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# INTERIM REPORT – FIRST QUARTER 2011

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Interim Report – First Quarter 2011 is a translation of the original report in the Danish language (*Delårsrapport – 1. kvartal 2011*). In case of discrepancies, the Danish version prevails.



OPERATIONS IN 15 COUNTRIES / 667 BRANCHES / 5 MILLION CUSTOMERS / 21,434 EMPLOYEES

## Financial highlights – Danske Bank Group

INCOME STATEMENT [DKK millions]	Q1 2011	Q1 2010	Index 11/10	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010	Full year 2010
Net interest income	5,554	6,007	92	5,554	6,069	5,840	5,927	6,007	23,843
Net fee income	2,093	2,053	102	2,093	2,396	2,095	2,155	2,053	8,699
Net trading income	2,975	2,374	125	2,975	702	1,904	2,727	2,374	7,707
Other income	1,002	1,050	95	1,002	1,035	703	1,094	1,050	3,882
Net income from insurance business	67	603	11	67	685	705	153	603	2,146
Total income	11,691	12,087	97	11,691	10,887	11,247	12,056	12,087	46,277
Expenses	7,351	6,423	114	7,351	6,457	6,294	6,836	6,423	26,010
Profit before loan impairment charges	4,340	5,664	77	4,340	4,430	4,953	5,220	5,664	20,267
Loan impairment charges	2,841	4,273	66	2,841	2,982	3,083	3,479	4,273	13,817
Profit before tax	1,499	1,391	108	1,499	1,448	1,870	1,741	1,391	6,450
Tax	792	622	127	792	377	983	804	622	2,786
Net profit for the period	707	769	92	707	1,071	887	937	769	3,664
Attributable to non-controlling interests	-2	-	-	-2	3	-	-	-	3

### BALANCE SHEET (END OF PERIOD) [DKK millions]

Due from credit institutions and central banks	170,692	231,222	74	170,692	228,100	218,533	217,100	231,222	228,100
Loans and advances	1,661,983	1,665,768	100	1,661,983	1,679,965	1,680,100	1,688,632	1,665,768	1,679,965
Repo loans	178,372	179,453	99	178,372	168,481	165,934	192,962	179,453	168,481
Trading portfolio assets	630,831	665,664	95	630,831	641,993	810,111	775,937	665,664	641,993
Investment securities	110,897	118,053	94	110,897	118,556	119,685	116,523	118,053	118,556
Assets under insurance contracts	218,980	207,112	106	218,980	217,515	220,524	211,830	207,112	217,515
Other assets	154,126	141,239	109	154,126	159,276	146,229	160,999	141,239	159,276
Total assets	3,125,881	3,208,511	97	3,125,881	3,213,886	3,361,116	3,363,983	3,208,511	3,213,886
Due to credit institutions and central banks	309,688	330,232	94	309,688	317,988	314,513	313,735	330,232	317,988
Deposits	794,604	763,532	104	794,604	800,613	763,514	771,519	763,532	800,613
Repo deposits	71,758	56,767	126	71,758	60,440	64,257	37,032	56,767	60,440
Bonds issued by Realkredit Danmark	542,065	550,303	99	542,065	555,486	563,519	555,829	550,303	555,486
Other issued bonds	422,272	517,394	82	422,272	450,219	447,277	543,917	517,394	450,219
Trading portfolio liabilities	447,881	468,012	96	447,881	478,386	658,039	604,512	468,012	478,386
Liabilities under insurance contracts	235,556	230,808	102	235,556	238,132	242,917	233,654	230,808	238,132
Other liabilities	120,938	108,343	112	120,938	130,544	123,993	116,504	108,343	130,544
Subordinated debt	75,626	81,471	93	75,626	77,336	79,578	84,636	81,471	77,336
Shareholders' equity	105,493	101,649	104	105,493	104,742	103,509	102,645	101,649	104,742
Total liabilities and equity	3,125,881	3,208,511	97	3,125,881	3,213,886	3,361,116	3,363,983	3,208,511	3,213,886

### RATIOS AND KEY FIGURES

Earnings per share (DKK)	1.0	1.1	1.0	1.5	1.3	1.4	1.1	5.3
Diluted earnings per share (DKK)	1.0	1.1	1.0	1.5	1.3	1.4	1.1	5.3
Return on average shareholders' equity (%)	2.7	3.0	2.7	4.1	3.4	3.7	3.0	3.6
Cost/income ratio (%)	62.9	53.1	62.9	59.3	56.0	56.7	53.1	56.2
Total capital ratio (%)	17.4	17.9	17.4	17.7	17.4	17.2	17.9	17.7
Tier 1 capital ratio (%)	14.6	14.2	14.6	14.8	14.4	13.7	14.2	14.8
Share price (end of period) (DKK)	116.5	135.6	116.5	143.0	131.9	118.1	135.6	143.0
Book value per share (DKK)	152.1	147.0	152.1	151.4	149.6	148.4	147.0	151.4
Full-time-equivalent staff (end of period)	21,434	21,853	21,434	21,522	21,634	22,025	21,853	21,522

## Overview

### First quarter 2011

The Danske Bank Group posted a profit before tax of DKK 1.5 billion for the first quarter of 2011. The net profit was DKK 0.7 billion. Overall, the result was in line with expectations.

- Total income was DKK 11.7 billion, down 3% from the level in the first quarter of 2010.
  - As expected, net interest income fell compared with the year-earlier level.
  - Net trading income was higher than expected as a result of favourable trading conditions at the beginning of the year and strong customer activity.
- Expenses rose 14% above the level in the first quarter of 2010. The estimated commitment to the Danish Guarantee Fund for Depositors and Investors to cover losses on Amagerbanken A/S's bankruptcy, severance payments and other one-off expenses were the main reasons for the rise.
- Loan impairment charges totalled DKK 2.8 billion and were down 34%.
  - Impairment charges fell mainly because of lower charges at the Danish and Baltic units. The difficult market conditions in Ireland persisted.
  - Small and medium-sized enterprises accounted for DKK 1.6 billion of the impairment charges.
- At DKK 3,126 billion, total assets fell 3% from the end of 2010 as amounts due from credit institutions and central banks declined.
  - Lending and deposits were at the same levels as at the end of 2010. Lending equalled 112% of bonds issued by Realkredit Danmark and deposits, up from 110%.
- At 31 March 2011, the tier 1 capital and total capital ratios remained solid at 14.6% and 17.4%, respectively, against 14.2% and 17.9% at 31 March 2010.
- The Japanese nuclear crisis and the turmoil in the Middle East did not affect the Group's access to funding through issues on the financial markets.
- In April 2011, the Group raised new share capital through an underwritten issue. The gross proceeds were DKK 20.0 billion, and the net proceeds DKK 19.8 billion. The issue lifts the Danske Bank Group's core tier 1 capital ratio from 10.0% to about 12.4% (calculated at 31 March 2011).

### First quarter 2011 versus fourth quarter 2010

Profit before tax amounted to DKK 1.5 billion, up from DKK 1.4 billion. Excluding the estimated commitment to the Danish Guarantee Fund for Depositors and Investors to cover losses on Amagerbanken A/S's bankruptcy, profit before tax was up 62%.

- Total income rose 7%, mainly because of higher trading income.
- Excluding the estimated commitment to the Danish Guarantee Fund for Depositors and Investors, expenses remained at the fourth-quarter 2010 level.

### Outlook for 2011

The global economic recovery is expected to continue in 2011 with prospects of moderate growth rates in the Western world. Macroeconomic indicators offer hope that the business environment will gradually improve over the coming year. The economic recovery remains fragile in some of the Group's markets, though.

- Activity at the banking units is likely to remain stable, while the trend in earnings at capital market units will depend on financial market trends.
- The Group will continue to focus on tight cost control.
- The Group expects a decline in loan impairment charges from the 2010 level, although charges will remain high in Ireland.
- There is only a modest need for funding in 2011.
- The Group expects interest rates to be relatively low in 2011, although increases are expected during the year.

## Financial results for the period

The Danske Bank Group posted a profit before tax of DKK 1.5 billion for the first quarter of 2011. The net profit was DKK 0.7 billion. Overall, the result was in line with expectations.

Interest rates were low throughout 2010 and remained so in the first quarter of 2011. Rising inflation in the euro zone and the US in the first quarter of 2011 led to calls for higher interest rates, however. In addition, the European Central Bank (ECB) prepared the financial markets for a tighter monetary policy and a normalisation of interest rates. In April 2011, the ECB raised the leading rate, and the Danish central bank followed suit.

Earnings generated by the Group's core business activity, Banking Activities, were robust. Loan impairment charges continued to decline, contributing to acceptable profits at Retail Banking Denmark and Retail Banking Sweden. The Irish and Northern Ireland banking units recorded high loan impairment charges for the first quarter of 2011, though, and both units posted losses.

Danske Markets and Danske Capital posted higher income, while net income from insurance business was modest because of a low return on investments and only partial booking of the risk allowance.

Other Activities posted a loss before tax. The loss was caused mainly by the estimated commitment to the Danish Guarantee Fund for Depositors and Investors to cover losses on Amagerbanken A/S's bankruptcy.

### Income

Total income was DKK 11.7 billion, down 3% from the level in the first quarter of 2010, mainly because of decreases in net interest income and net income from insurance business.

Net interest income amounted to DKK 5.6 billion, down 8% from the first-quarter 2010 figure. Changes to allocated costs of lending and deposit activities, lower lending volumes, and lower returns on liquidity from mortgage payments to Realkredit Danmark all had an adverse effect. Wider deposit margins did not quite compensate for narrower lending margins. The changed allocation of costs better reflects the duration of deposits and lending and reduced net interest income by about DKK 100 million in the first quarter of 2011. Net trading income at Group Treasury increased correspondingly.

Net fee income rose 2% to DKK 2.1 billion. The key driver was an increase at Danske Capital, while net fee income at Banking Activities remained at the year-earlier level.

Net trading income was up 25% over the year-earlier figure as a result of favourable market conditions and larger trading volumes. The volatility in the financial markets caused by problematic sovereign debt levels in southern Europe, the earthquake and nuclear crisis in Japan, and the turmoil in the Middle East and North Africa had only a modest effect on net trading income.

Other income fell to DKK 1.0 billion, down 5% from the level in the first quarter of 2010. The item included a refund of excess VAT paid from 1995 to 2010.

Insurance business generated net income of DKK 0.1 billion, against DKK 0.6 billion a year earlier. The decline was owing to a drop in the return on investments and the partial booking of the risk allowance in the first quarter of 2011.

PROFIT BEFORE LOAN IMPAIRMENT CHARGES (DKK millions)	Q1 2011	Q1 2010	Index 11/10	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010	Full year 2010
Total Retail Banking Denmark	1,843	1,720	107	1,843	1,909	1,741	1,537	1,720	6,907
Total Retail Banking international	875	1,030	85	875	924	1,138	1,003	1,030	4,095
Corporate Banking	424	376	113	424	554	377	450	376	1,757
Total Banking Activities	3,142	3,126	101	3,142	3,387	3,256	2,990	3,126	12,759
Danske Markets and Treasury	1,785	1,541	116	1,785	-102	908	1,688	1,541	4,035
Danske Capital	204	176	116	204	336	173	148	176	833
Danica Pension	67	603	11	67	685	705	153	603	2,146
Other Activities	-858	218	-	-858	124	-89	241	218	494
Total Group	4,340	5,664	77	4,340	4,430	4,953	5,220	5,664	20,267

Retail Banking international comprises retail and banking units outside Denmark.

## Expenses

Expenses rose 14% above the level in the first quarter of 2010. The estimated commitment to the Danish Guarantee Fund for Depositors and Investors, severance payments, other one-off expenses, and general salary and price increases all contributed to the rise. Also, the first quarter of 2010 benefited from timing differences in the booking of expenses for several activities. Excluding one-off expenses, the first quarter of 2011 saw a 5% rise in expenses.

The estimated commitment to the Danish Guarantee Fund for Depositors and Investors to cover losses on Amagerbanken A/S's bankruptcy on 6 February 2011 amounted to DKK 850 million.

The very extensive IT investment programme continues in 2011. The programme is intended to ensure the launch of a number of new products and services and the innovative use of digital technology.

