

Press release 28 October 2016

Danske Bank Plc Group's January – September 2016:

Satisfactory result amid continued weak growth

The growth of Finnish economy remains consumer-driven and modest, and interest rates continue on a record low level. Total income for Danske Bank's operations in Finland* for the first nine months was 5% lower compared with the same period of the previous year and amounted to EUR 449.9 million (EUR 475.4 million). Record low interest rates continued to depress net interest income and net fee income decreased from previous year's level. Net trading income was negatively impacted by increased valuation adjustments on derivatives (xVA), caused by model changes. Due to continuous focus on cost efficiency and operational processes, operating expenses were down by 2%. Profit before taxes totaled EUR 178.8 million (188.3).

Danske Bank's capital position remained strong and our underlying business remained solid as we saw volume growth in lending in both personal and business banking and improved customer satisfaction. Loan portfolio among small and medium sized companies increased 8% compared to year end 2015 as a result of higher business volumes with both new and existing customers. Even though lending is up, we maintain a sound and balanced credit policy with impairments at a low level.

In the spring, Danske Bank launched a campaign to encourage young people to buy their first home. According to statistics, the number of first home buyers has fallen significantly after the financial crisis.

"The decrease in the number of young home buyers is worrying both for the sake of the future of these young people, but also due to the impact on the wider society; first home buyers are an important part of the housing market. According to our research, owning their home is still the dream of the clear majority of young people, and we at Danske Bank wanted to encourage young people to pursue this dream while also accumulating savings. Thus we launch a campaign that combines advisory with financial benefits totalling almost one million euro. We are extremely happy about the response from young Finns, and have seen a 24% increase in granted first home loans during the first three quarters", says Risto Tornivaara, CEO of Danske Bank Plc.

We continue investing heavily in new and innovative solutions that make everyday banking easier for our customers, and our ambition to become a customer-focused Nordic universal bank has once again been strengthened with the launch of new initiatives, including digital signing for corporate clients, MobilePay online solution and new distribution agreements for MobilePay.

"The third quarter was characterized by intensifying dialogue with customers on how to adapt their investment strategies to the zero or negative interest rate environment; private investors, corporate and institutional customers alike search for solutions and asset classes that continue to provide a positive return. We launched a number of initiatives to serve especially our corporate customers with advice and solutions that are tailor made to their individual needs", says Risto Tornivaara, CEO of Danske Bank Plc.

*Includes Danske Bank Plc Group 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	1-9 2016	1-9 2015	Change	2015
Net interest income	242.7	249.6	-2.7%	332.7
Net fee income	194.3	204.5	-4.9%	268.7
Net trading income	4.8	12.5	-61.6%	19.3
Other income	8.0	8.9	-9.4%	11.6
Total income	449.9	475.4	-5.4%	632.2
Operating expenses	271.1	275.4	-1.6%	376.1
Profit before loan impairment charges	178.8	200.0	-10.6%	256.1
Loan impairment charges	0.0	11.7	-99.7%	12.8
Profit before tax	178.8	188.3	-5.1%	243.2
C/I –ratio, %	60.3%	57.9 %	2.3%	59.5%
Loans	21,415.9	20,856.2	2.7%	20,882.8
Deposits	20,189.3	19,861.7	1.6%	19,830.6

Danske Bank Plc Group's Financial Highlights

EUR millions	1-9 2016	1-9 2015	Change	2015
Net interest income	218.0	227.8	-4.3%	304.4
Net fee income	172.9	177.2	-.2.4%	234.5
Net trading income	3.0	10.3	-71.0%	14.3
Other income	15.5	16.3	-5.3%	21.6
Total income	409.3	431.7	-5.2%	574.7
Operating expenses	254.7	259.0	-1.7%	352.5
Profit before loan impairment charges	154.6	172.7	-10.5%	222.2
Loan impairment charges	0.0	13.2	-100.0%	12.6
Profit before tax	154.6	159.6	-3.1%	209.5
C/I –ratio, %	62.2%	60.0%	2.2%	61.3%
ROE, %				6.6%
Total capital ratio, % *				18.4%
Common equity tier 1 capital ratio, (Tier 1), % *				17.5%
FTE at the end of period	1,627.5	1732.5	-6.1%	1,730,0
Loans	20,261.5	19,825.2		19,818.8
Deposits	17,916.5	19,802.9		18,115.3
Total equity	2,581.5	2,465.5		2,515.4
Total balance sheet	30,747.6	31,394.3		30,312.9

Figures in this press release have not been audited.

*Profit after taxes for January-June is not included in Tier 1 distributable capital in solvency calculations at the end of June 2016.

Danske Bank Plc publishes only one interim report during 2016. The Group's financial statement for January-December 2016 will be released on 2 February 2017.

Outlook for 2016

Growth in the Finnish economy is expected to be quite modest also during the rest of 2016 and the interest environment 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 around the same level as the previous year, mostly due to growth in costs associated with regulation. Overall, we expect that our net profit for 2016 will be around 2015 levels 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 3.4 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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