead the way in online and mobile / tablet solutions to give our customers easy access to day-to-day banking. Since 2013 it has been possible for customers to take care of their banking business via online meetings. The online meetings have become a core part of our customer service and currently every fourth meeting takes place online. Customer feedback on online meetings has been positive.

Danske Bank has now over 100,000 Mobilebank and Tabletbank solution users and over 2.5 million logons per month. We are predicting that mobile and tablet logons will exceed webbank logons during 2015.

The number of new registrations to the Danske Benefit Programme continued to grow rapidly. By the end of June 2015, over 80 per cent of the bank's current customers entitled to top level benefits had registered for the programme.

Danske Bank's MobilePay application enables peer-to-peer payments between private individuals with smart phones. In Finland the application has been downloaded over 175,000 times. Over 60 per cent of these downloads were by people who are not primary customers of Danske Bank. In the first half 2015 we also launched several projects to make the use of online services even easier.

Our aspiration is to be an active part of the Finnish society. In the spirit of the #suominousuun ("get the wheels rolling in Finland") initiative, we contributed to the purchasing power of Finns with our interest-only campaign for home loan customers. During the campaign more than 20,000 families utilised the opportunity to have a fee-free interest-only period on their home loans for up to one year. This campaign as well as the marketing campaign addressing flexible banking were well received in public discussion and contributed to the positive development of the bank's image in the first half of 2015.

Our positive contribution to the everyday lives of Finns continued in April, when new a service #helpompikodinvaihto ("easier home buying") for home buyers and sellers was introduced to the market in collaboration with Realty World and Fennia Insurance. Home buyers and sellers can now receive assistance from Danske Bank's advisors through a chat function on Realty World's web-site. The new service that evaluates the financial condition of housing associations and renovation costs is provided to give home buyers the assurance needed to move ahead with their dreams. The launch of the services was given a positive reception.

Customer satisfaction

At the end of H1 2015, customer satisfaction for Personal Banking was below our target of being number one or two among the bank's focus customers. We have, however, experienced a positive trend lately and we believe that our continued focus on customer relationships and seamless online solutions will improve the customer experience.

Financial review

Total operating income from Personal Banking decreased by 10 per cent from the previous year to EUR 127.7 million (141.4 million) mainly due to the low interest rate development. However, increased activity and positive margin development in lending compensated the net interest income development. Lending stock grew 1 per cent in H1 compared with year-end. Non-net interest income grew 4 per cent compared with the previous year.

The result was positively affected by an 8 per cent reduction in operating expenses. Loan impairment charges also decreased from the previous year.

Business Banking

Products and services

We aspire to be our business customers' trusted financial partner and thus we continue to develop our employees, products and processes as it means better service, better quality and faster delivery to our customers. During the first half of 2015 we have also actively started to offer online meeting for our Business Banking customers. This enables our customers to meet different specialists regardless of location and thus utilize the best possible expertise. We have also simplified the process of getting bank IDs for those of our customers who only need them for Business Online services.

There has also been further development in our digital channels, for instance we have launched new features in our Mobilebank and Tablet bank. These include e.g. the possibility to send attachments to the bank. A more visual Business Online and Tablet bank improves usability in the channels where we meet customers daily. By sending main part of documents electronically to the Business Online archive we can ensure efficiency for customers and also support environmental and corporate responsibility.

During this year we have widened our cooperation with Fennia in order to offer our business customers relevant solutions for their insurance needs. The cooperation has proven useful also from the customers' financing perspective.

Customer satisfaction

During the first half of 2015 Business Banking stabilized its position in terms of customer satisfaction among the two best banks in our most important customer segments. Satisfaction has continued to improve especially among our mid-sized and large customers. We have continued our determined work to focus on customer understanding instead of on a narrow product – or even solution – focus. Our employees continuously receive training in order to further improve the customer experience.

Financial review

Total operating income from Business Banking increased by 4 per cent compared with the previous year to EUR 88.7 million. Both net interest income and net fee income increased compared with last year. The increase in net interest income can be explained by a growth in the lending balance, which is a result of a wide customer base and improved lending margins.

Besides an increase in total income, costs also continued to decrease compared with last year. Active measures ended up achieving an over 9 per cent reduction in total operating expenses. Loan impairment charges increased from last year's extremely low level to EUR 11.1 million.

Corporates & Institutions

The Corporates & Institutions (C&I) unit includes the Group's Markets business, Corporate and Institutional Banking (CIB) and Transaction Banking business. We aspire to set new standards for wholesale banking and become our customers' trusted financial partner by offering great value propositions.

Corporate and Institutional Banking

Regarding corporate customers we see good activity within both bond issuance, equity-related services and in M&A advisory which contribute positively to overall performance. Regarding institutional clients activity and new client initiatives were at all time high resulting in positive outcomes both qualitatively and quantitatively.

Capital Markets

The first half of 2015 was particularly successful for Corporate Finance both in M&A and equity capital market transactions. We concluded the sale of Fortum's Swedish Electricity Network worth EUR 6.5 billion and the acquisition of Neste Oil Porvoo refinery power network, among others. Danske Corporate Finance opened the IPO market with two significant offerings to the main list of OMX Helsinki. Asiakastieto IPO worth approx. EUR 200 million and Pihlajalinna IPO with EUR 80 million sales to market are the largest IPO's in Finnish market since 2006.

During the first half of 2015 the market activity in Loan Capital Markets continued to be very high, with Finnish companies taking advantage of the strong market sentiment by refinancing their core credit facilities. Highlights for the reviewed period include the co-ordination role in Pohjolan Voima Oy's EUR 573 million syndicated

Revolving Guarantee Issuance Facility Agreement and the bridge facility to support Citycon Oyj's acquisition of Sektor Gruppen AS in Norway.

Danske Bank arranged post-IPO financing transactions for Asiakastiето and Pihlajalinna ahead of the successful IPOs arranged by Danske Bank Corporate Finance. Danske Bank Leverage Finance also supported Acta in its acquisition of Inspecta.

Danske Bank Markets

The Danske Bank Markets division in Finland operates in close co-operation with the Markets operations within the Danske Bank Group. At the Group level the work continues with the aim of transforming the Markets business model to fit the new regulatory environment and to withstand changing market developments. This entails a more balanced income base through client-driven income and less volatility in income from trading operations. Markets operations in Finland have undergone a similar transformation and most of the income generated is based on client activity.

Conditions in the financial markets were influenced strongly by central bank actions. In particular the quantitative easing program announced by the ECB resulted in large fluctuations in both exchange rates and interest rates. The volatile market conditions kept client activity and income at a good level during the first half of 2015. Trading operations, which support client activity, managed to deliver solid income despite challenging market conditions especially in Q2.

Activity in Debt Capital Markets remained at a high level during the review period. Danske Bank Markets arranged bond issues for a number of major Finnish corporates, including Teollisuuden Voima, Neste Oil, Kemira, Sampo and Technopolis.

Cash management

During the review period several major Finnish corporate customers chose Danske Bank as their cash management provider thereby strengthening the bank's position in the market even further. The increase in market share is also visible in the most recent independent cash management market surveys, such as Prospera in which large Finnish customers ranked Danske Bank as the best cash management provider (Overall Performance) for the third year running. Among the banks evaluated in the survey, Danske Bank was the only one which improved its score from 2014. In addition to Finland, Danske Bank also secured the number one position on Nordic level.

