

Press release

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**Solid start to the year driven by good customer activity, continued  
cost focus and strong credit quality  
Net profit of DKK 3.1 billion for the first quarter of 2021**

Carsten Egeriis, Chief Executive Officer, comments on the financial results:

*“We saw good customer activity in the beginning of 2021, and with our new organisation, we continued to support both personal and business customers in a quarter marked by the second wave of the pandemic and lockdowns throughout our societies. As a result, we saw a positive income development across our business and our cost measures continue to have an effect, as we are becoming a more efficient bank. We are making progress with the execution of our 2023 ambitions as planned, and with a diversified business model, strong capital position and credit quality, relevant advisory services and our highly dedicated colleagues, we are well positioned to continue our transformation towards becoming an even more competitive bank.”*

**First quarter 2021 vs first quarter 2020**

Total income of DKK 10.8 billion (up 17%)

Operating expenses of DKK 6.3 billion (down 2%)

Impairments of DKK 497 million (against DKK 4.3 billion in the first quarter of 2020)

Net profit of DKK 3.1 billion (against DKK -1.3 billion in the first quarter of 2020)

Return on shareholders’ equity of 7.5% (against -3.8% in the first quarter of 2020)

Strong capital position, with a total capital ratio of 23.4% and a CET1 capital ratio of 18.1%

**Nordic economies steering well through second wave**

In the first quarter, we saw that the Nordic economies steered well through the second wave of the pandemic. Similarly, the housing markets in the Nordic countries maintained their good performance during the period. Overall, government support packages continued to help the economy, while they naturally also caused a decline in credit demand. Credit quality remained strong, as we continued to see a low level of actual credit deterioration, and impairment levels have started to normalise.

Together with strong liquidity buffers, this means that we continue to be well-equipped to help our customers through the economic uncertainty. The recovery of economic activity in Denmark as well as the other Nordic countries during the second half of the year is likely to support customer activity and credit demand and as such also be supportive for our income streams in the second half of the year, even though we expect an increase in the number of bankruptcies.

### **Delivering on both income and cost**

In general, our diversified and resilient business model continued to prove valuable in the current lending and interest rate environment, ensuring a positive development in our income, which was up 17%. Moreover, solid customer activity resulted in an increase in lending of 3%. As costs also decreased 2%, our profitability strengthened and our return on equity improved from -3.8% in the first quarter of 2020 to 7.5% in the first quarter of this year.

Net interest income was positively impacted by the lending growth in the Nordic countries and deposit repricing effective from January 2021, although the positive effect was offset, among other things, by bank lending to personal customers continuing to decline as customers switched to mortgage loans, the repayment of bank loans accelerating in the first quarter and lower credit demand from business customers.

Net fee and trading income held up well in the first quarter on the back of strong customer activity in the capital markets, constructive conditions in the financial markets and good traction in asset management. Among many successful transactions executed during the quarter, we supported Tryg in their DKK 37 billion rights issue – the largest ever ECM capital raising transaction in the Nordic countries.

As intended in our 2023 plan, we made large investments in our transformation and a stabilisation of our underlying cost development during 2020, while in the first quarter of 2021, we continued to see the results of our strict focus on cost control as evidenced by the downward trend in total costs, and the execution of planned cost initiatives continues.

The execution of our Better Bank plan proceeded according to plan in the first quarter, and our new organisation is now in place, in which the Better Bank initiatives are an even more integral part of the business.

*“We have seen our business deliver good growth in many of our Nordic markets in the first quarter on the back of solid customer activity. While net interest income was impacted by margin pressure, our capital markets platform also ensured a positive development in both fee and trading income. With commercial momentum, cost measures having a tangible effect and strong credit quality, we are well positioned to deliver on our financial targets for the year,” says Stephan Engels, CFO.*

**Personal & Business Customers**

The lockdown of societies has accelerated customer demand for more digital banking solutions and in the first quarter, we launched a new digital tool that provides investment customers with a customised overview of the costs associated with investing. Sustainability also continued to be high on the agenda in the first quarter of 2021. The product range for sustainable financing was widened with an offering for business customers of green loans for large investments and an expansion of our green loans offering through Realkredit Danmark. Profit before tax was up DKK 1.1 billion from the same period last year due to lower loan impairment charges.

**Large Corporates & Institutions**

The positive sentiment driven by vaccination programmes and continued monetary and fiscal support contributed to high customer activity across all business areas, and we supported customers with advisory services and execution in a number of landmark transactions across loan, debt and equity capital markets. We affirmed our position as the leading investment bank and adviser in the Nordic market and were ranked number one among Nordic banks in announced equity capital markets and debt capital markets transactions. Sustainable financing continued to be in high demand, and we supported issuers and investors in a substantial number of transactions, affirming our position as the leading Nordic bank within sustainable financing. Profit before tax increased to DKK 2 billion, against a loss of DKK 1.8 billion in the same period last year.

**Danica Pension**

The financial markets saw considerable turbulence in the first quarter of 2021, which affected our customers' returns on their pension savings but also Danica Pension's result. Despite the turbulence, many of our customers received moderately positive returns on their pension savings in the first quarter, just as Danica Pension profited from the developments, especially in terms of the investment result. Net income from insurance business increased to DKK 491 million, up from DKK 99 million in the same period last year.

**Northern Ireland**

Investment support requests from medium-sized and large business customers increased steadily, and the housing market remained robust with healthy demand from prospective buyers. In a challenging environment, including a sharp decline in UK interest rates since March last year, we continue to execute our strategic growth opportunities while tightly managing costs. Profit before tax increased to DKK 106 million from DKK 49 million in the same period last year.

**Outlook for 2021**

On the basis of the development seen in the first quarter, we maintain our outlook for 2021 with a net profit in the range of DKK 9-11 billion.

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