Interim report - first quarter 2016

Danske Bank Group

Danske Bank

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Financial highlights – Danske Bank Group

Income statement* (DKK millions)	Q1 2016	Q1 2015	Index 16/15	Q4 2015	Index Q1/Q4	Full year 2015
Net interest income	5,259	5,301	99	5,279	100	21,402
Net fee income	3,382	3,707	91	4,041	84	15,018
Net trading income	1,597	3,023	53	1,500	106	6,848
Other income	1,231	504	244	768	160	2,343
Total income	11,469	12,535	91	11,588	99	45,611
Operating expenses	5,310	5,761	92	6,273	85	23,237
Goodwill impairment charges	-	-	-	4,601	-	4,601
Profit before loan impairment charges	6,159	6,774	91	714	-	17,773
Loan impairment charges	-130	502	-	-139	-	57
Profit before tax, core	6,289	6,272	100	853	-	17,716
Profit before tax, Non-core	-18	90	-	13	-	46
Profit before tax	6,271	6,362	99	866	-	17,762
Tax	1,326	1,411	94	831	160	4,639
Net profit for the period	**4,945**	**4,951**	**100**	**35**	**-**	**13,123**
Net profit for the period before goodwill impairment charges	**4,945**	**4,951**	**100**	**4,636**	**107**	**17,724**
Attributable to additional tier 1 etc.	161	118	136	164	98	607
Balance sheet (end of period) (DKK millions)						
Due from credit institutions and central banks	99,831	102,548	97	75,221	133	75,221
Repo loans	245,371	288,269	85	216,303	113	216,303
Loans	1,640,063	1,605,022	102	1,609,384	102	1,609,384
Trading portfolio assets	566,268	800,072	71	547,019	104	547,019
Investment securities	335,965	321,892	104	343,304	98	343,304
Assets under insurance contracts	268,338	286,539	94	265,572	101	265,572
Total assets in Non-core	26,514	39,626	67	27,645	96	27,645
Other assets	206,169	227,190	91	208,431	99	208,431
Total assets	**3,388,518**	**3,671,158**	**92**	**3,292,878**	**103**	**3,292,878**
Due to credit institutions and central banks	170,887	122,144	140	137,068	125	137,068
Repo deposits	208,833	428,853	49	177,456	118	177,456
Deposits	811,631	826,761	98	816,762	99	816,762
Bonds issued by Realkredit Danmark	682,542	678,875	101	694,519	98	694,519
Other issued bonds	381,367	350,724	109	363,931	105	363,931
Trading portfolio liabilities	493,395	609,719	81	471,131	105	471,131
Liabilities under insurance contracts	299,824	305,261	98	285,030	105	285,030
Total liabilities in Non-core	5,106	7,421	69	5,520	93	5,520
Other liabilities	139,467	147,227	95	140,640	99	140,640
Subordinated debt	39,361	36,948	107	39,991	98	39,991
Additional tier 1 etc.	11,433	11,375	101	11,317	101	11,317
Shareholders' equity	144,672	145,851	99	149,513	97	149,513
Total liabilities and equity	**3,388,518**	**3,671,158**	**92**	**3,292,878**	**103**	**3,292,878**
Ratios and key figures						
Dividends per share (DKK)	-	-		-		8.0
Earnings per share (DKK)**	5.0	4.9		-0.1		12.8
Return on avg. shareholders' equity (% p.a.)**	13.1	13.3		-0.2		8.5
Return before goodwill impairment charges on avg. shareholders' equity (% p.a.)**	13.1	13.3		11.9		11.6
Return on avg. tangible equity (% p.a.)**	14.0	14.9		13.0		12.9
Net interest income as % p.a. of loans and deposits	0.86	0.87		0.87		0.88
Cost/income ratio (%)	46.3	46.0		93.8		61.0
Cost/income ratio before goodwill impairment charges (%)	46.3	46.0		54.1		50.9
Total capital ratio (%)	20.1	18.4		21.0		21.0
Common equity tier 1 capital ratio (%)	15.0	14.0		16.1		16.1
Share price (end of period) (DKK)	185.0	183.5		185.2		185.2
Book value per share (DKK)**	149.3	146.0		153.2		153.2
Full-time-equivalent staff (end of period)	19,272	18,715		19,049		19,049

See note 2 to the financial statements for an explanation of differences in the presentation between IFRS and financial highlights.

** The financial highlights for the first quarter of 2016 reflect a number of changes to the presentation of the income statement and key figures owing to the treatment of Danica Pension under the new Wealth Management unit and reclassification of equity finance income from Net trading income to Net fee income. Please see note 1 for more information. The financial highlights for 2015 have been restated accordingly.*

*** Ratios are calculated as if the additional tier 1 capital were classified as a liability. Average shareholders' equity is calculated as a quarterly average.*

Executive summary

"Despite challenging financial markets and negative short-term interest rates, we had a satisfactory start to the year, which reflects the strength of our business model," says Thomas F. Borgen, Chief Executive Officer.

"The underlying business is robust, and we continued to improve the customer experience by introducing new and innovative solutions. We were able to attract new customers and to increase lending in a market characterised by moderate economic growth and relatively weak credit demand. We reduced costs further, while losses and impairments remained at a low level. Our capital position is solid, and this gives us a good platform for continued value creation for all stakeholders."

First quarter in summary:

- Net profit totalled DKK 4.9 billion, and was at the same level as in the first quarter of 2015
- Net interest income was unchanged at DKK 5.3 billion
- Net fee income totalled DKK 3.4 billion, a decrease of 9%
- Net trading income declined 47% to DKK 1.6 billion
- Other income benefited from the sale of properties
- Operating expenses were reduced by DKK 0.4 billion to DKK 5.3 billion, and the cost/income ratio stood at 46.3%, against 46.0% a year ago
- Loan impairments in our core activities amounted to net reversals of DKK 0.1 billion, or -0.03% of lending and guarantees, against 0.11% a year ago
- The return on shareholders' equity after tax was 13.1% p.a., against 11.6% before goodwill impairments for full year 2015
- The common equity tier 1 (CET1) capital ratio and the total capital ratio were 15.0% and 20.1%, respectively, against 16.1% and 21.0% at 31 December 2015. The liquidity coverage ratio (LCR) was 124% at 31 March 2016
- The financial highlights presented for 2015 have been restated primarily owing to the treatment of Danica Pension under the new Wealth Management unit

Danske Bank delivered a satisfactory financial result for the first quarter of 2016. With a net profit of DKK 4.9 billion, the result was at the same level as in the first quarter of 2015. The underlying business remained robust despite difficult market conditions with low economic growth, continued headwinds from the negative short-term interest rates and subdued customer activity.

The macroeconomic environment was somewhat sluggish, with the Danish economy in particular growing at a slower pace than anticipated. Growth in Norway was hampered by developments in the oil sector, while growth in Sweden and Finland was trending better than expected. Turbulence in the financial markets resulted in lower turnover and declining asset values. As a result, activity levels were significantly lower than in the first quarter of 2015, which benefited from unusually strong activity.

Total income amounted to DKK 11.5 billion, against DKK 12.5 billion a year ago, with the decrease of 9% being caused mainly by lower fee and trading income.

Net interest income was unchanged at DKK 5.3 billion. Lending growth of 2% from the same period last year and lower funding costs were able to offset the pressure on margins.

Net fee income decreased 9% owing mainly to a more normal remortgaging activity compared with the level a year ago when declining interest rates resulted in extensive remortgaging. Fee income from wealth management activities was also lower as a result of difficult market conditions and the reduction in assets under management caused by lower asset prices.

Trading income decreased 47% as lower activity and an increase in negative value adjustments had an adverse impact, however market conditions improved towards the end of the quarter. In the first quarter of 2015, net trading income was unusually strong, driven by high customer activity.

Other income benefited from the sale of properties.

Expenses declined, as a result of our cost management efforts, a lower net contribution to the Danish Resolution Fund and the Deposit Guarantee Fund as well as lower depreciation on intangible assets.

A further decline in impairments resulting from the ongoing improvement in credit quality and higher collateral values also benefited the results.

Two new business units

Since 1 January 2016, our business in Northern Ireland has operated as a separate unit. This organisational simplification enables us to develop our market position further, to increase the focus on creating value for customers, and to improve profitability.

As part of our journey towards becoming an even more customer-centric organisation, our new Wealth Management business unit was in place on 1 April 2016, with financial reporting taking place from the first quarter. The unit serves the Group's entire customer base and encompasses expertise from Danica Pension, Danske Capital and Private Banking.

The purpose of Wealth Management is to enhance our ability to offer market-leading investment and pension products and services to customers and to increase our share of the growing and attractive wealth management market. Over the course of 2016, we will continue our focus on developing our investment and pension business in order to offer user-friendly solutions based on customer demand in different life situations.

Sale and lease-back of properties
As part of our ongoing divestment of properties, we entered into an agreement on the sale and lease-back of the head office buildings at Holmens Kanal in the centre of Copenhagen in March at a sales price of DKK 1.4 billion. We will continue to use the buildings as our head office as lessee.

Capital and funding
In the first quarter of 2016, we implemented a new, simplified and more transparent capital allocation framework. The new framework is based on regulatory capital and is calibrated to our aim of having a CET1 capital ratio of around 14%. Therefore, the capital consumption of the Group's individual business units is closely aligned with the Group's total capital consumption.

On 4 February 2016, we initiated a DKK 9.0 billion share buy-back programme. This led to a decrease in our CET1 capital ratio, which was strong at 15.0% at the end of the first quarter, against 16.1% at the end of 2015 and 14.0% at the end of the first quarter of 2015.

In the first quarter, we strengthened our funding position further with benchmark issues in both covered bonds and the senior market totaling DKK 26.2 billion. For the year, we expect to issue between DKK 60 and 80 billion.

Digitalisation to deliver superior customer experiences
In order to deliver a superior customer experience, we continued our investments in digitalisation while improving efficiency and agility.

In March, we introduced our digital portal in Sweden that enables business customers to sign agreements online, thus making it possible to become a customer and to buy and use our products and systems almost instantly. We have already implemented the digital portal in Denmark and Norway, and it will be introduced in Finland in the second quarter.

In Denmark, Sunday.dk, our solution that offers an entirely new way of searching for and purchasing a home, is popular among users. We are now testing Sunday.dk at meetings with customers as a means of creating a superior and seamless customer experience.

MobilePay has more than 2.9 million registered users, and growth rates for business customers remain high. In Denmark alone, MobilePay can now be used in more than 23,000 online and physical stores. In March, we entered into an agreement with Dansk Detail, who represents 2,000 retailers. These retailers can now offer MobilePay as a payment option and gain access to offering MobilePay Bonus to their customers.

At the end of the first quarter, we launched DynamicPay, an online invoice payment solution for business customers that helps optimise the collaboration between buyers and suppliers. DynamicPay offers an overview of invoices, automates the entire payment workflow and gives suppliers instant access to liquidity by offering early payment against a discount to the buyer.

New customer offerings and proactive advice
To support our aim of advising customers proactively on important life events, in the first quarter, we launched a pension planning tool in Denmark for customers approaching retirement age. The tool enables us to provide customers with a detailed overview of their expected finances when they retire and thus provide more detailed retirement planning.

Our partnership with Saco, the Swedish Confederation of Professional Associations, was off to a satisfactory start with a good inflow of new customers during the first quarter. The partnership will strengthen our position with personal customers through a smooth online sign-up process, favourable prices as well as quick access to services and products, combined with access to advisory meetings wherever it suits the customer.

Compliance and risk management
In recent years, we have increased our efforts within the anti-money-laundering area as part of our continued efforts to promote and ensure compliance with regulation and industry standards. We continue to increase resources and, in addition, we have launched a number of measures, which we are implementing but which have yet to take full effect.

The supervisory authorities conduct ongoing inspections of Danske Bank's compliance with anti-money laundering legislation. As announced on 21 March 2016, the FSA has reported Danske Bank to the Danish Prosecutor for Special Economic and International Crime for investigation in relation to violation of the provisions of the Danish Anti-Money Laundering Act with regard to identification and monitoring procedures on correspondent banks. We are cooperating fully and will adjust our procedures as needed.

Outlook

We maintain our outlook for net profit for 2016 to be in line with net profit before goodwill impairments in 2015.

Our outlook is based on the restated financial highlights for 2015.

For net interest income, we expect continued pressure on margins in 2016, while we will benefit from volume growth and lower funding costs.

We expect the underlying trend in net fee income that we saw in 2015 to continue, but we do not expect to repeat the high level of remortgaging activity.

Net trading income remains subject to customer activity and volatility in the financial markets.

Expenses are expected to decline from the level in 2015. We will continue our strong focus on expenses to fuel investments in digitalisation and customer solutions. Expenses will benefit from a lower net contribution to the resolution fund and the deposit guarantee fund, and from lower depreciation on intangible assets.

Loan impairments are expected to be at a low level because of our ongoing efforts to improve credit quality and expectations of a generally unchanged macroeconomic climate.

Profit before tax at Non-core is expected to be close to zero.

Our ambition for a return on shareholders' equity of at least 12.5% in 2018 at the latest remains unchanged.

Financial review

In the first quarter of 2016, Danske Bank Group posted a profit before tax from core activities of DKK 6.3 billion, the same level as in the first quarter of 2015.

Income

Total income amounted to DKK 11.5 billion and thus decreased 9% from the level in the first quarter of 2015, driven by lower net fee and net trading income. An increase in other income partially offset the adverse development.

Net interest income totalled DKK 5.3 billion and was unchanged from the year-earlier level, as lending growth at most business units and lower funding costs offset the pressure on margins.

Net fee income amounted to DKK 3.4 billion and was down 9%. The decline was owing mainly to more normal remortgaging activity compared with the level a year ago but also to lower income from asset management activities and the conventional life insurance business. These areas were affected by unfavourable market conditions and the reduction in assets under management caused by lower asset values.

Net trading income totalled DKK 1.6 billion, which represented a decrease of 47% from the year-earlier level. Lower activity and an increase in negative value adjustments had an adverse impact, however, market conditions improved towards the end of the quarter. By comparison, the first quarter of 2015 saw unusually strong net trading income, driven by high customer activity.

Other income amounted to DKK 1.2 billion, an increase of DKK 0.7 billion, owing mainly to the sale of properties. In the first quarter, we entered into an agreement on the sale and lease-back of the head office buildings at Holmens Kanal in the centre of Copenhagen at a sales price of DKK 1.4 billion.

Expenses

Operating expenses amounted to DKK 5.3 billion and were reduced 8% from the level in the first quarter of 2015. The main reasons for the fall in expenses were our ongoing efforts to reduce operational costs, a lower net contribution to the Danish Resolution Fund and the Deposit Guarantee Fund as well as lower depreciation on intangible assets owing to the write-down of customer relations in the fourth quarter of 2015.

Our cost/income ratio was 46.3%, against 46.0% in the first quarter of 2015, because of lower income.

The number of full-time employees increased 3% from the level in the first quarter of 2015. The increase was primarily driven by insourcing of IT competencies in India and upstaffing within operations in Lithuania, specifically within the anti-money laundering area.

Loan impairments

Loan impairments declined from the level in the first quarter of 2015. The lower impairment level reflected our ongoing work to improve credit quality as well as general improvements driven by a stable macroeconomic climate and higher collateral values. In the agricultural and oil sectors, however, impairments increased, reflecting weak market conditions. Impairments consisted primarily of collective charges.

Loan impairment charges

	Q1 2016		Q1 2015	
(DKK millions)	Charges	% of lending and guarantees	Charges	% of lending and guarantees
Personal Banking	-165	-0.09	300	0.17
Business Banking	-29	-0.02	188	0.12
C&I	195	0.20	164	0.15
Wealth Management	-51	-0.29	-39	-0.22
Northern Ireland	-81	-0.64	-113	-0.98
Total	**-130**	**-0.03**	**502**	**0.11**

Tax

Tax on the profit for the first quarter amounted to DKK 1.3 billion, or 21.1% of profit before tax.

Changes to the financial highlights

The financial highlights reflect a number of changes to the presentation of the income statement and key figures owing to the treatment of Danica Pension under the new Wealth Management unit and reclassification of equity finance income from Net trading income to Net fee income.

The changes mostly affect Net fee income, Other income and Operating expenses. All Danica Pension costs are now included in Operating expenses, which are presented as a gross figure. The presentation of the financial highlights for 2015 and onwards has been changed, and key figures have been restated accordingly.

All developments in financial figures described are based on the restated financial highlights for 2015, as are our expectations in the outlook section. Please see note 1 for more information.

Q1 2016 vs Q4 2015

In the first quarter of 2016, Danske Bank posted a net profit before goodwill impairments of DKK 4.9 billion, against DKK 4.6 billion in the fourth quarter of 2015.

Net interest income amounted to DKK 5.3 billion and was at the same level as in the fourth quarter. Lending growth in all the Nordic countries offset the continued pressure on margins.

Net fee income showed a decrease of DKK 16% from the fourth quarter. The decrease was caused by lower income from asset management activities and the conventional life insurance business owing to unfavourable market conditions and seasonality. In comparison, fee income in the fourth quarter benefited from the booking of performance fees at Danske Capital and part of the shadow account balance at Danica Pension to income.

Net trading income amounted to DKK 1.6 billion, against DKK 1.5 billion in the fourth quarter.

Operating expenses were reduced to DKK 5.3 billion, a 15% reduction. The reduction was owing to seasonality, a lower net contribution to the Danish Resolution Fund and the Deposit Guarantee Fund, and lower depreciation on intangible assets.

In the fourth quarter, a DKK 4.6 billion goodwill impairment charge was made as a result of assumptions about lower interest rates long-term and increased capital allocation to Finland and Northern Ireland. The first quarter of 2016 was not affected by goodwill impairments.

Loan impairments showed a net reversal of DKK 0.1 billion, matching the level in the fourth quarter.

Balance sheet

Lending (end of period) (DKK billions)	Q1 2016	Q1 2015	Index 16/15	Q4 2015	Index Q1/Q4
Personal Banking	722.5	721.0	100	720.5	100
Business Banking	646.2	608.1	106	629.9	103
Corporates & Institutions	188.0	189.7	99	172.2	109
Wealth Management	69.5	67.6	103	68.4	102
Northern Ireland	48.1	55.2	87	52.2	92
Other Activities incl. eliminations	-8.5	-4.1	-	-6.9	-
Allowance account, lending	25.7	32.5	79	26.9	96
Total lending	**1,640.1**	**1,605.0**	**102**	**1,609.4**	**102**

Deposits (end of period)					
Personal Banking	255.8	249.8	102	256.4	100
Business Banking	223.3	233.2	96	226.0	99
Corporates & Institutions	215.6	230.0	94	213.5	101
Wealth Management	58.4	47.7	122	52.9	110
Northern Ireland	59.7	61.8	97	63.6	94
Other Activities incl. eliminations	-1.2	4.3	-	4.4	-
Total deposits	**811.6**	**826.8**	**98**	**816.8**	**99**

Bonds issued by Realkredit Danmark and other covered bonds (end of period)					
Bonds issued	682.5	678.9	101	694.5	98
Own holdings of bonds	64.9	69.8	93	56.6	115
Total Realkredit Danmark bonds	**747.4**	**748.7**	**100**	**751.1**	**100**
Other covered bonds	**188.5**	**218.1**	**86**	**188.9**	**100**
Deposits and issued mortgage bonds etc.	**1,747.5**	**1,793.6**	**97**	**1,756.8**	**99**
Lending as % of deposits and issued mortgage bonds etc.	93.9	89.5		91.6	

Lending
At the end of March 2016, total lending was up 2% from the level at the end of 2015. Lending increased at almost all banking units.