Financial review

Overall C&I income has developed quite favourably compared with the same period last year. Total operating income increased by 3 per cent year-on-year and was EUR 43.1 million (EUR 41.8 million). Net interest income increased 17 per cent year-on-year mainly due to a positive development in deposit margins and internal transfer pricing. Also the trading income was slightly better than the previous year.

On the Danske Bank Group level there is continuing focus on costs and C&I in Finland has been able to further decrease its cost base. In addition C&I was able to get significant loan loss recoveries during the review period.

Danske Capital

Products and services

Capital unit includes Danske Capital asset management activities and operations in Danske Invest Fund Management Ltd. Danske Capital is responsible for institutional customers, discretionary portfolios in private banking and most of Danske Invest Fund Management's funds.

Danske Invest Fund Management Ltd is the third-largest fund management company in Finland with a market share of 12.2 per cent. Assets under management totalled EUR 11.9 billion at the end of June (10.6 billion on 30 June 2014). Net subscriptions by fund management companies registered in Finland were EUR 7,824.5 million in January-June. In the same period, net subscriptions by Danske Invest Fund Management were EUR 295.5 million.

Lipper awarded Danske Invest Global Tech Fund as best fund in its class. These prestigious Lipper Fund Awards 2015 rewards were granted to funds which have had consistently the best risk-adjusted return. Measured on 5-year yield history the annual return for Danske Invest Global Tech Fund was 19.6 per cent.

Customer satisfaction

According to the most recent survey by Scandinavian Financial Research Ltd. Danske Capital is one of the best companies in customer satisfaction among institutional customers in Finland in 2014.

Danske Capital's customer satisfaction is at an excellent level and even improved slightly from last year according to the customer satisfaction survey commissioned by Prospera during 2015.

Financial review

Danske Capital performed well during the review period. Total income for January-June 2015 was EUR 19.7 million showing an increase of 4 per cent year-on-year. Total operating expenses remained at the same level as previous year and profit before taxes for the period was EUR 10.8 million (EUR 10.0 million).

Other activities

Other activities encompasses the Group Treasury, the Group's Services and other support functions and eliminations. Their total operating income was EUR 13.7 million (EUR 14.6 million).

The Group Treasury is responsible for the Group's liquidity management and funding. It acts as an internal bank for the business segments. Two of the Group Treasury's key responsibilities are ensuring that Danske Bank Plc maintains sufficient liquidity to handle a situation in which the markets are stressed and that the Bank always complies with regulatory liquidity requirements. A liquidity portfolio of a sufficient size and quality is an important component in managing overall liquidity risks. The treasury monitors liquidity risks on an ongoing basis, and the liquidity portfolio is regularly adjusted to reflect changes. The liquidity portfolio is incorporated in balance sheet management to optimise the balance sheet composition and minimise the cost of holding the liquidity portfolio.

In 2014 and 2015 we have modified the funds transfer pricing model for liquidity costs which improved the net interest income in the Treasury. As a consequence, the Treasury's total operating income and profit before taxes increased from the corresponding period of 2014.

Balance sheet and funding

(The comparison figures in parentheses refer to December 2014 figures).

Danske Bank Plc Group's balance sheet total was EUR 31,647.2 million (29,691.8 million). Loans and receivables from customers decreased by EUR 1,050.3 million to a total of EUR 22,778.0 million (23,828.3 million). The decrease comes mainly from receivables from parent company. All of the Bank's segments experienced slightly positive growth and demand for credit during the first half of 2015 compared to last year end. Our market share of total lending was 9.8 per cent and remained at the same level as end of 2014.

Hold-to-maturity portfolio, totalling EUR 200.8 million, was created during the first half of 2015. This portfolio contains mainly government bonds.

Deposits increased by EUR 4,455.9 million to a total of EUR 20,190.2 million (15,734.3 million), with marginal decreases recorded in all segments. The financial and liquidity situation remained good, and short-term funding performed well during the period.

Capital adequacy

(The comparison figures in parentheses refer to December 2014 figures).

Danske Bank Plc Group applies standard method (capital requirement for credit and operational risk) and regulatory approaches (capital requirement for market risks) to capital adequacy calculations.

Danske Bank Plc Group's total capital consists of tier 1 capital (common equity tier 1 capital and additional tier 1 capital instruments after deductions). At 30 June 2015, the total capital amounted to EUR 2,484.9 million (2,437.3 million), and the total capital ratio was 15.5 (14.5) per cent. The common equity tier 1 capital ratio stood at 14.8 (13.9) per cent.

Leverage ratio was 6.6 per cent at the end of June 2015. Danske Bank Plc Group's leverage ratio is calculated based on the second quarter end figures whereby the Tier 1 capital was EUR 2,484.9 million and leverage ratio exposure EUR 37,409.5 million.

At 30 June 2015, risk-weighted assets amounted to EUR 16,063.7 million, against EUR 16,812.1 million at 31 December 2014.

Profit after taxes for January-June is included in Tier 1 distributable capital according to ECB's approval process.

Capital buffers

Financial Supervisory Authority (FIN-FSA) has, in their press release on 6th July 2015, designated Danske Bank Plc as systemically important credit institution (O-SII) in Finland in accordance with the Act on Credit Institutions. At the same time FIN-FSA imposed an additional capital requirement of 0.5 per cent, which has to be covered by Common Equity Tier 1 capital (CET1 capital). The new requirement must be fulfilled as of 7th January 2016.

End of June 2015 FIN-FSA already announced that it will not impose a countercyclical capital buffer requirement on banks, nor to otherwise tighten macroprudential policy that affects credit cycles. Under the solvency table are listed the minimum own funds requirements and capital buffers for Danske Bank Plc.

Foundation Internal Rating Based approach (F-IRB)

In July 2015 Danske Bank Plc received the Finnish FSA's approval to use the F-IRB approach for calculating credit Risk Exposure amount (REA) for the asset class corporate in Finland. The approval for the Finnish portfolio also applies to Danske Bank Group. The approval will be implemented during Q3 2015.

SOLVENCY
Danske Bank Plc Group

Own funds	30.6.2015	31.12.2014	30.6.2014
EURm			
Common Equity Tier 1 capital before deductions	2 427,7	2 502,4	2 416,3
Share capital	106,0	106,0	106,0
Legal reserve	271,1	271,1	271,1
Retained earnings	1 972,4	1 955,9	1 955,9
Total comprehensive income for the period	78,1	169,1	83,0
Minority interest given recognition in CET1 capital	0,1	0,4	0,4
Deductions from CET1 capital	-42,8	-165,1	-41,3
Common Equity Tier 1 (CET1)	2 384,9	2 337,3	2 375,0
Additional Tier 1 capital (AT1) ¹⁾	100,0	100,0	100,0
Tier 1 capital (T1 = CET1 + AT1)	2 484,9	2 437,3	2 475,0
Tier 2 capital	-	-	-
Total capital (TC = T1 + T2)	2 484,9	2 437,3	2 475,0
Risk-weighted assets (on-balance sheet and off-balance sheet)	16 063,7	16 812,1	17 369,5
Capital requirement (8% of risk-weighted assets)	1 285,1	1 345,0	1 389,6
Credit and counterparty risk	1 184,0	1 235,5	1 266,2
Market risk	17,2	25,6	35,9
Operational risk	83,8	83,8	87,5
Common equity tier 1 capital ratio (%)	14,8 %	13,9 %	13,7 %
Tier 1 capital ratio (%)	15,5 %	14,5 %	14,2 %
Total capital ratio (%)	15,5 %	14,5 %	14,2 %

Group capital adequacy ratio has been calculated both in accordance with Credit Institutions Act Sect 9-10 and EU Capital Requirement Regulation (CRR).