ORDINARY EXPENSES (DKK billions)	Q1 2011	Q1 2010
Expenses	7.4	6.4
Commission (Bank Package I)	-	0.6
The Danish Guarantee Fund	0.9	-
Severance payments	0.1	-
Adjustment of write-downs, assets of a temporarily acquired company	0.1	-
Sale of lease assets	0.3	0.2
Performance-based compensation	0.3	0.2
Ordinary expenses	5.7	5.4
Cost/income ratio (%)	62.9	53.1
Ordinary expenses/income ratio (%)	48.3	44.9

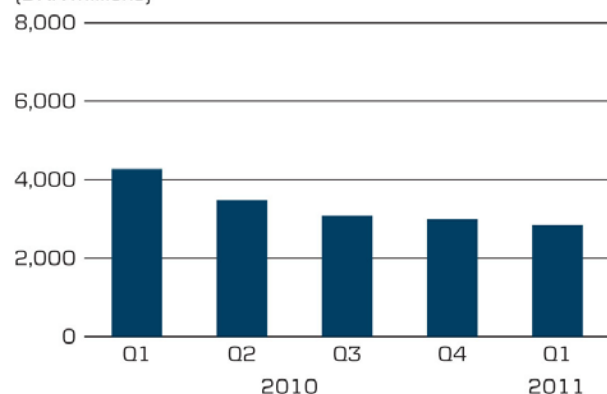
The level of expenses for the full year 2011 is expected to be the same as for 2010.

## Loan impairment charges

Loan impairment charges totalled DKK 2.8 billion, against DKK 4.3 billion in the same period a year earlier. The charges derived mainly from adjustment of charges previously made.

### LOAN IMPAIRMENT CHARGES

(DKK millions)



Charges against facilities to personal customers amounted to DKK 0.5 billion, and charges against facilities to business customers to DKK 2.1 billion, with

small and medium-sized enterprises accounting for DKK 1.6 billion. Charges against facilities to financial counterparties amounted to DKK 0.2 billion.

Individual charges amounted to DKK 3.0 billion, against DKK 3.7 billion a year earlier, while collective charges saw a reversal of DKK 0.2 billion, against a charge of DKK 0.6 billion.

LOAN IMPAIRMENT CHARGES (DKK millions)	Q1 2011	Q1 2010
Retail Banking Denmark	790	2,735
Retail Banking Finland	29	-34
Retail Banking Sweden	46	62
Retail Banking Norway	124	73
Banking Activities Northern Ireland	329	120
Banking Activities Ireland	1,283	1,089
Banking Activities Baltics	-40	138
Other Banking Activities	17	-30
Corporate Banking	146	214
Total Banking Activities	2,724	4,367
Danske Markets and Treasury	165	-97
Danske Capital	-48	3
Total	2,841	4,273

Loan impairment charges at Retail Banking Denmark totalled DKK 0.8 billion and related mainly to small and medium-sized enterprises, particularly in the agricultural and commercial property segments.

Loan impairment charges relating to personal customers at Retail Banking Denmark totalled DKK 0.4 billion, against DKK 0.7 billion in the first quarter of 2010. The charges equalled 0.3% of loans and guarantees to personal customers.

Impairment charges remained low at the other Nordic retail banking units and at the Baltic units. The charges at these units totalled DKK 0.2 billion, a decline from the year-earlier figure. The higher charges at Retail Banking Norway related to a few exposures.

At Banking Activities Northern Ireland, loan impairment charges totalled DKK 0.3 billion, against DKK 0.1 billion in the first quarter of 2010. The charges related mainly to the commercial property segment.

Loan impairment charges at Banking Activities Ireland amounted to DKK 1.3 billion. The charges were owing primarily to the lower value of mortgages on property serving as collateral for exposures with weak credit quality. In view of the uncertainty surrounding the Irish economy, charges are likely to remain high for some time.

Loan impairment charges against Corporate Banking customers totalled DKK 0.1 billion in the first quarter of 2011.

At Danske Markets, loan impairment charges totalled DKK 0.2 billion.

Total actual losses rose to DKK 5.1 billion, from DKK 1.1 billion a year earlier. The settlement of the Group's commitment under Bank Package I amounting to DKK 3.3 billion was the main cause of the rise.

#### Tax

Tax on the profit for the period amounted to DKK 0.8 billion. The tax charge is high relative to the profit for the period, mainly because of losses in Ireland. The tax value of losses is booked and capitalised only if it is likely that the Group will book a taxable income in the future that can absorb the tax-loss carryforwards. Changes in deferred taxes as a result of the lowering of the UK tax rate that will take effect in April 2012 increased the tax charge by DKK 0.1 billion.

#### First quarter 2011 versus fourth quarter 2010

Profit before tax rose 4% from the fourth quarter of 2010 to the first quarter of 2011, reflecting higher net trading income and lower loan impairment charges.

Net interest income declined 8% because of fewer interest days, lower returns on liquidity from mortgage payments to Realkredit Danmark and changes to allocated costs of lending and deposit activities. Wider deposit margins compensated for narrower lending margins.

Net trading income rose from DKK 0.7 billion in the fourth quarter of 2010 to DKK 3.0 billion in the first quarter of 2011 as market conditions were favourable, particularly in the first month of 2011.

Insurance business generated net income of DKK 0.1 billion, against DKK 0.7 billion in the fourth quarter of 2010. Net income declined primarily because the Group could book only part of the risk allowance of DKK 175 million, net of the special allotment payable to certain policyholders, whereas in the fourth quarter of 2010, the Group booked both the risk allowance for the full year and the shadow account balance from previous years to income.

Excluding the estimated commitment to the Danish Guarantee Fund for Depositors and Investors to cover losses on Amagerbanken A/S's bankruptcy, expenses remained at the fourth-quarter 2010 level.

Loan impairment charges fell 5%. The trend in charges was positive at most units. In Northern Ireland and Ireland, however, charges rose slightly.

## Balance sheet

LENDING (END OF PERIOD) [DKK millions]	Q1 2011	Q1 2010	Index 11/10	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010	Full year 2010
Retail Banking Denmark	945,213	963,506	98	945,213	961,686	969,173	971,769	963,506	961,686
Retail Banking Finland	142,693	136,983	104	142,693	140,587	139,684	138,355	136,983	140,587
Retail Banking Sweden	182,866	160,598	114	182,866	178,715	175,917	166,273	160,598	178,715
Retail Banking Norway	125,488	122,403	103	125,488	124,774	121,120	123,354	122,403	124,774
Banking Activities Northern Ireland	49,229	50,030	98	49,229	52,130	54,032	54,934	50,030	52,130
Banking Activities Ireland	69,251	75,599	92	69,251	70,233	72,740	74,573	75,599	70,233
Banking Activities Baltics	23,198	26,142	89	23,198	23,833	24,736	25,379	26,142	23,833
Other Banking Activities	16,661	18,835	88	16,661	16,126	17,026	18,191	18,835	16,126
Corporate Banking	102,550	110,053	93	102,550	102,578	106,227	112,715	110,053	102,578
<b>Total Banking Activities</b>	<b>1,657,149</b>	<b>1,664,149</b>	<b>100</b>	<b>1,657,149</b>	<b>1,670,662</b>	<b>1,680,655</b>	<b>1,685,543</b>	<b>1,664,149</b>	<b>1,670,662</b>
Danske Markets and Treasury	42,602	44,674	95	42,602	48,665	40,847	52,281	44,674	48,665
Danske Capital	6,356	8,472	75	6,356	6,450	6,195	6,378	8,472	6,450
Other Activities	-3,571	-13,884	-	-3,571	-6,163	-5,388	-14,667	-13,884	-6,163
Allowance account	40,553	37,643	108	40,553	39,649	42,209	40,903	37,643	39,649
<b>Total lending</b>	<b>1,661,983</b>	<b>1,665,768</b>	<b>100</b>	<b>1,661,983</b>	<b>1,679,965</b>	<b>1,680,100</b>	<b>1,688,632</b>	<b>1,665,768</b>	<b>1,679,965</b>

BONDS ISSUED BY REALKREDIT DANMARK AND DEPOSITS (END OF PERIOD) [DKK millions]									
Retail Banking Denmark	280,929	289,476	97	280,929	281,698	288,281	290,042	289,476	281,698
Retail Banking Finland	102,984	94,974	108	102,984	97,314	100,658	102,236	94,974	97,314
Retail Banking Sweden	68,208	63,978	107	68,208	72,762	67,713	64,397	63,978	72,762
Retail Banking Norway	54,150	52,619	103	54,150	54,101	52,083	53,238	52,619	54,101
Banking Activities Northern Ireland	50,917	44,807	114	50,917	53,166	50,367	50,118	44,807	53,166
Banking Activities Ireland	42,446	32,385	131	42,446	39,416	31,685	31,289	32,385	39,416
Banking Activities Baltics	20,138	17,818	113	20,138	20,521	19,420	19,247	17,818	20,521
Other Banking Activities	5,484	4,847	113	5,484	5,413	5,356	4,803	4,847	5,413
Corporate Banking	72,800	68,101	107	72,800	71,754	68,456	75,226	68,101	71,754
<b>Total Banking Activities</b>	<b>698,056</b>	<b>669,005</b>	<b>104</b>	<b>698,056</b>	<b>696,145</b>	<b>684,019</b>	<b>690,596</b>	<b>669,005</b>	<b>696,145</b>
Danske Markets and Treasury	97,840	96,939	101	97,840	102,777	81,491	79,604	96,939	102,777
Danske Capital	6,075	5,774	105	6,075	5,869	6,073	6,540	5,774	5,869
Other Activities	-7,367	-8,186	-	-7,367	-4,178	-8,069	-5,221	-8,186	-4,178
<b>Total deposits</b>	<b>794,604</b>	<b>763,532</b>	<b>104</b>	<b>794,604</b>	<b>800,613</b>	<b>763,514</b>	<b>771,519</b>	<b>763,532</b>	<b>800,613</b>
Bonds issued by Realkredit Danmark	542,065	550,303	99	542,065	555,486	563,519	555,829	550,303	555,486
Own holdings of Realkredit Danmark bonds	153,351	158,066	97	153,351	172,643	160,056	159,466	158,066	172,643
<b>Total Realkredit Danmark bonds</b>	<b>695,416</b>	<b>708,369</b>	<b>98</b>	<b>695,416</b>	<b>728,129</b>	<b>723,575</b>	<b>715,295</b>	<b>708,369</b>	<b>728,129</b>
Bonds issued by Realkredit Danmark and deposits	1,490,020	1,471,901	101	1,490,020	1,528,742	1,487,089	1,486,814	1,471,901	1,528,742
Lending as % of bonds issued by Realkredit Danmark and deposits	112	113		112	110	113	114	113	110

### Lending

Total lending to personal and business customers largely matched the level at the end of 2010.

Lending at Retail Banking Denmark fell DKK 16.5 billion from the level at year-end 2010. Market value adjustment of mortgage lending accounted for DKK 7.0 billion of the fall.

In Denmark, new lending, excluding repo loans, amounted to DKK 7.1 billion. This amount included lending to personal customers of DKK 4.2 billion. Net new mortgage lending accounted for DKK 0.6 billion of new lending to personal customers.

Lending equalled 112% of the total amount of bonds issued by Realkredit Danmark and deposits, against 110% at the end of 2010.

### Bonds issued by Realkredit Danmark and deposits

Total deposits more or less matched the level at the end of 2010. Personal customer deposits fell slightly, while business deposits remained the same as at the end of 2010.

Deposits at Retail Banking Denmark were on a par with the figure at year-end 2010. Excluding exchange rate effects, aggregate deposits at the banking units outside Denmark rose 1% over the figure at the end of 2010.



The market value of mortgage bonds issued to fund loans provided by Realkredit Danmark, including the Group's own holdings, fell 4% from the level at the end of 2010 – mainly due to market value adjustments – and amounted to DKK 695 billion.

### Credit exposure

At 31 March 2011, total credit exposure amounted to DKK 3,309 billion. Some DKK 2,284 billion derived from Danish and international lending activities, and DKK 742 billion from trading and investment activities.

### Credit exposure from lending activities

In addition to exposure resulting from actual lending, credit exposure from lending activities includes amounts due from credit institutions and central banks, guarantees and irrevocable loan commitments. The exposure is measured at fair value, net of accumulated impairment charges, and includes repo loans.

Personal customers accounted for 38% of credit exposure from lending activities, business customers for 38%, and financial counterparties for 18%. The remainder was exposure to central banks and governments. Of the exposure to business customers, small and medium-sized enterprises accounted for 68%.

CREDIT EXPOSURE FROM LENDING ACTIVITIES (DKK millions)	31 March 2011	Share of total [%]	31 Dec. 2010	Share of total [%]
Retail Banking				
Denmark	957,997	42	973,075	41
Retail Banking Finland	148,489	6	146,697	6
Retail Banking Sweden	202,431	9	198,334	8
Retail Banking Norway	139,445	6	138,386	6
Banking Activities				
Northern Ireland	49,354	2	51,872	2
Banking Act. Ireland	60,563	3	62,678	3
Banking Act. Baltics	23,400	1	25,314	1
Other Banking Act.	57,632	3	63,443	3
Corporate Banking	249,478	11	254,535	11
Total Banking Activities	1,888,789	83	1,914,334	81
Danske Markets and Treasury	386,191	17	439,065	19
Danske Capital	9,078	-	10,057	-
Danica Pension	-	-	-	-
Total	2,284,058	100	2,363,456	100

### Personal customers

Measured in Danish kroner, credit exposure to personal customers decreased in the first quarter of 2011.