In Denmark, new gross lending, excluding repo loans, amounted to DKK 21.2 billion. Lending to personal customers accounted for DKK 6.5 billion of this amount.

In Denmark, our market share of total lending, excluding repo loans, rose from 26.5% at the end of 2015 to 26.7% at the end of March 2016. In Finland and Norway, our market share of lending also rose. In Sweden, we maintained our market share of lending.

Market shares of lending (%)	31 March 2016	31December 2015
Denmark incl. RD (excl. repo)	26.7	26.5
Finland*	9.9	9.6
Sweden* (excl. repo)	4.9	4.9
Norway*	5.8	5.7

Source: Market shares are based on data from the central banks.
** The market shares for Finland, Sweden and Norway are based on data from the central banks at 29 February.*

Lending equalled 93.9% of the total amount of deposits, mortgage bonds and other covered bonds, against 91.6% at the end of 2015.

Deposits
At the end of March 2016, total deposits were 1% below the level at the end of 2015, with decreases in Business Banking and Northern Ireland. We recorded increases in Corporates & Institutions and Wealth Management. The Group maintained its strong funding position.

Market shares of deposits (%)	31 March 2016	31December 2015
Denmark (excl. repo)	28.3	28.3
Finland*	13.2	13.5
Sweden* (excl. repo)	3.7	3.8
Norway*	5.3	5.5

Source: Market shares are based on data from the central banks.
** The market shares for Finland, Sweden and Norway are based on data from the central banks at 29 February.*

Credit exposure

Net credit exposure totalled DKK 3,696 billion, against DKK 3,600 billion at the end of 2015.

Risk Management 2015, chapter 4, which is available at danskebank.com/ir, provides details on Danske Bank's credit risks.

Credit quality

The benign credit conditions, including the low interest rate level, and managerial efforts enabled us to improve credit quality. Total gross non-performing loans (NPL) decreased owing to continued reversals and work-outs of larger customers. The coverage ratio remained high.

The risk management notes on pp. 48-55 provide more information about non-performing loans.

Non-performing loans (NPL) (DKK millions)	31 March 2016	31 December 2015
Gross NPL	43,370	47,820
Individual allowance account	21,669	23,151
Net NPL	**21,701**	**24,670**
Collateral (after haircut)	**16,871**	**19,848**
NPL Coverage ratio* (%)	81.8	82.8
NPL Coverage ratio of which is in default (%)	95.3	92.8
NPL as percentage of total gross exposure	1.8	2.0

* *The NPL coverage ratio is calculated as individual impairment (allowance account) amounts relative to gross NPL net of collateral (after haircuts).*

Accumulated individual impairments amounted to DKK 21.7 billion, or 1.1% of lending and guarantees. Accumulated collective impairments amounted to DKK 4.7 billion, or 0.2% of lending and guarantees. The corresponding figures at 31 December 2015 were DKK 23.2 billion and DKK 4.3 billion, respectively.

Allowance account by business units

	31 March 2016		31 December 2015	
(DKK millions)	Accum. impairm. charges*	% of lending and guarantees	Accum. impairm. charges*	% of lending and guarantees
Personal Banking	6,341	0.87	6,614	0.91
Business Banking	14,804	2.22	15,091	2.32
C&I	2,129	0.48	2,369	0.59
Wealth Management	566	0.77	606	0.85
Northern Ireland	2,503	5.11	2,814	5.32
Other Activities incl. eliminations	2	0.01	2	-
Total	**26,345**	**1.34**	**27,496**	**1.44**

* *Includes amounts for credit institutions, loans and guarantees.*

Recognised losses amounted to DKK 1.0 billion. Of these losses, DKK 0.1 billion was attributable to facilities not already subject to impairment.

Trading and investment activities

Credit exposure from trading and investment activities amounted to DKK 903 billion at 31 March 2016, against DKK 891 billion at 31 December 2015.

Danske Bank has made netting agreements with many of its counterparties concerning positive and negative market values of derivatives. The net exposure was DKK 98 billion, against DKK 94 billion at the end of 2015, and it was mostly secured through collateral management agreements.

The value of the bond portfolio was DKK 519 billion. Of the total bond portfolio, 76.3% was recognised at fair value and 23.7% at amortised cost.

Bond portfolio (%)	31 March 2016	31 December 2015
Government bonds and bonds guaranteed by central or local governments	39	38
Bonds issued by quasi-government institutions	1	1
Danish mortgage bonds	46	46
Swedish covered bonds	10	9
Other covered bonds	2	3
Corporate bonds	2	3
Total holdings	**100**	**100**
Hold-to-maturity bonds included in total holdings	24	16
Available-for-sale bonds included in total holdings	8	9

Other balance sheet items

The financial highlights on page 3 provide information about our balance sheet.

The net position towards central banks, credit institutions and repo counterparties has increased from a liability of DKK 23.0 billion at the end of 2015 to a liability of DKK 34.5 billion at the end of the first quarter of 2016, primarily because of an increase in funding from central banks.

A reduction in the bond portfolio was the main driver of the reduction in trading portfolio assets and trading portfolio liabilities from net assets of DKK 75.9 billion at the end of 2015 to net assets of DKK 72.9 billion at the end of the first quarter of 2016.

Total assets at Non-core declined DKK 1.1 billion from the end of 2015 as a consequence of the continued winding-up of the Non-core portfolio.

Other assets is the sum of several small line items. The decrease of DKK 5.7 billion from the end of 2015 to the end of March 2016 was caused by lower on-demand deposits with central banks.

Capital ratios

Our capital management policies and practices support our business strategy and ensure that we are sufficiently capitalised to withstand severe macroeconomic downturns.

We have set capital targets comprising a total capital ratio of at least 17% and a common equity tier 1 (CET1) capital ratio of at least 13%. The targets have been met since the end of 2012. In the current low-growth environment, which entails macroeconomic and regulatory uncertainty, we consider a CET1 capital ratio of around 14% and a total capital ratio well above 17% to be appropriate levels.

At the end of March 2016, the total capital ratio was 20.1%, and the CET1 capital ratio was 15.0%, against 21.0% and 16.1% respectively at the end of 2015. The expected decline was driven primarily by the DKK 9.0 billion share buy-back programme initiated on 4 February 2016.

The total risk exposure amount (REA) increased DKK 7 billion from the level at the end 2015 to DKK 841 billion. In January 2016, the FSA approved our revised IRB models, which led the total REA to increase by DKK 20 billion. Other REA changes of a negative DKK 13 billion were driven equally by portfolio changes and by a reclassification of part of our liquid bond portfolio from the trading book to the banking book.

Capital requirements

Danske Bank's capital management policies and practices are based on an internal capital adequacy assessment process (ICAAP). In this process, Danske Bank determines its solvency need.

At the end of March 2016, the solvency need was 10.5%. The solvency need consists of the 8% minimum capital requirement under Pillar I and a capital add-on under Pillar II. Some 56% of the solvency need must be met with CET1 capital, corresponding to 5.9% of the total REA.

CRD IV introduced a combined capital buffer requirement that is phased in from 2015 to 2019. The requirement applies in addition to the solvency need and consists of a countercyclical buffer, a capital conservation buffer and a SIFI requirement through a systemic risk buffer. At the end of the first quarter of 2016, the Group's actual combined capital buffer requirement was 2.1%. The fully phased-in combined capital buffer requirement is 6.0%.

At the end of the first quarter of 2016, the Group's excess CET1 capital is 7.0% of the total REA.

Capital ratios and requirements

(% of total REA)	Q1 2016	Fully phased-in*
Capital ratios		
CET 1 capital ratio	15.0	14.7
Total capital ratio	20.1	18.1
Capital requirements (incl. buffers)**		
CET 1 requirement	8.0	11.9
Total capital requirement	12.6	16.5
Excess capital		
CET 1 capital	7.0	2.8
Total capital	7.5	1.6

** Based on fully phased-in rules and requirements in CRR and CRD IV*

*** The total capital requirement consists of the solvency need and the combined buffer requirement. The fully phased-in countercyclical capital buffer is based on the national buffer rates announced at the end of the first quarter of 2016.*

The calculation of the solvency need and the combined capital buffer requirement is described in more detail in Risk Management 2015, chapter 3, which is available at danskebank.com/ir.

Capital distribution policy

Danske Bank's longer-term ambition is to provide shareholders with a competitive return through share price appreciation and ordinary dividend payments of 40-50% of net profit.

We intend to return excess capital to our shareholders if capital is available after we have met our capital targets and paid out ordinary dividends and in view of downturn risks, growth opportunities and future regulatory changes.

At 31 March 2016, we had bought back 7.8 million shares for at total purchase amount of DKK 1.5 billion (figures at trade date) of our planned DKK 9.0 billion share buy-back programme.

Ratings

In 2015 Danske Bank achieved its strategic goal of having a long-term rating equivalent to 'A' from all three rating agencies. During the first quarter of 2016, we maintained our long-term ratings.

Danske Bank's ratings

	Moody's	S&P	Fitch
Long-term	A2	A	A
Short-term	P-1	A-1	F1
Outlook	Stable	Stable	Stable

Covered bonds issued by Realkredit Danmark are rated AAA by S&P (stable outlook). Covered bonds issued from Realkredit Danmark's capital centre S are rated AAA by Fitch (stable outlook), while bonds issued from capital centre T are rated AA+ with the outlook being revised from stable to positive in the first quarter. Covered bonds issued by Danske Bank A/S are rated AAA by both S&P and Fitch (stable outlook).

Funding and liquidity
In order to further support our growth ambitions in Sweden and Norway, we have decided to divide our international covered bond pool (I-Pool) into geographically separate cover pools and establish a local Swedish covered bond programme to ensure diversified, stable and competitive long-term funding. Further details are available at danskebank.com/ir.

With a liquidity buffer of DKK 496 billion at 31 March 2016, corresponding to a liquidity coverage ratio (LCR) of 124%, Danske Bank's liquidity position remained robust.

Stress tests show that we have a sufficient liquidity buffer well beyond 12 months.

In the first quarter of 2016, Danske Bank issued senior debt for DKK 18.7 billion and covered bonds for DKK 7.5 billion, totalling DKK 26.2 billion. The issues included tapping the USD domestic market by issuing a new 5-year senior benchmark bond (USD 1 billion), and following the recently announced changes to our covered bond setup, we successfully issued EUR 1 billion covered bonds.

We also redeemed long-term debt of DKK 14.5 billion.

At the end of March, the total amount of outstanding long-term funding, excluding additional tier 1 capital and debt issued by Realkredit Danmark, was DKK 352 billion, against DKK 342 billion at the end of 2015.

Danske Bank excluding Realkredit Danmark

(DKK billions)	31 March 2016	31 December 2015
Covered bonds	191	190
Senior unsecured debt	122	112
Subordinated debt	39	40
Total	**352**	**342**

The Supervisory Diamond
The Danish FSA has identified a number of specific risk indicators for banks and has set threshold values that all Danish banks must comply with. The requirements are known as the Supervisory Diamond.

At 31 March 2016, Danske Bank was in compliance with all threshold values. A separate report is available at danskebank.com/ir.

Capital regulation
CRR/CRD IV requires credit institutions to calculate, report, monitor and disclose their leverage ratios, defined as tier 1 capital as a percentage of total exposure. The Group's leverage ratio was 4.4% at 31 March 2016 when transitional rules are taken into account. Assuming fully phased-in tier 1 capital under CRR/CRD IV without taking into account any refinancing of non-eligible additional tier 1 instruments, the leverage ratio would be 4.0%.

The Basel Committee on Banking Supervision (BCBS) is conducting a review of the standards for calculating the risk-weighted assets. Among other things, the review includes constraints on the use of internal models and the potential introduction of a permanent floor under the risk-weighted assets. The revised BCBS standards are expected to be final by the end of 2016, whereafter the EU implementation process will begin. Danske Bank is following developments closely, but the extent of the final regulatory changes and the timeline for implementation are still unknown.

Bank Recovery and Resolution Directive
In accordance with the Bank Recovery and Resolution Directive (BRRD), every credit institution must have a minimum amount of "bail-in-able" liabilities, in order to ensure they hold a sufficient amount of bail-in-able liabilities to absorb losses and restore their critical functions without support from public funds.

The Danish FSA is required to set a minimum requirement for own funds and eligible liabilities (MREL) for Danish institutions. We expect the MREL for Danske Bank to be set during 2016 with effect from 2017.

Solvency II
The Solvency II rules for insurance companies were implemented in Danish law with effect from 1 January 2016. This implies that Danica Pension includes expected future profit in the calculation of its capital base and solvency need. Danske Bank Group uses the financial conglomerate deduction method for equity holdings in Danica Pension when reporting its capital ratios. The impact of Solvency II on the Group's capital ratios is an increase of around 0.2 of a percentage point.

New capital allocation framework
In the first quarter of 2016, we implemented a new, simplified and more transparent capital allocation framework. The new framework is based on regulatory capital and is calibrated to our aim of having a CET1 capital ratio of around 14%. This means that the capital consumption of the Group's individual business units is closely aligned with the Group's total capital consumption.

Changes to the Board of Directors and Executive Board
Danske Bank's annual general meeting was held on 17 March 2016. Lars Förberg and Jim Hagemann Snabe did not seek re-election. The general meeting elected Hilde Merete Tonne and Lars-Erik Brenøe as their replacements.

Information about the composition of the Board of Directors and the board committees is available at danskebank.com/corporate-governance.

At the end of March, CFO Henrik Ramlau-Hansen vacated his position and was replaced as CFO and on the Executive Board by Jacob Aarup-Andersen.

Tonny Thierry Andersen was appointed Head of Wealth Management as of 1 April.

Personal Banking

Profit before tax increased 56% from the first quarter of 2015 driven by lower expenses and a further decline in impairments. Business activity returned to more normal levels after exceptionally high mortgage refinancing and investment activity in the first quarter of 2015. Business activity in the first quarter of 2016 benefited from our partnership set-up in Norway and the introduction of a benefit programme in Sweden, which supported net interest income.

Personal Banking (DKK millions)	Q1 2016	Q1 2015	Index 16/15	Q4 2015	Index Q1/Q4	Full year 2015
Net interest income	1,904	2,030	94	1,972	97	7,909
Net fee income	789	921	86	808	98	3,494
Net trading income	162	198	82	118	137	517
Other income	124	153	81	131	95	609
Total income	2,979	3,302	90	3,029	98	12,529
Operating expenses	1,795	2,135	84	2,196	82	8,444
Goodwill impairment charges	-	-	-	3,155	-	3,155
Profit before loan impairment charges	1,184	1,167	101	-2,322	-	930
Loan impairment charges	-165	300	-	-65	-	390
Profit before tax	**1,349**	**867**	**156**	**-2,257**	**-**	**540**
Profit before tax and goodwill impairment charges	**1,349**	**867**	**156**	**898**	**150**	**3,695**
Loans, excluding reverse trans. before impairments	722,498	721,039	100	720,532	100	720,532
Allowance account, loans	5,815	6,528	89	6,011	97	6,011
Deposits, excluding repo deposits	255,759	249,760	102	256,394	100	256,394
Bonds issued by Realkredit Danmark	391,672	394,593	99	392,484	100	392,484
Allowance account, guarantees	525	692		603	87	603
Allocated capital (average)*	22,157	23,328	95	20,257	109	22,002
Net interest income as % p.a. of loans and deposits	0.78	0.84		0.81		0.81
Profit before loan impairment charges as % p.a. of allocated capital before goodwill impairment charges	21.4	20.0		15.6		18.3
Profit before tax and goodwill impairment charges as % p.a. of allocated capital (ROAC)*	24.4	14.9		16.9		16.6
Cost/income ratio before goodwill impairment charges (%)	60.3	64.7		72.5		67.4
Full-time-equivalent staff	5,080	5,302	96	5,120	99	5,120

Fact Book Q1 2016 provides financial highlights at the country level for Personal Banking. Fact Book Q1 2016 is available at danskebank.com/ir.
** From 2016, allocated capital is based on the Group's new, simplified and more transparent capital allocation framework. The new framework is based on a regulatory approach and is calibrated to the Group's CET1 capital ratio target.*

Q1 2016 vs Q1 2015
Profit before tax increased 56% to DKK 1.3 billion. The increase was primarily the result of a continued decrease in expenses and a net reversal of loan impairment charges.

Total income declined DKK 0.3 billion to DKK 3.0 billion. Net interest income was 6% lower, as the increase in lending could not compensate for the pressure from negative short-term rates and the intensified competition on lending. Net fee income fell 14% from the first quarter of 2015, when mortgage refinancing activity was extraordinarily strong.

The pressure on income was to some extent offset by growth generated by our partnership with Akademikerne in Norway and our new benefit programme in Sweden. We also expect that our partnership with Saco (the Swedish Confederation of Professional Associations) launched in the first quarter will have a positive effect on growth going forward.

Net trading income fell 18% because of turbulence in the financial markets that led to a decline in trading volumes and lower activity.

Operating expenses were reduced 16%, primarily as a result of lower activity levels, the costs associated with the deposit guarantee scheme being replaced with a lower contribution to the Danish Resolution Fund, and lower depreciation of intangibles.

Credit quality
Credit quality improved in most markets as a result of more favourable macroeconomic conditions and improvement in the underlying credit parameters.

As a result, loan impairments improved DKK 465 million, leading to a net reversal of DKK 165 million.

LTV ratios generally remained stable.

Loan-to-value ratio, home loans

	31 March 2016		31 December 2015	
	LTV (%)	Credit exposure (DKK bn)	LTV (%)	Credit exposure (DKK bn)
Denmark	68.1	455	67.2	453
Finland	61.8	83	61.9	84
Sweden	60.4	65	62.1	64
Norway	64.0	83	64.2	78
Average	**66.1**		**65.7**	

Credit exposure

Net credit exposure rose 2% in the first quarter of 2016, driven mainly by growth in Norway. In Denmark, net credit exposure increased, driven mainly by the positive effect of fair value adjustments.

	Net credit exposure		Impairments (ann.) (%)
(DKK millions)	31 March 2016	31 December 2015	31 March 2016
Denmark	484,597	476,726	-0.17
Finland	90,101	90,294	0.05
Sweden	72,827	72,295	0.14
Norway	100,787	96,269	0.02
Other	-	-	0.00
Total	**748,312**	**735,585**	**-0.09**

Q1 2016 vs Q4 2015

Profit before tax and goodwill impairments increased 50% to DKK 1.3 billion in the first quarter of 2016.

Total income declined slightly. Net interest income was affected by continued margin pressure, whereas lower investment activity led to a decline in net fee income. Trading income increased despite lower activity within mortgage refinancing, as the fourth quarter of 2015 was negatively affected by one-offs.