For calculation of credit, market and operational risk's risk-weighted assets, Danske Bank Plc Group applies standard method.

¹⁾ Danske Bank Plc Group Tier 1 includes capital securities 4% (4%).

Minimum own funds requirements and Capital buffers (% of total risk exposure amount):

Minimum requirements:	30.6.2015:	31.12.2014:
Common Equity Tier (CET) 1 capital ratio	4,5 %	4,5 %
Tier 1 capital ratio	6,0 %	6,0 %
Total capital ratio	8,0 %	8,0 %
Capital buffers:		
Capital conservation buffer ¹⁾	2,5 %	2,5 %
Countercyclical buffer ²⁾	0,0 %	0,0 %
Other systemically important institutions (O-SII) ³⁾	0,0 %	0,0 %
ECB add on 28. May ⁴⁾	1,0 %	0,0 %
Minimum requirement including capital buffers:		
Common Equity Tier (CET) 1 capital ratio	8,0 %	7,0 %

¹⁾ Act on Credit Institutions Sect 10:3 § and CRD IV. Valid from 1.1.2015 onwards.

²⁾ Act on Credit Institutions Sect 10:4-6 § and CRD IV.

On 30th June 2015, FIN-FSA decided not to set any countercyclical buffer. Valid 12 months onwards from the decision.

³⁾ Act on Credit Institutions Act Sect. 10:8 § and CRD IV.

FIN-FSA board decision on 6th July 2015. Valid 6 months onwards from the decision.

⁴⁾ ECB decision on establishing prudential requirements for Danske Bank Plc. based on the results of the ECB 2014 Comprehensive Assessment (SSM SREP).

Credit ratings

June 17th 2015 Moody's affirmed the long-term debt rating for Danske Bank Plc at A2 with negative outlook. Also the short-term debt rating remained at P-1. These reviews were initiated in March 2015 following the publication of Moody's revised bank rating methodology and include revisions to Moody's government support assumptions for banks. Standard & Poor's long-term debt rating for Danske Bank Plc is at A- with stable outlook and short-term debt rating is at A-2.

Employees and organisation

The Group had 1,923 employees (1,811) at the end of the reporting period, which was an increase of 112 persons (around 6 per cent) year-on-year. Growth is due to the fact that in the beginning of 2015 temporary, hourly paid employees have been included in the figures. Of all the employees, 57.3 per cent were employed in the Personal Banking, 19.9 per cent in the Business Banking, 5.4 per cent in the C&I unit, 2.9 per cent in Danske Capital and 14.4 per cent in Other Activities.

Danske Bank Plc's Board of Directors and auditors

Composition of the Board of Directors has remained unchanged since year-end 2014. Members of Danske Bank Plc's Board of Directors are; Tonny Thierry Andersen (Chairman), Niels-Ulrik Mousten (Vice Chairman), Jeanette Fangel Løgstrup, Peter Rostrup-Nielsen, Maija Strandberg and Sakari Tamminen.

Risto Tornivaara is the CEO of Danske Bank Plc and Kenneth Kaarnimo is his deputy.

In March 2015 the Annual General Meeting of Danske Bank Plc chose Deloitte & Touche Ltd, a firm of authorised public accountants, as its auditor, with Alekski Martamo, APA, as the auditor with principal responsibility.

Danske Bank Plc's shares, ownership and group structure

Danske Bank Plc Group is part of Danske Bank Group. The parent company of Danske Bank Group is Danske Bank A/S. The parent company of Danske Bank Plc Group is Danske Bank Plc.

The following were also Danske Bank Plc Group companies on 30 June 2015: Danske Invest Fund Management Ltd, Danske Finance Ltd, Realty World Ltd, Aurinkopihan Palvelut Oy, MB Equity Partners Oy and MB Mezzanine Fund II Ky.

Danske Bank Plc's share capital is EUR 106 million, divided into 106,000 shares. Danske Bank A/S holds the entire stock of Danske Bank Plc.

Significant accounting policies

The Group has not changed its accounting policies from those followed in the annual financial statements for 2014. Hold-to-maturity portfolio has been taken into use during June 2015. Accounting principles for this portfolio can be found from the Notes. Also other accounting policies are explained in the Notes to the Interim report, and are presented in greater detail in the Notes to the 2014 financial statements.

Risk management

The main objective of risk management is to ensure that the capital base is adequate in relation to the risks arising from the business activities. The Board of Directors of Danske Bank Plc establishes the principles of risk management, risk limits and other general guidelines according to which risk management is organised at Danske Bank Plc. The role of the Board Risk Committee is to assist the Board of Directors in matters related to the bank's risk strategy and risk taking and to supervise that the bank's management follows the risk strategy determined by the Board of Directors. To ensure that the bank's risk management organization meets both the external and internal requirements, the Board of Directors has also set up a Management Risk Committee composed of the operative management members, the main objective of which is to ensure Danske Bank Plc's compliance with the risk management guidelines issued by the Board of Directors and that Danske Bank Plc monitors all types of risk and provides reports to the appropriate parties. The Board has also established an Asset and Liability Committee (ALCO), which is responsible for monitoring and directing the management of structural balance sheet interest rate risk positions in accordance with Danske Bank Plc's policies and delegated limits. ALCO also determines the operating target levels for liquidity risk management and oversees the management of liquidity risk. The Risk Management unit monitors daily business operations.

In addition to the capital adequacy calculation, risks in the Danske Bank Plc Group are described and assessed through economic capital indicators based on internal ratings and models, which describe the amount of capital needed to bear different kinds of risks. The capital requirement must be adequately covered by equity, capital securities and debenture loans. The principal risks associated with the Danske Bank Plc Group's activities are credit risk, interest rate and liquidity risks of banking book, operational risks and various business risks. From the different risk types the credit risk exposure is the most important.

The Group's risk position remained at a good level. The principal risks associated with the Group's business operations involve developments in the general economic operating environment and investment market and future changes in financial regulations.

In relation to the loan and guarantee portfolio, non-performing loans were at a low level. There was an increase in the volume of gross non-performing loans in comparison with the previous year end totalling to EUR 600.5 million (571.5 million) or 2.83 per cent (2.74) of the loan and guarantee portfolio. Net impairment charges were 3.1 million euros.

The Danske Bank Plc Group has not invested in the bonds of GIIPS countries.

A more detailed account of risks and risk management can be found in the 2014 financial statements.

Events after the reporting period

Financial Supervisory Authority (FIN-FSA) has, in their press release on 6th July 2015, designated Danske Bank Plc as systemically important credit institution (O-SII) in Finland in accordance with the Act on Credit Institutions. At the same time FIN-FSA imposed an additional capital requirement of 0.5 per cent, which has to be covered by Common Equity Tier 1 capital (CET1 capital). The new requirement must be fulfilled as of 7th January 2016.