Compared with the same period in 2010, the share of approved personal customer loan applications was unchanged at 94%.

Personal customer credit quality was stable at the same level as at the end of 2010. Credit quality was generally better at the retail units in the Nordic region than at the Baltic and Irish units.

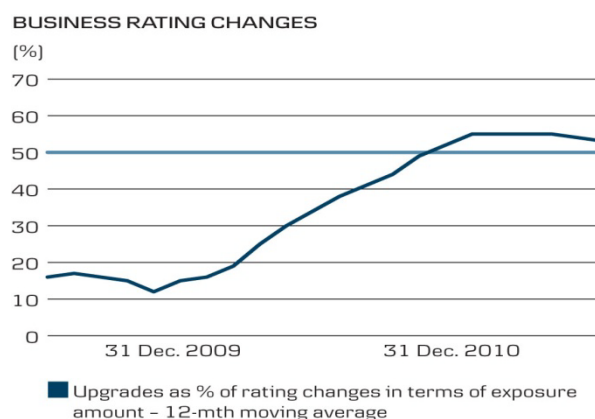
At 31 March 2011, the Group's average loan-to-value (LTV) ratio of home loans was 67%, the same level as at the end of 2010.

Accumulated impairment charges against personal customer facilities accounted for 18% of total charges and equalled 0.8% of lending and guarantees to personal customers.

### Business customers

Exposure to business customers fell 1% to DKK 874 billion in the first quarter of 2011.

Credit quality continued to improve in the first quarter of 2011, particularly in the Nordic banking activities.



At the end of the quarter, exposure to the property sector amounted to DKK 245 billion, with Realkredit Danmark lending accounting for DKK 92 billion. The decline in activity in the property sector over the past few years has had a very adverse effect in Denmark, Ireland and Northern Ireland, where prices have plunged. The property sector has seen high vacancy rates owing to the overheating of the construction sector before the crisis. The volume of sales and the liquidity in the Irish and Northern Ireland property markets remained low, and Banking Activities Ireland in particular saw deteriorated credit quality.

Credit exposure to agricultural customers amounted to DKK 69 billion. Some DKK 45 billion derived from loans provided by Realkredit Danmark. The credit quality of parts of the sector suffered from falling market prices. The Group continues to monitor this sector closely in Denmark. The average LTV ratio for agricultural properties mortgaged to Realkredit Danmark was 70%, against 73% at the end of 2010.

Accumulated impairment charges against business facilities accounted for 71% of total charges and equalled 3.7% of lending and guarantees to business customers.

### Financial counterparties

Credit exposure to financial counterparties declined DKK 22 billion to DKK 419 billion, owing primarily to a smaller volume of repo loans.

### Allowance account

Accumulated impairment charges amounted to DKK 41.5 billion at 31 March 2011, against DKK 43.8 billion at 31 December 2010.

The settlement of the Group's commitment under Bank Package I was the main reason for the reduction of the allowance account balance for Retail Banking Denmark of DKK 3.7 billion.

ALLOWANCE ACCOUNT (DKK millions)	31 March 2011	31 Dec. 2010
Retail Banking Denmark	15,385	19,089
Retail Banking Finland	1,935	2,036
Retail Banking Sweden	1,233	1,193
Retail Banking Norway	1,583	1,469
Banking Activities Northern Ireland	3,319	3,078
Banking Activities Ireland	10,692	9,564
Banking Activities Baltics	2,817	2,892
Other Banking Activities	333	348
Corporate Banking	1,102	935
Danske Markets and Treasury	2,916	2,954
Danske Capital	160	211
<b>Total</b>	<b>41,475</b>	<b>43,769</b>

Rating categories 11 and 10 comprise individually impaired exposures.

EXPOSURE AT 31 MARCH 2011 (DKK billions)	Rating category	
	11	10
Credit exposure before impairment charges	56.1	44.3
Impairment charges	26.0	11.1
Credit exposure	30.1	33.2
Collateral value	23.0	20.3
<b>Total unsecured exposure</b>	<b>7.1</b>	<b>12.9</b>
Covered by impairment charges and collateral [%]	87.3	70.9

Rating category 11 contains exposures to customers that, according to the Group's definition, are in default. These customers are subject to debt collection, suspension of payments or bankruptcy, or have one or more facilities on which a payment is more than 90 days past due. If a customer defaults on just a single facility, the downgrade to category 11 applies to the entire exposure. The downgrade takes place even if the customer has provided adequate collateral.

The net exposure to customers in default (rating category 11) totalled DKK 30.1 billion, against DKK 29.9 billion at the end of 2010. The total unsecured exposure was DKK 7.1 billion. The Group expects bankruptcy dividends to cover the unsecured exposure.

Rating category 10 contains customers with impaired exposures that are not in default. Other evidence of financial difficulty exists for these customers, however, such as a need for financial restructuring in the future. Most of the customers in rating category 10 continue to service their loans in a timely manner.

The net exposure to customers in category 10 totalled DKK 33.2 billion, against DKK 34.0 billion at the end of 2010.

### Trading and investment activities

Credit exposure from trading and investment activities fell from DKK 761 billion at 31 December 2010 to DKK 742 billion at 31 March 2011.

The key reason was a fall in the value of interest rate contracts. The Group has made agreements with many of its counterparties to net positive and negative market values. After netting, the exposure was limited and most of it was secured by collateral management agreements.

The value of the bond portfolio was DKK 427 billion, with DKK 75 billion recognised at fair value according to the rules on available-for-sale financial assets. Of the total bond portfolio, 97.4% was recognised at fair value and 2.6% at amortised cost. The Group has not reclassified bonds since 2008. The bond portfolio matched the level at the end of 2010.

Most of the bond portfolio is liquid and can be used as collateral for loans from central banks and thus forms part of the liquidity reserve.

BOND PORTFOLIO [%]	31 March 2011	31 Dec. 2010
Government bonds and bonds guaranteed by central or local governments	29	29
Bonds issued by quasi-government institutions	2	2
Danish mortgage bonds	44	45
Swedish covered bonds	14	13
Other covered bonds	5	5
Short-dated bonds (CP etc.), primarily with banks	3	2
Corporate bonds	3	4
<b>Total holdings</b>	<b>100</b>	<b>100</b>
Available-for-sale bonds included in total holdings	18	21

The Group's holdings of government bonds consisted primarily of bonds issued by the Nordic countries, Germany, France and the UK. Government bonds issued by Ireland, Portugal, Spain, Italy and Greece accounted for only 2% of the total bond exposure.

### Solvency and capital

At 31 March 2011, the total capital ratio was 17.4%, with 14.6 percentage points deriving from tier 1 capital. Subordinated loan capital raised from the Danish state accounted for 3.0 percentage points of the total capital and tier 1 capital ratios. At 31 December 2010, the total capital ratio was 17.7% and the tier 1 capital ratio was 14.8%. At 31 March 2011, the Group's solvency need stood at DKK 90 billion, the same as at 31 December 2010.

Under Danish law, the Group must publish its solvency need on a quarterly basis. More detailed information is available at [www.danskebank.com/ir](http://www.danskebank.com/ir).

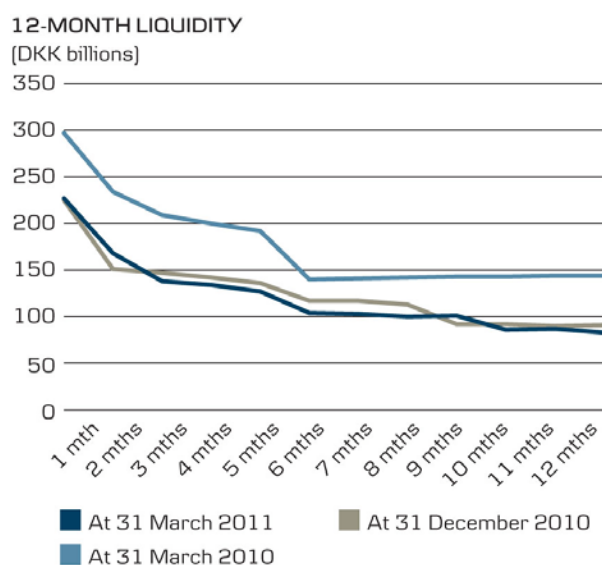
In April 2011, the Group raised new share capital through an underwritten issue. The gross proceeds were DKK 20.0 billion, and the net proceeds DKK 19.8 billion. The issue lifts the Danske Bank Group's core tier 1 capital ratio from 10.0% to about 12.4% (calculated at 31 March 2011).

In respect of capital requirements, the EU Commission has announced that it will publish its CRD IV proposal in mid-2011. The directive will implement the Basel III rules, which contain stricter requirements for capital, and new international liquidity requirements. The European rules are intended to take effect at the beginning of 2013, with transitional rules in force until 2019.

Danske Bank's Annual Report 2010 and Risk Management 2010 provide more details about the new rules and a preliminary assessment of the implications for the Group.

### Funding and liquidity

The Group's liquidity position remains very satisfactory, and the Group can continue operations even if access to the capital markets is cut off for much more than 12 months, as shown in Moody's liquidity curve. The Group uses this measure as one of the elements of its liquidity management.



The Group's raising of substantial long-term funding and the favourable change in the loan-to-deposit ratio in 2009 and 2010 contributed to the positive liquidity position and will help the Group meet the future regulatory requirements for liquidity.

In the first months of 2011, the capital markets exhibited high volatility again because of sovereign debt problems in a number of European countries. At the same time, Denmark attracted negative attention when Amagerbanken transferred its activities to the Financial Stability Company, and Moody's downgraded several Danish banks, including Danske Bank. Danske Bank's liquidity position did not weaken, however.

In the first quarter of 2011, the Group issued covered bonds with maturities from five to a full 17 years for an amount of DKK 11 billion, and there is still much unexploited potential in loans that can serve as collateral for covered bonds.

In 2010, the Danish FSA introduced a new benchmark, the funding ratio, which is the ratio between lending and deposits, long-dated bonds and the like. According to FSA guidelines, the ratio should not exceed 100%. At 31 March 2011, Danske Bank A/S's funding ratio was 71%.

### Ratings

In the first quarter of 2011, Standard & Poor's and Fitch maintained their ratings of Danske Bank at A and A+, respectively, while Moody's downgraded Danske Bank from Aa3 to A1.

All new Realkredit Danmark bond issues are rated Aaa and AAA, the highest possible ratings awarded by Moody's and Standard & Poor's. Some 97% of all bonds issued by Realkredit Danmark carry these ratings.

Bond issues guaranteed by the Danish state are rated AAA.

### Changes to the Board of Directors

At Danske Bank's annual general meeting on 29 March 2011, Alf Duch-Pedersen, then chairman of the Board of Directors, Sten Scheibye, and Birgit Aagaard-Svendsen resigned from the Board of Directors.

Eivind Kolding, Ole Gjessø Andersen, Michael Fairey, Peter Højland, Mats Jansson, Majken Schultz and Claus Vastrup were re-elected, and Niels B. Christiansen, CEO of Danfoss, was elected to the Board.

Immediately after the annual general meeting, the Board of Directors elected Eivind Kolding new chairman and Ole Gjessø Andersen new vice chairman. Ole Gjessø Andersen was also elected chairman of the Audit Committee.

Details of the composition of the Board of Directors and the board committees are available at [www.danskebank.com/CorporateGovernance](http://www.danskebank.com/CorporateGovernance).

## Outlook for 2011

With prospects of moderate growth rates in the Western world, the global economic recovery is expected to continue in 2011. Recent macroeconomic indicators offer hope that the business environment will gradually improve over the coming year. The economic recovery remains fragile in some of the Group's markets, though.

Danish GDP growth is forecast to be 2.1% in 2011. The other countries in the Nordic region are likely to see higher growth rates. Both Norway and Sweden have forecasts of 3.5%, and the forecast for Finland is 3.2%.

Estonia, Latvia and Lithuania are generally likely to see higher growth than in 2010, with growth rates in these countries forecast at 3-5%. The trend for Ireland, on the other hand, is difficult to predict. The country is currently forecast to see modest growth in 2011.