Operating expenses were reduced by 18%, reflecting more normal activity levels and year-end seasonality, replacement of the costs associated with the deposit guarantee scheme with a lower net contribution to the Danish Resolution Fund, and lower depreciation of intangibles.

Loan impairments showed a net reversal, reflecting the improved credit quality as well as higher collateral values.

Business Banking

Profit before tax rose 7% from the first quarter of 2015 as a result of lower impairments and our continued focus on expenses. Business activity rose in all markets, with lending volume rising 6%, and combined with the continued decline in expenses, this largely offset the adverse effects of the negative short-term interest rates and lower mortgage refinancing activity than in the first quarter of 2015. Impairments fell, owing to a more stable economic climate and higher collateral values as well as our continued efforts to improve credit quality.

Business Banking (DKK millions)	Q1 2016	Q1 2015	Index 16/15	Q4 2015	Index Q1/Q4	Full year 2015
Net interest income	2,085	2,036	102	2,114	99	8,309
Net fee income	393	506	78	431	91	1,864
Net trading income	153	197	78	135	113	606
Other income	132	171	77	110	120	581
Total income	2,763	2,910	95	2,790	99	11,360
Operating expenses	1,142	1,183	97	1,237	92	4,704
Goodwill impairment charges	-	-	-	1,296	-	1,296
Profit before loan impairment charges	1,621	1,727	94	257	-	5,360
Loan impairment charges	-29	188	-	18	-	191
Profit before tax	**1,650**	**1,539**	**107**	**239**	**-**	**5,169**
Profit before tax and goodwill impairment charges	**1,650**	**1,539**	**107**	**1,535**	**107**	**6,465**
Loans, excluding reverse trans. before impairments	646,235	608,094	106	629,909	103	629,909
Allowance account, loans	14,448	15,871	91	14,756	98	14,756
Deposits, excluding repo deposits	223,348	233,205	96	225,964	99	225,964
Bonds issued by Realkredit Danmark	303,688	300,035	101	301,799	101	301,799
Allowance account, guarantees	357	255	140	336	106	336
Allocated capital (average)*	41,688	34,757	120	33,422	125	34,267
Net interest income as % p.a. of loans and deposits	0.98	0.99		1.01		0.99
Profit before loan impairment charges as % p.a. of allocated capital before goodwill impairment charges	15.6	19.9		18.3		19.4
Profit before tax and goodwill impairment charges as % p.a. of allocated capital (ROAC)*	15.8	17.7		18.1		18.8
Cost/income ratio before goodwill impairment charges (%)	41.3	40.7		44.3		41.4
Full-time-equivalent staff	2,689	2,925	92	2,761	97	2,761

Fact Book Q1 2016 provides financial highlights at the country level for Business Banking. Fact Book Q1 2016 is available at danskebank.com/ir.
** From 2016, allocated capital is based on the Group's new, simplified and more transparent capital allocation framework. The new framework is based on a regulatory approach and is calibrated to the Group's CET1 capital ratio target.*

Q1 2016 vs Q1 2015
Profit before tax increased 7% to DKK 1.7 billion. The result benefited from satisfactory business momentum, a 3% reduction in costs and significantly lower loan impairments.

Net interest income rose 2%, driven by lending growth. Income from fees and trading fell because of a fall in mortgage refinancing activity from the extraordinarily high level in the first quarter of 2015, when declining interest rates resulted in extensive remortgaging.

Operating expenses were reduced 3% owing to increased efficiency and generally tight cost control.

Credit quality improving
Combined with a more stable macroeconomic climate and higher collateral values, our continued efforts to improve credit quality led to lower impairments.

For the fourth consecutive quarter, impairments showed a net reversal. In the first quarter of 2016, the reversal amounted to DKK 29 million, against charges of DKK 188 million in the first quarter of 2015. The reversals occurred mainly in the commercial property segments in Denmark, whereas impairment charges were made in Norway, primarily against facilities to customers in oil-related sectors as oil prices remained low.

The outlook for the Danish agricultural sector remained weak in the first quarter of 2016.

Credit exposure

Net credit exposure amounted to DKK 747 billion at the end of March 2016, against DKK 728 billion at the end of 2015.

	Net credit exposure		Impairments (ann.) (%)
(DKK millions)	31 March 2016	31 December 2015	31 March 2016
Denmark	422,313	423,842	-0.12
Finland	70,439	67,766	0.07
Sweden	156,659	147,743	0.05
Norway	77,439	70,418	0.61
Baltics	20,112	18,687	-0.29
Other	-	8	-11.02
Total	**746,962**	**728,465**	**-0.02**

Q1 2016 vs Q4 2015

Profit before tax and goodwill impairments rose 7% to DKK 1.7 billion in the first quarter of 2016.

Total income was at the same level as in the fourth quarter of 2015 as business momentum remained strong. Net interest income was largely unchanged. Net fee income was lower owing to subdued customer activity. Net trading income rose 13%, reflecting the increase in mortgage activity in the first quarter.

Operating expenses were down 8%, reflecting year-end seasonality and the continued focus on tight cost control.

Loan impairments showed a net reversal of DKK 29 million in the quarter, underlining the continued improvement in the credit quality of the loan book.

Corporates & Institutions

Profit before tax amounted to DKK 1.1 billion, a decline of DKK 0.5 billion from the same period last year. The first quarter of 2015 benefited from very high client activity, whereas activity was somewhat lower in the first quarter of 2016 owing to very challenging market conditions. As a result, net trading income was significantly lower, which led to a 20% decline in total income. Lower expenses offset the increase in impairments.

Corporates & Institutions (DKK millions)	Q1 2016	Q1 2015	Index 16/15	Q4 2015	Index Q1/Q4	Full year 2015
Net interest income	727	660	110	630	115	2,660
Net fee income	543	609	89	578	94	2,408
Net trading income	1,090	1,700	64	1,132	96	4,799
Other income	14	2	-	3	-	7
Total income	2,374	2,971	80	2,343	101	9,873
Operating expenses	1,103	1,158	95	1,078	102	4,412
Profit before loan impairment charges	1,271	1,813	70	1,265	100	5,461
Loan impairment charges	195	164	119	65	300	65
Profit before tax	**1,076**	**1,649**	**65**	**1,200**	**90**	**5,396**
Loans, excluding reverse trans. before impairments	187,991	189,735	99	172,176	109	172,176
Allowance account, loans	1,857	3,193	58	2,155	86	2,155
Allowance account, credit institutions	26	91	29	6	-	6
Deposits, excluding repo deposits	215,647	229,998	94	213,532	101	213,532
Bonds issued by Realkredit Danmark	20,992	22,933	92	22,030	95	22,030
Allowance account, guarantees	246	270	91	208	118	208
Allocated capital (average)*	40,346	38,105	106	33,559	120	36,471
Net interest income as % p.a. of loans and deposits	0.72	0.63		0.66		0.69
Profit before loan impairment charges as % p.a. of allocated capital	12.6	19.0		15.1		15.0
Profit before tax as % p.a. of allocated capital (ROAC)*	10.7	17.3		14.3		14.8
Cost/income ratio (%)	46.5	39.0		46.0		44.7
Full-time-equivalent staff	1,810	1,826	99	1,832	99	1,832

Total income (DKK millions)						
FICC	955	1,419	67	896	107	4,049
Capital Markets	369	503	73	381	97	1,535
General Banking	1,050	1,049	100	1,066	98	4,289
Total income	**2,374**	**2,971**	**80**	**2,343**	**101**	**9,873**

** From 2016, allocated capital is based on the Group's new, simplified and more transparent capital allocation framework. The new framework is based on a regulatory approach and is calibrated to the Group's CET1 capital ratio target.*

Q1 2016 vs Q1 2015

In the first quarter of 2016, market conditions were characterised by weak risk sentiment, volatility and a significant widening of credit spreads. This adversely affected customer and trading activity and increased the amount of negative value adjustments. These challenging market conditions stood in stark contrast to the extraordinarily high level of customer activity in the first quarter of 2015. However, following the European Central Bank's (ECB) policy decisions in March, market conditions improved towards the end of the quarter, benefiting both risk sentiment and customer activity levels.

Total income fell 20% to DKK 2.4 billion. Net interest income increased DKK 0.1 billion as a result of slightly less margin pressure than in the first quarter of 2015. The decline in activity led to a DKK 0.1 billion drop in net fee income, and net trading income declined DKK 0.6 billion.

Operating expenses were reduced DKK 0.1 billion, primarily because of lower performance-based compensation.

Market area developments

Income from General Banking was on a par with the same quarter last year, and lending volumes were stable.

At DKK 0.4 billion, Capital Markets income declined 27% from the level in the same period of 2015. Both origination and secondary market activity within Debt Capital Markets was subdued because of very challenging credit markets. Income from equity activities was also adversely affected, while corporate finance activities were on a par with the first quarter of 2015.

Total income from Fixed Income, Currencies and Commodities (FICC) declined 33% to DKK 1.0 billion, with the decline being driven by the fall in activity.

Credit quality

Total loan impairments increased 19% from the level in the first quarter of 2015 and amounted to DKK 0.2 billion. The increase was due primarily to collective impairment charges against facilities to the oil sector.

At the end of the first quarter of 2016, total credit exposure from lending activities, including repo transactions, amounted to DKK 711 billion. The total portfolio increased 7% from the level at the end of 2015. The increase was caused by increases in corporate exposure.

	Net credit exposure		Impairments (ann.) (%)
(DKK millions)	31 March 2016	31 December 2015	31 March 2016
Sovereign	98,136	77,722	-0.05
Financial institutions	244,062	256,758	0.01
Corporate	368,282	332,771	0.41
Other	525	31	0.00
Total	**711,005**	**667,283**	**0.20**

The sovereign portfolio consists primarily of exposures to the stable, highly-rated Nordic sovereigns and to central banks. Most of the exposure to financial institutions consists of repo lending facilities. The corporate portfolio is diverse, consisting mainly of large companies based in the Nordic countries and large international clients with activities in the Nordic region.

Q1 2016 vs Q4 2015

Profit before tax decreased 10% from the fourth quarter of 2015, mainly because of increased impairment charges against facilities to the oil sector.

General Banking income and lending volumes were unchanged.

At Capital Markets, income from Debt Capital Markets in particular was adversely affected by challenging market conditions.

At FICC, income rose because of increased customer activity, especially towards the end of the quarter following the ECB's policy decision.

Operating expenses increased 2% from the level in the previous quarter, primarily driven by payments to the Danish Resolution Fund.

Wealth Management

Profit before tax declined 25% as volatile conditions in the financial markets at the beginning of the year adversely affected customer activity and reduced both the nominal value of assets under management and the investment result from the health and accident business of Danica Pension. Consequently, both net fee and trading income declined. Lending volumes continued to increase, which more than offset the persistently adverse effect of negative short-term interest rates on net interest income. Net interest income thus rose 4%.

Wealth Management (DKK millions)	Q1 2016	Q1 2015	Index 16/15	Q4 2015	Index Q1/Q4	Full year 2015
Net interest income	168	161	104	150	112	620
Net fee income	1,550	1,601	97	2,168	71	6,977
Net trading income	85	329	26	51	167	316
Other income	104	144	72	150	69	564
Total income	1,907	2,235	85	2,519	76	8,477
Operating expenses	918	883	104	1,044	88	3,702
Profit before loan impairment charges	989	1,352	73	1,475	67	4,775
Loan impairment charges	-51	-39	-	10	-	-29
Profit before tax	**1,040**	**1,391**	**75**	**1,465**	**71**	**4,804**
Loans, excluding reverse trans. before impairments	69,472	67,539	103	68,399	102	68,399
Allowance account, loans	563	644	87	604	93	604
Deposits, excluding repo deposits	58,431	47,687	123	52,912	110	52,912
Bonds issued by Realkredit Danmark	31,074	31,148	100	31,771	98	31,771
Allowance account, guarantees	4	2		2	200	2
Allocated capital (average)*	16,266	15,565	105	15,538	105	15,566
Net interest income as % p.a. of loans and deposits	0.53	0.56		0.50		0.51
Profit before loan impairment charges as % p.a. of allocated capital before goodwill impairment charges	24.3	34.7		38.0		30.7
Profit before tax as % p.a. of allocated capital (ROAC)*	25.6	35.7		37.7		30.9
Cost/income ratio (%)	48.1	39.5		41.4		43.7
Full-time-equivalent staff	1,992	1,963	101	1,952	102	1,952

Breakdown of assets under management** (DKK billions)						
Life conventional	162	181	90	161	101	161
Asset management	761	779	98	774	98	774
Assets under advice	428	449	95	435	98	435
Total assets under management	**1,351**	**1,410**	**96**	**1,369**	**99**	**1,369**

Breakdown of net fee income (DKK millions)						
Management fees	1,237	1,244	99	1,204	103	4,955
Performance fees	11	24	46	411	3	506
Risk allowance fees	302	333	91	553	55	1,516
Total net fee income	**1,550**	**1,601**	**97**	**2,168**	**71**	**6,977**

** From 2016, allocated capital is based on the Group's new, simplified and more transparent capital allocation framework. The new framework is based on a regulatory approach and is calibrated to the Group's CET1 capital ratio target.*

*** Assets under management consists of our conventional life insurance business (Danica Traditionel), asset management (Danica unit-linked and Danske Capital) and assets under advice (the investment decision is taken by the client) from personal, business and private banking customers.*

Q1 2016 vs Q1 2015

Profit before tax declined 25% to DKK 1.0 billion because of lower income from trading activities and a decline in net fee income from the unusually strong first quarter of 2015.

Net interest income was up 4% to DKK 0.2 billion, with the increase being driven by a 3% rise in lending volumes.

Net fee income amounted to DKK 1.6 billion, a drop of 3% from last year, driven by slightly lower performance and risk allowance fees, whereas management fees were unchanged at DKK 1.2 billion. Fee income was affected by the turbulence in the financial markets, which caused asset prices to decline and led to a decline in assets under management.

Net trading income fell 74% to DKK 0.1 billion. The financial market turbulence had a negative impact on trading income. Consequently, the investment result of the health and accident business of Danica Pension declined DKK 200 million from the strong result in the first quarter of 2015.

As a result, total income declined 15% from the level last year.

Total costs were up 4% because of higher staff costs, partly related to the establishment of the new unit.

Credit quality

Credit quality improved in most markets as a result of more favourable macroeconomic conditions and higher collateral values.

Loan impairments showed a net reversal of DKK 51 million in the first quarter. The positive trend reflects our continued efforts to improve credit quality.

LTV ratios generally remained stable.

Loan-to-value ratio, home loans

	31 March 2016		31 December 2015	
	LTV (%)	Credit exposure (DKK bn)	LTV (%)	Credit exposure (DKK bn)
Denmark	62.6	36.3	62.0	36.0
Finland	66.3	2.2	65.4	2.2
Sweden	61.2	2.7	64.1	2.6
Norway	61.3	6.2	61.4	6.0
Luxembourg	-	-	-	-
Average	**62.5**		**62.2**	

Credit exposure

Total net credit exposure rose 6% in the first quarter of 2016 to DKK 78 billion, driven by increased activity in all countries.

	Net credit exposure		Impairments (ann.) (%)
(DKK millions)	31 March 2016	31 December 2015	31 March 2016
Denmark	50,472	49,378	-0.34
Finland	3,395	3,386	-0.36
Sweden	5,127	5,017	0.01
Norway	9,450	9,186	-0.34
Luxembourg	6,428	5,919	0.04
Other	3,481	722	-
Total	**78,352**	**73,607**	**-0.29**

Assets under management

In connection with the establishment of the new Wealth Management unit, we redefined assets under management. Assets managed thus consist of our conventional life insurance business (*Danica Traditionel*), asset management (Danica unit-linked and Danske Capital) as well as assets under advice, where the investment decision is taken by the client. For the first quarter of 2016, assets under management totalled DKK 1,351 billion.

Assets under management were reduced by 4%, or DKK 59 billion, from the level in the first quarter of 2015. The reduction was driven by lower asset prices, which were only partly offset by a positive inflow from net sales and premiums totalling DKK 20 billion. The net sales in Danske Capital amounted to DKK 12 billion, of which DKK 3 billion came from retail clients and DKK 9 billion from institutional clients. The inflow of premiums in Danica (life conventional and unit-linked) amounted to DKK 8 billion.

Investment return on customer funds

For our asset management business, 58% of all investment products generated above-benchmark results. On a 3-year horizon, 72% were above benchmark.

% of investment products (GIPS composites) with above-benchmark returns (pre-costs)	Q1 2016	3-year
All funds	58	72
Equity funds	62	71
Fixed-income funds	65	83
Balanced funds etc.	32	47

The return on investments for customers with *Danica Balance* (medium risk profile with 15 years to retirement) was -0.2% in the first quarter of 2016. Danica Pension was thus ranked number two among Danish peers.

Sale of Danske Capital AS in Estonia

On 29 January 2016, we announced the sale of our Estonian asset management company, Danske Capital AS. Pending approval by the Estonian Financial Supervision Authority and the Estonian Competition Authority, the transaction is expected to be completed towards the end of the first half of 2016.

Q1 2016 vs Q4 2015

In the first quarter of 2016, profit before tax decreased to DKK 1.0 billion, down 29% from the level in the fourth quarter of 2015.

Total income declined owing mainly to lower net fee income. The decline was caused by usual year-end seasonality, as the fourth quarter benefited from the booking of DKK 0.4 billion in performance fees at Danske Capital and DKK 0.2 billion from the shadow account at Danica Pension.

Operating expenses were down 12%, primarily because of lower performance-based remuneration.

Loan impairments showed a net reversal and reflected the ongoing improvement in credit quality.

Northern Ireland

Profit before tax rose 4% to DKK 334 million as a result of reduced expenses while income remained largely unchanged. Profit before loan impairment charges rose 22%. Loan impairment charges continued to show a net reversal as a result of more favourable macroeconomic conditions. Reported financials are impacted negatively by the decline in the GBP/DKK exchange rate in the period.

Northern Ireland (DKK millions)	Q1 2016	Q1 2015	Index 16/15	Q4 2015	Index Q1/Q4	Full year 2015
Net interest income	385	388	99	412	93	1,620
Net fee income	121	127	95	107	113	487
Net trading income	23	29	79	29	79	118
Other income	9	3	300	3	300	14
Total income	538	547	98	551	98	2,239
Operating expenses	285	339	84	390	73	1,369
Goodwill impairment charges	-	-	-	150	-	150
Profit before loan impairment charges	253	208	122	11	-	720
Loan impairment charges	-81	-113	-	-168	-	-561
Profit before tax	**334**	**321**	**104**	**179**	**187**	**1,281**
Profit before tax and goodwill impairment charges	**334**	**321**	**104**	**329**	**102**	**1,431**
Loans, excluding reverse trans. before impairments	48,125	55,156	87	52,225	92	52,225
Allowance account, loans	2,480	5,484	45	2,789	89	2,789
Deposits, excluding repo deposits	59,655	61,841	96	63,601	94	63,601
Allowance account, guarantees	24	43	-	26	92	26
Allocated capital (average)*	8,319	7,364	113	8,746	95	8,142
Net interest income as % p.a. of loans and deposits	1.46	1.39		1.46		1.43
Profit before loan impairment charges as % p.a. of allocated capital before goodwill impairment charges	12.2	11.3		7.3		10.7
Profit before tax and goodwill impairment charges as % p.a. of allocated capital (ROE)	16.1	17.4		15.0		17.5
Cost/income ratio (%)	53.0	62.0		70.8		61.1
Full-time-equivalent staff	1,285	1,303	99	1,287	100	1,287

** Allocated capital equals the legal entity's capital.*

Q1 2016 vs Q1 2015

Profit before tax increased 4% to DKK 334 million. The increase was the result of lower operating expenses. Total income was largely unchanged, while impairments amounted to a net reversal that was slightly lower than in the first quarter of 2015.

