Translation from Danish by Danske Bank of a memorandum dated 01 February 2013 from the Danish Financial Supervisory Authority (*Finanstilsynet*). In case of discrepancies, the Danish version prevails.

MEMORANDUM

Statement concerning orders to Danske Bank regarding its liquidity position

1. Introduction

In June 2012, the Danish Financial Supervisory Authority (the FSA) made an assessment of Danske Bank's liquidity position and funding structure, and against this background, the FSA issued three orders to the bank.

2. Summary

In accordance with section 152 of the Danish Financial Business Act, the FSA issued the following orders to Danske Bank:

- The bank must meet a short-term liquidity requirement based on the Liquidity Coverage Ratio (LCR) standard[1] of 100%, increasing to 110% on 1 January 2014.
- The bank must ensure that it has a suitable ratio of funding with maturities of at least one month to funding with maturities of at least three months.
- The bank must reduce its deposit shortfall by DKK 75 billion before the end of 2013.

The orders should be seen in the light of, on the one hand, the bank's funding structure, including its dependence on market funding, also compared with that of other major Danish banks, and, on the other hand, comparisons with other Nordic banks in relation to the future LCR standard. An additional aspect is that Danske Bank is Denmark's largest bank and plays a major role for the financial stability in Denmark.

The orders were issued at a time when the international market conditions were particularly uncertain, and when the rating agencies lowered several banks' ratings, including Danske Bank's ratings in May 2012.

[1] In accordance with the FSA's LCR specifications.

At 31 December 2012, Danske Bank A/S's buffer amounted to 167% of the liquidity requirement in section 152 of the Danish Financial Business Act, against a buffer of 112% at 30 June 2012. The bank has an LCR ratio of 121%, and has a suitable ratio of funding with maturities of at least one month to funding with maturities of at least three months, calculated at the end of 2012. The bank has reduced the deposit shortfall by DKK 85 billion. Danske Bank has thus complied with the three orders ahead of the deadline.

Danske Bank has undertaken to meet, also in future, an LCR target as stated above of 110% and to continue to ensure that it has a suitable ratio of funding with maturities of at least one month to funding with maturities of at least three months.

The supervisory diamond includes a requirement of stable funding: the funding ratio must be lower than 1. The Danske Bank Group, excluding Realkredit Danmark, has undertaken to meet a funding ratio requirement that is stricter than the requirement in the supervisory diamond. The stricter rules consist of a stricter (lower) funding ratio level, combined with a stricter calculation method, in that professional deposits are down-weighted. This ensures that the bank will at all times maintain the more sustainable funding structure achieved by reducing the deposit shortfall, and that future growth in lending will be financed by long-term stable funding.

In periods of stressed liquidity, the bank may still use the liquidity buffer to the extent required. The bank will report to the FSA about the three targets on a monthly basis and immediately in case of non-compliance. The FSA will regularly assess the need for adjustments of the targets in the light of market developments and changes to the regulation.

As stated above, the orders were issued at a time of particularly uncertain market conditions in general. The FSA therefore assessed that publication at that time could be disproportionately detrimental to the bank, and in accordance with section 3(1) of the Danish Executive Order on Publication, the orders were not published when they were issued in the summer of 2012.

Given that the market conditions have generally improved since then and that the bank has fulfilled the FSA's orders, the conditions for a postponement of the publication no longer exist, and the orders are now published.

The Danske Bank Group calculated its solvency need at 31 December 2012 at 11.0%. The actual solvency was 21.3%. The decision in June 2012 did not give rise to any change in the FSA's assessment of the group's solvency need.