Interest rates are forecast to remain low in 2011, although the ECB has begun to normalise interest rates and is expected to gradually tighten its liquidity policy in the course of 2011. In April, the ECB lifted the leading rate from 1% to 1.25%, and further hikes of short- as well as long-term interest rates are expected during the year.

The slight rise in interest rates is expected to cause a fall in property prices in Denmark in 2011. In Sweden and Finland, rising rates are likely to curb the rise in property prices, and prices are expected to be largely unchanged. A continued rise in property prices is forecast for Norway, although at a slower pace. Property prices in Ireland and Northern Ireland are expected to continue to decline.

The Danske Bank Group's expenses will be at the same level as in 2010 because of the estimated commitment to the Danish Guarantee Fund for Depositors and Investors. Danske Bank's share is just over one third of the total commitment to cover the losses incurred by the Fund. The Group will continue to focus on tight cost control.

Persistently low interest rates and expectations of only slightly declining property prices and a stable unemployment rate give grounds for some optimism and expectations of better credit quality for both personal and business customers in 2011.

The Irish economy will continue to face structural challenges, and because of the economic climate, the level of future impairment charges is uncertain. In Denmark, the expiry of the state guarantee will reduce impairment charges because of the discontinuation of charges to cover the losses of distressed banks under Bank Package I. The Group expects total loan impairment charges to be lower than in 2010.

The performance of market-related activities – in Danske Markets, Danske Capital and Danica Pension – will depend greatly on trends in the financial markets, including the level of securities prices at the end of the year. Danica Pension's result is forecast to be lower than in 2010, and the risk allowance is likely to be only partially booked in 2011 owing to expected interest rate increases.

The Group's robust banking activities, tight cost control and strong focus on risk, liquidity and capital management, combined with a massive capital buffer, provide a solid basis for a gradual improvement in earnings.

The Group's effective tax rate is expected to be lower than in 2010.

## Business units

INCOME (DKK millions)	Q1 2011	Q1 2010	Index 11/10	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010	Full year 2010
Retail Banking Denmark	3,982	4,332	92	3,982	4,227	4,298	4,242	4,332	17,099
Retail Banking Finland	842	839	100	842	896	852	873	839	3,460
Retail Banking Sweden	773	659	117	773	778	718	692	659	2,847
Retail Banking Norway	619	652	95	619	667	672	689	652	2,680
Banking Activities Northern Ireland	367	397	92	367	387	404	409	397	1,597
Banking Activities Ireland	258	312	83	258	284	296	316	312	1,208
Banking Activities Baltics	177	192	92	177	191	193	189	192	765
Other Banking Activities	586	519	113	586	499	477	580	519	2,075
Corporate Banking	698	687	102	698	839	699	799	687	3,024
<b>Total Banking Activities</b>	<b>8,302</b>	<b>8,589</b>	<b>97</b>	<b>8,302</b>	<b>8,768</b>	<b>8,609</b>	<b>8,789</b>	<b>8,589</b>	<b>34,755</b>
Danske Markets and Treasury	2,527	2,202	115	2,527	543	1,546	2,368	2,202	6,659
Danske Capital	471	414	114	471	674	395	390	414	1,873
Danica Pension	67	603	11	67	685	705	153	603	2,146
Other Activities	324	279	116	324	217	-8	356	279	844
<b>Total Group</b>	<b>11,691</b>	<b>12,087</b>	<b>97</b>	<b>11,691</b>	<b>10,887</b>	<b>11,247</b>	<b>12,056</b>	<b>12,087</b>	<b>46,277</b>

**Banking Activities** consists of the Group's Banking and Corporate Banking units. The banking units serve all types of personal customers, small businesses and medium-sized companies as well as private banking customers served by the finance centres. Mortgage finance operations in Denmark are carried out through Realkredit Danmark. Real estate agency operations are conducted by the home, Skandia Mäklarna and Fokus Krogsveen real estate agency chains. The results of the Group's property finance operations are included in the banking unit figures.

Corporate Banking is a new business unit responsible for providing advisory services to the Group's largest corporate customers and institutional clients, which receive financial products; advisory services on mergers, acquisitions and divestments; and assistance with equity and debt issues in the international financial markets.

The division into Retail and Corporate Banking applies to the Nordic markets, where there are local, specialised Corporate Banking functions. From its northern European base, Corporate Banking supports local banking activities in providing services to the largest corporate customers and institutional clients.

In connection with the establishment of the Group's new Corporate Banking unit, Corporate Finance was transferred from Danske Markets to Banking Activities at 1 January 2011. Annual income of about DKK 200 million and expenses of about DKK 150 million were transferred between the two segments. Comparative figures have been restated.

**Danske Markets** is responsible for the Group's activities in the financial markets. Trading activities include trading in fixed-income products, foreign exchange and equities. Group Treasury is responsible for the Group's strategic fixed-income, foreign ex-

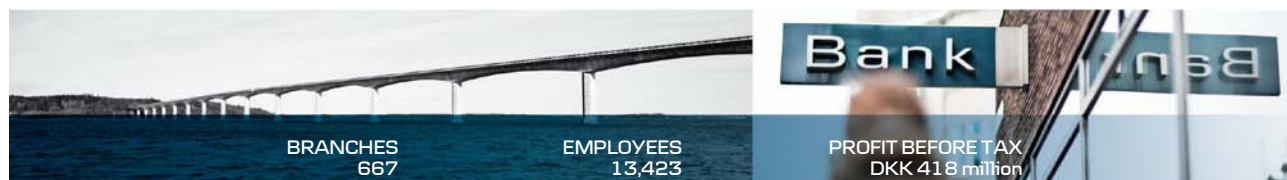
change and equity portfolios and serves as the Group's internal bank. Institutional banking covers facilities with international financial institutions outside the Nordic region. Facilities with Nordic financial institutions are part of Banking Activities.

**Danske Capital** develops and sells asset and wealth management products and services. They are marketed through the banking units and directly to businesses, institutional clients and external distributors. Danske Capital also supports the advisory and asset management activities of the banking units. Through Danske Bank International in Luxembourg, Danske Capital provides international private banking services to clients outside the Group's home markets. Danske Capital operates in Denmark, Sweden, Norway, Finland, Estonia, Lithuania and Luxembourg.

**Danica Pension** is responsible for the Group's activities in the life insurance and pensions market. Danica Pension serves both personal and business customers. Its products are marketed through a range of distribution channels within the Group, primarily banking units and Danica Pension's own insurance brokers and advisers. Danica offers two market-based products: *Danica Balance* and *Danica Link*. These products allow customers to select their own investment profiles, and the return on savings depends on market trends. Danica Pension also offers *Danica Traditionel*. This product does not offer individual investment profiles, and Danica Pension sets the rate of interest on policyholders' savings.

**Other Activities** encompasses real property activities and expenses for the Group's support functions. Other Activities also covers eliminations, including the elimination of returns on own shares.





## Banking Activities

BANKING ACTIVITIES (DKK millions)	Q1 2011	Q1 2010	Index 11/10	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010	Full year 2010
Net interest income	5,469	5,900	93	5,469	5,976	5,854	5,811	5,900	23,541
Net fee income	1,677	1,692	99	1,677	1,774	1,741	1,822	1,692	7,029
Net trading income	339	242	140	339	239	314	305	242	1,100
Other income	817	755	108	817	779	700	851	755	3,085
Total income	8,302	8,589	97	8,302	8,768	8,609	8,789	8,589	34,755
State guarantee commission (Bank Package I)	-	625	-	-	-	625	625	625	1,875
Other expenses	5,160	4,838	107	5,160	5,381	4,728	5,174	4,838	20,121
Expenses	5,160	5,463	94	5,160	5,381	5,353	5,799	5,463	21,996
Profit before loan impairment charges	3,142	3,126	101	3,142	3,387	3,256	2,990	3,126	12,759
Impairment charges under the state guarantee	-	463	-	-	-	466	464	463	1,393
Other loan impairment charges	2,724	3,904	70	2,724	2,907	2,400	3,817	3,904	13,028
Loan impairment charges	2,724	4,367	62	2,724	2,907	2,866	4,281	4,367	14,421
Profit before tax	418	-1,241	-	418	480	390	-1,291	-1,241	-1,662
Loans and advances (end of period)	1,657,149	1,664,149	100	1,657,149	1,670,662	1,680,655	1,685,543	1,664,149	1,670,662
Allowance account, total (end of period)	38,399	35,728	107	38,399	40,604	41,888	39,820	35,728	40,604
Deposits (end of period)	698,056	669,005	104	698,056	696,145	684,019	690,596	669,005	696,145
Bonds issued by Realkredit Danmark (end of period)	695,416	708,369	98	695,416	728,129	723,575	715,295	708,369	728,129
Allocated capital (avg.)	72,926	67,400	108	72,926	67,114	67,700	67,371	67,400	67,396
Profit before loan impairment charges as % p.a. of allocated capital	17.2	18.6		17.2	20.2	19.2	17.8	18.6	18.9
Pre-tax profit as % p.a. of allocated capital (ROE)	2.3	-7.4		2.3	2.9	2.3	-7.7	-7.4	-2.5
Cost/income ratio (%)	62.2	63.6		62.2	61.4	62.2	66.0	63.6	63.3
Cost/income ratio, excluding goodwill impairment charges (%)	62.2	63.6		62.2	61.4	62.2	66.0	63.6	63.3
Full-time-equivalent staff	13,423	13,763	98	13,423	13,426	13,531	13,877	13,763	13,426

- Profit before loan impairment charges of DKK 3.1 billion
- Net interest income down 7% because of changes to allocated costs of lending and deposit activities
- Loan impairment charges down 38%
- Lending and deposits unchanged at the end-2010 level

### Market conditions

Most of the Group's primary markets continued to see improved economic conditions in the first quarter of 2011, with banking activities in Sweden in particular benefiting from higher money market rates. Market conditions in Ireland, however, were affected by the public budget deficit and remained under pressure.

## Financial summary

At DKK 8.3 billion, total income fell 3% from the level in the first quarter of 2010, mainly because of lower net interest income.

Net interest income amounted to DKK 5.5 billion, down 7% from the year-earlier figure because of changes to allocated costs of lending and deposit activities. In Sweden, however, the pressure on lending margins was more than offset by wider deposit margins, and net interest income climbed 20%. Corporate Banking saw positive developments in deposits and deposit margins but a decline in lending volume.

Expenses declined 6% from the year-earlier figure, mainly because of the expiry of Bank Package I. Adjusted for this factor, severance payments and other one-off expenses, expenses rose 3% owing primarily to the general increases in wages and prices.

Loan impairment charges dropped 38%. The trend in loan impairment charges was positive at most units, but the Irish and Northern Ireland units still posted substantial charges.

Compared with the fourth quarter 2010 figure, loan impairment charges declined 6%, with charges at Retail Banking Denmark falling 10%. The charges in the first quarter of 2011 related mainly to small and medium-sized enterprises in a number of sectors, including durable goods and media.

Total deposits remained at the end-2010 level and amounted to DKK 698 billion.

The delinquency rate for Realkredit Danmark loans declined. At 31 March 2011, the three-month delinquency rate for home loans was 0.29%, down from 0.54% at 31 March 2010.

## Operations

Together with Realkredit Danmark and home, Retail Banking Denmark launched a number of new initiatives to strengthen the Group's position in the Danish housing market. The aim is to provide the best possible customer experience, the best housing products, the highest quality advice and the most expedient service. The Group strengthens its distribution channels by hiring additional home loan advisers for the branches and the mortgage finance hotline and establishing new Realkredit Danmark units.

## Macroeconomic outlook

The global economic recovery is expected to continue in 2011, although at a moderate pace, and to benefit the Group's banking activities.

Employment showed clear signs of improvement in 2010. Unemployment rates are falling slightly in the Nordic countries, and in Norway, the jobless figure is even considered low. The Group expects the trend to continue in 2011.

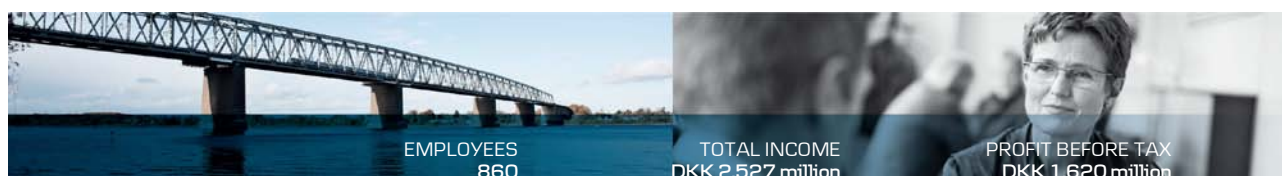
Danish GDP growth in 2011 is estimated at around 2.1%. The Group also expects to see economic growth in most of its other markets, although it is likely to be weak in Ireland.

