

Press release

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Danske Bank reports net profit of DKK 13.1 billion (EUR 1,758.5 million)
Before goodwill impairments, the net profit for the year was DKK 17.7 billion (EUR 2,375.1 million) and
the return on shareholders' equity was 11.6%

Danske Bank has announced its financial results for 2015.

“In 2015, Danske Bank continued to progress and delivered strong results despite a challenging environment. The results are testament to the strength of our diversified business model as a Nordic universal bank and reflect our firm focus on executing our strategy of becoming a more customer-centric, simple and efficient bank,” says Thomas F. Borgen, Chief Executive Officer.

“We continued to strengthen relations with our customers and launched a number of initiatives aimed at making daily banking and important financial decisions easier for our customers. We have a sound platform and a strong position in the marketplace as well as a clear strategic direction for the next part of our journey towards realising the full potential of Danske Bank.”

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

2015 vs 2014

- Danske Bank Group's net profit for 2015 was DKK 13.1 billion (EUR 1,758.5 million). The result was affected by goodwill impairments of DKK 4.6 billion (EUR 616.5 million) (see company announcement No. 50 of 18 December 2015). Net profit before goodwill impairments rose 36% to DKK 17.7 billion (EUR 2,375.1 million), against DKK 13.0 billion (EUR 1,739.1 million) in 2014. The reasons for the improvement were higher activity, lower costs and considerably lower loan impairments.

- The return on shareholders' equity after tax was 8.5%. The return before goodwill impairments was 11.6%, against 8.6% for 2014. This means that Danske Bank is getting closer to achieving its ambition of a return on equity above 12.5% in 2018 at the latest.
- Total income came to DKK 44.2 billion (EUR 5,923.1 million), which was at the same level as in 2014.
 - Net interest income was down 4% to DKK 21.5 billion (EUR 2,877.9 million). The negative short-term interest rates continued to put pressure on deposit margins and net interest income. Lending volume growth and lower funding costs partly offset this pressure.
 - Net fee income totalled DKK 12.1 billion (EUR 1,624.4 million), which was 9% higher than the year-earlier level. The increase was due mainly to extensive mortgage refinancing in the first half of the year, stronger customer activity at the banking units and positive developments at Danske Capital.
 - Net trading income increased 4% to DKK 6.9 billion (EUR 929.0 million) in 2015, even though 2014 benefited from a one-off gain from the sale of shares in Nets. In the first half of 2015, trading income benefited from high client activity owing to volatility in the financial markets, whereas activity in the second half was somewhat lower.
- Despite the higher customer activity, operating expenses were down 4% to DKK 21.8 billion (EUR 2,924.9 million). The cost/income ratio before goodwill impairments improved 2.1 percentage points to 49.4% as a result of continual efficiency initiatives and tight cost control.
- Loan impairments in core activities amounted to DKK 57 million (EUR 7.6 million), down 98%. The decline reflects our ongoing work to improve credit quality as well as improved macroeconomic conditions. This positive development took place at all business units.
- Non-core activities, which consists primarily of the Non-core Ireland portfolio, posted a profit before tax of DKK 46 million (EUR 6.2 million), against a loss of DKK 1.5 billion (EUR 201.9 million) in 2014.
- Total lending at 31 December 2015 was up 3% from the 2014 level. Lending was up at almost all banking units. Total deposits increased 7% from the level at 31 December 2014, with increases recorded in particular at Corporates & Institutions.

Ratings

During the year, we improved our ratings and thus met our strategic target for 2015. As a result of the improved ratings, we are able to further reduce our funding costs.

Capital position, dividends and share buy-back programme:

The common equity tier 1 capital ratio and the total capital ratio were 16.1% and 21.0%, respectively, against 15.1% and 19.3% at 31 December 2014. On the basis of Danske Bank's strong capital position, the Board of Directors proposes a dividend of DKK 8.0 per share, corresponding to 46% of net profit before goodwill impairments.

In addition, the Board of Directors has decided to initiate a share buy-back programme of DKK 9 billion (EUR 1,206 million) in 2016. The purpose of the share buy-back programme is to adjust the share capital to better reflect Danske Bank's capital targets. The share buy-back programme is described in more detail in company announcement No. 1 of today's date.

Outlook for 2016

We expect the net profit for 2016 to be in line with the net profit before goodwill impairments in 2015.

Danske Bank

Contacts available on 2 February 2016 from 09.00am CET

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The annual report will be presented at a press conference at 09.00am CET and at a conference call for analysts and investors at 2.30pm CET. The press conference and conference call will be webcast live at danskebank.com. More information about Danske Bank Group's financial results is available at danskebank.com/reports.