Total income stood at DKK 538 million and was adversely affected by movements in the GBP/DKK exchange rate. Net interest income was at the same level as in the first quarter of 2015, with the positive impact of lower net funding costs being offset by adverse currency movements.

Operating expenses were reduced 16%, primarily as a result of staff reductions and our ongoing focus on cost reductions. Currency movements also benefited costs.

Q1 2016 vs Q1 2015 in local currency

In local currency, total income increased 4% driven by increases in all income lines. Net interest income benefited from lower funding costs. Fee income improved because of MasterCard-related income. Finally, other income benefited from profit on the sale of a property.

In local currency, expenses declined 11%.

Credit quality

Credit quality improved as a result of more favourable macroeconomic conditions and further increases in collateral values.

Loan impairments amounted to a net reversal of DKK 81 million, reflecting a continuing recovery and improved turnover in the property market.

	Net credit exposure		Impairments (ann.) (%)
(DKK millions)	31 March 2016	31 December 2015	31 March 2016
Personal customers	18,117	19,443	0.40
Public institutions	15,660	17,598	-0.35
Financial customers	1,198	455	-0.50
Commercial customers	31,467	32,535	-1.47
Total	**66,442**	**70,030**	**-0.64**

Increased broker distribution
Brokers are an important distribution channel in the local market. We are enhancing our capabilities within distribution of residential mortgages through brokers, thus supplementing established branch and direct distribution channels while maintaining credit quality requirements.

Improvements made in the broker channel together with changes to the customer proposition have resulted in a significant increase in mortgage approvals across all channels from the same period in 2015. Further improvements in the mortgage broker channel proposition will be introduced over the course of 2016.

Q1 2016 vs Q4 2015

Profit before tax and goodwill impairments increased 2% to DKK 334 million in the first quarter of 2016.

Total income decreased 2%, as adverse currency movements more than offset the 6% increase in income measured in local currency.

Operating expenses decreased 27%, reflecting reduced staff costs, lower costs related to regulatory expenses due to exceptional charges incurred in the fourth quarter and a positive currency impact.

Loan impairments continued the trend of net reversals, reflecting the ongoing improvement of credit quality.

Non-core

Profit before tax for the first quarter was a negative DKK 18 million, a decline of DKK 108 million from the level in the first quarter of 2015. Both income and costs improved from the level in the same period last year, whereas the net impairment reversal from the first quarter of 2015 was not repeated.

Non-core (DKK millions)	Q1 2016	Q1 2015	Index 16/15	Q4 2015	Index Q1/Q4	Full year 2015
Total income	70	54	130	71	99	334
Operating expenses	86	100	86	95	91	406
Profit before loan impairment charges	-16	-46	-	-24	-	-72
Loan impairment charges	2	-136	-	-37	-	-118
Profit before tax	**-18**	**90**	**-**	**13**	**-**	**46**
Loans, excluding reverse trans. before impairments	26,727	44,559	60	27,714	96	27,714
Allowance account, loans	3,828	7,705	50	3,870	99	3,870
Deposits, excluding repo deposits	3,256	6,719	48	3,735	87	3,735
Allowance account, guarantees	36	74	49	46	78	46
Allocated capital (average)*	3,025	9,167	33	4,797	63	6,224
Net interest income as % p.a. of loans and deposits	1.04	0.44		0.94		1.06
Profit before loan impairment charges as % p.a. of allocated capital	-2.1	-2.0		-2.0		-1.2
Profit before tax as % p.a. of allocated capital (ROAC)*	-2.4	3,9		1.1		0.7
Cost/income ratio (%)	122.9	185.2	66	133.8	92	121.6
Full-time-equivalent staff	267	428	62	277	96	277

Loan impairment charges (DKK millions)						
Non-core banking**	3	-130	-	-40	-	-118
Non-core conduits etc.	-1	-6	-	2	-	-
Total	**2**	**-136**	**-**	**-38**	**-**	**-118**

** From 2016, allocated capital is based on the Group's new, simplified and more transparent capital allocation framework. The new framework is based on a regulatory approach and is calibrated to the Group's CET1 capital ratio target.*
*** Non-core banking encompasses Non-core Baltics (personal customers in the Baltics) and Non-core Ireland.*

Q1 2016 vs Q1 2015
Profit before tax in the first quarter of 2016 was a loss of DKK 18 million, against a profit before tax of DKK 90 million in the first quarter of 2015, with the decrease being caused by the net impairment reversal in the first quarter of 2015 not being repeated in the first quarter of 2016.

Total income rose 30% and benefited from the fall in funding costs for conduits that was driven by the ongoing balance sheet reduction. Operating expenses were reduced by 14%, primarily owing to the large reduction in full-time employees.

In the first quarter of 2016, we received final approval from the Lithuanian competition authorities to sell our Non-core personal customer business in Lithuania and Latvia. The transaction will be completed in the second quarter of 2016.

Total lending, which amounted to DKK 26.7 billion, consisted mainly of exposure to personal mortgages and conduits. Personal mortgages in the Baltics (after the third quarter of 2015, only Estonia) and Ireland will mature according to contractual terms.

The winding-up of the Non-core Ireland portfolio is proceeding according to plan.

The Non-core conduits portfolio amounted to DKK 8.7 billion, against DKK 11.1 billion in the first quarter of 2015. The portfolio consists mainly of liquidity facilities for conduits. The credit quality of the portfolio remained stable.

	Net credit exposure		Accumulated impairment charges	
(DKK millions)	31 Mar. 2016	31 Dec. 2015	31 Mar. 2016	31 Dec. 2015
Non-core banking*	19,859	20,571	3,631	3,673
- of which Personal customers	19,467	20,035	2,593	2,560
Non-core conduits etc.	8,662	7,992	232	243
Total	**28,521**	**28,563**	**3,863**	**3,916**

** Non-core Baltics is included in Non-core banking from 1 January 2015 (from the end of the third quarter of 2015, only Estonia).*

Total impairments amounted to DKK 2 million, against a net reversal of DKK 136 million in the first quarter of 2015. This development was due to lower reversals within the commercial property portfolio in Ireland.

Q1 2016 vs Q4 2015

Profit before tax amounted to a loss of DKK 18 million, down DKK 31 million from the level in the fourth quarter.

At DKK 2 million, loan impairment charges were low. The fourth quarter benefited from a net reversal of DKK 37 million.

Other Activities

Other Activities includes Group Treasury and Group support functions as well as eliminations, including the elimination of returns on own shares. Group Treasury is responsible for the Group's liquidity management and funding.

Profit before tax benefited from gains on property sales.

Other Activities (DKK millions)	Q1 2016	Q1 2015	Index 16/15	Q4 2015	Index Q1/Q4	Full year 2015
Net interest income	-10	26	-	2	-	284
Net fee income	-14	-57	-	-51	-	-212
Net trading income	84	570	15	34	248	492
Other income	849	31	-	370	229	568
Total income	909	570	159	355	256	1,132
Operating expenses	66	63	105	327	20	606
Profit before loan impairment charges	843	507	166	28	-	526
Loan impairment charges	1	2	50	1	100	1
Profit before tax	**842**	**505**	**167**	**27**	**-**	**525**

Profit before tax (DKK millions)						
Group Treasury	15	552	3	-158	-	286
Own shares	-38	-99	-	56	-	-154
Group support functions	865	52	-	128	-	393
Total Other Activities	**842**	**505**	**167**	**27**	**-**	**525**

Q1 2016 vs Q1 2015

Other Activities posted a profit before tax of DKK 842 million, against DKK 505 million in the first quarter of 2015.

Net trading income amounted to DKK 84 million and returned to a more normal level. The year-earlier income of DKK 570 million benefited from positive fair value adjustments of the liquidity portfolio and the private equity portfolio.

Other income amounted to DKK 849 million, against DKK 31 million in the first quarter of 2015. Other income included a gain of DKK 825 million related to the sale of the head office buildings at Holmens Kanal in Copenhagen.

Q1 2016 vs Q4 2015

In the first quarter of 2016, profit before tax was DKK 842 million, against DKK 27 million in the fourth quarter.

Other income amounted to DKK 849 million, against DKK 370 million in the fourth quarter. The increase was caused by gains on property sales.

Operating expenses amounted to DKK 66 million, against DKK 327 million in the fourth quarter, partly because our contribution to the new Danish Resolution Fund was booked primarily in the fourth quarter of 2015. For 2016 the contribution has been allocated to business units.

Income statement – Danske Bank Group

Note	(DKK millions)	Q1 2016	Q1 2015	Full year 2015
	Interest income	14,580	15,711	59,666
	Interest expense	6,527	7,314	26,333
	Net interest income	8,054	8,397	33,333
	Fee income	3,814	3,886	15,566
	Fee expenses	1,334	1,148	4,887
	Net trading income	-1,873	11,439	6,908
3	Other income	1,617	879	5,275
	Net premiums	5,631	5,538	21,359
	Net insurance benefits	4,054	16,155	30,468
	Operating expenses	5,711	6,106	24,785
	Impairment charges on goodwill and customers relations	-	-	4,601
	Profit before loan impairment charges	6,143	6,728	17,701
4	Loan impairment charges	-128	366	-61
	Profit before tax	6,271	6,362	17,762
	Tax	1,326	1,411	4,639
	Net profit for the period	**4,945**	**4,951**	**13,123**
	Portion attributable to			
	shareholders of Danske Bank A/S (the Parent Company)	4,784	4,833	12,516
	additional tier 1 capital holders	161	118	607
	non-controlling interests	-	-	-
	Net profit for the period	**4,945**	**4,951**	**13,123**
	Earnings per share (DKK)	5.0	4.9	12.8
	Diluted earnings per share (DKK)	5.0	4.9	12.8
	Proposed dividend per share (DKK)	-	-	8.0

Statement of comprehensive income – Danske Bank Group

(DKK millions)	Q1 2016	Q1 2015	Full year 2015
Net profit for the period	4,945	4,951	13,123
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurement of defined benefit plans	-32	31	568
Tax	21	8	-70
Items that will not be reclassified to profit or loss	**-11**	**39**	**498**
Items that are or may be reclassified subsequently to profit or loss			
Translation of units outside Denmark	-802	959	681
Hedging of units outside Denmark	838	-1,071	-797
Unrealised value adjustments of available-for-sale financial assets	137	40	-17
Realised value adjustments of available-for-sale financial assets	-3	-36	-68
Tax	-215	210	176
Items that are or may be reclassified subsequently to profit or loss	**-45**	**102**	**-25**
Total other comprehensive income	**-56**	**141**	**473**
Total comprehensive income for the period	**4,889**	**5,092**	**13,596**
Portion attributable to			
shareholders of Danske Bank A/S (the Parent Company)	4,728	4,974	12,989
additional tier 1 capital holders	161	118	607
non-controlling interests	-	-	-
Total comprehensive income for the period	**4,889**	**5,092**	**13,596**

Balance sheet – Danske Bank Group

Note	(DKK millions)	31 March 2016	31 December 2015	31 March 2015
	Assets			
	Cash in hand and demand deposits with central banks	69,347	76,837	85,097
	Due from credit institutions and central banks	127,756	103,859	173,630
	Trading portfolio assets	566,268	547,019	800,073
	Investment securities	335,965	343,304	321,892
	Loans at amortised cost	1,131,658	1,079,257	1,113,192
	Loans at fair value	748,774	741,660	745,902
	Assets under pooled schemes and unit-linked investment contracts	91,140	91,893	90,151
	Assets under insurance contracts	268,338	265,572	286,539
	Intangible assets	6,538	6,505	11,195
	Tax assets	3,849	1,550	4,172
6	Other assets	38,885	35,422	39,315
	Total assets	**3,388,518**	**3,292,878**	**3,671,158**
	Liabilities			
	Due to credit institutions and central banks	306,201	271,588	366,613
	Trading portfolio liabilities	493,395	471,131	609,719
	Deposits	888,681	863,474	1,018,038
	Bonds issued by Realkredit Danmark	682,542	694,519	678,875
	Deposits under pooled schemes and unit-linked investment contracts	95,974	96,958	96,142
	Liabilities under insurance contracts	299,824	285,030	305,261
5	Other issued bonds	381,367	363,931	350,724
	Tax liabilities	7,989	8,333	8,581
6	Other liabilities	37,079	37,093	43,031
5	Subordinated debt	39,361	39,991	36,948
	Total liabilities	**3,232,413**	**3,132,048**	**3,513,932**
	Equity			
	Share capital	10,086	10,086	10,086
	Foreign currency translation reserve	-557	-593	-589
	Reserve for available-for-sale financial assets	22	-401	-312
	Retained earnings	135,121	132,352	136,666
	Proposed dividends	-	8,069	-
	Shareholders of Danske Bank A/S (the Parent Company)	144,672	149,513	145,851
	Additional tier 1 capital holders	11,433	11,317	11,374
	Non-controlling interests	-	-	1
	Total equity	**156,105**	**160,830**	**157,226**
	Total liabilities and equity	**3,388,518**	**3,292,878**	**3,671,158**

Statement of capital – Danske Bank Group

Changes in equity

(DKK millions)	Share capital	Foreign currency translation reserve	Reserve for available-for-sale assets	Retained earnings	Proposed dividends	Total	Additional tier 1 capital	Non-controlling interests	Total
	Shareholders of Danske Bank A/S (the Parent Company)								
Total equity at 1 January 2016	10,086	-593	-401	132,352	8,069	149,513	11,317	-	160,830
Changed recognition of insurance liabilities	-	-	-	-205	-	-205	-	-	-205
Restated total equity at 1 January 2016	10,086	-593	-401	132,147	8,069	149,308	11,317	-	160,625
Net profit for the period	-	-	-	4,784	-	4,784	161	-	4,945
Other comprehensive income									
Remeasurement of defined benefit plans	-	-	-	-32	-	-32	-	-	-32
Translation of units outside Denmark	-	-802	-	-	-	-802	-	-	-802
Hedging of units outside Denmark	-	838	-	-	-	838	-	-	838
Unrealised value adjustments	-	-	137	-	-	137	-	-	137
Realised value adjustments	-	-	-3	-	-	-3	-	-	-3
Transfer between reserves	-	-	289	-289	-	-	-	-	-
Tax	-	-	-	-194	-	-194	-	-	-194
Other changes	-	-	-	-	-	-	-	-	-
Total other comprehensive income	-	36	423	-515	-	-56	-	-	-56
Total comprehensive income for the period	**-**	**36**	**423**	**4,269**	**-**	**4,728**	**161**	**-**	**4,889**
Transactions with owners									
Issuance of additional tier 1 capital, net of transaction costs	-	-	-	-	-	-	-	-	-
Paid interest on additional tier 1 capital	-	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	311	-8,069	-7,758	-	-	-7,758
Acquisition of own shares and additional tier 1 capital	-	-	-	-8,722	-	-8,722	-45	-	-8,767
Sale of own shares and additional tier 1 capital	-	-	-	7,081	-	7,081	-	-	7,081
Share-based payments	-	-	-	-	-	-	-	-	-
Tax	-	-	-	35	-	35	-	-	35
Total equity at 31 March 2016	**10,086**	**-557**	**22**	**135,121**	**-**	**144,672**	**11,433**	**-**	**156,105**

On 4 February 2016, the Group initiated a share buy-back programme of DKK 9 billion, which may run until 4 February 2017. At the end of March 2016, the Group had acquired 7,825,000 shares for a total amount of DKK 1,462 million under the share buy-back programme based on trade date.

Statement of capital – Danske Bank Group

Changes in equity

(DKK millions)	Shareholders of Danske Bank A/S (the Parent Company): Share capital	Foreign currency translation reserve	Reserve for available-for-sale assets	Retained earnings	Proposed dividends	Total	Additional tier 1 capital	Non-controlling interests	Total
Total equity at 1 January 2015	10,086	-477	-316	131,869	5,547	146,709	5,673	2	152,384
Net profit for the period	-	-	-	4,833	-	4,833	118	-	4,951
Other comprehensive income									
Remeasurement of defined benefit plans	-	-	-	31	-	31	-	-	31
Translation of units outside Denmark	-	959	-	-	-	959	-	-	959
Hedging of units outside Denmark	-	-1,071	-	-	-	-1,071	-	-	-1,071
Unrealised value adjustments	-	-	40	-	-	40	-	-	40
Realised value adjustments	-	-	-36	-	-	-36	-	-	-36
Tax	-	-	-	218	-	218	-	-	218
Other changes	-	-	-	-	-	-	-	-	-
Total other comprehensive income	-	-112	4	249	-	141	-	-	141
Total comprehensive income for the period	**-**	**-112**	**4**	**5,082**	**-**	**4,974**	**118**	**-**	**5,092**
Transactions with owners									
Issuance of additional tier 1 capital, net of transaction costs	-	-	-	-57	-	-57	5,583	-	5,526
Paid interest on additional tier 1 capital	-	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	53	-5,547	-5,494	-	-1	-5,495
Acquisition of own shares and additional tier 1 capital	-	-	-	-8,865	-	-8,865	-	-	-8,865
Sale of own shares and additional tier 1 capital	-	-	-	8,553	-	8,553	-	-	8,553
Share-based payments	-	-	-	-	-	-	-	-	-
Tax	-	-	-	31	-	31	-	-	31
Total equity at 31 March 2015	**10,086**	**-589**	**-312**	**136,666**	**-**	**145,851**	**11,374**	**1**	**157,226**

Statement of capital – Danske Bank Group

(DKK millions)	31 March 2016	31 December 2015
Share capital (DKK)	10,086,200,000	10,086,200,000
Number of shares	1,008,620,000	1,008,620,000
Number of shares outstanding	968,759,508	976,029,806
Average number of shares outstanding for the period	972,253,969	987,987,050
Average number of shares outstanding, including dilutive shares, for the period	972,848,235	989,291,999

Total capital and total capital ratio		
Total equity	156,105	160,830
Revaluation of domicile property at fair value	619	884
Tax effect of revaluation of domicile property at fair value	-62	-172
Reserves in undertakings consolidated on a pro rata basis	3,002	3,002
Total equity calculated in accordance with the rules of the Danish FSA	159,664	164,544
Additional tier 1 capital instruments included in total equity	-11,115	-11,177
Accrued interest on additional tier 1 capital instruments	-316	-155
Tax on accrued interest on additional tier 1 capital instruments	70	36
Common equity tier 1 capital instruments	148,303	153,248
Adjustment to eligible capital instruments	-7,692	-154
Prudent valuation	-1,059	-
Other prudential filters	-452	-507
Expected/proposed dividends	-2,470	-8,069
Intangible assets of banking operations	-6,457	-6,426
Deferred tax on intangible assets	315	337
Deferred tax assets that rely on future profitability excluding temporary differences	-308	-343
Defined benefit pension fund assets	-1,330	-808
Statutory deduction for insurance subsidiaries	-2,305	-2,885
Other statutory deductions	-174	-35
Common equity tier 1 capital	**126,371**	**134,358**
Additional tier 1 capital instruments	20,685	22,338
Statutory deduction for insurance subsidiaries	-768	-2,164
Other statutory deductions	-5	-7
Tier 1 capital	**146,283**	**154,525**
Tier 2 capital instruments	23,557	22,782
Statutory deduction for insurance subsidiaries	-768	-2,164
Other statutory deductions	-5	-7
Total capital	**169,067**	**175,136**
Total risk exposure amount	**841,289**	**833,594**
Common equity tier 1 capital ratio (%)	15.0	16.1
Tier 1 capital ratio (%)	17.4	18.5
Total capital ratio (%)	20.1	21.0

Total capital and the total risk exposure amount are calculated in accordance with the rules applicable under CRR, taking transitional rules into account as stipulated by the Danish Financial Supervisory Authority. A new filter has been introduced for deduction from common equity tier 1 capital of additional value adjustments of assets and liabilities measured at fair value (prudent valuation). The European Commission has adopted a Delegated Regulation on regulatory technical standards for prudent valuation that has been effective from February 2016.