With an outlook for slightly higher interest rates, house prices are expected to edge down in Denmark, Ireland and Northern Ireland. Swedish and Finnish house prices are forecast to be virtually unchanged, while prices in Norway are likely to continue upwards.

MARKET SHARE OF LENDING [%]	31 March 2011	31 March 2010
Denmark, including mortgage loans	28.1	28.3
Finland	11.9	12.3
Sweden	5.6	5.8
Norway	5.3	5.6
Ireland	3.3	2.8

MARKET SHARE OF DEPOSITS [%]	31 March 2011	31 March 2010
Denmark	29.9	30.4
Finland	12.6	12.3
Sweden	5.1	5.8
Norway	4.8	4.7
Ireland	2.7	2.3

As of the third quarter of 2010, the Swedish market share for deposits includes net income from insurance business. Comparative figures could not be restated.



## Danske Markets and Treasury

DANSKE MARKETS AND TREASURY (DKK millions)	Q1 2011	Q1 2010	Index 11/10	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010	Full year 2010
Total income	2,527	2,202	115	2,527	543	1,546	2,368	2,202	6,659
Expenses	742	661	112	742	645	638	680	661	2,624
Profit before loan impairment charges	1,785	1,541	116	1,785	-102	908	1,688	1,541	4,035
Loan impairment charges	165	-97	-	165	66	221	-807	-97	-617
Profit before tax	1,620	1,638	99	1,620	-168	687	2,495	1,638	4,652
Due from credit institutions and repo loans (end of period)	349,064	410,675	85	349,064	396,581	384,467	410,062	410,675	396,581
Loans and advances (end of period)	42,602	44,674	95	42,602	48,665	40,847	52,281	44,674	48,665
Allowance account, total (end of period)	2,916	4,872	60	2,916	2,954	4,202	4,544	4,872	2,954
Net trading and investment portfolio (end of period)	357,452	399,615	89	357,452	350,990	344,628	374,419	399,615	350,990
Deposits (end of period)	97,840	96,939	101	97,840	102,777	81,491	79,604	96,939	102,777
Allocated capital (avg.)	6,099	3,786	161	6,099	5,383	5,597	5,064	3,786	4,964
Profit before loan impairment charges as % p.a. of allocated capital	117.1	162.8		117.1	-7.6	64.9	133.3	162.8	81.3
Pre-tax profit as % p.a. of allocated capital (ROE)	106.2	173.1		106.2	-12.5	49.1	197.1	173.1	93.7
Cost/income ratio (%)	29.4	30.0		29.4	118.8	41.3	28.7	30.0	39.4

### TOTAL INCOME (DKK millions)

Danske Markets	2,270	2,083	109	2,270	738	1,447	1,676	2,083	5,944
Group Treasury	257	119	216	257	-195	99	692	119	715
Total Danske Markets and Treasury	2,527	2,202	115	2,527	543	1,546	2,368	2,202	6,659

- Increase in net trading income driven by favourable market conditions
- Limited effect of global financial market volatility
- Customer activity still strong

Profit before tax was DKK 1.6 billion, matching the level in the first quarter of 2010.

Net trading income was higher than expected as a result of favourable trading conditions at the beginning of the year and strong customer activity.

The volatility in the financial markets caused by problematic sovereign debt levels in southern Europe, the earthquake and nuclear crisis in Japan, and the turmoil in the Middle East and North Africa had only a modest effect on net trading income.

Danske Markets reduced its interest rate risk in the first quarter of 2011. At the end of the quarter, the Group's VaR was DKK 253 million.

Customer-driven trading was characterised mainly by strong activity stemming from institutional customers' reinvestment needs, which boosted trading in government bonds and derivatives in particular.

Group Treasury income was up from DKK 0.1 billion at 31 March 2010 to DKK 0.3 billion at 31 March 2011.

Loan impairment charges amounted to DKK 0.2 billion, against a net reversal of previously recognised charges of DKK 0.1 billion in the same period last year.

Expenses rose 12% over the year-earlier figure because of an increase in earnings affecting performance-based compensation, a growth plan for selected organisational units and the cost of setting up a brokerage office in New York.





## Danske Capital

DANSKE CAPITAL (DKK millions)	Q1 2011	Q1 2010	Index 11/10	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010	Full year 2010
Net interest income	27	37	73	27	26	25	32	37	120
Net fee income	420	365	115	420	633	360	349	365	1,707
Other income	24	12	200	24	15	10	9	12	46
Total income	471	414	114	471	674	395	390	414	1,873
Expenses	267	238	112	267	338	222	242	238	1,040
Profit before loan impairment charges	204	176	116	204	336	173	148	176	833
Loan impairment charges	-48	3	-	-48	9	-4	5	3	13
Profit before tax	252	173	146	252	327	177	143	173	820
Loans and advances (end of period)	6,356	8,472	75	6,356	6,450	6,195	6,378	8,472	6,450
Allowance account, total (end of period)	160	290	55	160	211	293	295	290	211
Deposits (end of period)	6,075	5,774	105	6,075	5,869	6,073	6,540	5,774	5,869
Allocated capital (avg.)	273	323	85	273	250	277	317	323	291
Cost/income ratio (%)	56.7	57.5		56.7	50.1	56.2	62.1	57.5	55.5
Assets under management (DKK billions)	598	561	107	598	602	590	558	561	602

- Profit before loan impairment charges up 16%
- Total income up 14% as assets under management continued to rise
- Positive net sales to both institutional and retail customers
- Nordic market position maintained

Danske Capital's income rose 14% to DKK 471 million in the first quarter of 2011, up from DKK 414 million a year earlier. Asset Management at Danske Invest and International Private Banking in Luxembourg contributed to the increase, which was owing to a rise in assets under management and wider margins. A discontinuation of the institutional loan portfolio reduced income by DKK 10 million.

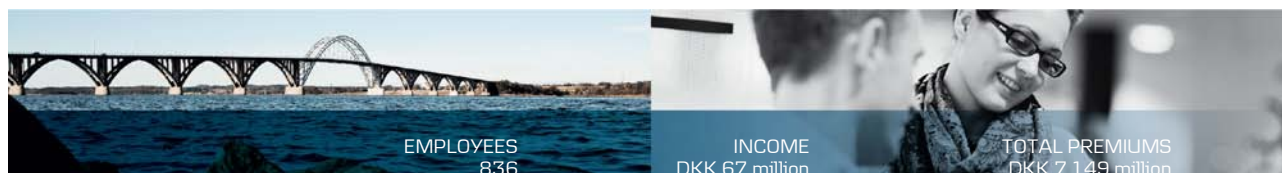
Expenses were up 12% because of a rise in performance-based compensation and intensive work on the migration of Danske Invest to the shared Danske Bank IT platform.

Assets under management rose to DKK 598 billion at 31 March 2011, up DKK 37 billion from the year-earlier level. Of this increase, a rise in net sales accounted for DKK 35 billion and higher prices in the financial markets for DKK 2 billion. Net sales amounted to DKK 5.4 billion in the first quarter of 2011, with sales to institutional customers of DKK 1.9 billion and sales to retail customers of DKK 3.5 billion.

Danske Capital maintained its 11.3% share of the Nordic unit trust market.

In the first quarter of 2011, Danske Capital's unit trust business posted above-benchmark returns in 53% of its funds. Of the bond-based funds, 86% delivered above-benchmark returns, and for equity-based funds, the figure was 37%.

For the third consecutive year, investment research provider Morningstar ranked Danske Invest the best Danish unit trust for its performance in equities.



## Danica Pension

DANICA PENSION (DKK millions)	Q1 2011	Q1 2010	Index 11/10	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010	Full year 2010
Danica Traditionel	264	276	96	264	289	282	279	276	1,126
Unit-linked business	90	74	122	90	118	72	63	74	327
Health and accident business	-1	-29	-	-1	96	-3	17	-29	81
Return on investments	21	418	5	21	-29	308	102	418	799
Financing result	-33	-36	-	-33	-32	-31	-31	-36	-130
Special allotment	-63	-100	-	-63	-341	-100	-100	-100	-641
Change in shadow account	-211	-	-	-211	584	177	-177	-	584
Net income from insurance business	67	603	11	67	685	705	153	603	2,146
Premiums, insurance contracts	5,192	4,784	109	5,192	4,842	4,638	4,107	4,784	18,371
Premiums, investment contracts	1,957	1,690	116	1,957	1,578	910	1,600	1,690	5,778
Provisions, insurance contracts	232,363	227,834	102	232,363	233,062	237,997	230,268	227,834	233,062
Provisions, investment contracts	23,990	17,830	135	23,990	22,397	20,315	18,595	17,830	22,397
Customer funds, investment assets									
Danica Traditionel	183,280	183,461	100	183,280	188,057	197,663	192,331	183,461	188,057
Danica Balance	23,313	15,747	148	23,313	21,752	19,161	16,444	15,747	21,752
Danica Link	45,655	37,131	123	45,655	44,509	41,032	38,327	37,131	44,509
Allocated capital (avg.)	5,800	5,411	107	5,800	6,085	5,865	5,566	5,411	5,732
Net income as % p.a. of allocated capital	4.6	44.6		4.6	45.0	48.1	11.0	44.6	37.4

- Net income from insurance business of DKK 0.1 billion
- Risk allowance partially booked to income
- Total premiums up 10% to DKK 7.1 billion
- Good premium growth at the Danish and Swedish units

Net income from insurance business totalled DKK 0.1 billion in the first quarter of 2011, against DKK 0.6 billion in the first quarter of 2010. The item benefited from improved results from unit-linked business and health and accident insurance, but suffered from lower investment returns and a partial transfer to the shadow account of the risk allowance for the interest rate groups that were established in accordance with the new executive order on the contribution principle, which came into effect on 1 January 2011.

The result allows the Group to book the full risk allowance to income, but since interest rates are expected to rise in the remainder of 2011, the Group chose to book only part of the risk allowance in the first quarter. Booking of the rest of the risk allowance for the quarter at a later time will lift profit before tax by some DKK 175 million. The full allowance may be booked if interest rates do not rise more than around 50 basis points from the level at 31 March 2011.

The return on equity was 0.4%, and the return on customer funds in *Danica Traditionel* was 0.0%. Including changes in technical provisions, the return on customer funds was 1.8%. The return on the market-based products, *Danica Balance* and *Danica Link*, was DKK -0.1 billion, or an average rate of return of -0.2%.

Net income included a DKK 63 million special allotment payable to certain policyholders of the former Statsanstalten for Livsforsikring (Annual Report 2010 provides further information). The amount for the full year will depend on developments in Danica's net income and business volume.

The volume of unit-linked business increased, resulting in an improvement of the technical result in comparison with the year-earlier figure.

The health and accident result increased from the level in the first quarter of 2010 because of a lower claims ratio.

Total premiums rose 10% to DKK 7.1 billion, primarily because of increased premiums for Danish market-based products, but premiums also rose in Sweden. Premiums for market-based products in Denmark rose 23%.

Premiums in Sweden came to DKK 1.9 billion, rising 19% over the year-earlier figure. Premiums in Norway amounted to DKK 0.3 billion, down 8% from the year-earlier figure. In Ireland, premiums amounted to DKK 36 million, against DKK 21 million in the first quarter of 2010.

The collective bonus potential for the contribution groups stood at DKK 3.6 billion at the end of March 2011, DKK 1.9 billion above the level at the beginning of the year. Including a capital buffer of DKK 14.2 billion, Danica's total financial strength was DKK 17.8 billion.



## Other Activities

OTHER ACTIVITIES (DKK millions)	Q1 2011	Q1 2010	Index 11/10	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010	Full year 2010
Net interest income	58	70	83	58	67	-39	84	70	182
Net fee income	-4	-4	-	-4	-11	-6	-16	-4	-37
Net trading income	86	-80	-	86	-95	36	48	-80	-91
Other income	184	293	63	184	256	1	240	293	790
Total income	324	279	116	324	217	-8	356	279	844
Expenses	1,182	61	-	1,182	93	81	115	61	350
Profit before loan impairment charges	-858	218	-	-858	124	-89	241	218	494
Loan impairment charges	-	-	-	-	-	-	-	-	-
Profit before tax	-858	218	-	-858	124	-89	241	218	494

PROFIT BEFORE TAX (DKK millions)	Q1 2011	Q1 2010	Index 11/10	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010	Full year 2010
Real property	51	88	58	51	32	42	121	88	283
Own shares	59	-64	-	59	-103	32	51	-64	-84
Other, including Group support functions	-968	194	-	-968	195	-163	69	194	295
Total Other Activities	-858	218	-	-858	124	-89	241	218	494

Other Activities covers the Group's real property activities, support functions and eliminations, including the elimination of returns on own shares and bonds.