In July 2015 Danske Bank Plc also received the Finnish FSA's approval to use the F-IRB approach for calculating credit Risk Exposure amount (REA) for the asset class corporate in Finland. The approval will be implemented during Q3 2015.

Outlook for 2015

Growth in Finnish economy is expected to remain on a very modest level also during the rest of the year 2015 and mainly driven by growth in exports to Western markets and USA.

Lending to personal and corporate customers is expected to continue a slight increase also during the rest of the year. However, due to the low domestic demand, relatively quiet activity on the housing markets and continuing low level of interest rates, we expect that the net interest income and total income to decrease slightly compared to the previous year.

Expenses are expected to be lowered compared to previous year as we continue to have a strong focus on improving our cost efficiency and operational processes during the second half of 2015. Overall, we expect that our profit before loan impairment charges for 2015 will be slightly better than 2014.

Impairment charges are expected to in broadly line with 2014 thus net profit is expected to be at the same level as 2014.

This guidance is generally subject to uncertainty and depends on economic conditions. Our trading income and loan loss charges are particularly uncertain.

Helsinki, 22 July 2015

Danske Bank Plc
Board of Directors

Further information:

Risto Tornivaara, CEO

Tel. 010 546 6675

Laura Sepponen, Head of Accounting

Tel. 010 546 7816

The figures in this interim report have not been audited.

Danske Bank Plc Group's financial statement for January-December 2015 will be released on 2 February 2016. Releases and other company information can be found on Danske Bank Plc's website at www.danskebank.fi.

CONSOLIDATED STATEMENT OF COMPREHENSIVE
 INCOME

EURm	Note	1-6/2015	1-6/2014	1-12/2014
Interest income		223,9	249,0	495,8
Interest expense		-73,3	-95,4	-180,7
Net interest income	1	150,6	153,6	315,1
Fee income		151,7	149,4	298,7
Fee expenses		-34,9	-31,6	-66,1
Net trading income		14,8	18,2	31,7
Other operating income		10,3	12,5	23,2
Net income from investments		0,4	0,1	0,9
Total operating income		293,0	302,1	603,5
Staff costs		-71,6	-70,7	-140,7
Other operating expenses		-102,9	-113,8	-223,2
Amortisation, depreciation and impairment charges		-2,4	-4,4	-9,1
Total operating expenses		-176,9	-188,9	-373,0
Loan impairment charges	2	-3,1	-9,6	-16,7
Profit before taxes		113,0	103,6	213,7
Taxes		-34,8	-20,4	-44,4
Total comprehensive income for the year		78,1	83,2	169,3
Attributable to				
Equity holders of parent company		78,1	83,0	169,1
Non-controlling interest		0,0	0,3	0,3

CONSOLIDATED BALANCE SHEET

EURm	Note	6/2015	6/2014	12/2014
Assets				
Cash and balances at central banks		4 323,1	1 355,2	1 060,1
Loans and receivables	4	22 778,0	22 625,0	23 828,3
Trading portfolio assets	5,6	4 181,4	2 779,0	4 640,2
Hold-to-maturity financial assets	5	200,8	-	-
Investments in associated undertakings		6,9	6,8	7,7
Intangible assets		1,7	3,0	1,9
Property, plant and equipment		8,6	11,9	10,1
Other assets		140,7	245,8	135,6
Current tax assets		0,0	0,0	0,0
Deferred tax assets		6,1	10,7	8,0
Total assets		31 647,4	27 037,4	29 691,8
Liabilities				
Due to credit institutions and central banks	7	1 690,5	1 730,0	2 480,5
Amounts owed to customers and public entities	7	20 190,2	15 281,7	15 734,3
Debt securities in issue	8	4 475,2	4 582,5	4 528,6
Financial liabilities at fair value through p/l	5,8	127,6	889,8	717,8
Trading portfolio liabilities	5,6	2 365,6	1 668,6	3 310,1
Other liabilities		361,7	462,6	405,0
Current tax liabilities		8,8	6,1	13,2
Deferred tax liabilities		-	-	-
Total liabilities		29 219,6	24 621,1	27 189,4
Equity				
Share capital		106,0	106,0	106,0
Reserves		271,1	271,1	271,1
Retained earnings		2 050,6	2 038,9	2 125,0
Equity attributable to parent company's equityholders		2 427,7	2 416,0	2 502,1
Non-controlling interest		0,1	0,4	0,4
Total equity		2 427,7	2 416,3	2 502,4
Total equity and liabilities		31 647,4	27 037,4	29 691,8

STATEMENT OF CHANGES IN
 EQUITY

EURm	Share capital	Legal reserve	Retained earnings	Total	Non- controlling interest	Total
Equity at 1 Jan. 2014	106,0	271,1	2 006,3	2 383,4	0,1	2 383,5
Total comprehensive income			83,0	83,0	0,3	83,2
Total income and expenses recognised for the period			83,0	83,0	0,3	83,2
Dividend distribution			-50,4	-50,4		-50,4
Change in non-controlling interest				-		-
Equity at 30 June 2014	106,0	271,1	2 038,8	2 415,9	0,4	2 416,3
Equity at 1 Jan. 2014	106,0	271,1	2 006,3	2 383,4	0,1	2 383,5
Total comprehensive income			169,1	169,1	0,3	169,3
Total income and expenses recognised for the period			169,1	169,1	0,3	169,3
Dividend distribution			-50,4	-50,4		-50,4
Change in non-controlling interest				-		-
Equity at 31 December 2014	106,0	271,1	2 125,0	2 502,1	0,4	2 502,4
Equity at 1 Jan. 2015	106,0	271,1	2 125,0	2 502,1	0,4	2 502,4
Total comprehensive income			78,1	78,1	-0,3	77,8
Total income and expenses recognised for the period			78,1	78,1	-0,3	77,8
Dividend distribution			-152,5	-152,5		-152,5
Change in non-controlling interest				-		-
Equity at 30 June 2015	106,0	271,1	2 050,6	2 427,7	0,1	2 427,7

CASH FLOW STATEMENT

EURm	1-6/2015	1-6/2014	1-12/2014
Cash flow from operations			
Profit before tax	113,0	103,6	213,7
Adjustment of income from associated undertakings	-0,4	-0,1	-0,9
Amortisation and impairment charges for intangible assets	0,2	0,9	1,8
Depreciation and impairment charges for tangible assets	2,2	3,5	7,3
Loan impairment charges	3,1	9,6	16,7
Tax paid	-37,1	-23,5	-33,1
Other non-cash operating items	19,6	10,9	-6,4
Total	100,5	105,0	199,2
Changes in operating capital			
Cash in hand and demand deposits with central banks	-787,7	400,1	1 173,0
Trading portfolio	-483,8	-67,4	-286,0
Loans and receivables	-495,4	-2,6	156,0
Deposits	4 455,9	-816,6	-364,0
Other assets/liabilities	-912,4	658,8	500,1
Cash flow from operations	1 877,0	277,2	1 378,4
Cash flow from investing activities			
Acquisition of intangible assets	0,0	-0,4	-0,2
Acquisition of tangible assets	-0,6	-2,2	-4,2
Sale of tangible assets	0,3	0,7	1,5
Cash flow from investing activities	-0,4	-1,9	-2,9
Cash flow from financing activities			
Redemption of subordinated debt and hybrid core capital	-1,0	-128,1	-132,0
Dividends	-152,5	-50,4	-50,4
Change in non-controlling interests	-0,3	0,3	0,3
Cash flow from financing activities	-153,9	-178,3	-182,1
Cash and cash equivalents, beginning of period	5 637,1	4 443,8	4 443,8
Change in cash and cash equivalents	1 722,8	97,0	1 193,4
Cash and cash equivalents, end of period	7 359,9	4 540,8	5 637,1
Cash in hand and demand deposits with central banks	4 323,2	1 355,2	1 060,1
Amounts due from credit institutions and central banks within 3 months	3 036,8	3 185,6	4 577,1
Total	7 359,9	4 540,8	5 637,1

Amount in row Other assets/liabilities, end of June 2015, is mainly caused by net change in certificates of deposits (590.2 million euros) and held-to-maturity portfolio (200.8 million euros) compared to year end 2014.