The risk exposure amount calculated under the Basel I rules amounted to DKK 1,451,432 million at 31 March 2016 (31 December 2015: DKK 1,441,527 million). The capital need under the transitional rules was DKK 92,892 million, equal to 11.0% of the reported risk exposure amount (31 December 2015: DKK 92,258 million).

The Internal Capital Adequacy Assessment report provides more details about Danske Bank's solvency need. The report is available at danske bank.com/ir/reports.

Cash flow statement – Danske Bank Group

(DKK millions)	Q1 2016	Q1 2015	Full year 2015
Cash flow from operations			
Profit before tax	6,271	6,362	17,762
Tax paid	-3,721	-3,860	-4,770
Adjustment for non-cash operating items	-2,059	-1,184	6,858
Total	491	1,318	19,850
Changes in operating capital			
Amounts due to/from credit institutions and central banks	34,691	38,215	-56,229
Trading portfolio	3,014	1,530	115,996
Acquisition/sale of own shares and additional tier 1 capital	-298	-312	15
Other financial instruments	1,972	2,812	-24,083
Loans at amortised cost	-52,273	-20,656	13,706
Loans at fair value	-7,113	-4,293	-51
Deposits	25,207	51,842	-102,722
Bonds issued by Realkredit Danmark	-11,976	22,909	38,553
Assets/liabilities under insurance contracts	12,029	-1,179	593
Other assets/liabilities	22,277	22,552	34,704
Cash flow from operations	**28,021**	**114,738**	**40,332**
Cash flow from investing activities			
Acquisition/sale of businesses	-	-	11
Acquisition of intangible assets	-146	-89	-626
Acquisition of tangible assets	-40	-51	-378
Sale of tangible assets	67	32	661
Cash flow from investing activities	**-119**	**-108**	**-332**
Cash flow from financing activities			
Issues of subordinated debt	-	-	3,725
Redemption of subordinated debt	-	-5,212	-5,212
Dividends	-7,758	-5,494	-5,494
Share buy-back programme*	-1,387	-	-5,000
Issued additional tier 1 capital	-	5,526	5,527
Paid interest on additional tier 1 capital	-	-	-529
Change in non-controlling interests	-	-1	-2
Cash flow from financing activities	**-9,145**	**-5,181**	**-6,985**
Cash and cash equivalents at 1 January	178,835	143,543	143,543
Foreign currency translation	-2,272	3,292	2,277
Change in cash and cash equivalents	18,757	109,449	33,015
Cash and cash equivalents, end of period	**195,319**	**256,284**	**178,835**
Cash and cash equivalents end of period			
Cash in hand	9,596	10,530	10,638
Demand deposits with central banks	59,750	74,567	66,199
Amounts due from credit institutions and central banks within three months	125,973	171,187	101,998
Total	**195,319**	**256,284**	**178,835**

* Shares acquired under the share buy-back programme are recognised at settlement date.

Notes – Danske Bank Group

1. Significant accounting policies and estimates

(a) General

The report has been prepared in accordance with IAS 34, Interim Financial Reporting, as adopted by EU, and additional Danish disclosure requirements for listed financial companies.

At 1 January 2016, the Group implemented the changes made by Danish FSA to the executive order on financial reports for insurance companies etc. With the exception of these changes, the Group has not changed its significant accounting policies from those followed in the consolidated financial statements for 2015, which provides a full description of the significant accounting policies. The presentation in the financial highlights and segment reporting have been changed to reflect the establishment of Wealth Management and Northern Ireland as new separate business units, and from a change to the presentation of income from equity finance.

Financial statement figures are stated in Danish kroner and whole millions, unless otherwise stated. As a result, rounding discrepancies may occur because sum totals have been rounded off and the underlying decimals are not presented to financial statement users. The interim report for the first quarter of 2016 has not been reviewed or audited.

Changes to the accounting policy for insurance liabilities

At 1 January 2016, the Group implemented the changes made by the Danish FSA to the executive order on financial reports for insurance companies etc. The objective of the changes is to harmonise the measurement of insurance liabilities in the financial statements with the measurement under the Solvency II framework. A risk margin has been added to the insurance liabilities for all insurance contracts and the value of the customers' expected frequency of surrenders and conversions into paid-up policies is now explicitly included in the measurement of the liabilities. This increased insurance liabilities by DKK 263 million, reduced tax liabilities by DKK 58 million and decreased shareholders' equity by DKK 205 million at 1 January 2016. Comparative figures have not been restated as this is impracticable due to the interaction with the contribution principle. The change in accounting policy did not have a further impact on insurance liabilities or net profit for Q1 2016.

Changes to financial highlights and segment reporting

The presentation in the financial highlights and the segment reporting have been changed to reflect the establishment of Wealth Management and Northern Ireland as separate business units and from changes in the presentation of income from equity finance.

Wealth Management consists of Danica Pension, Danske Capital and Private Banking. However, assets allocated to Danica Pension's shareholders' equity, tier 2 capital issued by Danica Pension and the related amounts in the income statement are together with special allotments included in Group Treasury (Other activities). Danica Pension and Danske Capital were previously presented as separate business units, whereas Private Banking was included in Personal Banking. After the establishment of Wealth Management, the previous presentation of Danica Pension's earnings as Net income from insurance business in the financial highlights has changed. The risk allowance for the conventional life insurance business and other income from the unit-link business are now presented under Fee income. Net trading income in Wealth Management consists of the return on assets related to the health and accident business, whereas the special allotments and the return on shareholders' investment in Danica Pension are presented as Net trading income in Group Treasury. The risk and guarantee result and net income from the health and accident business are presented under Other income, together with income from the recharge of certain operating expenses to customers, whereas all costs, except external investment costs, are included under Operating expenses.

Northern Ireland includes the Group's business in Northern Ireland. These activities were previously included in Personal Banking, Business Banking and Other activities (Group Treasury).

In the financial highlights, the presentation of income from equity finance (part of C&I) is presented as net fee income. Previously, this income was presented as net trading income.

Comparative figures for 2015 have been restated to reflect the change in presentation. These changes do not affect the presentation in the IFRS income statement.

Notes – Danske Bank Group

The table below shows the effect on the Group's financial highlights for Q1 2015.

Income statement (DKK millions)	Highlights Q1 2015	Presentation of Danica Pension	Equity Finance	Adjusted highlights Q1 2015
Net interest income	5,313	-12	-	5,301
Net fee income	3,046	629	32	3,707
Net trading income	2,715	340	-32	3,023
Other income	360	144	-	504
Net income from insurance business	777	-777	-	-
Total income	12,211	324	-	12,535
Operating expenses	5,437	324	-	5,761
Goodwill impairments	-	-	-	-
Profit before loan impairment charges	6,774	-	-	6,774
Loan impairment charges	502	-	-	502
Profit before tax, core	6,272	-	-	6,272
Profit before tax, Non-core	90	-	-	90
Profit before tax	6,362	-	-	6,362
Tax	1,411	-	-	1,411
Net profit for the period	**4,951**	**-**	**-**	**4,951**

The impact in Q1 2015 on each business unit from the establishment of Wealth Management and Northern Ireland as separate business units is shown in the table below. The 'Total' column reflects the total impact on the financial highlights from those changes and relates to the changed presentation of Danica Pension shown in the table above.

Income statement (DKK millions)	Personal Banking	Business Banking	Wealth Management	Northern Ireland	Other Activities	Danske Capital	Danica Pension	Total
Net interest income	-368	-188	161	388	-7	2	-	-12
Net fee income	-430	-66	1,601	127	-36	-567	-	629
Net trading income	-70	-15	329	29	69	-2	-	340
Other income	-	-3	144	3	-	-	-	144
Net income from insurance business	-	-	-	-	-	-	-777	-777
Total income	-868	-272	2,235	547	26	-567	-777	324
Operating expenses	-492	-139	883	339	-23	-244	-	324
Impairment charges on goodwill and customers relations	-	-	-	-	-	-	-	-
Profit before loan impairment charges	-376	-133	1,352	208	49	-323	-777	-
Loan impairment charges	55	97	-39	-113	-	-	-	-
Profit before tax, core	-431	-230	1,391	321	49	-323	-777	-
Profit before tax, Non-core	-	-	-	-	-	-	-	-
Profit before tax	-431	-230	1,391	321	49	-323	-777	-
Tax	-	-	-	-	-	-	-	-
Net profit for the period	**-431**	**-230**	**1,391**	**321**	**49**	**-323**	**-777**	**-**

Notes – Danske Bank Group

(b) Significant accounting estimates

Management's estimates and assumptions of future events that will significantly affect the carrying amounts of assets and liabilities underlie the preparation of the consolidated financial statements. Those estimates and assumptions are presented in the following sections.

The estimates and assumptions are based on premises that management finds reasonable but which are inherently uncertain and unpredictable. The premises may be incomplete, unexpected future events or situations may occur, and other parties may arrive at other estimated values.

Fair value measurement of financial instruments

Measurements of financial instruments that are only to a limited extent based on observable market data, such as the measurement of unlisted shares and certain bonds for which there is no active market, are subject to significant estimates. The estimated fair value of illiquid bonds significantly depends on the credit spread estimate. A credit spread widening of 50bp would have caused the fair value of the bonds to decrease DKK 86 million (31 December 2015: DKK 65 million). The Group makes fair value adjustments to cover changes in counterparty risk (CVA and DVA) and to cover expected funding costs (FVA) on derivatives, bid-offer spreads on the net open position of the portfolio of assets and liabilities with offsetting market risk recognised at mid-market prices, and model risk on level 3 derivatives. At 31 March 2016, the adjustments totalled DKK 1.6 billion (31 December 2015: DKK 1.3 billion), including the adjustment for credit risk on derivatives with customers subject to objective evidence of impairment. Note 30 in the annual report 2015 provides more details.

Measurement of loans

The Group makes impairment charges to account for any impairment of loans that occurs after initial recognition. Impairment charges consist of individual and collective charges and rely on a number of estimates, including identification of loans or portfolios of loans with objective evidence of impairment, expected future cash flows and the value of collateral. The Group determines the need for impairment charges on the basis of the customer's expected ability to repay debt. This ability depends on a number of factors, including the customer's earnings capacity and trends in the general economic environment and unemployment. Expectations of deteriorating repayment ability reduce credit quality and lead to downgrading of the customer.

The losses incurred under non-performing loan agreements depend, among other factors, on the value of collateral received. If the value of collateral decreased 10%, individual impairment charges would increase by about DKK 2.5 billion (31 December 2015: DKK 2.8 billion). The collective impairment charges are sensitive to the credit rating of customers. If all customers were downgraded one rating category, collective impairment charges would increase by about DKK 2.8 billion (31 December 2015: DKK 3.0 billion). Further, a collective impairment charge of DKK 2.7 billion (31 December 2015: DKK 3.8 billion) has been recognised as a management judgement to reflect market conditions at the balance sheet date that are not fully reflected in the Group's models. Model improvements implemented during the first quarter of 2016 caused the decline in the collective impairment charge recognised as a management judgement. Note 14 in the annual report 2015 and the risk management notes provide more details on impairment charges for loans. At 31 March 2016, loans accounted for about 55% of total assets (31 December 2015: 55%).

Measurement of goodwill

Goodwill on acquisition is tested for impairment once a year or more frequently if indications of impairment exist. Impairment testing requires management to estimate the future cash flows. A number of factors affect the value of such cash flows, including discount rates, changes in the economic outlook, customer behaviour and competition. The impairment test conducted in 2015 resulted in impairment charges on goodwill of DKK 4.1 billion and on customer relations of DKK 0.5 billion in the Group's banking units, mainly due to a further worsening of the long-term economic outlook and an increase in capital allocated to the banking units under the new capital allocation framework that was implemented in the first quarter of 2016. At 31 March 2016, goodwill amounted to DKK 5.4 billion (31 December 2015: DKK 5.4 billion). Following the impairment charges made in 2015, no goodwill at the banking units remains. For Danske Capital, the carrying amount of goodwill is DKK 1.8 billion (31 December 2015: DKK 1.8 billion). The excess value (the amount by which the cash-generating unit's recoverable amount exceeds the carrying amount) in the impairment test 2015 for Danske Capital amounted to DKK 0.1 billion. If growth in the terminal period were lowered by 0.5 percentage points to 1.2%, or the discount rate were increased by 0.4 percentage points to 9.4%, the excess value would be zero. It has been assessed that no indication of impairment exists at 31 March 2016. Note 18 in the annual report 2015 provides more information about impairment testing and sensitivity to changes in impairment test assumptions.

Measurement of liabilities under insurance contracts

Measurement of liabilities under insurance contracts is based on actuarial computations that rely on assumptions about a number of variables, including mortality and disability rates, and on the discount rate. Assumptions of future mortality rates are based on the Danish FSA's benchmark, while other assumptions are based on data from the Group's own portfolio of insurance contracts. As of 1 January 2016, the Group implemented the changes made by the Danish FSA to its executive order on financial reports for insurance companies to harmonise the measurement of insurance liabilities in the financial statements with the measurement under the Solvency II framework. A risk margin has been added to the insurance liabilities, and the value of customers' expected frequency of surrenders and conversions into paid-up policies is now explicitly included in the measurement of liabilities for all insurance contracts. Further, the discount yield curve that is set out in the executive order has been changed to the risk free discount yield curve and a volatility adjustment, both published by EIOPA. Previously, the discount yield curve was fixed on a zero-coupon yield curve on the basis of euro swap market rates to which a spread between Danish and German government bonds and a mortgage yield curve spread was added. The change to the discount yield curve is according to IFRS and previous changes to the discount yield curve treated as a change in accounting estimates and resulted in a reduction in insurance liabilities of DKK 0.1 billion. The reduction is included in the income statement under Net insurance benefits in Q1 2016.

Recognition of deferred tax assets and liabilities

Recognition of deferred tax requires management to assess the probability and amount of future profit. Deferred tax assets arising from unused tax losses are recognised to the extent that such losses can be offset against tax on future profit. At 31 March 2016 deferred tax assets from recognised tax loss carry-forwards amounted to DKK 0.3 billion (31 December 2015: DKK 0.3 billion). The tax base of unrecognised tax loss carry-forwards, relating primarily to the Group's banking operations in Ireland, amounted to DKK 3.2 billion (31 December 2015: DKK 3.2 billion). The full deferred tax liability arising from international joint taxation was recognised and amounted to DKK 5.9 billion (31 December 2015: DKK 5.9 billion). Note 20 in the annual report 2015 provides more information about deferred tax.

Notes – Danske Bank Group

2. Business model and business segmentation

Danske Bank is a Nordic universal bank with bridges to the rest of the world. The Group offers customers a wide range of services in the fields of banking, mortgage finance, insurance, pension, real-estate brokerage, asset management and trading in fixed income products, foreign exchange and equities.

The Group consists of a number of business units and support functions. The business units are segmented according to customers, legislation and products and services characteristics. From 2016, the Group has five business units, a Non-core unit and Other Activities.

Personal Banking serves personal customers. The unit focuses on providing proactive advice to customers and making day-to-day banking simple and efficient through innovative digital solutions.

Business Banking serves small and medium-sized businesses through a large network of national finance centres, branches, contact centres and online channels. The unit offers leading solutions within financing, investing, cash management and risk management.

Corporates & Institutions serves large Nordic corporate and institutional customers in the Nordic countries and beyond. This wholesale division of the bank provides strategic advice, financial solutions and products within Capital Markets, Fixed Income, Currencies and Commodities, and Transaction Banking.

Wealth Management serves the Group's entire customer base and encompasses expertise from Danica Pension, Danske Capital and Private Banking.

Northern Ireland serves personal and business customers through a network of branches in Northern Ireland and leading digital channels.

Non-core includes certain customer segments that are no longer considered part of the core business. The Non-core unit is responsible for the controlled winding-up and divestment of this part of the loan portfolio. The portfolio consists of loans to customers in Ireland, personal banking customers in the Baltics and liquidity facilities for Special Purpose Vehicles (SPVs) and conduit structures.

Other Activities encompasses Group Treasury, Group support functions and eliminations, including the elimination of returns on own shares. Group Treasury is responsible for the Group's liquidity management and funding.

Presentation in the financial highlights and in the segment reporting
Segment reporting and the financial highlights are based on the information provided to management. The 'Reclassification' column shows the reconciliation between the presentation in the financial highlights and the presentation in the IFRS statements and includes the following:

For operating leases where the Group acts as a lessor, the gains or losses on the sale of the lease asset at the end of the lease agreement are presented on a net basis under other income in the financial highlights. In the IFRS income statement, gains or losses on the sale of operating lease assets, excluding properties, are presented on a gross basis (i.e. the revenue on the sale of the assets are recognised under other income and the carrying amount of the lease assets is recognised under expenses).

In the segment reporting and the financial highlights, income contributed by FICC and trading related income at Capital Markets (both part of C&I) are presented as net trading income. Income contributed by equity finance (also part of C&I) is presented as net fee income. In the IFRS income statement, the income is presented as net interest income, net fee income, net trading income and other income. Similarly, income at Group Treasury (part of Other Activities) except income at the internal bank and income on the hold-to-maturity portfolio are presented as net trading income in the financial highlights and as net interest income, net fee income, net trading income and other income in the IFRS income statement.

For the new Wealth Management business unit, the risk allowance for the conventional life insurance business and other income from the unit-link business are presented as net fee income, the return on assets related to the health and accident business is presented as net trading income, and the risk and guarantee result, net income from the health and accident business and the income from recharge of certain operating expenses to customers are presented as other income in the segment reporting and in the financial highlights. All costs, except external investment costs, are included under Operating expenses. In the IFRS income statement, income and expenses at Danica Pension are consolidated on a line-by-line basis.

