

Press release 29 April 2016

Danske Bank Plc Group's January–March 2016:

Solid performance in core banking business despite challenging conditions

The first months of 2016 did not bring signs of a clear turnaround in the Finnish economy. Economic activity remained consumer-driven, and investments were sluggish. The operating environment in the banking sector remained challenging, and record-low interest rates continued to depress Danske Bank Finland's* net interest income. Fee income remained stable, while net trading income was negatively affected by market volatility. Total income for Danske Bank's operations in Finland was EUR 154.1 million, 7.5% below the previous year's level. Due to continued strong focus on cost efficiency and operational processes, total costs decreased by 5.1%.

Danske Bank's core banking business in Finland remained solid, and profit before taxes improved in three out of four business units. Profit before taxes for the period amounted to EUR 62.4 million (77.2). The decrease was due to valuation adjustments stemming from the volatile market and credit loss impairments (recoveries in the comparison period).

While the low interest environment helps to boost households' spending power, it also has a negative impact on the development of Finnish households' overall prosperity.

"Finns' financial assets are deposit-heavy, and for the moment they are gathering little or no return. To meet the demographic and public deficit challenges that Finland is facing, it is high time to encourage Finns to contribute to their personal financial security through systematic and diversified saving. We in the financial sector have a big responsibility to educate and advise households and businesses on how to plan their finances and build a balanced asset portfolio. For us at Danske Bank it was important to integrate the possibility for continuous saving without subscription fee in our new flexible mortgage solutions, and we believe that our new Wealth Management business unit is well positioned to help Finns to prepare for a good life and realise their dreams. It should, however, also be in the Finnish State's interest to devise incentives and promote a savings-friendly environment for every household," says Risto Tornivaara, CEO of Danske Bank Plc.

In mortgage lending, Danske Bank started 2016 by challenging the Finnish mortgage conventions. Based on thorough customer research, the bank launched a new selection of transparent mortgages that suit different life situations and are flexible enough to enable customers to save and realize other goals while paying their mortgage. The new thinking has been well received, with almost half of customers choosing one of the new flexible mortgage solutions and a total of 19% of new mortgage customers taking the benefit of managing their interest risk with an interest rate collar that we now offer transparently for no extra charge during the first quarter.

In Business Banking, customer satisfaction improved even further, and our loan portfolio among small and medium-sized companies grew by 10%, outpacing the market. Danske Bank's Corporate Finance and Capital Markets units retained their strong positions and were awarded several key mandates by large corporate customers and institutional clients.

*Includes Danske Bank Plc and the Helsinki Branch of Danske Bank A/S

Financial Highlights of Danske Bank's operations in Finland

In addition to Danske Bank Plc, Danske Bank's operations in Finland include the Helsinki branch of Danske Bank A/S.

EUR millions	Q1 2016	Q1 2015	change	Q4 2015	change
Net interest income	79.0	81.6	-3.2%	83.1	-4.9%
Net fee income	67.4	67.7	-0.4%	64.2	5.0%
Net trading income	5.3	14.5	-63.4%	6.8	-22.1%
Other income	2.4	2.8	-14.3%	2.7	-11.1%
Total income	154.1	166.6	-7.5%	156.8	-1.7%
Operating expenses	89.5	94.3	-5.1%	100.7	-11.1%
Profit before loan impairment charges	64.6	72.3	-10.7%	56.1	15.2%
Loan impairment charges	2.2	-4.9	-144.9%	1.1	100.0%
Profit before tax	62.4	77.2	-19.2%	55.0	13.5%
C/I-ratio, %	58.1%	56.6%	1.5%	64.2%	-6.1%
Loans	21,363.7	20,780.6	2.8%	20,882.8	2.3%
Deposits	19,167.5	18,674.7	2.6%	19,830.6	-3.3%

Danske Bank Plc Group's Financial Highlights

EUR millions	Q1 2016	Q1 2015	change	Q4 2015	change
Net interest income	71.4	73.7	-3.1%	76.5	-6.7%
Net fee income	56.8	57.4	-1.1%	57.3	-0.9%
Net trading income	4.4	13.7	-67.9%	4.0	10.0%
Other income	4.8	5.2	-8.2%	5.3	-9.4%
Total income	137.4	150.1	-8.5%	143.1	-4.0%
Operating expenses	83.4	89.2	-6.5%	93.5	-10.8%
Profit before loan impairment charges	54.0	60.9	-11.3%	49.6	8.9%
Loan impairment charges	2.0	-2.8	-171.4%	-0.5	-500.0%
Profit before tax	52.0	63.7	-18.4%	50.1	3.8%
C/I-ratio, %	60.7 %	59.5 %	1.2%	65.3 %	-4.6%
ROE, %				6.6 %	
Total capital ratio, %				18.4 %	
Common equity tier 1 capital ratio, %				17.5 %	
FTE	1683.3	1839.5	-8.5%	1730.4	-2.7%
Loans	20,215.6	19,426.3	4.1%	19,818.8	2.0%
Deposits	17,452.3	18,619.3	-6.3%	18,115.3	-3.7%
Total equity*	2,455.2	2,349.8	4.5%	2,515.4	-2.4%
Total balance sheet	30,380.6	31,862.6	-4.7%	30,312.9	0.2%

Figures in this press release have not been audited.

*Profit for Q1 2016 and Q1 2015 not included in total equity for respective period

Danske Bank Plc does not publish a full interim report for the first and third quarters.

Outlook for 2016

Growth in the Finnish economy is expected to be quite modest during 2016 and mainly driven by growth in exports. The interest environment, especially short-term interest rates, is expected to remain at a low level. We expect our lending to personal and corporate customers to grow in 2016.

Expenses are expected to be at the same level as the previous year, even though the bank continues to have a strong focus on improving its cost efficiency and operational processes. This is due to growth in the bank's costs associated with e.g. regulation. Overall, we expect that our net profit for 2016 will be slightly higher than in 2015 as loan impairment charges are expected to remain at a low level.

For further information:

Risto Tornivaara, CEO of Danske Bank Plc. For an interview with Risto Tornivaara, please contact Tomi Koljonen/Communications, tel. +358 50 422 0911.

Danske Bank is Finland's third largest bank, which serves around a million Finnish personal, business and institutional customers. Danske Bank Plc is a part of the Nordic Danske Bank Group.

Danske Bank is a Nordic universal bank with strong regional roots and bridges to the rest of the world. We serve more than 3.5 million personal, business and institutional customers, and in addition to banking services, we offer life insurance and pension, mortgage credit, wealth management, real estate and leasing services and products.

Our vision is to be recognised as the most trusted financial partner. We are driven by a desire to make important financial decisions and daily banking easy, and our aim is to create long-term value for our customers and investors and the societies we are a part of.

Danske Bank is headquartered in Copenhagen and is listed on Nasdaq Copenhagen.

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