SEGMENT INFORMATION

Segment principles

The Group consists of several business units and resource and support functions. The Group's activities are segmented into business units according to Danske Bank Group's organisational structure in 2015.

Inter-segment transactions are settled on an arm's-length basis. Expenses incurred centrally, including expenses incurred by support, administrative and back-office functions, are charged to the business units according to consumption and activity at calculated unit prices or at market prices, if available.

Segment assets and liabilities are assets and liabilities that are used to maintain the operating activities of a segment or have come into existence as a result of such activities and that are either directly attributable to or may reasonably be allocated to a segment. A calculated share of shareholders' equity is allocated to each segment.

In the consolidated financial statements the inter-segment transactions, assets and liabilities have been eliminated. Segment results are reported after eliminations.

Operating Segments

Danske Bank Plc Group consists of the following units:

- Personal Banking
- Business Banking
- Corporates & Institutions (C&I)
- Danske Capital
- Other activities

Personal Banking serves personal and private banking customers. The unit focuses on offering innovative digital solutions aimed at making day-to-day banking simple and efficient and on providing proactive advice to customers with more complex finances. Realty World Ltd is part of the segment.

Business Banking serves small and medium-sized businesses through a large network of finance centres, branches, contact centres and online channels. The unit offers leading solutions within financing, investing, cash management and risk management. Danske Finance Ltd is part of the segment.

Corporates & Institutions is a leading provider of wholesale banking services to the largest institutional and corporate customers in the Nordic region. Products and services include cash management services; trade finance solutions; custody services; bond, foreign exchange and derivatives products and acquisition finance.

Danske Capital develops and sells assets and wealth management products and services that are marketed through Personal Banking segment and directly to businesses, institutional clients and third-party distributors. Danske Capital also supports the advisory and asset management activities of Personal Banking.

Other activities encompasses Group Treasury, Group IT and Group Services. Group Treasury is responsible for the Group's liquidity management and funding.

OPERATING SEGMENTS - tables
JANUARY-JUNE 2015

EURm	Personal Banking	Business Banking	Corporates and Institutions	Danske Capital	Other	Eliminations	Danske Bank Plc Group
Total operating income	127,7	88,7	43,1	19,7	13,7	0,0	293,0
Total operating expenses	-89,8	-44,2	-22,4	-8,9	-11,6	0,0	-176,9
Loan impairment charges	-3,9	-11,1	11,9	0,0	0,0	0,0	-3,1
Profit before taxes	34,0	33,4	32,6	10,8	2,1	0,0	113,0

JUNE 30, 2015

TOTAL ASSETS	11 847	12 958	12 394	77	21 735	-27 363	31 647
of which loans and advances to credit inst. & customers	6 746	6 511	4 075	57	30 505	-25 117	22 778
TOTAL LIABILITIES AND EQUITY	11 847	12 958	12 394	77	21 735	-27 363	31 647
of which liabilities to credit inst. & customers	11 773	12 723	8 968	30	13 492	-25 105	21 881
FTE at end of period	1 103	383	104	56	277		1 923

JANUARY-JUNE 2014

EURm	Personal Banking	Business Banking	Corporates and Institutions	Danske Capital	Other	Eliminations	Danske Bank Plc Group
Total operating income	141,4	85,3	41,8	19,0	14,6	0,0	302,1
Total operating expenses	-97,3	-48,6	-23,9	-9,0	-10,1	0,0	-188,9
Loan impairment charges	-8,6	-3,7	2,7	0,0	0,0	0,0	-9,6
Profit before taxes	35,5	33,0	20,6	10,0	4,6	0,0	103,6

JUNE 30, 2014

TOTAL ASSETS	11 829	12 129	7 100	62	22 266	-26 349	27 037
of which loans and advances to credit inst. & customers	10 643	6 191	4 889	43	25 788	-24 929	22 625
TOTAL LIABILITIES AND EQUITY	11 829	12 129	7 100	62	22 266	-26 349	27 037
of which liabilities to credit inst. & customers	11 756	11 920	4 504	24	13 737	-24 929	17 012
FTE at end of period	994	423	49	55	290		1 811

In accordance with IFRS 8, Danske Bank Plc Group is required to disclose business with a single external customer that generates 10% or more of the combined revenue. The Group has no such customers.

DANSKE BANK PLC GROUP'S FINANCIAL HIGHLIGHTS

		1-6/2015	1-6/2014	1-12/2014
Net interest income	EURm	151	154	315
Total operating income	EURm	293	302	603
Total operating expenses	EURm	177	189	373
Loan impairment charges ¹⁾	EURm	3	10	17
Profit before taxes	EURm	113	104	214
Cost to income ratio	%	60,5	62,5	61,8
Total amount of balance sheet at the end of the period	EURm	31 647	27 037	29 692
Equity at the end of the period	EURm	2 428	2 416	2 502
Return on equity ²⁾	%	6,3	6,9	6,9
Group solvency ratios	%	15,5	14,2	14,5
Number of staff (FTE) at the end of the period ³⁾		1 923	1 811	1 709
Return on assets ²⁾	%	0,5	0,6	0,6
Equity/assets ratio	%	7,7	8,9	8,4

¹⁾ Impairment on loans and receivables includes impairment charges, reversals of them, write-offs and recoveries.

²⁾ Annualized

³⁾ Presentation has been changed for 2015, so that hourly paid staff has been included in FTE. Comparative figures have not been changed.

CALCULATION OF FINANCIAL HIGHLIGHTS
Cost to income ratio, %:

Staff costs + other operating expenses	x 100

Net interest income + net trading income	
+ net fee income + net income from investments	
+ other operating income	

Return on equity, %:

Profit before taxes - taxes	x 100

Equity + non-controlling interests (average)	

Return on assets, %:

Profit before taxes - taxes	x 100

Average total assets	

Equity/assets ratio, %:

Equity + non-controlling interests	x 100

Total assets	

NOTES TO THE INTERIM REPORT

SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

General

Danske Bank Plc Group is part of the Danske Bank Group. Danske Bank Plc Group presents its consolidated financial statements in accordance with the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) and IFRIC interpretations issued by IFRS Interpretations Committee, as endorsed by the EU. Certain additional requirements in accordance with Finnish Accounting Act, Finnish Act on Credit Institutions and Finnish Financial Supervision standards have also been applied. In preparing the Interim Report, Danske Bank Plc has applied all the new or amended standards and interpretations relating to its business and effective at 30 June 2015 as the parent company.