In the financial highlights, the Non-core segment is presented as a separate line item, Profit before tax, Non-core, whereas the individual income and expense line items are included in the various line items in the IFRS income statement.

Notes – Danske Bank Group

2. Business model and business segmentation continued

(a) Business segments Q1 2016

(DKK millions)	Personal Banking	Business Banking	C&I	Wealth Man.	Northern Ireland	Non-core	Other Activities	Eliminations	Financial highlights	Reclassification	IFRS income statement
Net interest income	1,904	2,085	727	168	385	-	-13	3	5,259	2,795	8,054
Net fee income	789	393	543	1,550	121	-	-13	-1	3,382	-902	2,480
Net trading income	162	153	1,090	85	23	-	136	-52	1,597	-3,470	-1,873
Other income	124	132	14	104	9	-	857	-9	1,231	386	1,617
Net premiums	-	-	-	-	-	-	-	-	-	5,631	5,631
Net insurance benefits	-	-	-	-	-	-	-	-	-	4,054	4,054
Total income	2,979	2,763	2,374	1,907	538	-	967	-59	11,469	385	11,854
Operating expenses	1,795	1,142	1,103	918	285	-	88	-21	5,310	401	5,711
Profit before loan impairment charges	1,184	1,621	1,271	989	253	-	879	-38	6,159	-16	6,143
Loan impairment charges	-165	-29	195	-51	-81	-	1	-	-130	2	-128
Profit before tax, core	1,349	1,650	1,076	1,040	334		878	-38	6,289	-18	6,271
Profit before tax, Non-core	-	-	-	-	-	-18	-	-	-18	18	-
Profit before tax	**1,349**	**1,650**	**1,076**	**1,040**	**334**	**-18**	**878**	**-38**	**6,271**	**-**	**6,271**
Loans, excluding reverse transactions	716,683	631,787	186,134	68,909	45,645	-	28,429	-37,524	1,640,063	22,899	1,662,962
Other assets	167,029	151,217	3,630,191	257,005	28,562	-	2,800,493	-5,312,556	1,721,941	3,615	1,725,556
Total assets in Non-core	-	-	-	-	-	26,514	-	-	26,514	-26,514	-
Total assets	**883,712**	**783,004**	**3,816,325**	**325,914**	**74,207**	**-**	**2,855,436**	**-5,350,080**	**3,388,518**	**-**	**3,388,518**
Deposits, excluding repo deposits	255,759	223,348	215,647	58,431	59,655	-	8,783	-9,992	811,631	3,256	814,887
Other liabilities	605,747	517,877	3,560,545	251,635	6,512	-	2,824,882	-5,340,088	2,427,109	1,850	2,428,959
Allocated capital	22,206	41,779	40,133	15,848	8,041	-	16,665	-	144,672	-	144,672
Total liabilities in Non-core	-	-	-	-	-	5,106	-	-	5,106	-5,106	-
Total liabilities and equity	**883,712**	**783,004**	**3,816,325**	**325,914**	**74,207**	**-**	**2,855,436**	**-5,350,080**	**3,388,518**	**-**	**3,388,518**
Profit before tax as % of allocated capital (avg.)	24.4	15.8	10.7	25.6	16.1	-	23.0	-	17.3		17.3
Cost/income ratio (%)	60.3	41.3	46.5	48.1	53.0	-	9.1	-	46.3		48.2
Full-time-equivalent staff, end of period	5,080	2,689	1,810	1,992	1,285	267	6,149	-	19,272		19,272

The 'Reclassification' column shows the reconciliation between the presentation in the financial highlights and the presentation in the IFRS statements. The reclassifications are explained on the preceding page.

From 2016, capital allocation between business units is based on the Group's new, simplified and more transparent capital allocation framework. The new framework is based on a regulatory approach and is calibrated to the Group's CET1 capital ratio target. Therefore, the capital consumption of the Group's individual business units is closely aligned with the Group's total capital consumption. For the new Northern Ireland business unit the capital allocated equals the legal entity's capital.

Notes – Danske Bank Group

2. Business model and business segmentation continued

(a) Business segments Q1 2015

(DKK millions)	Personal Banking	Business Banking	C&I	Wealth Man.	Northern Ireland	Non-core	Other Activities	Elimina-tions	Financial highlights	Reclassi-fication	IFRS income statement
Net interest income	2,030	2,036	660	161	388	-	13	13	5,301	3,096	8,397
Net fee income	921	506	609	1,601	127	-	-49	-8	3,707	-969	2,738
Net trading income	198	197	1,700	329	29	-	693	-123	3,023	8,416	11,439
Other income	153	171	2	144	3	-	53	-22	504	375	879
Net premiums	-	-	-	-	-	-	-	-	-	5,538	5,538
Net insurance benefits	-	-	-	-	-	-	-	-	-	16,155	16,155
Total income	3,302	2,910	2,971	2,235	547	-	710	-139	12,535	299	12,834
Operating expenses	2,135	1,183	1,158	883	339	-	103	-40	5,761	345	6,106
Profit before loan impairment charges	1,167	1,727	1,813	1,352	208	-	607	-99	6,774	-46	6,728
Loan impairment charges	300	188	164	-39	-113	-	2	-	502	-136	366
Profit before tax, core	867	1,539	1,649	1,391	321	-	605	-99	6,272	90	6,362
Profit before tax, Non-core	-	-	-	-		90	-	-	90	-90	-
Profit before tax	**867**	**1,539**	**1,649**	**1,391**	**321**	**90**	**605**	**-99**	**6,362**	**-**	**6,362**
Loans, excluding reverse transactions	714,511	592,223	186,542	66,895	49,672		25,990	-30,811	1,605,022	36,854	1,641,876
Other assets	162,683	191,719	4,164,442	303,252	26,950	-	2,066,966	-4,889,502	2,026,510	2,772	2,029,282
Total assets in Non-core	-	-	-	-	-	39,626	-	-	39,626	-39,626	-
Total assets	**877,194**	**783,942**	**4,350,984**	**370,146**	**76,622**	**-**	**2,132,582**	**-4,920,313**	**3,671,158**	**-**	**3,671,158**
Deposits, excluding repo deposits	249,760	233,205	229,998	47,687	61,841	-	14,479	-10,209	826,761	6,719	833,480
Other liabilities	604,442	516,384	4,082,734	306,631	7,139	-	2,083,900	-4,910,104	2,691,125	702	2,691,827
Allocated capital	22,992	34,352	38,252	15,828	7,643	-	26,783	-	145,851	-	145,851
Total liabilities in Non-core	-	-	-	-	-	7,421	-	-	7,421	-7,421	-
Total liabilities and equity	**877,194**	**783,942**	**4,350,984**	**370,146**	**76,622**	**-**	**2,132,582**	**-4,920,313**	**3,671,158**	**-**	**3,671,158**
Profit before tax as % of allocated capital (avg.)	14.9	17.7	17.3	35.7	17.4	-	9.9	-	17.4		17.4
Cost/income ratio (%)	64.7	40.7	39.0	39.5	62.0	-	14.5	-	46.0		47.6
Full-time-equivalent staff, end of period	5,302	2,925	1,826	1,963	1,303	428	4,968		18,715		18,715

Notes – Danske Bank Group

3. Other income

Other income amounted to DKK 1,617 million (31 March 2015: DKK 879 million), including income from associates of DKK 41 million (31 March 2015: DKK -20 million). Other income include a gain of DKK 0.8 billion related to the sale of the head office buildings at Holmens Kanal, Copenhagen. Title is formally transferred on 1 October 2016.

4. Loan impairment charges and reconciliation of total allowance account

Loan impairment charges include losses on and impairment charges against loans, provisions for loan commitments and guarantees, as well as fair value adjustments of the credit risk on loans measured at fair value.

Loan impairment charges (DKK millions)	31 March 2016	31 March 2015
New and increased impairment charges	3,269	3,610
Reversals of impairment charges	3,312	3,566
Write-offs charged directly to income statement	146	653
Received on claims previously written off	175	242
Interest income, effective interest method	-56	-90
Total	**-128**	**366**

Reconciliation of total allowance account (DKK millions)	31 March 2016	31 December 2015
Balance at 1 January	31,413	40,947
New and increased impairment charges	3,269	7,601
Reversals of impairment charges	3,312	7,224
Write-offs debited to the allowance account	958	9,716
Foreign currency translation	-243	580
Other items*	40	-775
Balance at end of period	**30,209**	**31,413**

* Other items include changes from the presentation of some loan portfolios as held for sale in 2015. Note 6, Other assets, provides more information.

Notes – Danske Bank Group

5. Issued bonds and subordinated debt

This note includes information on senior and senior secured and subordinated bonds issued by the Group, with the exception of bonds issued by Realkredit Danmark. The Group has made two bond issues that fulfill the requirements for additional tier 1 capital under the Capital Requirements Regulation. As the additional tier 1 capital is perpetual and interest and principal payments are discretionary, the bonds are accounted for as equity.

Other issued bonds (DKK millions)	31 March 2016	31 December 2015
Commercial paper and certificates of deposit	66,041	60,839
Other	315,325	303,092
Total	**381,367**	**363,931**

Nominal value (DKK millions)	1 January 2016	Issued	Redeemed	Foreign currency translation	31 March 2016
Commercial paper and certificates of deposit	60,836	53,082	45,135	-2,749	66,035
Other	350,780	25,602	14,712	-1,723	359,947
Other issued bonds	**411,616**	**78,684**	**59,847**	**-4,472**	**425,982**

Nominal value (DKK millions)	1 January 2015	Issued	Redeemed	Foreign currency translation	31 December 2015
Commercial paper and certificates of deposit	25,671	94,826	61,148	1,487	60,836
Other	342,520	82,414	78,861	4,707	350,780
Other issued bonds	**368,191**	**177,240**	**140,009**	**6,194**	**411,616**

Subordinated debt and additional tier 1 capital, which is accounted for as equity

During the first three months of 2016, the Group did not redeem (full year 2015: DKK 5,211 million) or issue (full year 2015: DKK 3,731 million) any subordinated debt.

At 31 March 2016, the nominal value of issued additional tier 1 capital amounted to EUR 1,500 million (31 December 2015: EUR 1,500 million) equivalent to DKK 11,177 million (31 December 2015: DKK 11,194 million). Danske Bank A/S may, at its sole discretion, omit interest and principal payments to bondholders. Any interest payments made must be made out of retained earnings in Danske Bank A/S and Danske Bank Group. At 31 March 2016, retained earnings amounted to DKK 104,988 million for Danske Bank A/S (31 December 2015: DKK 101,764 million). Retained earnings for Danske Bank Group are disclosed in the balance sheet. The additional tier 1 capital will be temporarily written down if the common equity tier 1 capital ratio falls below 7% for Danske Bank A/S or Danske Bank Group. At 31 March 2016, the common equity tier 1 capital ratio was 18.7% (31 December 2015: 19.5%) for Danske Bank A/S. The ratio for Danske Bank Group is disclosed in the Statement of capital. For information on the Group's excess capital, see the Capital requirements section in the Management's report. The solvency need for Danske Bank A/S and Danske Bank Group is provided in the Internal Capital Adequacy Assessment report at 31 March 2016, which is available at danskebank.com/ir/reports. The issued additional tier 1 capital is classified as equity instruments in the financial statements, and equity has increased by the net proceeds received. Interest payments are accounted for as dividends, which are recognised directly in equity at the time when the payment obligation arises. Consequently, interest payments do not have any effect on the net profit for the period. Amounts paid or received for the acquisition or sale of additional tier 1 instruments are recognised directly in equity. On redemption of the tier 1 capital, equity will be reduced by the redemption amount.

6. Other assets and other liabilities

Other assets amounted to DKK 38,885 million (31 December 2015: DKK 35,422 million), including holdings in associates of DKK 1,229 million (31 December 2015: DKK 1,209 million), investment property of DKK 4,749 million (31 December 2015: DKK 4,681 million), tangible assets of DKK 5,275 million (31 December 2015: DKK 5,082 million) and assets held for sale of DKK 4,760 million (31 December 2015: DKK 5,582 million). Other liabilities amounted to DKK 37,079 million (31 December 2015: DKK 37,093 million), including other staff commitments of DKK 2,879 million (31 December 2015: DKK 3,186 million), and liabilities held for sale of DKK 1,191 million (31 December 2015: DKK 1,334 million).

In 2015, the Group entered into an agreement to sell a residential mortgage loan portfolio relating to the Group's Non-core mass personal customer business in Lithuania and Latvia and final approval by the competition authorities was received in March 2016. The transaction will be settled in June 2016. The loans and deposits are presented as Asset and Liabilities held for sale respectively. The loan portfolio has a nominal value of DKK 4.3 billion and the deposit portfolio has a value of DKK 1.2 billion.

Notes – Danske Bank Group

7. Contingent liabilities

Contingent liabilities consist of possible liabilities arising from past events. The existence of such liabilities will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the Group's control. Contingent liabilities that can, but are not likely to, result in an outflow of economic resources are disclosed.

The Group uses a variety of loan-related financial instruments to meet customers' financial requirements. Instruments include loan offers and other credit facilities, guarantees and instruments not recognised in the balance sheet. If an instrument is likely to result in a payment obligation, a liability is recognised under Other liabilities corresponding to the present value of expected payments.

Guarantees (DKK millions)	31 March 2016	31 December 2015
Financial guarantees	8,390	8,638
Mortgage finance guarantees	1,355	1,367
Other guarantees	68,472	71,750
Total	**78,217**	**81,755**
Other contingent liabilities		
Loan commitments shorter than 1 year	132,685	124,978
Loan commitments longer than 1 year	154,453	153,650
Other unutilised loan commitments	513	523
Total	**287,651**	**279,151**

In addition to credit exposure from lending activities, loan offers made and uncommitted lines of credit granted by the Group amounted to DKK 339 billion (31 December 2015: DKK 329 billion). These items are included in the calculation of the total risk exposure amount in accordance with the Capital Requirements Directive.

Owing to its business volume, Danske Bank is continually a party to various lawsuits and disputes and has an ongoing dialogue with public authorities such as the Danish FSA. In view of its size, Danske Bank does not expect the outcomes of pending lawsuits and disputes or its dialogue with public authorities to have any material effect on its financial position. The supervisory authorities conduct ongoing inspections of Danske Bank's compliance with anti-money laundering legislation. As announced on 21 March 2016, the FSA has reported Danske Bank to the Danish Prosecutor for Special Economic and International Crime for investigation in relation to violation of the provisions of the Danish Anti-Money Laundering Act with regard to identification and monitoring procedures on correspondent banks.

A limited number of employees are employed under terms which grant them, if they are dismissed before reaching their normal retirement age, an extraordinary severance and/or pension payment in excess of their entitlement under ordinary terms of employment. As the sponsoring employer, the Group is also liable for the pension obligations of a number of company pension funds.

The Group participates in the Danish Deposit Guarantee Fund and the Danish Resolution Fund. The funds' capital must amount to at least 0.8% and 1%, respectively, of the covered deposits of all Danish credit institutions by 31 December 2024. The Deposit Guarantee Fund is currently fully funded but if the fund subsequently does not have sufficient means to make required payments, extraordinary contributions of up to 0.5 percent of the individual institution's covered deposits may be required. Extraordinary contributions above this percentage rate require the consent of the Danish FSA. The first contribution to the resolution fund was made in December 2015. Danske Bank A/S and Realkredit Danmark A/S make contributions to the fund on the basis of their size and risk relative to other credit institutions in Denmark. The contribution for 2016 of DKK 0.4 billion is accrued over the year. If the resolution fund does not have sufficient means to make required payments, extraordinary contributions of up to three times the latest annual contributions may be required. Further, Danish banks participate in the Danish restructuring fund, that reimburse creditors if the final dividend is lower than the interim dividend in respect of banks that were in distress before 1 June 2015. Similarly, Danish banks have made payment commitments (totalling DKK 1 billion) to cover losses incurred by the Danish restructuring fund for the withdrawal of distressed banks from data centres etc. Payments to the restructuring fund will be calculated on the basis of the individual credit institution's share of covered deposits relative to other credit institutions in Denmark, however, each institution's contribution to the restructuring fund may not exceed 0.2 % of its covered deposits.

The Group is a member of deposit guarantee schemes and other compensation schemes in Finland, Norway, the UK and Luxembourg. For Finland, the schemes are fully funded, and no further contributions are expected during 2016-2017. The contributions to the schemes in the other countries are annual contributions combined with extraordinary contributions if the means of the schemes are not sufficient to cover the required payments.

Notes – Danske Bank Group

7. Contingent liabilities continued

The Group is the lessee in non-cancellable operating leases, involving mainly leasing of real property, equipment, furniture and fixtures. The Group recognises lease payments as an expense over the lease term but does not recognise the operating lease assets in its balance sheet. Such assets are recognised by lessors.

Danske Bank A/S is taxed jointly with all entities in Danske Bank Group and is jointly and severally liable for payment of Danish corporate tax and withholding tax, etc.

Danske Bank A/S is registered jointly with all significant Danish entities in Danske Bank Group for financial services employer tax and VAT, for which it is jointly and severally liable.

8. Assets provided or received as collateral

At 31 March 2016, Danske Bank A/S had deposited securities worth DKK 21.2 billion as collateral with Danish and international clearing centres and other institutions (31 December 2015: DKK 10.1 billion).

At 31 March 2016, Danske Bank A/S had provided cash and securities worth DKK 91.7 billion as collateral for derivatives transactions (31 December 2015: DKK 80.7 billion).

At 31 March 2016, the Group had registered assets (including bonds and shares issued by the Group) under insurance contracts worth DKK 328.8 billion (31 December 2015: DKK 326.9 billion) as collateral for policyholders' savings of DKK 324.5 billion (31 December 2015: DKK 320.8 billion).

At 31 March 2016, the Group had registered loans at fair value and securities worth a total of DKK 750.0 billion (31 December 2015 DKK 743.0 billion) as collateral for bonds issued by Realkredit Danmark, including mortgage-covered bonds, worth a total of DKK 682.5 billion (31 December 2015: DKK 694.5 billion). Similarly, the Group had registered loans and other assets worth DKK 271.5 billion (31 December 2015: DKK 273.1 billion) as collateral for covered bonds issued under Danish and Finnish law.

The table below shows assets provided as collateral for obligations, including obligations under repo transactions and securities lending:

	31 March 2016			31 December 2015		
(DKK millions)	Repo	Other	Total	Repo	Other	Total
Due from credit institutions	-	37,522	37,522	-	33,800	33,800
Trading portfolio securities	188,361	75,972	264,333	161,165	63,108	224,273
Loans at fair value	-	748,774	748,774	-	741,660	741,660
Loans at amortised cost	-	281,543	281,543	-	281,721	281,721
Assets under insurance contracts	-	257,355	257,355	-	273,954	273,954
Other assets	-	105	105	-	105	105
Total	188,361	1,401,271	1,589,632	161,165	1,394,348	1,555,513
Own issued bonds	17,922	109,919	127,841	12,487	88,136	100,623
Total, including own issued bonds	**206,283**	**1,511,190**	**1,717,473**	**173,652**	**1,482,484**	**1,656,136**

Securities provided as collateral under agreements that entitle the counterparty to sell the securities or provide them as collateral for other loans amounted to DKK 188.4 billion at 31 March 2016 (31 December 2015 DKK 161.2 billion).

