

Press release

Group Communications
Holmens Kanal 2-12
DK-1092 København K
Tel. +45 45 14 56 95

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**High customer activity and generally better macroeconomic conditions led to good start to 2017
Net profit of DKK 5.5 billion (EUR 743.5 million) and return on shareholders' equity of 14.4%**

Danske Bank has announced its financial results for the first quarter of 2017.

“The first three months of the year were characterised by high customer activity at all business units, and this resulted in higher income, driven in particular by increased activity in the financial markets and increased lending to our customers. The Nordic economies are generally doing better, and this benefited our performance. Impairments remained at a very low level,” says Thomas F. Borgen, Chief Executive Officer.

“We continued to attract new customers, especially in Norway and Sweden, and we also saw a positive trend in the volume of business with existing customers. Overall, we had a good start to the year.”

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

First three months 2017 vs first three months 2016

Danske Bank had a good start to 2017. Net profit in the first quarter was DKK 5.5 billion (EUR 743.5 million), against DKK 4.9 billion (EUR 663.7 million) in the first quarter of 2016 – an increase of 12%. The result was driven by generally better macroeconomic developments in the Nordic countries and high customer activity at all business units.

The return on shareholders' equity after tax was 14.4%, against 13.1% in the first quarter of 2016.

Total income amounted to DKK 12.6 billion (EUR 1,700.6 million), up 10% from DKK 11.5 billion (EUR 1,539.2 million) in the first quarter of 2016, with increases in most income lines.

- Net interest income totalled DKK 5.7 billion (EUR 771.6 million). The increase of 9% from the first quarter of 2016 was driven by an increase in lending volumes of 4% from the end of March 2016, especially from business with new customers in Norway and Sweden.
- Net fee income amounted to DKK 3.9 billion (EUR 517.6 million) and was up 14% because of higher customer activity.
- Net trading income totalled DKK 2.7 billion (EUR 363.7 million), representing an increase of 69%. The high level of client activity in the financial markets in the second half of 2016 continued in the beginning of 2017. The increase in activity in the financial markets was caused, among other things, by geopolitical events.
- Other income amounted to DKK 0.4 billion (EUR 47.9 million), a decrease of 71% from the level in the first quarter of 2016, which benefited from the sale of domicile properties.

Operating expenses amounted to DKK 5.7 billion (EUR 769.6 million), an increase of 8% from a low level in the first quarter of 2016. The higher level of expenses reflects the high activity level, our continued focus on digitalisation and costs related to regulatory compliance. The cost/income ratio was 45.3%, against 46.3% for the first quarter of 2016.

Loan impairment charges remained low, with net reversals of DKK 0.2 billion (EUR 31.6 million) in the first quarter of 2017. The reversals were the result of generally better macroeconomic conditions and credit quality remaining strong.

Improvements across business units

Personal Banking posted a profit before tax of DKK 1.2 billion (EUR 165.4 million), against DKK 1.3 billion (EUR 181.0 million) in the first quarter of 2016. Profit before loan impairment charges was up 9%. Our partnership agreements in Norway and Sweden led to an increase in the number of customers and business volumes, and looking ahead, we expect our new partnership agreements with the Swedish Confederation of Professional Employees (TCO), which took effect in April, and Akava in Finland to support further growth. Our market shares in Denmark and Finland were stable.

Business Banking posted a profit before tax of DKK 2.0 billion (EUR 275.5 million), against DKK 1.7 billion (EUR 221.4 million) for the same period last year. Business volumes continued to increase in all Nordic countries. Our new digital solutions make banking easier and simpler for our business customers.

Corporates & Institutions posted a profit before tax of DKK 2.3 billion (EUR 303.7 million), against DKK 1.1 billion (EUR 144.4 million) in the first quarter of 2016. The improvement was driven in particular by a very positive development in net trading income, high customer activity in Capital Markets and lower impairment charges than in the first quarter of 2016. The high customer satisfaction seen in 2016 continued into the first quarter of 2017, with Corporates & Institutions ranked number one in the Nordics in Prospera's Cash Management and Trade Finance surveys, for example.

Wealth Management posted a profit before tax of DKK 1.1 billion (EUR 143.9 million), an increase of 3% from the level in the first quarter of 2016. Assets under management were 8% higher than the year-earlier level, and both net fee income and net trading income rose on the back of higher customer activity. We combined our investment resources in Asset Management and Danica Pension to better leverage our investment competencies for the benefit of our customers.

In **Northern Ireland**, profit before tax decreased 22% (in local currency). The decrease was the result of reduced loan impairment reversals and increased operating expenses. The underlying performance remained strong.

Strong capital ratios

At the end of March 2017, the CET1 capital ratio and the total capital ratio were strong at 15.5% and 20.4%, respectively, against 16.3% and 21.8% at 31 December 2016. Both ratios are above target. The liquidity coverage ratio (LCR) was 156% at 31 March 2017.

The reduction of the CET1 capital ratio was caused by the share buy-back programme of DKK 10 billion (EUR 1,344.5 million) initiated on 3 February 2017. The programme may run until 2 February 2018.

Outlook maintained

We expect net profit for 2017 to be in the range of DKK 17-19 billion (EUR 2,285.6-2,554.5 million).

We maintain our longer-term ambition for a return on shareholders' equity of at least 12.5%.

Danske Bank

Contact person: Kenni Leth, Group Press Officer, tel. +45 45 14 14 00

More information about Danske Bank's financial results is available at danskebank.com/reports.