Danske Bank Plc Group's Interim Report January - June 2015 has been prepared in accordance with IAS 34, Interim Financial Reporting, as adopted by EU. Danske Bank Plc Group has not changed its significant accounting policies from those followed in Annual Report 2014. Changes compared to the year end are shown below. Annual Report 2014 provides a full description of the Group's significant accounting policies.

The consolidated interim report is presented in euro (EUR), in million euros with one decimal, unless otherwise stated. Figures in notes are rounded so combined individual figures might differ from the presented total amount.

Changes to accounting policies and presentation

Danske Bank Plc has introduced Hold-to-maturity portfolio during June 2015. Hold-to-maturity financial assets consists of bonds with quoted prices in an active market held for the purpose of generating a return until maturity. The bonds are measured at amortised cost. Interest income is recognized according to the effective interest method, including amortization of the difference between cost and the redemption value over the term to maturity of the bonds. Fixed-rate bonds are not hedged.

Segment information note has been changed as from 1.1.2015 to correspond to Danske Bank A/S Group's segment information. Personal and Business Banking has previously been presented as one segment. Those will be presented as separate segments (Personal Banking and Business Banking). In addition, Danske Capital is moved out of the Other segment and presented as a separate segment. Comparative information has been restated to reflect the new presentation.

Also the presentation in Note 4 Loans and receivables has been changed as from 1.1.2015. Comparative figures have been restated to reflect the new presentation.

Accounting estimates and assessments

Management's estimates and assumptions of future events that will significantly affect the carrying amounts of assets and liabilities underlie the preparation of the Group's consolidated financial statements. The estimates and assumptions that are deemed critical to the consolidated financial statements are described in Notes to the Annual Report 2014.

Financial calendar

The interim report has not been audited. The financial statements for 2014 are available on Danske Bank Plc's web site <http://www.danskebank.fi>.

Danske Bank Plc Group publishes one interim report during the financial year 2015. Annual report for January-December 2015 will be published 2nd February 2016.

OTHER NOTES

EURm

1 NET INTEREST INCOME

	1-6/2015	1-6/2014	1-12/2014
EURm			
Interest income			
Loans and receivables to credit institutions	3,9	15,7	22,8
Loans and receivables to customers and public entities	176,0	196,2	385,7
Debt securities	7,9	10,0	20,7
Derivatives	29,7	21,7	56,8
Other interest income	6,4	5,3	9,7
Total	223,9	249,0	495,8
Interest expenses			
Amounts owed to credit institutions	-3,4	-9,2	-14,6
Amounts owed to customers and public entities	-15,4	-25,2	-43,9
Debt securities in issue	-53,5	-57,9	-118,1
Subordinated liabilities	-0,7	-2,5	-3,3
Other interest expenses	-0,3	-0,7	-0,7
Total	-73,3	-95,4	-180,7
Net interest income	150,6	153,6	315,1

Interest income includes negative interest 2,3 MEUR

2 LOAN IMPAIRMENT CHARGES

EURm

	Individual impairment charges	Collective impairment charges	Recoveries	Total
From loans and receivables to credit institutions				-
From loans and receivables to customers				-
-impairment charges	-37,6	-		-37,6
-write-offs	-20,8		4,0	-16,8
-reversals	49,4	0,5		49,9
From guarantees and other off-balance sheet items				-
-impairment charges		-0,2		-
-write-offs				-
-reversals	1,6	-		1,6
Total 1-6/2015	-7,4	0,3	4,0	-3,1

EURm

	Individual impairment charges	Collective impairment charges	Recoveries	Total
From loans and receivables to credit institutions				-
From loans and receivables to customers				-
-impairment charges	-34,9	-1,1		-36,0
-write-offs	-15,6		6,9	-8,7
-reversals	34,0			34,0
From guarantees and other off-balance sheet items				-
-impairment charges				-
-write-offs				-
-reversals	1,1	0,1		1,1
Total 1-6/2014	-15,5	-1,0	6,9	-9,6
Total 1-12/2014	-39,8	1,2	21,9	-16,7

3 THE BALANCE SHEET CLASSIFICATION AND MATURITY ANALYSIS

EUR m	Amortised cost	Financial assets at fair value through p/l	Derivatives held for hedging	Total
ASSETS				
Cash and balances with central banks	4 323,1			4 323,1
Loans and receivables to customers and public entities	19 694,3			19 694,3
Loans and receivables to credit institutions	3 083,6			3 083,6
Trading portfolio assets				
Debt securities		1 416,0		1 416,0
Shares and participations		89,2		89,2
Derivatives		2 281,1	395,1	2 676,2
Hold-to-maturity financial assets	200,8			200,8
Holdings in associated undertakings		6,9		6,9
Intangible assets	1,7			1,7
Tangible assets	8,6			8,6
Other assets	146,8			146,8
Total 30.6.2015	27 459,1	3 793,2	395,1	31 647,4

EUR m	Amortised cost	Financial assets at fair value through p/l	Derivatives held for hedging	Total
ASSETS				
Cash and balances with central banks	1 060,1			1 060,1
Loans and receivables to customers and public entities	19 201,8			19 201,8
Loans and receivables to credit institutions	4 626,4			4 626,4
Trading portfolio assets				
Debt securities		1 009,3		1 009,3
Shares and participations		89,8		89,8
Derivatives		3 068,8	472,4	3 541,2
Hold-to-maturity financial assets	-			-
Holdings in associated undertakings		7,7		7,7
Intangible assets	1,9			1,9
Tangible assets	10,1			10,1
Other assets	143,6			143,6
Total 31.12.2014	25 044,0	4 175,5	472,4	29 691,8

3 THE BALANCE SHEET CLASSIFICATION AND MATURITY ANALYSIS (cont.)

EUR m	Amortised cost	Financial liabilities at fair value through p/l	Derivatives held for hedging	Total
LIABILITIES				
Due to credit institutions and central banks	1 690,5			1 690,5
Amounts owed to customers and public entities	20 190,2			20 190,2
Debt securities in issue				
-> Bonds	4 354,7			4 354,7
Financial liabilities at fair value through p/l				
-> Certificates		127,6		127,6
Derivatives and other financial liabilities held for trading		2 340,1	25,5	2 365,6
Subordinated liabilities	120,6			120,6
Other liabilities	370,6			370,6
Total 30.6.2015	26 726,5	2 467,7	25,5	29 219,6

EUR m	Amortised cost	Financial liabilities at fair value through p/l	Derivatives held for hedging	Total
LIABILITIES				
Due to credit institutions and central banks	2 480,5			2 480,5
Amounts owed to customers and public entities	15 734,3			15 734,3
Debt securities in issue				
-> Bonds	4 407,0			4 407,0
Financial liabilities at fair value through p/l				
-> Certificates		717,8		717,8
Derivatives and other financial liabilities held for trading		3 197,8	112,3	3 310,1
Subordinated liabilities	121,6			121,6
Other liabilities	418,1			418,1
Total 31.12.2014	23 161,6	3 915,6	112,3	27 189,4