Other Activities posted a loss before tax of DKK 858 million, against a profit before tax of DKK 218 million in the first quarter of 2010. The decline was caused mainly by the estimated commitment to the Danish Guarantee Fund for Depositors and Investors in the first quarter of 2011.

The elimination of returns on own shares led to income of DKK 59 million in the first quarter of 2011, against an expense of DKK 64 million in the year-earlier period.

Other income benefited from a refund of excess VAT paid from 1995 to 2010 of about DKK 150 million. The year-earlier figure included a refund of excess financial services employer tax paid from 2001 to 2003 of about DKK 300 million.

Expenses totalled DKK 1,182 million, against DKK 61 million a year earlier. They included the DKK 850 million estimated commitment to the Danish Guarantee Fund for Depositors and Investors to cover losses on Amagerbanken A/S's bankruptcy on 6 February 2011 and a DKK 113 million adjustment of write-downs of the assets of a temporarily acquired company. Expenses were also affected by an increase in severance payments.

# Income statement – Danske Bank Group

(DKK millions)	Q1 2011	Q1 2010	Full year 2010
Interest income	19,182	19,922	79,625
Interest expense	11,141	10,398	43,642
Net interest income	8,041	9,524	35,983
Fee income	3,129	2,800	11,803
Fee expenses	1,050	853	3,714
Net trading income	1,082	2,558	5,984
Other income	1,461	1,319	4,798
Net premiums	5,041	4,615	18,253
Net insurance benefits	5,683	7,715	26,172
Income from associated undertakings	44	77	84
Profit on sale of associated and group undertakings	-	-	659
Staff costs and administrative expenses	6,790	5,872	24,014
Amortisation, depreciation and impairment charges	935	789	3,397
Profit before loan impairment charges	4,340	5,664	20,267
Loan impairment charges	2,841	4,273	13,817
Profit before tax	1,499	1,391	6,450
Tax	792	622	2,786
Net profit for the period	707	769	3,664
Portion attributable to shareholders of Danske Bank A/S (the Parent Company)	709	769	3,661
non-controlling interests	-2	-	3
Net profit for the period	707	769	3,664
Earnings per share (DKK)	1.0	1.1	5.3
Diluted earnings per share (DKK)	1.0	1.1	5.3
Proposed dividend per share (DKK)	-	-	-

## Statement of comprehensive income – Danske Bank Group

(DKK millions)	Q1 2011	Q1 2010	Full year 2010
Net profit for the period	707	769	3,664
Other comprehensive income			
Translation of units outside Denmark	-389	189	1,009
Hedging of units outside Denmark	309	-269	-961
Unrealised value adjustments of available-for-sale financial assets	20	210	-145
Realised value adjustments of available-for-sale financial assets	7	22	44
Tax on other comprehensive income	-77	3	242
Total other comprehensive income	-130	155	189
Total comprehensive income for the period	577	924	3,853
Portion attributable to			
shareholders of Danske Bank A/S (the Parent Company)	579	924	3,850
non-controlling interests	-2	-	3
Total comprehensive income for the period	577	924	3,853

# Balance sheet – Danske Bank Group

(DKK millions)	31 March 2011	31 Dec. 2010	31 March 2010
<b>ASSETS</b>			
Cash in hand and demand deposits with central banks	26,204	35,403	25,352
Due from credit institutions and central banks	170,692	228,100	231,222
Trading portfolio assets	630,831	641,993	665,664
Investment securities	110,897	118,556	118,053
Loans and advances at amortised cost	1,149,259	1,146,731	1,150,125
Loans at fair value	691,096	701,715	695,096
Assets under pooled schemes and unit-linked investment contracts	63,738	59,698	52,495
Assets under insurance contracts	218,980	217,515	207,112
Holdings in associated undertakings	1,051	1,040	1,182
Intangible assets	22,642	22,936	22,924
Investment property	4,894	4,799	5,174
Tangible assets	7,656	7,861	8,456
Current tax assets	1,279	1,404	1,905
Deferred tax assets	1,686	1,693	2,305
Other assets	24,976	24,442	21,446
<b>Total assets</b>	<b>3,125,881</b>	<b>3,213,886</b>	<b>3,208,511</b>
<b>LIABILITIES</b>			
Due to credit institutions and central banks	309,688	317,988	330,232
Trading portfolio liabilities	447,881	478,386	468,012
Deposits	866,362	861,053	820,299
Bonds issued by Realkredit Danmark	542,065	555,486	550,303
Deposits under pooled schemes and unit-linked investment contracts	68,844	67,277	58,270
Liabilities under insurance contracts	235,556	238,132	230,808
Other issued bonds	422,272	450,219	517,394
Current tax liabilities	678	858	568
Deferred tax liabilities	5,962	6,003	5,377
Other liabilities	45,454	56,406	44,128
Subordinated debt	75,626	77,336	81,471
<b>Total liabilities</b>	<b>3,020,388</b>	<b>3,109,144</b>	<b>3,106,862</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	6,988	6,988	6,988
Foreign currency translation reserve	-216	-136	-264
Reserve for available-for-sale financial assets	-1,303	-1,330	-997
Retained earnings	99,995	99,205	95,922
Proposed dividends	-	-	-
Shareholders of Danske Bank A/S (the Parent Company)	105,464	104,727	101,649
Non-controlling interests	29	15	-
<b>Total shareholders' equity</b>	<b>105,493</b>	<b>104,742</b>	<b>101,649</b>
<b>Total liabilities and equity</b>	<b>3,125,881</b>	<b>3,213,886</b>	<b>3,208,511</b>

## Statement of capital – Danske Bank Group

(DKK millions)

## Changes in shareholders' equity

	Shareholders of Danske Bank A/S (the Parent Company)							Non-controlling interests	Total
	Share capital	Foreign currency translation reserve	Reserve for available-for-sale assets	Retained earnings	Proposed dividends	Total			
Shareholders' equity at 1 January 2011	6,988	-136	-1,330	99,205	-	104,727	15		104,742
Net profit for the period	-	-	-	709	-	709	-2		707
Other comprehensive income									
Translation of units outside Denmark	-	-389	-	-	-	-389	-		-389
Hedging of units outside Denmark	-	309	-	-	-	309	-		309
Unrealised value adjustments of available-for-sale financial assets	-	-	20	-	-	20	-		20
Realised value adjustments of available-for-sale financial assets	-	-	7	-	-	7	-		7
Tax on other comprehensive income	-	-	-	-77	-	-77	-		-77
Total other comprehensive income	-	-80	27	-77	-	-130	-		-130
Total comprehensive income for the period	-	-80	27	632	-	579	-2		577
Transactions with owners									
Dividends paid	-	-	-	-	-	-	-		-
Acquisition of own shares	-	-	-	-4,878	-	-4,878	-		-4,878
Sale of own shares	-	-	-	5,022	-	5,022	-		5,022
Share-based payments	-	-	-	-	-	-	-		-
Acquisition of non-controlling interests	-	-	-	-	-	-	16		16
Tax on entries on shareholders' equity	-	-	-	14	-	14	-		14
Shareholders' equity at 31 March 2011	6,988	-216	-1,303	99,995	-	105,464	29		105,493
Shareholders' equity at 1 January 2010	6,988	-184	-1,229	95,084	-	100,659	-		100,659
Net profit for the period	-	-	-	769	-	769	-		769
Other comprehensive income									
Translation of units outside Denmark	-	189	-	-	-	189	-		189
Hedging of units outside Denmark	-	-269	-	-	-	-269	-		-269
Unrealised value adjustments of available-for-sale financial assets	-	-	210	-	-	210	-		210
Realised value adjustments of available-for-sale financial assets	-	-	22	-	-	22	-		22
Tax on other comprehensive income	-	-	-	3	-	3	-		3
Total other comprehensive income	-	-80	232	3	-	155	-		155
Total comprehensive income for the period	-	-80	232	772	-	924	-		924
Transactions with owners									
Dividends paid	-	-	-	-	-	-	-		-
Acquisition of own shares	-	-	-	-5,166	-	-5,166	-		-5,166
Sale of own shares	-	-	-	5,259	-	5,259	-		5,259
Share-based payments	-	-	-	3	-	3	-		3
Tax on entries on shareholders' equity	-	-	-	-30	-	-30	-		-30
Shareholders' equity at 31 March 2010	6,988	-264	-997	95,922	-	101,649	-		101,649

For as long as the Danish state holds hybrid capital in Danske Bank and guarantees bond issues, Danske Bank may distribute dividends if such dividends can be paid in full out of the net profit.

	31 March 2011	31 Dec. 2010	31 March 2010
Share capital (DKK)	6,988,042,760	6,988,042,760	6,988,042,760
Number of shares	698,804,276	698,804,276	698,804,276
Number of shares outstanding	693,530,287	691,791,095	691,357,426
Average number of shares outstanding, including dilutive shares, for the period	693,356,210	691,532,605	691,037,189

# Statement of capital – Danske Bank Group

(DKK millions)	31 March 2011	31 Dec. 2010	31 March 2010
<b>Capital base and total capital ratio</b>			
Shareholders' equity	105,493	104,742	101,649
Revaluation of domicile property	1,261	1,253	1,281
Pension obligations at fair value	45	-73	-1,148
Tax effect	5	2	289
Non-controlling interests	3,008	3,002	3,069
Shareholders' equity calculated in accordance with the rules of the Danish FSA	109,812	108,926	105,140
Expected dividends	-230	-	-
Intangible assets of banking operations	-22,482	-22,666	-23,025
Deferred tax assets	-1,561	-1,548	-2,465
Deferred tax on intangible assets	1,036	1,069	1,195
Revaluation of real property	-676	-675	-752
Core tier 1 capital	85,899	85,106	80,093
Hybrid capital	41,749	42,208	41,516
Difference between expected losses and impairment charges	-	-	-
Statutory deduction for insurance subsidiaries	-2,373	-2,422	-2,380
Other statutory deductions	-	-55	-
<b>Total tier 1 capital</b>	<b>125,275</b>	<b>124,837</b>	<b>119,229</b>
Subordinated debt, excluding hybrid capital	25,226	26,710	32,174
Hybrid capital	-	-	-
Revaluation of real property	676	675	752
Difference between expected losses and impairment charges	-	-	-
Statutory deduction for insurance subsidiaries	-2,373	-2,422	-2,380
Other statutory deductions	-	-55	-
<b>Capital base</b>	<b>148,804</b>	<b>149,745</b>	<b>149,775</b>
<b>Risk-weighted assets</b>	<b>855,221</b>	<b>844,209</b>	<b>837,833</b>
Core tier 1 capital ratio (%)	10.0	10.1	9.6
Tier 1 capital ratio (%)	14.6	14.8	14.2
Total capital ratio (%)	17.4	17.7	17.9



## Cash flow statement – Danske Bank Group

(DKK millions)	Q1 2011	Q1 2010	Full year 2010
<b>Cash flow from operations</b>			
Net profit for the period	707	769	3,664
Adjustment for non-cash operating items	4,176	2,330	12,381
Cash flow from operations	-70,852	21,455	24,220
<b>Total</b>	<b>-65,969</b>	<b>24,554</b>	<b>40,265</b>
<b>Cash flow from investing activities</b>			
Acquisition/sale of businesses	-	-	-
Acquisition/sale of own shares	144	93	121
Acquisition of intangible assets	-118	-71	-362
Acquisition/sale of tangible assets	-33	-416	-372
<b>Total</b>	<b>-7</b>	<b>-394</b>	<b>-613</b>
<b>Cash flow from financing activities</b>			
Changes in subordinated debt and hybrid capital	-473	-	-4,848
Dividends	-	-	-
Other income	-	-	-
Change in non-controlling interests	14	-	15
<b>Total</b>	<b>-459</b>	<b>-</b>	<b>-4,833</b>
Cash and cash equivalents at 1 January	260,607	225,788	225,788
Change in cash and cash equivalents	-66,435	24,160	34,819
Cash and cash equivalents, end of period	194,172	249,948	260,607

# Notes – Danske Bank Group

## Note

### 1 Significant accounting policies

The Danske Bank Group's interim report for the first quarter of 2011 has been prepared in accordance with IAS 34, Interim Financial Reporting, as adopted by the EU, and additional Danish disclosure requirements for interim reports of listed financial institutions.

The Group has not changed its significant accounting policies from those followed in Annual Report 2010, which provides a full description of the Group's significant accounting policies. The Group has made changes to note disclosures to comply with IAS 34 as amended by IASB's Improvements to IFRSs 2010.

