

[Translation of a memorandum from the Danish FSA (Finanstilsynet) of 28 June 2011. In case of discrepancies, the Danish version prevails.]

Statement on FSA inspection of Danske Bank A/S (personal customers in Denmark)

1. Introduction

In April and May 2011, the Danish Financial Supervisory Authority (FSA) inspected Danske Bank A/S. The inspection was a follow-up investigation of the steps taken by the bank after the FSA inspection in March 2010 as regards the risk on lending to Danish personal customers and the bank's management of credit granted to personal customers in Denmark.

This statement must be published in accordance with the Danish Executive Order on the Duty of Banks and Mortgage Credit Institutions to Publish the Danish FSA's Assessment of the Institution (the Executive Order on Publication).

2. Summary and risk assessment

We inspected 250 loan exposures in the range of DKK 200,000 to DKK 10 million. The exposures were broken down into various spot checks. Fifty of the exposures were selected because they showed particular signs of weakness at the inspection in 2010.

The bank has taken a number of steps to meet the criticism of the Danish FSA after the inspection in 2010, including a screening of 150,000 cases where customers have been granted a home loan. We consider these steps appropriate but think that it is too early to reach any conclusion on their efficiency.

As was the case at the 2010 inspection, the FSA also states that the bank's impairment charges fall into the low end of the range that the accounting rules allow for. Some improvement is apparent though.

After the inspection in March 2010, the FSA ordered the bank to improve its model for assessing personal customer risk in order to improve the assessment of any deterioration in loan value. We believe that the bank's steps since the 2010 inspection have improved the model significantly, but that certain matters still call for improvement.

The bank is still subject to high risk on loans granted as interest-only loans or with inappropriately long repayment terms, but it has taken steps to remedy this situation through agreements with the customers.

At the inspection in March 2010, the bank was ordered to improve the basis for its lending and its credit management, particularly for the purpose of identifying weaknesses and ensuring appropriate follow-up on exposures that exhibit signs of weakness. The basis for the bank's lending and its credit management as regards personal customers, in particular as regards follow-up, still appear somewhat deficient, but there are signs of improvement on the 2010 inspection. It is our impression

that the bank's ability to identify risks in weak cases has improved. The inspection showed that the bank lags behind as regards data quality and credit system development activities.

We have ordered the bank to give an account of the improvements it has made to the areas identified during our inspection.

The Danske Bank Group has calculated its solvency need at 31 March 2011 at 10.5%. Its total capital ratio at 31 March 2011 was 17.4%.

The inspection was a follow-up inspection and therefore did not include a review of the bank's solvency need.