MATURITY ANALYSIS OF THE BALANCE SHEET

EUR m

Assets	Total	< 1 year	> 1 year
Cash and balances with central banks	4 323,1	4 323,1	-
Loans and receivables to credit institutions	3 083,6	3 020,5	63,1
Loans and receivables to customers and public entities	19 694,3	3 254,6	16 439,7
Trading portfolio assets	4 181,4	1 466,5	2 715,0
Hold-to-maturity financial assets	200,8	-	200,8
Holdings in associated undertakings	6,9	-	6,9
Intangible assets	1,7	-	1,7
Tangible assets	8,6	-	8,6
Other assets	146,8	146,8	-
Total 30.6.2015	31 647,4	12 211,6	19 435,8

Liabilities	Total	< 1 year	> 1 year
Due to credit institutions and central banks	1 690,5	1 250,5	440,0
Amounts owed to customers and public entities	20 190,2	20 166,1	24,1
Debt securities in issue	4 482,2	1 142,4	3 339,8
Derivatives and other financial liabilities held for trading	2 365,6	907,8	1 457,7
Other liabilities	370,6	370,6	-
Subordinated debt	120,6	120,6	-
Equity	2 427,7	-	2 427,7
Total 30.6.2015	31 647,4	23 958,0	7 689,4

MATURITY ANALYSIS OF THE BALANCE SHEET (cont.)
EUR m

Assets	Total	< 1 year	> 1 year
Cash and balances with central banks	1 060,1	1 060,1	
Loans and receivables to credit institutions	4 626,4	4 562,2	64,2
Loans and receivables to customers and public entities	19 201,8	3 787,5	15 414,4
Trading portfolio assets	4 640,2	1 870,0	2 770,3
Hold-to-maturity financial assets	-		
Holdings in associated undertakings	7,7		7,7
Intangible assets	1,9		1,9
Tangible assets	10,1		10,1
Other assets	143,6	143,6	
Total 31.12.2014	29 691,8	11 423,3	18 268,5

Liabilities	Total	< 1 year	> 1 year
Due to credit institutions and central banks	2 480,5	2 040,0	440,5
Amounts owed to customers and public entities	15 734,3	15 684,1	50,2
Debt securities in issue	5 124,7	1 742,1	3 382,7
Derivatives and other financial liabilities held for trading	3 310,1	1 410,3	1 899,8
Other liabilities	418,1	418,1	
Subordinated debt	121,6	121,6	
Equity	2 502,4		2 502,4
Total 31.12.2014	29 691,8	21 416,2	8 275,6

Maturity analysis of past due financial assets

EUR m	6/2015	12/2014
Assets past due 30-90 days	47,0	48,9
Unlikely to pay	192,4	175,4
Nonperforming assets past due at least 90 days but not more than 180 days	42,1	36,8
Nonperforming assets past due at least 180 days - 1 year	36,9	49,2
Nonperforming assets more than 1 year	111,7	83,4
Receivables with forbearance measures, gross carrying amount	212,7	116,3

Fixed-term deposits and demand deposits are included in amounts owed to customers and public entities. Fixed-term deposits are recognised according to maturity. Demand deposits have short contractual maturities but are considered a stable funding source with an expected maturity of more than one year.

4 LOANS AND RECEIVABLES

EURm	6/2015	12/2014	6/2014
Loans and receivables to customers and public entities			
Private customers	12 724,6	12 645,4	12 822,5
Corporate customers	7 213,0	6 812,1	6 800,8
Impairment charges	-243,3	-255,7	-255,7
Total	19 694,3	19 201,8	19 367,6
Loans and receivables to credit institutions			
Repo agreements	877,0	889,7	921,6
Other loans	2 206,6	3 736,7	2 335,8
Total	3 083,6	4 626,4	3 257,4
Total loans and receivables	22 778,0	23 828,3	22 625,0

Comparative figures have been restated to reflect the new presentation.

5 FINANCIAL INSTRUMENTS

EURm	6/2015		12/2014	
	Assets	Liabilities	Assets	Liabilities
Assets/liabilities held for trading	1 505,3		1 099,1	
Derivative financial instruments (note 6)	2 676,2	2 365,6	3 541,2	3 310,1
Debt securities at fair value		127,6		717,8
Hold-to-maturity financial assets	200,8		-	
Financial instruments, total	4 382,3	2 493,1	4 640,2	4 027,9
Financial instruments, total 6/2014			2 779,0	2 558,3

6 DERIVATIVE FINANCIAL INSTRUMENTS

EURm	6/2015			12/2014			
	Fair value		Notional amount	Fair value		Notional amount	
	Assets	Liabilities		Assets	Liabilities		
Derivatives held for trading							
Interest rate derivatives	691,1	890,6	61 196,0	851,4	1 025,9	85 934,0	
OTC derivatives	690,6	889,3	60 649,6	849,1	1 023,8	83 076,5	
Organized market derivatives	0,5	1,3	546,3	2,3	2,1	2 857,5	
Equity derivatives	18,9	18,9	1 254,1	9,0	9,2	553,3	
OTC derivatives	10,2	18,8	748,1	7,9	9,1	447,8	
Organized market derivatives	8,7	0,1	505,9	1,1	0,1	105,5	
Foreign exchange and gold	1 425,9	1 281,1	46 631,5	2 053,7	1 991,7	46 855,3	
OTC derivatives	1 425,9	1 281,1	46 631,5	2 051,4	1 991,7	46 778,4	
Organized market derivatives	-	-	-	2,3	-	76,9	
Credit	0,0	0,0	3,2	0,0	0,0	3,2	
Credit default swap	0,0	0,0	3,2	0,0	0,0	3,2	
Commodity	145,2	144,1	1 296,9	154,7	171,0	1 441,2	
Total derivatives held for trading	2 281,1	2 334,6	110 381,6	3 068,8	3 197,8	134 787,0	
Total derivative financial instruments 6/2014				1 863,4	1 668,6	115 019,5	
Derivatives held for hedging							
	6/2015		Notional amount	12/2014		Notional amount	
	Assets	Liabilities		Assets	Liabilities		
Fair value hedges	395,1	25,5	6 336,5	472,4	112,3	7 122,0	
Interest rate	395,1	25,3	6 010,9	467,4	83,4	6 050,0	
OTC derivatives	395,1	25,3	6 010,9	467,4	83,4	6 050,0	
Organized market derivatives	-	-	-	-	-	-	
Foreign exchange and gold	0,0	0,2	325,6	5,0	28,8	1 071,9	
OTC derivatives	0,0	0,2	325,6	5,0	28,8	1 071,9	
Organized market derivatives	-	-	-	-	-	-	
Total derivatives held for hedging	395,1	25,5	6 336,5	472,4	112,3	7 122,0	
Contracts with Group companies	1 379,1	1 552,2	69 390,3	1 565,1	2 082,6	62 980,2	
Nominal value of the underlying instrument							
Remaining maturity	Less than 1 year	1-5 years	Over 5 years	Less than 1 year	1-5 years	Over 5 years	
	73 926,3	26 478,0	16 313,8	100 883,0	26 439,9	14 586,0	
with Group companies:	42 581,7	15 217,3	11 591,3	37 616,7	14 755,6	10 607,9	
EURm							
Derivatives						Positive fair value	
						6/2015	12/2014
Derivatives with positive or negative fair value						2 676,2	3 541,2
Netting (under accounting rules)							
Carrying amount						2 676,2	3 541,2
Netting (under capital adequacy rules)						694,0	683,7
Derivatives after netting (under capital adequacy rules)						1 982,2	2 857,5