At 31 March 2016, the Group had received securities worth DKK 261.6 billion (31 December 2015: DKK 225.7 billion) as collateral for reverse repo transactions, securities lending, derivatives transactions and other transactions entered into on the standard terms for such transactions. As the party receiving the collateral, the Group is entitled in many cases to sell the securities or provide the securities as collateral for other loans in exchange for returning similar securities to the counterparty at the expiry of the transactions. At 31 March 2016, the Group had sold securities or provided securities as collateral worth DKK 126.8 billion (31 December 2015: DKK 150.9 billion).

The Group also receives many other types of assets as collateral in connection with its ordinary lending activities. The Group has not transferred the ownership of these assets. The risk management notes provide more details on assets received as collateral.

Notes – Danske Bank Group

9. Fair value information for financial instruments

Financial instruments are carried in the balance sheet at fair value or amortised cost.

(DKK millions)	31 March 2016 Fair value	31 March 2016 Amortised cost	31 December 2015 Fair value	31 December 2015 Amortised cost
Financial assets				
Cash in hand and demand deposits with central banks	-	69,347	-	76,837
Due from credit institutions and central banks	-	127,756	-	103,859
Trading portfolio assets	566,268	-	547,019	-
Investment securities	212,945	123,020	224,102	119,202
Loans at amortised cost	-	1,131,658	-	1,079,257
Loans at fair value	748,774	-	741,660	-
Assets under pooled schemes and unit-linked investment contracts	91,140	-	91,893	-
Assets under insurance contracts	244,570	-	239,863	-
Total	**1,863,697**	**1,451,781**	**1,844,538**	**1,379,155**
Financial liabilities				
Due to credit institutions and central banks	-	306,201	-	271,588
Trading portfolio liabilities	493,395	-	471,131	-
Deposits	-	888,681	-	863,474
Bonds issued by Realkredit Danmark	682,542	-	694,519	-
Deposits under pooled schemes and unit-linked investment contracts	95,974	-	96,958	-
Other issued bonds	-	381,367	-	363,931
Subordinated debt	-	39,361	-	39,991
Other liabilities (loan commitments and guarantees)	-	665	-	611
Total	**1,271,911**	**1,616,275**	**1,262,608**	**1,539,595**

Negative interest income during the first quarter of 2016 amounted to DKK 255 million and negative interest expenses to DKK 269 million. For the first quarter of 2015, negative interest income and expenses were insignificant. The amounts are offset against interest income and interest expenses, respectively.

Financial instruments at fair value

Note 30 in the annual report 2015 provides more information about fair value calculation methods for financial instruments.

Financial instruments valued on the basis of quoted prices in an active market are recognised in the Quoted prices category. Financial instruments valued substantially on the basis of other observable input are recognised in the Observable input category. This category covers instruments such as derivatives valued on the basis of observable yield curves and exchange rates and illiquid mortgage bonds valued by reference to the value of similar, liquid bonds. Other financial instruments valued substantially on the basis of non-observable input are recognised in the Non-observable input category. This category covers instruments such as unlisted shares, some unlisted bonds and a very limited portion of the derivatives portfolio.

If, at the balance sheet date, a financial instrument's classification differs from its classification at the beginning of the year, the classification of the instrument changes. Changes are considered to have taken place at the balance sheet date. Developments in the financial markets have resulted in reclassification between the categories. Some bonds have become illiquid and have therefore been moved from the Quoted prices to the Observable input category, while other bonds have become liquid and have been moved from the Observable input to the Quoted prices category. The amounts transferred are insignificant.

Financial instruments at amortised cost

Note 30 in the annual report 2015 provides information on the difference between the carrying amount and the fair value of financial instruments recognised at amortised cost. The difference between the two types of measurement at 31 March 2016 was in line with the difference at 31 December 2015.

Notes – Danske Bank Group

9. Fair value information for financial instruments continued

31 March 2016 (DKK millions)	Quoted prices	Observable input	Non-observable input	Total
Financial assets				
Derivatives				
Interest rate contracts	3,705	248,538	6,085	258,328
Currency contracts etc.	531	109,630	1,171	111,332
Trading portfolio bonds				
Government bonds and other bonds	79,616	-	-	79,616
Danish mortgage bonds	28,426	5,427	-	33,853
Other covered bonds	44,439	422	-	44,861
Other bonds	21,971	4,346	-	26,317
Trading portfolio shares	11,654	35	271	11,960
Investment securities, bonds	164,030	47,305	-	211,335
Investment securities, shares	86	15	1,510	1,611
Loans at fair value	-	748,774	-	748,774
Assets under pooled schemes and unit-linked investment contracts	91,140	-	-	91,140
Assets under insurance contracts, bonds				
Danish mortgage bonds	55,520	5,255	-	60,775
Other bonds	79,569	756	4,344	84,669
Assets under insurance contracts, shares	63,793	-	16,674	80,467
Assets under insurance contracts, derivatives	619	18,034	6	18,659
Total	**645,099**	**1,188,537**	**30,061**	**1,863,697**
Financial liabilities				
Derivatives				
Interest rate contracts	3,670	227,254	6,512	237,436
Currency contracts etc.	1,072	127,098	999	129,169
Obligations to repurchase securities	126,031	759	-	126,790
Bonds issued by Realkredit Danmark	682,542	-	-	682,542
Deposits under pooled schemes and unit-linked investment contracts	-	95,974	-	95,974
Total	**813,315**	**451,085**	**7,511**	**1,271,911**

Notes – Danske Bank Group

9. Fair value information for financial instruments continued

31 December 2015 (DKK millions)	Quoted prices	Observable input	Non-observable input	Total
Financial assets				
Derivatives				
Interest rate contracts	4,147	216,507	4,825	225,479
Currency contracts etc.	171	103,929	1,436	105,536
Trading portfolio bonds				
Government bonds and other bonds	80,123	1,007	-	81,130
Danish mortgage bonds	35,863	7,953	-	43,816
Other covered bonds	37,670	830	-	38,500
Other bonds	28,190	3,561	-	31,751
Trading portfolio shares	19,955	-	852	20,807
Investment securities, bonds	181,776	40,679	-	222,455
Investment securities, shares	106	-	1,542	1,648
Loans at fair value	-	741,660	-	741,660
Assets under pooled schemes and unit-linked investment contracts	91,893	-	-	91,893
Assets under insurance contracts, bonds				
Danish mortgage bonds	52,379	2,137	-	54,516
Other bonds	86,307	1,070	3,170	90,547
Assets under insurance contracts, shares	70,826	-	16,140	86,966
Assets under insurance contracts, derivatives	26	7,808	-	7,834
Total	**689,432**	**1,127,141**	**27,965**	**1,844,538**
Financial liabilities				
Derivatives				
Interest rate contracts	4,253	191,721	5,828	201,802
Currency contracts etc.	883	116,091	1,494	118,468
Obligations to repurchase securities	149,509	1,334	18	150,861
Bonds issued by Realkredit Danmark	694,519	-	-	694,519
Deposits under pooled schemes and unit-linked investment contracts	-	96,958	-	96,958
Total	**849,164**	**406,104**	**7,340**	**1,262,608**

Notes – Danske Bank Group

9. Fair value information for financial instruments continued

At 31 March 2016, financial instruments valued on the basis of non-observable input comprised unlisted shares of DKK 18,456 million (31 December 2015: DKK 18,516 million), illiquid bonds of DKK 4,344 million (31 December 2015: DKK 3,170 million) and derivatives with a net market value of DKK -248 million (31 December 2015: DKK -1,062 million).

Unlisted shares of DKK 16,675 million (31 December 2015: DKK 16,140 million) are allocated to insurance contract policyholders, and the policyholders assume most of the risk on the shares. Changes in the fair value of those shares will only to a limited extent affect the Group's net profit. The remaining portfolio of unlisted shares of DKK 1,781 million (31 December 2015: DKK 2,376 million) consists primarily of banking related investments and holdings in private equity funds. A 10% increase or decrease in the fair value would amount to DKK 178 million (31 December 2015: DKK 238 million). Under the current market conditions, a 10% decrease in the fair value is considered to be below a possible alternative estimate of the fair value at the end of the year. In the first quarter of 2016, the Group recognised DKK 17 million in unrealised gains (2015: DKK 146 million) and DKK 0 million in realised gains (2015: DKK 74 million) on those share. The unrealised adjustments in the first quarter of 2016 and in 2015 were attributable to various unlisted shares. For shares allocated to insurance contract policyholders, the unrealised gains in the first quarter of 2016 amounted to DKK -391 million (2015: DKK 1,292 million) and the realised gains to DKK 474 million (2015: DKK 1,137 million).

The estimated fair value of illiquid bonds depends significantly on the estimated credit spread. If the credit spread widens 50bp, fair value will decrease DKK 86 million (31 December 2015: DKK 65 million). If the credit spread narrows 50bp, fair value will increase DKK 88 million (31 December 2015: DKK 67 million).

A substantial number of derivatives valued on the basis of non-observable input are hedged by similar derivatives or are used for hedging the credit risk on bonds also valued on the basis of non-observable input. Changing one or more of the non-observable inputs to reflect reasonably possible alternative assumptions would not change the fair value of the derivatives significantly above what is already covered by the reserve related to fair value adjustment for model risk.

Shares, bonds and derivatives valued on the basis of non-observable input	31 March 2016			31 December 2015		
(DKK millions)	Shares	Bonds	Derivatives	Shares	Bonds	Derivatives
Fair value, beginning of period	18,516	3,170	-1,062	14,674	1,610	-1,211
Value adjustment through profit or loss	100	-150	38	2,649	125	-148
Acquisitions	5,447	1,976	100	4,704	1,520	-670
Sale and redemption	-5,607	-652	790	-3,511	-85	837
Transferred to quoted prices and observable input	-	-	-114	-	-	131
Fair value, end of period	**18,456**	**4,344**	**-248**	**18,516**	**3,170**	**-1,062**

Notes – Danske Bank Group

Risk Management

The consolidated financial statements for 2015 provide a detailed description of the Group's risk management practices.

Breakdown of credit exposure

(DKK billions)		Lending activities		Counterparty risk	Trading and	Customer-funded
31 March 2016	Total	Core	Non-core	(derivatives)	investment securities	investments
Balance sheet items						
Demand deposits with central banks	59.8	59.8	-	-	-	-
Due from credit institutions and central banks	99.9	99.8	-	-	-	-
Repo loans with credit institutions and central banks	27.9	27.9	-	-	-	-
Trading portfolio assets	566.3	-	-	369.7	196.6	-
Investment securities	336.0	-	-	-	336.0	-
Loans at amortised cost	914.2	891.3	22.9	-	-	-
Repo loans	217.5	217.5	-	-	-	-
Loans at fair value	748.8	748.8	-	-	-	-
Assets under pooled schemes and unit-linked investment contracts	91.1	-	-	-	-	91.1
Assets under insurance contracts	268.3	-	-	-	-	268.3
Off-balance-sheet items						
Guarantees	78.2	78.2	-	-	-	-
Loan commitments shorter than 1 year	132.7	127.7	5.0	-	-	-
Loan commitments longer than 1 year	154.5	153.9	0.6	-	-	-
Other unutilised commitments	0.5	-	-	-	0.5	-
Total	**3,695.6**	**2,404.8**	**28.5**	**369.7**	**533.1**	**359.4**
31 December 2015						
Balance sheet items						
Demand deposits with central banks	66.2	66.2	-	-	-	-
Due from credit institutions and central banks	75.2	75.2	-	-	-	-
Repo loans with credit institutions and central banks	28.6	28.6	-	-	-	-
Trading portfolio assets	547.0	-	-	331.0	216.0	-
Investment securities	343.3	-	-	-	343.3	-
Loans at amortised cost	891.6	867.7	23.8	-	-	-
Repo loans	187.7	187.7	-	-	-	-
Loans at fair value	741.7	741.7	-	-	-	-
Assets under pooled schemes and unit-linked investment contracts	91.9	-	-	-	-	91.9
Assets under insurance contracts	265.6	-	-	-	-	265.6
Off-balance-sheet items						
Guarantees	81.8	81.7	-	-	-	-
Loan commitments shorter than 1 year	125.0	121.0	4.0	-	-	-
Loan commitments longer than 1 year	153.6	153.0	0.7	-	-	-
Other unutilised commitments	0.5	-	-	-	0.5	-
Total	**3,599.7**	**2,322.8**	**28.6**	**331.0**	**559.8**	**357.5**

In addition to credit exposure from lending activities, Danske Bank had made loan offers and granted uncommitted lines of credit of DKK 339 billion at 31 March 2016 (31 December 2015: DKK 329 billion). These items are included in the calculation of the total risk exposure amount in accordance with the Capital Requirements Directive.

Notes – Danske Bank Group

Credit exposure continued

Credit exposure from core lending activities

Credit exposure from lending activities in the Group's core banking business includes loans, amounts due from credit institutions and central banks, guarantees and irrevocable loan commitments. The exposure is measured net of accumulated impairment charges and includes repo loans. For reporting purposes, all collateral values are net of haircuts and capped at the exposure amount. The credit exposure from Non-core lending activities is disclosed later in these notes.

Classification of customers

The main objectives of risk classification are to rank the Group's customers according to risk and to estimate each customer's probability of default (PD). As part of the credit process, the Group classifies customers according to risk and updates their classifications upon receipt of new information. Risk classification comprises rating and credit scoring of customers.

The Group has developed a number of classification models to assess customer PD and to classify customers in various segments. Large business and financial customers are classified on the basis of rating models, while small business and personal customers are classified by means of scoring models.

In its credit risk management, the Group uses point-in-time (PIT) PD estimates for risk classification. These PIT PD estimates express a customer's probability of default in the current economic situation. The Group's classification scale consists of 11 main rating categories with fixed PD bands. During a downturn, a customer's PIT PD may increase, and the customer may migrate to a lower rating category. The effect from a downturn is thus larger when PIT PD is used than if the classification were based on through-the-cycle (TTC) PD, which the Group uses to calculate the risk exposure amount for credit risk.

Loans to customers for which objective evidence of impairment exists are placed in rating category 10 or 11, including loans for which no impairment charges have been recognised, for example because adequate collateral has been provided.

Credit portfolio in core activities broken down by rating category

			31 March 2016				31 December 2015			
	PD level		Gross exposure	Acc. individual impairment charges	Net exposure	Net exposure, ex collateral	Gross exposure	Acc. individual impairment charges	Net exposure	Net exposure, ex collateral
(DKK billions)	Upper	Lower	a	b	=a-b		a	b	=a-b	
1	0.00	0.01	113.1	-	113.1	95.6	99.3	-	99.3	83.1
2	0.01	0.03	276.5	-	276.5	149.6	248.1	-	248.1	118.5
3	0.03	0.06	416.9	-	416.9	109.9	382.2	-	382.2	126.5
4	0.06	0.14	471.3	-	471.3	176.0	458.5	-	458.5	162.4
5	0.14	0.31	496.7	-	496.7	164.9	494.5	-	494.5	158.8
6	0.31	0.63	298.1	-	298.1	83.5	302.5	-	302.5	81.8
7	0.63	1.90	192.5	-	192.5	51.0	195.7	-	195.7	50.1
8	1.90	7.98	70.0	-	70.0	22.9	70.2	-	70.2	20.5
9	7.98	25.70	15.1	-	15.1	4.5	16.1	-	16.1	4.5
10	25.70	99.99	46.0	6.8	39.2	11.2	44.3	7.0	37.3	10.9
11 (default)	100.00	100.00	30.1	14.9	15.3	1.4	34.7	16.2	18.5	1.8
Total before collective impairment charges			**2,426.4**	**21.7**	**2,404.8**	**870.4**	**2,345.9**	**23.2**	**2,322.8**	**818.8**
Collective impairment charges			4.7				4.3			
Total gross exposure			**2,431.1**				**2,350.3**			

Notes – Danske Bank Group

Credit exposure continued

Credit portfolio in core activities broken down by industry (NACE)

The table below breaks down credit exposure by industry. The industry segmentation follows the classification principles of the Statistical Classification of Economic Activities in the European Community (NACE) standard.

	31 March 2016				31 December 2015			
(DKK billions)	Gross exposure a	Acc. individual impairment charges b	Net exposure =a-b	Net exposure, ex collateral	Gross exposure a	Acc. individual impairment charges b	Net exposure =a-b	Net exposure, ex collateral
Public institutions	185.2	-	185.2	162.8	166.4	-	166.4	143.9
Banks	58.7	0.2	58.6	35.3	78.2	0.1	78.1	63.2
Credit institutions	7.0	-	7.0	3.2	8.8	-	8.8	2.8
Insurance	73.6	-	73.6	9.9	58.4	-	58.4	8.8
Investment funds	80.6	0.3	80.3	13.6	82.9	0.4	82.5	13.5
Other financials	68.2	-	68.2	11.1	65.1	-	65.1	36.7
Agriculture	66.5	2.9	63.6	12.0	66.4	2.7	63.7	12.5
Commercial property	298.9	4.5	294.4	61.7	289.1	4.8	284.3	51.7
Construction, engineering and building products	38.5	1.3	37.3	27.4	37.8	1.4	36.4	26.3
Consumer discretionary	95.5	1.9	93.6	53.1	91.8	1.9	89.9	47.7
Consumer staples	54.9	0.2	54.7	36.3	55.9	0.2	55.7	36.9
Energy and utilities	48.5	0.2	48.4	39.7	45.0	0.1	44.9	37.2
Health care	38.0	0.1	37.9	24.0	35.6	0.1	35.5	25.5
Industrial services, supplies and machinery	87.2	1.3	85.9	67.9	85.6	1.3	84.3	63.8
IT and telecommunication services	33.0	0.1	32.8	30.3	26.2	0.2	26.0	22.9
Materials	45.3	1.2	44.2	33.1	44.7	1.1	43.5	33.4
Non-profits and other associations	146.2	0.9	145.3	27.7	142.0	0.9	141.0	23.6
Other commercial	64.5	0.3	64.2	48.9	44.7	0.3	44.5	28.5
Shipping	41.0	0.8	40.3	14.7	44.5	1.1	43.4	19.2
Transportation	22.0	0.2	21.8	12.4	19.5	0.2	19.3	9.9
Personal customers	873.1	5.5	867.6	145.5	857.4	6.2	851.2	110.8
Total before collective impairment charges	**2,426.4**	**21.7**	**2,404.8**	**870.4**	**2,345.9**	**23.2**	**2,322.8**	**818.8**
Collective impairment charges	4.7				4.3			
Total gross exposure	**2,431.1**				**2,350.3**			

Notes – Danske Bank Group

Credit exposure continued

Credit portfolio in core activities broken down by business unit

The table below breaks down credit exposure by core business unit and underlying segment.

