

Press release

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28 October 2016

**Net profit of DKK 14.3 billion and return on shareholders' equity of 12.6%**  
**Net profit guidance revised upwards, primarily due to higher than expected trading income**

Danske Bank has announced its financial results for the first nine months of 2016.

*“Given the challenging market conditions of low interest rates, low growth and weak demand, we are satisfied with the results for the first nine months of 2016. High customer activity within our Corporates & Institutions business led to higher trading income in the third quarter, which more than offset the challenging environment and continued to demonstrate the strength of our diversified business model. Continued efficiency improvements remain a key priority as part of our response to the difficult market conditions,” says Thomas F. Borgen, Chief Executive Officer.*

*“Our capital position continued to be strong, and our underlying business remained solid and we saw volume growth, good customer inflow and improved customer satisfaction as a result of our continuing efforts to become an even more customer-driven, simple and efficient bank.”*

The interim report for the first nine months of 2016 is available at [danskebank.com](http://danskebank.com). Highlights are shown below:

**First nine months 2016 vs first nine months 2015**

- Danske Bank posted a net profit of DKK 14.3 billion for the first nine months of 2016, which represents an increase of 9% from the level in the first nine months of 2015. Despite the difficult macroeconomic environment with very low interest rates and low economic growth, the underlying business is solid. The result benefited from good customer activity at Corporates & Institutions.

- The return on shareholders' equity after tax was 12.6%, against 11.5% in the first nine months of 2015.
- Total income amounted to DKK 35.1 billion, up 3% from the level in the first nine months of 2015, driven by higher net trading income and other income.
  - Net interest income totalled DKK 16.2 billion and was 1% higher than in the first nine months of 2015. Lending growth and lower funding costs offset the pressure on margins resulting from the low interest rates.
  - Net fee income amounted to DKK 10.2 billion and decreased 8%. Remortgaging activity normalised compared with the high level in the first nine months of 2015, and the turbulence in the financial markets led to lower customer activity within investment products.
  - Net trading income totalled DKK 6.3 billion, representing an increase of 17%. Net trading income picked up in the second and particularly in the third quarter.
  - Other income amounted to DKK 2.4 billion, an increase of 51%, owing mainly to the sale of properties in the first quarter and positive value adjustment of shares in associated companies.
- Operating expenses amounted to DKK 16.6 billion and were reduced 2% from the level in the first nine months of 2015 as a result of our ongoing efforts to improve efficiency, a lower net contribution to the Danish Resolution Fund and the Guarantee Fund and lower depreciation on intangible assets. The cost/income ratio improved to 47.3% from 49.9% for the first nine months of 2015.
- Loan impairments stood at DKK 157 million and thus remained low by virtue of the stable macroeconomic environment. In the oil sector, however, impairments increased, reflecting the continuation of weak market conditions.
- Total lending was up 5% and total deposits were up 6% from the levels recorded in the first nine months of 2015.

**Strong capital position**

Danske Bank's capital position is strong, with a total capital ratio of 21.0%, and a CET1 capital ratio of 15.8%, against 21.0% and 16.1%, respectively, at the end of 2015. The liquidity coverage ratio stood at 137% at the end of September 2016.

On 4 February 2016, we initiated a share buy-back programme for DKK 9 billion. At 30 September 2016, we had bought back shares for a total purchase amount of DKK 5.9 billion.

**Full-year net profit guidance revised upwards**

We now expect net profit for 2016 to be higher than net profit before goodwill impairments in 2015. This is primarily due to higher than expected net trading income.

Danske Bank

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More information about Danske Bank Group's financial results is available at [danskebank.com/reports](http://danskebank.com/reports).