7 AMOUNTS OWED TO CREDIT INSTITUTIONS AND CUSTOMERS

EURm	6/2015	12/2014	6/2014
Amounts owed to credit institutions and central banks			
Liabilities to central banks	350,4	351,4	0,6
Deposits from credit institutions	834,7	1 390,5	1 187,9
Other liabilities owed to credit institutions	505,4	738,6	541,5
Total	1 690,5	2 480,5	1 730,0
Amounts owed to customers and public entities			
Deposits			
Demand deposits	2 870,8	2 742,1	2 701,4
Savings accounts	3 084,9	3 019,8	3 046,7
Current accounts	12 966,5	8 994,3	8 397,5
Money market deposits	320,0	6,2	184,7
Other time deposits	947,9	971,9	951,4
Total deposits	20 190,2	15 734,3	15 281,7
Total amounts owed to credit institutions and customers	21 880,7	18 214,8	17 011,7

8 DEBT SECURITIES IN ISSUE

EURm	6/2015	12/2014	6/2014
<u>Bonds and notes</u>	4 354,7	4 407,0	4 457,2
of which in foreign currency	27,1	26,2	25,6
<u>Subordinated debt securities</u>			
Capital securities	120,6	121,6	125,3
of which perpetuals	120,6	121,6	125,3
Total debt securities in issue	4 475,2	4 528,6	4 582,5

Financial liabilities at fair value through P/L

Certificates of deposit	127,6	717,8	889,8
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9 CONTINGENT LIABILITIES AND COMMITMENTS

EURm	6/2015	12/2014	6/2014
Off-balance sheet items			
Guarantees and pledges	1 251,0	1 370,2	1 454,2
Undrawn loans, overdraft facilities and other commitments to lend	3 297,2	2 951,5	3 712,8
Total	4 548,2	4 321,7	5 167,0

Danske Bank Plc Group is continually a party to various lawsuits. The Group does not expect the outcomes of these pending to have any material effect on its financial position.

EURm	6/2015	12/2014	6/2014
Non-cancellable operating leases (from premises)			
Minimum lease payments under non-cancellable operating leases			
not later than one year	22,5	22,9	22,5
later than one year and not later than five years	40,0	47,0	55,5
later than five years	2,9	2,1	2,6
Total	65,4	72,0	80,6

EURm	6/2015	12/2014	6/2014
Non-cancellable operating leases (from cars)			
Future minimum lease payments receivables are distributed as follows:			
not later than one year	-	-	0,0
later than one year and not later than five years			
later than five years			
Total	-	-	0,0

10 RELATED PARTY DISCLOSURES

Danske Bank Plc Group's related parties comprise of Danske Bank Plc, consolidated subsidiaries, associated companies, administrative personnel and other related party entities. Danske Bank Plc Group's administrative personnel comprises Danske Bank Plc's managing director, deputy managing director, Board members and their close family members. Related parties also include companies in which administrative personnel or the nearby family of administrative personnel have a significant influence. Other related entities include the parent company, subsidiary companies and parent company executives and administrative personnel.

Related party transactions have not changed materially since 31.12.2014. Related party loan terms correspond to the terms of staff loans confirmed in the Group.

11 FAIR VALUE INFORMATION

Financial instruments are carried on the balance sheet at fair value or amortised cost. Note 13 in Annual report 2014 includes description for classification of financial assets and liabilities by valuation type and detailed measurement bases of financial assets and liabilities.

FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

The fair value is the amount for which a financial asset can be exchanged between knowledgeable, willing parties. If an active market exists, the Group uses a quoted price. If a financial instrument is quoted in a market that is not active, the Group bases its valuation on the most recent transaction price. Adjustment is made for subsequent changes in market conditions, for instance, by including transactions in similar financial instruments that are assumed to be motivated by normal business considerations. For a number of financial assets and liabilities, no market exists. In such cases, the Group uses recent transactions in similar instruments and discounted cash flows or other generally accepted estimation and valuation techniques based on market conditions at the balance sheet date to calculate an estimated value.

Generally, the Group applies valuation techniques to OTC derivatives and unlisted trading portfolio assets and liabilities. The most frequently used valuation and estimation techniques include the pricing of transactions with future settlement and swap models that apply present value calculations, credit pricing models and options models, such as Black & Scholes models. In most cases, valuation is based substantially on observable input. The valuation of unlisted shares is based substantially on non-observable input.

Financial instruments valued on the basis of quoted prices in an active market are recognised in the Quoted prices category (level 1). Financial instruments valued substantially on the basis of other observable input are recognised in the Observable input category (level 2). Other financial instruments are recognised in the Non-observable input category (level 3). This category covers unlisted shares.

If, at the balance sheet date, a financial instrument's classification differs from its classification at the beginning of the year, the classification of the instrument changes. Changes are considered to have taken place at the balance sheet date.

During the reporting period ending 30 June 2015, transfers into and out of Level 3 (Non-observable input) fair value measurements are shown in the below table.

EURm	6/2015			Total
	Quoted prices	Observable input	on-observable input	
Financial assets				
Assets held for trading	1 189,7	288,7	26,8	1 505,2
Derivative financial instruments	17,5	2 540,2	118,5	2 676,2
Total	1 207,2	2 828,9	145,3	4 181,4
Financial liabilities				
Debt securities at fair value	5,4	127,6	0,0	133,1
Derivative financial instruments	71,0	2 165,9	123,1	2 360,1
Total	76,5	2 293,5	123,2	2 493,2

EURm	12/2014			Total
	Quoted prices	Observable input	on-observable input	
Financial assets				
Assets held for trading	989,6	80,6	28,8	1099,0
Derivative financial instruments	22,5	3382,2	136,4	3541,1
Total	1 012,1	3 462,8	165,2	4 640,1
Financial liabilities				
Debt securities at fair value		717,8		717,8
Derivative financial instruments	78,7	3 088,2	143,2	3 310,1
Total	78,7	3 806,0	143,2	4 027,9

2015					
Shares and bond valued on non-observable input	Shares	Bonds	Total	Derivatives	Total
Fair value 1 January	28,8		28,8	-6,9	-6,9
Value adjustment through profit and loss			-	0,3	0,3
Value adjustment through other income	0,7		0,7		-
Acquisitions			-	-0,1	-0,1
Sale and redemption	-2,7		-2,7	1,3	1,3
Transferred from quoted prices and observable input			-		-
Transferred to quoted prices and observable input			-	0,7	0,7
Fair value 30 June	26,8	-	26,8	-4,6	-4,6

2014					
Shares and bond valued on non-observable input	Shares	Bonds	Total	Derivatives	Total
Fair value 1 January	59,0		59,0	-13,5	-13,5
Value adjustment through profit and loss	18,3		18,3	0,8	0,8
Value adjustment through other income			-		-
Acquisitions			-	-0,5	-0,5
Sale and redemption	-48,5		-48,5	6,3	6,3
Transferred from quoted prices and observable input			-		-
Transferred to quoted prices and observable input			-		-
Fair value 31 December	28,8	-	28,8	-6,9	-6,9