	31 March 2016				31 December 2015			
(DKK billions)	Gross exposure a	Acc. individual impairment charges b	Net exposure =a-b	Net exposure, ex collateral	Gross exposure a	Acc. individual impairment charges b	Net exposure =a-b	Net exposure, ex collateral
Denmark	488.4	3.8	484.6	72.2	480.9	4.2	476.7	56.6
Finland	90.6	0.5	90.1	7.0	90.7	0.4	90.3	4.9
Sweden	73.0	0.2	72.8	14.0	72.4	0.1	72.3	8.9
Norway	100.9	0.1	100.8	23.0	96.3	0.1	96.3	18.6
Other	-	-	-	-	-	-	-	-
Personal Banking	**752.8**	**4.5**	**748.3**	**116.2**	**740.4**	**4.8**	**735.6**	**89.0**
Denmark	432.1	9.8	422.3	99.4	434.1	10.2	423.8	103.7
Finland	71.6	1.2	70.4	32.2	68.8	1.0	67.8	32.0
Sweden	157.3	0.6	156.7	68.1	148.4	0.6	147.7	50.1
Norway	78.2	0.8	77.4	35.2	71.2	0.7	70.4	25.0
Baltics	20.4	0.3	20.1	11.1	19.0	0.3	18.7	10.4
Other	-	-	-	-	-	-	-	-
Business Banking	**759.6**	**12.6**	**747.0**	**246.0**	**741.4**	**13.0**	**728.5**	**221.3**
C&I*	**712.6**	**1.6**	**711.0**	**415.6**	**669.4**	**2.1**	**667.3**	**413.7**
Wealth Management**	**78.9**	**0.5**	**78.4**	**21.4**	**74.2**	**0.6**	**73.6**	**16.3**
Northern Ireland**	**68.8**	**2.4**	**66.4**	**33.2**	**72.7**	**2.6**	**70.0**	**33.8**
Other	**53.7**	**-**	**53.7**	**38.1**	**47.8**	**-**	**47.8**	**44.8**
Total before collective impairment charges	**2,426.4**	**21.7**	**2,404.8**	**870.4**	**2,345.9**	**23.2**	**2,322.8**	**818.8**
Collective impairment charges	4.7				4.3			
Total gross exposure	**2,431.1**				**2,350.3**			

* The Corporates & Institutions (C&I) segment comprises large corporate customers and financial institutions. As these customers typically have business activities in multiple countries, a geographical split is not applicable.

** Two new segments were established in 2016: Wealth Management and Northern Ireland. Customers have been transferred from the relevant business unit to the relevant new segment. Comparative figures have been restated accordingly.

Notes – Danske Bank Group

Credit exposure continued

Forbearance practices and repossessed assets

The Group adopts forbearance plans to assist customers in financial difficulty. Concessions granted to customers include interest-reduction schedules, interest-only schedules, temporary payment holidays, term extensions, cancellation of outstanding fees, waiver of covenant enforcement and settlements.

If it proves impossible to improve the customer's financial situation by forbearance measures, the Group will consider whether to subject the customer's assets to a forced sale or whether the assets could be realised later at higher net proceeds. At the end of the first quarter 2016, the Group recognised properties taken over in Denmark at a carrying amount of DKK 79 million (31 December 2015: DKK 76 million) and properties taken over in other countries at DKK 295 million (31 December 2015: DKK 388 million). The properties are held for sale and included under Other assets in the balance sheet.

The table below shows the exposures that are subject to forbearance measures and is based on the EBA's definition as described in the annual report 2015. The increase in forborne exposures to the refinancing segment relates to pro-active forbearance measures taken by the Bank to improve the financial position of weak customers.

Exposures subject to forbearance measures	31 March 2016		31 December 2015	
(DKK millions)	Performing	Non-performing	Performing	Non-performing
Modification	39	1,311	36	1,347
Refinancing	1,634	10,854	1,848	9,150
Under probation	5,662	-	5,312	-
Total	**7,335**	**12,165**	**7,196**	**10,497**

Notes – Danske Bank Group

Credit exposure continued

Non-performing loans

The Group defines non-performing loans as facilities with objective evidence of impairment and for which individual impairment charges have been booked. For non-retail exposures with any non-performing loans, the entire amount of the customer's exposure is considered to be non-performing. For retail exposures, only impaired facilities are included in non-performing loans. The Group's definition of non-performing loans differs from the EBA's definition by excluding fully covered exposures to customers in default and previously forborne exposures that are now performing and are under probation.

Non-performing loans in core activities (DKK millions)	31 March 2016	31 December 2015
Total non-performing loans	21,701	24,670
- portion in default	8,503	10,469
Coverage ratio (default) (%)	95	93
Coverage ratio (non-default) (%)	62	66
Coverage ratio (total non-perfoming loans) (%)	82	83
Non-performing loans as a percentage of total gross exposure (%)	1.8	2.0

Allowance account in core activities

Allowance account in core activities broken down by segment

(DKK millions)	Personal Banking	Business Banking	C&I	Wealth Management*	Northern Ireland*	Other	Allowance account total	Impairments Individual	Impairments Collective
1 January 2015	7,260	16,677	3,158	696	5,243	-	33,035	29,050	3,985
New and increased impairment charges	1,901	3,469	558	131	193	1	6,253	5,154	1,099
Reversals of impairment charges from previous periods	1,351	3,106	432	155	798	-	5,843	5,190	653
Write-offs debited to allowance account	938	2,006	1,150	31	2,128	-	6,254	6,254	-
Foreign currency translation	3	-7	175	4	348	-	523	503	20
Other items	-262	64	60	-38	-43	1	-219	-113	-106
31 December 2015	6,614	15,091	2,369	606	2,814	2	27,496	23,151	4,346
New and increased impairment charges	915	1,170	483	42	104	1	2,714	2,157	557
Reversals of impairment charges from previous periods	1,018	1,185	280	93	183	-	2,760	2,417	343
Write-offs debited to allowance account	290	366	208	2	39	-	905	905	-
Foreign currency translation	4	8	-50	-	-186	-	-225	-219	-5
Other items	116	86	-185	14	-6	-	25	-96	122
31 March 2016	**6,341**	**14,804**	**2,129**	**566**	**2,503**	**2**	**26,345**	**21,670**	**4,676**

* Two new segments were established in 2016: Wealth Management and Northern Ireland. Customers have been transferred from the relevant business unit to the relevant new segment. Comparative figures have been restated accordingly. The introduction of the two new segments has led to minor changes for 2015 to the netting between 'new and increased impairment charges' and 'reversals of impairment charges from previous periods'.

Collective impairment charges include charges that reflect the migration of customers from one rating category to another without changes being made to the credit margin to reflect the increase in credit risk. If all customers were downgraded one rating category with no corresponding change in the interest rate charged to the customers, collective impairment charges would increase by about DKK 2.7 billion (31 December 2015: about DKK 2.7 billion). The migration impairment charges also depend on the emergence period, i.e. the period over which rating migrations are considered. An increase in this period from 2 to 3 years would increase the collective impairment charges by DKK 0.3 billion.

If the value of collateral provided by customers in rating categories 10 and 11 decreased 10%, individual impairment charges would increase by about DKK 2.2 billion (31 December 2015: about DKK 2.5 billion).

Notes – Danske Bank Group

Credit exposure continued

Credit exposure from Non-core lending activities

The Non-core business unit is responsible for the controlled winding-up and divestment of exposures that are no longer considered part of the Group's core activities. The portfolio consists of the Non-core exposures in Ireland, the Baltics and conduits etc.

In 2015, the Group entered into an agreement to sell a residential mortgage loan portfolio relating to the Group's Non-core mass personal customer business in Lithuania and Latvia with a nominal value of DKK 4.3 billion. The final approval by the competition authorities was received in March 2016 and the transaction will be completed in the second quarter of 2016. The portfolio is recognised under Assets held for sale and therefore not included in the credit exposure since the third quarter of 2015.

Credit portfolio in Non-core activities broken down by industry (NACE)

(DKK millions)	31 March 2016 Gross exposure a	Acc. individual impairment charges b	Net exposure =a-b	Net exposure, ex collateral	31 December 2015 Gross exposure a	Acc. individual impairment charges b	Net exposure =a-b	Net exposure, ex collateral
Personal customers	21,646	2,179	19,467	2,168	21,879	1,844	20,035	1,093
Consumer discretionary	166	130	36	-	191	129	61	12
Commercial property	686	428	258	-	752	445	307	-
Other	458	360	99	81	556	389	167	-
Non-core banking	**22,956**	**3,097**	**19,860**	**2,249**	**23,378**	**2,807**	**20,570**	**1,105**
Non-core conduits etc.	**8,894**	**232**	**8,662**	**2,403**	**8,235**	**243**	**7,992**	**3,109**
Total Non-core before collective impairment charges	**31,850**	**3,329**	**28,521**	**4,652**	**31,613**	**3,050**	**28,563**	**4,214**
Collective impairment charges	534				865			
Total Non-core exposure	**32,384**				**32,479**			

Credit portfolio in Non-core activities broken down by rating category

(DKK millions)	PD level Upper	PD level Lower	31 March 2016 Gross exposure a	Acc. individual impairment charges b	Net exposure =a-b	Net exposure, ex collateral	31 December 2015 Gross exposure a	Acc. individual impairment charges b	Net exposure =a-b	Net exposure, ex collateral
1	0.00	0.01	200	-	200	-	208	-	208	-
2	0.01	0.03	2,003	-	2,003	-	2,398	-	2,398	-
3	0.03	0.06	1,937	-	1,937	639	1,447	-	1,447	864
4	0.06	0.14	2,751	-	2,751	1,143	2,704	-	2,704	1,028
5	0.14	0.31	438	-	438	11	490	-	490	113
6	0.31	0.63	1,404	-	1,404	3	680	-	680	-
7	0.63	1.90	12,519	-	12,519	1,575	13,142	-	13,142	1,177
8	1.90	7.98	1,662	-	1,662	155	1,194	-	1,194	-
9	7.98	25.70	610	-	610	56	716	-	716	54
10	25.70	99.99	3,213	669	2,544	1,032	3,570	640	2,929	978
11 (default)	100.00	100.00	5,114	2,660	2,454	38	5,063	2,410	2,653	-
Total before collective impairment charges			**31,850**	**3,329**	**28,521**	**4,652**	**31,613**	**3,050**	**28,563**	**4,214**
Collective impairment charges			534				865			
Total gross exposure			**32,384**				**32,479**			

Notes – Danske Bank Group

Credit exposure continued

Non-performing loans in Non-core activities

The net exposure from non-performing loans in Non-core amounted to DKK 4,378 million (31 December 2015: DKK 5,311 million), of which the average unsecured portion of non-performing loans was 25.3% at the end of March 2016 (31 December 2015: 17.9%).

Counterparty risk

Exposure to counterparty risk (derivatives) and credit exposure from trading and investment securities

(DKK billions)	31 March 2016	31 December 2015
Counterparty risk		
Derivatives with positive fair value	369.7	331.0
Credit exposure from other trading and investment securities		
Bonds	519.0	535.9
Shares	13.6	22.5
Other unutilised commitments	0.5	0.5
Total	**902.7**	**889.8**

Other unutilised commitments comprises private equity investment commitments and other obligations.

Bond portfolio

(DKK millions) 31 March 2016	Central and local government bonds	Quasi-government bonds	Danish mortgage bonds	Swedish covered bonds	Other covered bonds	Corporate bonds	Total
Held-for-trading	93,480	2,768	39,261	35,312	5,102	8,724	184,647
Designated at fair value	40,497	1,513	104,412	16,100	4,999	2,411	169,932
Available-for-sale	473	-	40,046	-	884	-	41,403
Hold-to-maturity	67,801	1,323	50,837	543	1,872	643	123,019
Total	**202,251**	**5,604**	**234,556**	**51,955**	**12,857**	**11,778**	**519,002**
31 December 2015							
Held-for-trading	90,321	4,506	49,781	30,637	6,633	13,319	195,197
Designated at fair value	41,298	2,207	108,442	16,844	5,008	1,886	175,685
Available-for-sale	150	-	45,534	-	1,085	-	46,770
Hold-to-maturity	68,899	1,325	45,863	545	1,925	645	119,202
Total	**200,668**	**8,038**	**249,620**	**48,027**	**14,651**	**15,850**	**536,854**

At 31 March 2016, the Group had an additional bond portfolio worth DKK 145,444 million (31 December 2015: DKK 145,063 million) recognised as assets under insurance contracts and thus not included in the table above. The section on insurance risk provides more information. For bonds classified as hold-to-maturity, fair value exceeded amortised cost at the end of 31 March 2016 and 31 December 2015.

Notes – Danske Bank Group

Bond portfolio continued

Bond portfolio broken down by geographical area

(DKK millions) 31 March 2016	Central and local govern-ment bonds	Quasi-government bonds	Danish mortgage bonds	Swedish covered bonds	Other covered bonds	Corporate bonds	Total
Denmark	28,039	-	234,556	-	1	822	263,418
Sweden	32,869	-	-	51,955	-	2,585	87,410
UK	12,864	135	-	-	2,062	1,105	16,166
Norway	6,861	-	-	-	5,578	1,091	13,530
USA	6,099	466	-	-	-	746	7,310
Spain	7,859	-	-	-	741	-	8,600
France	23,117	-	-	-	1,074	706	24,897
Luxembourg	-	4,908	-	-	-	0	4,908
Finland	18,268	72	-	-	1,917	1,502	21,759
Ireland	3,127	-	-	-	7	55	3,188
Italy	6,805	-	-	-	-	2	6,806
Portugal	66	-	-	-	-	-	66
Austria	8,084	-	-	-	226	-	8,310
Netherlands	9,738	-	-	-	56	1,694	11,488
Germany	28,953	-	-	-	603	655	30,211
Belgium	8,732	-	-	-	302	8	9,042
Other	770	25	-	-	289	810	1,894
Total	**202,251**	**5,604**	**234,556**	**51,955**	**12,857**	**11,778**	**519,002**
31 December 2015							
Denmark	22,345	-	249,620	-	-	1,652	273,618
Sweden	27,285	-	-	48,027	-	3,719	79,031
UK	19,548	135	-	-	2,224	1,121	23,027
Norway	5,763	-	-	-	6,914	1,287	13,964
USA	8,081	1,132	-	-	-	771	9,984
Spain	9,502	-	-	-	917	-	10,418
France	20,846	-	-	-	1,123	528	22,497
Luxembourg	-	6,502	-	-	-	11	6,513
Finland	14,593	247	-	-	1,849	1,927	18,616
Ireland	4,618	-	-	-	90	48	4,756
Italy	7,194	-	-	-	-	-	7,194
Portugal	1,506	-	-	-	-	-	1,506
Austria	7,626	-	-	-	224	-	7,850
Netherlands	11,069	-	-	-	86	2,751	13,906
Germany	31,001	-	-	-	589	754	32,344
Belgium	8,873	-	-	-	333	-	9,206
Other	817	23	-	-	302	1,282	2,424
Total	**200,668**	**8,038**	**249,620**	**48,027**	**14,651**	**15,850**	**536,854**

Notes – Danske Bank Group

Bond portfolio continued

Bond portfolio broken down by external ratings

(DKK millions) 31 March 2016	Central and local government bonds	Quasi-government bonds	Danish mortgage bonds	Swedish covered bonds	Other covered bonds	Corporate bonds	Total
AAA	110,523	3,782	234,278	51,955	11,088	1,783	413,410
AA+	37,294	821	-	-	952	462	39,530
AA	29,432	1,000	57	-	343	653	31,487
AA-	6,358	-	178	-	-	756	7,292
A+	150	-	-	-	273	1,249	1,672
A	66	-	1	-	-	2,940	3,007
A-	-	-	-	-	186	741	928
BBB+	3,890	-	-	-	-	1,169	5,059
BBB	14,452	-	42	-	-	775	15,269
BBB-	-	-	-	-	-	447	447
BB+	66	-	-	-	-	214	280
BB	-	-	-	-	-	315	315
BB-	-	-	-	-	-	-	-
Sub-inv. grade or unrated	20	-	-	-	13	273	306
Total	**202,251**	**5,604**	**234,556**	**51,955**	**12,857**	**11,778**	**519,002**
31 December 2015							
AAA	103,778	4,814	249,578	48,027	12,403	849	419,448
AA+	40,696	2,064	-	-	1,249	464	44,474
AA	25,435	1,160	-	-	346	529	27,470
AA-	7,118	-	-	-	-	1,186	8,304
A+	4,769	-	-	-	273	2,602	7,644
A	41	-	-	-	188	4,046	4,275
A-	600	-	-	-	186	1,077	1,863
BBB+	9,288	-	-	-	-	1,709	10,997
BBB	7,412	-	41	-	-	2,136	9,589
BBB-	1	-	-	-	-	346	347
BB+	1,499	-	-	-	-	270	1,769
BB	7	-	-	-	-	366	373
BB-	-	-	-	-	-	33	33
Sub-inv. grade or unrated	25	-	-	-	8	236	269
Total	**200,668**	**8,038**	**249,620**	**48,027**	**14,651**	**15,850**	**536,854**

Derivatives with positive fair value

(DKK millions)	31 March 2016	31 December 2015
Derivatives with positive fair value before netting	606,467	512,418
Netting (under accounting rules)	236,806	181,403
Carrying amount	369,661	331,015
Netting (under capital adequacy rules)	272,056	237,014
Net current exposure	97,605	94,000
Collateral	39,134	52,624
Net amount	**58,471**	**41,376**
Derivatives with positive fair value after netting for accounting purposes:		
Interest rate contracts	258,328	225,479
Currency contracts	109,159	102,845
Other contracts	2,174	2,691
Total	**369,661**	**331,015**

Statement by the management

The Board of Directors and the Executive Board (the management) have considered and approved Interim Report – first quarter 2016 of Danske Bank Group.

The interim financial statements have been prepared in accordance with IAS 34, Interim Financial reporting, as adopted by the EU. Furthermore, the interim report has been prepared in accordance with Danish disclosure requirements for interim reports of listed financial institutions.

In our opinion, the interim financial statements give a true and fair view of the Group's assets, liabilities, total equity and financial position at 31 March 2016 and of the results of the Group's operations and the consolidated cash flows for the period starting 1 January 2016 and ending 31 March 2016. Moreover, in our opinion, the management's report includes a fair review of developments in the Group's operations and financial position and describes the significant risks and uncertainty factors that may affect the Group.

Copenhagen, 29 April 2016

Executive Board

Thomas F. Borgen
CEO

Tonny Thierry Andersen

Jacob Aarup-Andersen

James Ditmore

Gilbert Kohnke

Lars Mørch

Glenn Söderholm

Board of Directors

Ole Andersen
Chairman

Trond Ø. Westlie
Vice Chairman

Urban Bäckström

Lars-Erik Brenøe

Jørn P. Jensen

Rolv Erik Ryssdal

Carol Sergeant

Hilde Merete Tonne

Kirsten Ebbe Brich
Elected by the employees

Carsten Eilertsen
Elected by the employees

Charlotte Hoffmann
Elected by the employees

Steen Lund Olsen
Elected by the employees

Supplementary information

Financial calendar

21 July 2016	Interim report – first half 2016
28 October 2016	Interim report – first nine months 2016

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Ireland	danskebank.ie
Realkredit Danmark	rd.dk
Danske Capital	danskecapital.com
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Danske Bank's financial statements are available online at danskebank.com/Reports.

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