#### *Critical accounting policies*

Management's estimates and assumptions of future events that will significantly affect the carrying amounts of assets and liabilities underlie the preparation of the Group's consolidated financial statements. The estimates and assumptions that are deemed critical to the consolidated financial statements are

- the fair value measurement of financial instruments
- the measurement of loans and advances
- the measurement of goodwill
- the measurement of liabilities under insurance contracts and the net obligation for defined benefit pension plans
- the recognition of deferred tax assets

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 based on prices quoted in an active market or based on generally accepted models employing observable market data are not subject to critical estimates. Measurements of financial instruments that are only to a limited extent based on observable market data, such as unlisted shares and certain bonds for which there is no active market, are subject to estimates.

#### *Measurement of loans and advances*

The Group makes impairment charges to account for any impairment of loans and advances 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 expected value of collateral.

#### *Measurement of goodwill*

Goodwill on acquisition is tested for impairment at least once a year. Impairment testing requires management to estimate future cash flows from acquired units. A number of factors affect the value of such cash flows, including discount rates, changes in the real economy, customer behaviour, competition and other variables.

#### *Measurement of liabilities under insurance contracts and the net obligation for defined benefit pension plans*

The calculation of liabilities under insurance contracts and the net obligation for defined benefit pension plans is based on a number of actuarial computations that rely on assumptions about a num-

ber of variables, including mortality, disability rates and salary increases. The liabilities are also affected by the discount rate.

#### *Deferred tax assets*

Deferred tax assets arising from unused tax losses are recognised to the extent that such losses can be offset against tax on future profit. Recognition of deferred tax assets requires management to assess the probability and amount of future taxable profit at units with unused tax losses.

Annual Report 2010 and Risk Management 2010 provide a detailed description of the Group's significant risks and the external factors that may affect the Group. Risk Management 2010 is not covered by the statutory audit.

#### *Standards and interpretations not yet in force*

The IASB has issued a number of amendments to international accounting standards that have not yet come into force. Similarly, the IFRIC has issued a number of interpretations that have not yet come into force. None of these is expected to materially affect the Group's future financial reporting. The paragraphs below list the standards and interpretations that are likely to affect the Group's financial reporting.

In October 2010, the IASB reissued IFRS 9, Financial Instruments. This version of the standard is the first phase to replace the requirements of IAS 39 in 2011. After implementation of phase 1, IFRS 9 deals with classification and measurement of financial instruments and derecognition, while the next phases will address impairment, hedge accounting and offsetting of financial assets and liabilities. The transitional rules adopted in IFRS 9 (phase 1) imply implementation of the standard by 1 January 2013. A postponement of the implementation deadline is currently under consideration, however. The EU has decided to postpone adoption of the standard until the details of the next phases are known.

The Group does not expect IFRS 9 (phase 1) to materially affect the measurement of its financial instruments, although the standard does not allow classification of bonds as available-for-sale assets. Such instruments are measured at amortised cost or fair value through profit or loss. Meaningful classification and measurement of financial instruments are not possible without information about the future content of IFRS 9 to clarify the overall accounting effects of the standard and the time of implementation.

## Notes – Danske Bank Group

Note [DKK millions]

## 2 Business segments Q1 2011

	Banking Activities	Danske Markets and Treasury	Danske Capital	Danica Pension	Other Activities	Elimina- tions	Total	Reclassi- fication	Highlights
Net interest income	5,469	931	27	1,516	58	40	8,041	-2,487	5,554
Net fee income	1,677	161	420	-175	-4	-	2,079	14	2,093
Net trading income	339	1,401	23	-727	27	19	1,082	1,893	2,975
Other income	817	3	1	329	335	-24	1,461	-459	1,002
Net premiums	-	-	-	5,041	-	-	5,041	-5,041	-
Net insurance benefits	-	-	-	5,683	-	-	5,683	-5,683	-
Income from equity investments	-	31	-	7	6	-	44	-44	-
Net income from insurance business	-	-	-	-	-	-	-	67	67
Total income	8,302	2,527	471	308	422	35	12,065	-374	11,691
Expenses	5,160	742	267	241	1,339	-24	7,725	-374	7,351
Profit before loan im- pairment charges	3,142	1,785	204	67	-917	59	4,340	-	4,340
Loan impairment charges	2,724	165	-48	-	-	-	2,841	-	2,841
Profit before tax	418	1,620	252	67	-917	59	1,499	-	1,499
Loans and advances, excluding reverse transactions	1,623,258	39,762	6,216	-	3,947	-11,200	1,661,983	-	1,661,983
Other assets	455,832	4,862,279	14,915	277,851	185,950	-4,332,929	1,463,898	-	1,463,898
Total assets	2,079,090	4,902,041	21,131	277,851	189,897	-4,344,129	3,125,881	-	3,125,881
Deposits, excluding repo deposits	698,056	97,840	6,075	-	177	-7,544	794,604	-	794,604
Other liabilities	1,308,108	4,798,102	14,783	272,051	169,325	-4,336,585	2,225,784	-	2,225,784
Allocated capital	72,926	6,099	273	5,800	20,395	-	105,493	-	105,493
Total liabilities and equity	2,079,090	4,902,041	21,131	277,851	189,897	-4,344,129	3,125,881	-	3,125,881
Internal income	1,017	4,913	33	460	-6,423	-	-	-	-
Amortisation and de- preciation charges	627	1	10	-	184	-	822	-	-
Impairment charges for intangible and tangible assets	-	-	-	-	113	-	113	-	-
Reversals of impairment charges	-	-	-	-	-	-	-	-	-
Pre-tax profit as % p.a. of allocated capital (avg.)	2.3	106.2	369.2	4.6	-18.0	-	5.7	-	-
Cost/income ratio (%)	62.2	29.4	56.7	78.2	317.3	-	64.0	-	-
Full-time-equivalent staff (avg.)	13,413	856	538	836	5,795	-	21,438	-	-

In its financial highlights, the Group recognises earnings contributed by Danske Markets as net trading income and earnings contributed by Danica Pension as net income from insurance business. The Reclassification column shows the adjustments made to the detailed figures in the calculation of the highlights.

Internal income and expenses are allocated to the individual segments on an arm's-length basis. Liquidity expenses are allocated on the basis of a maturity analysis of loans and deposits. Prices are based on interbank rates and funding spreads.

Capital is allocated to Other Activities at a rate of 6.0% of its average risk-weighted assets (31 December 2010: 5.5%). The allocation is based on the business unit's share of the Group's average risk-weighted assets calculated prior to the transition to the Capital Requirements Directive.

# Notes – Danske Bank Group

Note [DKK millions]

## 2 Business segments Q1 2010

(cont'd)

	Banking Activities	Danske Markets and Treasury	Danske Capital	Danica Pension	Other Activities	Elimina- tions	Total	Reclassi- fication	Highlights
Net interest income	5,900	1,797	37	1,667	71	52	9,524	-3,517	6,007
Net fee income	1,692	31	365	-137	-4	-	1,947	106	2,053
Net trading income	242	264	10	2,175	-18	-115	2,558	-184	2,374
Other income	755	4	2	230	346	-18	1,319	-269	1,050
Net premiums	-	-	-	4,615	-	-	4,615	-4,615	-
Net insurance benefits	-	-	-	7,715	-	-	7,715	-7,715	-
Income from equity investments	-	106	-	6	-34	-1	77	-77	-
Net income from insurance business	-	-	-	-	-	-	-	603	603
Total income	8,589	2,202	414	841	361	-82	12,325	-238	12,087
Expenses	5,463	661	238	238	79	-18	6,661	-238	6,423
Profit before loan im- pairment charges	3,126	1,541	176	603	282	-64	5,664	-	5,664
Loan impairment charges	4,367	-97	3	-	-	-	4,273	-	4,273
Profit before tax	-1,241	1,638	173	603	282	-64	1,391	-	1,391
Loans and advances, excluding reverse transactions	1,634,527	39,802	8,200	-	-4,856	-11,905	1,665,768	-	1,665,768
Other assets	465,546	5,001,921	16,036	266,381	173,082	-4,380,223	1,542,743	-	1,542,743
Total assets	2,100,073	5,041,723	24,236	266,381	168,226	-4,392,128	3,208,511	-	3,208,511
Deposits, excluding repo deposits	669,005	96,939	5,774	-	-1,506	-6,680	763,532	-	763,532
Other liabilities	1,363,669	4,940,996	18,139	260,970	145,004	-4,385,448	2,343,330	-	2,343,330
Allocated capital	67,399	3,788	323	5,411	24,728	-	101,649	-	101,649
Total liabilities and equity	2,100,073	5,041,723	24,236	266,381	168,226	-4,392,128	3,208,511	-	3,208,511
Internal income	1,001	3,462	34	59	-4,556	-	-	-	-
Amortisation and de- preciation charges	590	1	10	-	188	-	789	-	-
Impairment charges for intangible and tangible assets	-	-	-	-	-	-	-	-	-
Reversals of impairment charges	-	-	-	-	-	-	-	-	-
Pre-tax profit as % p.a. of allocated capital (avg.)	-7.4	173.0	214.2	44.6	4.6	-	5.5	-	-
Cost/income ratio (%)	63.6	30.0	57.5	28.3	21.9	-	54.0	-	-
Full-time-equivalent staff (avg.)	13,754	818	538	912	5,917	-	21,939	-	-

# Notes – Danske Bank Group

Note [DKK millions]

## 3 Banking Activities Q1 2011

	Retail Banking				Banking Activities					Corporate Banking	Total
	Denmark	Finland	Sweden	Norway	Northern Ireland	Ireland	Baltics	Other			
Net interest income	2,872	490	569	382	270	231	121	80	454	5,469	
Net fee income	833	249	157	66	69	14	33	36	220	1,677	
Net trading income	173	19	32	26	26	11	21	9	22	339	
Other income	104	84	15	145	2	2	2	461	2	817	
Total income	3,982	842	773	619	367	258	177	586	698	8,302	
Expenses	2,204	819	414	463	265	179	88	454	274	5,160	
Profit before loan impairment charges	1,778	23	359	156	102	79	89	132	424	3,142	
Loan impairment charges	790	29	46	124	329	1,283	-40	17	146	2,724	
Profit before tax	988	-6	313	32	-227	-1,204	129	115	278	418	
Loans and advances	945,213	142,693	182,866	125,488	49,229	69,251	23,198	16,661	102,550	1,657,149	
Credit exposure	957,997	148,489	202,431	139,445	49,354	60,563	23,400	57,632	249,478	1,888,789	
Allowance account	15,385	1,935	1,233	1,583	3,319	10,692	2,817	333	1,102	38,399	
Profit before loan impairment charges as % p.a. of allocated capital	19.4	1.8	17.2	10.9	21.0	11.3	30.9	37.2	17.5	17.2	
Pre-tax profit as % p.a. of allocated capital (ROE)	10.8	-0.5	15.0	2.2	-46.7	-172.7	44.8	32.4	11.5	2.3	
Cost/income ratio (%)	55.3	97.3	53.6	74.8	72.2	69.4	49.7	77.5	39.3	62.2	

## Banking Activities Q1 2010

Net interest income	3,252	495	475	430	296	274	122	90	466	5,900
Net fee income	871	236	142	74	73	26	40	27	203	1,692
Net trading income	85	20	32	26	18	11	26	7	17	242
Other income	124	88	10	122	10	1	4	395	1	755
Total income	4,332	839	659	652	397	312	192	519	687	8,589
Expenses	2,634	750	350	424	262	215	87	430	311	5,463
Profit before loan impairment charges	1,698	89	309	228	135	97	105	89	376	3,126
Loan impairment charges	2,735	-34	62	73	120	1,089	138	-30	214	4,367
Profit before tax	-1,037	123	247	155	15	-992	-33	119	162	-1,241
Loans and advances	963,506	136,983	160,598	122,403	50,030	75,599	26,142	18,835	110,053	1,664,149
Credit exposure	981,358	143,134	176,864	134,929	50,415	70,302	28,289	39,823	247,828	1,872,942
Allowance account	16,240	2,011	1,281	1,439	2,141	8,093	3,092	344	1,087	35,728
Profit before loan impairment charges as % p.a. of allocated capital	20.1	7.4	19.3	17.3	28.5	13.2	35.6	17.9	16.6	18.6
Pre-tax profit as % p.a. of allocated capital (ROE)	-12.3	10.3	15.4	11.7	3.2	-134.9	-11.2	23.9	7.2	-7.4
Cost/income ratio (%)	60.8	89.4	53.1	65.0	66.0	68.9	45.3	82.9	45.3	63.6

The tables above break down the Group's banking activities.

Since 1 January 2011, Corporate Banking, the Group's new business unit, has comprised the Group's corporate finance business, previously organised under Danske Markets, and the largest corporate customers and institutional clients, previously serviced by the Group's Nordic units. Comparative figures have been restated.

# Notes – Danske Bank Group

Note [DKK millions]

## 4 Contingent liabilities

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 that are not recognised in the balance sheet.

	31 March 2011	31 Dec. 2010	31 March 2010
<b>Guarantees</b>			
Financial guarantees	12,612	12,061	10,948
Mortgage finance guarantees	2,516	3,001	2,148
Loss guarantee for the Private Contingency Association	-	-	4,264
Other guarantees	74,311	75,228	67,553
<b>Total</b>	<b>89,439</b>	<b>90,290</b>	<b>84,913</b>
<b>Other contingent liabilities</b>			
Irrevocable loan commitments shorter than 1 year	35,633	61,551	63,803
Irrevocable loan commitments longer than 1 year	130,977	109,407	101,891
Other unutilised commitments	743	852	1,047
<b>Total</b>	<b>167,353</b>	<b>171,810</b>	<b>166,741</b>

In addition to credit exposure relating to lending activities, the Group has granted loan offers and revocable credit facilities worth DKK 397 billion (31 December 2010: DKK 396 billion). These items are included in the calculation of risk-weighted assets in accordance with the Capital Requirements Directive.

Owing to its business volume, the Danske Bank Group is continually a party to various lawsuits. In view of its size, the Group does not expect the outcomes of the cases pending to have any material effect on its financial position.

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 liable for the pension obligations of a number of company pension funds.

Depositors' claims are covered by the Danish Guarantee Fund for Depositors and Investors. Through participation in the statutory Guarantee Fund, Danish banks undertake to cover the losses incurred by the Fund from the winding up of distressed banks. Danske Bank's share is just over one third of any loss incurred by the Fund.

## 5 Events after the balance sheet date

On 6 April 2011, Danske Bank completed its rights offering with pre-emptive rights for existing shareholders. The offering, totalling 232,934,758 new shares with a nominal value of DKK 10 each, was fully subscribed for. The subscription price of DKK 86 for each new share resulted in gross proceeds of DKK 20.0 billion and net proceeds of DKK 19.8 billion after deduction of expenses in connection with the offering.

The share capital increase has been registered with the Danish Commerce and Companies Agency, and the new shares consequently carry the same rights as the existing Danske Bank shares, including the same rights to dividends. After registration of the new shares, Danske Bank's nominal share capital amounts to DKK 9,317,390,340.

# Notes – Danske Bank Group

Note (DKK millions)

## 6 Fair value information for financial instruments

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

	At 31 March 2011		At 31 December 2010	
	Fair value	Amortised cost	Fair value	Amortised cost
Financial assets				
Cash in hand and demand deposits with central banks	-	26,204	-	35,403
Due from credit institutions and central banks	-	170,692	-	228,100
Trading portfolio assets	630,831	-	641,993	-
Investment securities	99,668	11,229	107,699	10,857
Loans and advances at amortised cost	-	1,149,259	-	1,146,731
Loans at fair value	691,096	-	701,715	-
Assets under pooled schemes and unit-linked investment contracts	63,738	-	59,698	-
Assets under insurance contracts	190,490	-	193,088	-
<b>Total</b>	<b>1,675,823</b>	<b>1,357,384</b>	<b>1,704,193</b>	<b>1,421,091</b>
Financial liabilities				
Due to credit institutions and central banks	-	309,688	-	317,988
Trading portfolio liabilities	447,881	-	478,386	-
Deposits	-	866,362	-	861,053
Bonds issued by Realkredit Danmark	542,065	-	555,486	-
Deposits under pooled schemes and unit-linked investment contracts	68,844	-	67,277	-
Other issued bonds	-	422,272	-	450,219
Subordinated debt	-	75,626	-	77,336
Irrevocable loan commitments and guarantees	-	670	-	3,753
<b>Total</b>	<b>1,058,790</b>	<b>1,674,618</b>	<b>1,101,149</b>	<b>1,710,349</b>

Fair value calculations for financial instruments recognised at amortised cost are significantly affected by estimates as almost all derivatives are valued on the basis of non-observable input. The Group uses fair value hedge accounting for most of its interest rate risk. Fair value adjustments to the credit risk on loans and advances measured at amortised cost are recognised in loan impairment charges.

### Financial instruments at fair value

Note 43 of Annual Report 2010 provides more information about the fair value 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 derivatives valued on the basis of observable yield curves or exchange rates and illiquid mortgage bonds valued by reference to the value of similar, liquid bonds. Other financial instruments are recognised in the Non-observable input category. This category covers unlisted shares and derivatives, and valuation relies on extrapolation of yield curves, correlations or other model input of material importance to valuation.

Developments in the financial markets did not result in any significant reclassifications of bonds between the Quoted prices and Observable input categories in the first quarter of 2011.

# Notes – Danske Bank Group

Note	[DKK millions]				
6		Quoted	Observable	Non-observable	
(cont'd)	At 31 March 2011	prices	input	input	Total
	Financial assets				
	Derivatives	3,917	299,125	7,170	310,212
	Trading portfolio bonds	299,016	20,028	-	319,044
	Trading portfolio shares	1,169	-	406	1,575
	Investment securities, bonds	92,084	4,188	-	96,272
	Investment securities, shares	1,030	-	2,366	3,396
	Loans at fair value	-	691,096	-	691,096
	Assets under pooled schemes and unit-linked investment contracts	63,738	-	-	63,738
	Assets under insurance contracts, bonds	142,966	2,537	278	145,781
	Assets under insurance contracts, shares	40,379	-	3,594	43,973
	Assets under insurance contracts, derivatives	3	733	-	736
	Total	644,302	1,017,707	13,814	1,675,823
	Financial liabilities				
	Derivatives	3,759	298,158	8,012	309,929
	Obligations to repurchase securities	137,885	17	50	137,952
	Bonds issued by Realkredit Danmark	542,065	-	-	542,065
	Deposits under pooled schemes and unit-linked investment contracts	-	68,844	-	68,844
	Total	683,709	367,019	8,062	1,058,790
	At 31 December 2010				
	Financial assets				
	Derivatives	4,117	321,236	8,390	333,743
	Trading portfolio bonds	286,270	20,490	-	306,760
	Trading portfolio shares	1,140	-	350	1,490
	Investment securities, bonds	100,309	4,017	-	104,326
	Investment securities, shares	1,010	-	2,363	3,373
	Loans at fair value	-	701,715	-	701,715
	Assets under pooled schemes and unit-linked investment contracts	59,698	-	-	59,698
	Assets under insurance contracts, bonds	142,449	2,791	1,157	146,397
	Assets under insurance contracts, shares	42,128	-	3,253	45,381
	Assets under insurance contracts, derivatives	73	1,237	-	1,310
	Total	637,194	1,051,486	15,513	1,704,193
	Financial liabilities				
	Derivatives	3,859	305,969	9,108	318,936
	Obligations to repurchase securities	158,981	445	24	159,450
	Bonds issued by Realkredit Danmark	555,486	-	-	555,486
	Deposits under pooled schemes and unit-linked investment contracts	-	67,277	-	67,277
	Total	718,326	373,691	9,132	1,101,149



# Notes – Danske Bank Group

Note	(DKK millions)
6 (cont'd)	At 31 March 2011, financial instruments valued on the basis of non-observable input comprised unlisted shares of DKK 6,366 million (31 December 2010: DKK 5,966 million), illiquid bonds of DKK 278 million (31 December 2010: DKK 1,157 million) and derivatives with a net market value of DKK -842 million (31 December 2010: DKK -718 million).

The fair value of illiquid bonds significantly depends on the estimated current credit spread. If the credit spread widens by 50bp, fair value will decrease by DKK 23 million. If the credit spread narrows by 50bp, fair value will increase by DKK 23 million. A substantial number of derivatives valued on the basis of non-observable input are hedged by similar derivatives or are used to hedge the credit risk on mortgage bonds also valued on the basis of non-observable input.

In the first quarter of 2011, the Group recognised unrealised value adjustments of unlisted shares and credit bonds valued on the basis of non-observable input in the amount of DKK 144 million (31 December 2010: DKK 593 million).

Shares, bonds and derivatives valued on the basis of non-observable input	Q1 2011	2010
Fair value at 1 January	15,513	13,901
Value adjustment through profit or loss	-658	6,272
Value adjustment through other comprehensive income	-	-
Acquisitions	1,426	4,352
Sale and redemption	-1,593	-8,402
Transferred from quoted prices and observable input	-	-
Transferred to quoted prices and observable input	-874	-610
Fair value, end of period	13,814	15,513

# Notes – Danske Bank Group

[DKK millions]

## Risk management

Annual Report 2010 and Risk Management 2010 provide a detailed description of the Danske Bank Group's risk management practices. Both publications are available at [www.danskebank.com/ir](http://www.danskebank.com/ir).

### Breakdown of credit risk exposure

At 31 March 2011	Total	Credit risk, lending activities	Counterparty risk (derivatives)	Credit risk, other trading and investing activities	Insurance risk	Contracts, full risk assumed by customers
Balance sheet items:						
Demand deposits with central banks	16,962	16,962	-	-	-	-
Due from credit institutions and central banks	58,925	58,925	-	-	-	-
Repo loans with credit institutions and central banks	111,767	111,767	-	-	-	-
Trading portfolio assets	630,831	-	310,212	320,619	-	-
Investment securities	110,897	-	-	110,897	-	-
Loans and advances at amortised cost	970,887	970,887	-	-	-	-
Repo loans	178,372	178,372	-	-	-	-
Loans at fair value	691,096	691,096	-	-	-	-
Assets under pooled schemes and unit-linked investment contracts	63,738	-	-	-	-	63,738
Assets under insurance contracts	218,980	-	-	-	218,980	-
Off-balance-sheet items:						
Guarantees	89,439	89,439	-	-	-	-
Irrevocable loan commitments shorter than 1 year	35,633	35,633	-	-	-	-
Irrevocable loan commitments longer than 1 year	130,977	130,977	-	-	-	-
Other unutilised commitments	743	-	-	743	-	-
<b>Total</b>	<b>3,309,247</b>	<b>2,284,058</b>	<b>310,212</b>	<b>432,259</b>	<b>218,980</b>	<b>63,738</b>

### At 31 December 2010

Balance sheet items:						
Demand deposits with central banks	25,662	25,662	-	-	-	-
Due from credit institutions and central banks	89,619	89,619	-	-	-	-
Repo loans with credit institutions and central banks	138,481	138,481	-	-	-	-
Trading portfolio assets	641,993	-	333,743	308,250	-	-
Investment securities	118,556	-	-	118,556	-	-
Loans and advances at amortised cost	978,250	978,250	-	-	-	-
Repo loans	168,481	168,481	-	-	-	-
Loans at fair value	701,715	701,715	-	-	-	-
Assets under pooled schemes and unit-linked investment contracts	59,698	-	-	-	-	59,698
Assets under insurance contracts	217,515	-	-	-	217,515	-
Off-balance-sheet items:						
Guarantees	90,290	90,290	-	-	-	-
Irrevocable loan commitments shorter than 1 year	61,551	61,551	-	-	-	-
Irrevocable loan commitments longer than 1 year	109,407	109,407	-	-	-	-
Other unutilised commitments	852	-	-	852	-	-
<b>Total</b>	<b>3,402,070</b>	<b>2,363,456</b>	<b>333,743</b>	<b>427,658</b>	<b>217,515</b>	<b>59,698</b>

In addition to credit exposure relating to lending activities, the Group has granted loan offers and revocable credit facilities worth DKK 397 billion (31 December 2010: DKK 396 billion). These items are included in the calculation of risk-weighted assets in accordance with the Capital Requirements Directive.

## Notes – Danske Bank Group

(DKK millions)

**Credit exposure relating to lending activities**

The table named Credit exposure broken down by industry (GICS) shows the credit exposure of the Group's core banking business by industry and customer segment. The breakdown is based on the Global Industry Classification Standard (GICS) with the following additional categories: personal customers, subsidised housing companies, and central and local governments.

**Credit exposure broken down by industry (GICS)**

At 31 March 2011	Personal customers	Commercial customers	Financial customers	Governments	Total	Past due but not impaired	Impaired	
							Not in default	In default
Central and local governments	-	-	-	124,905	124,905	2	-	-
Subsidised housing companies	-	114,650	-	-	114,650	199	337	1,601
Banks	-	-	167,022	-	167,022	-	-	7
Diversified financials	-	-	180,958	-	180,958	59	1,005	4,099
Other financials	-	-	71,221	-	71,221	12	-	221
Energy and utilities	-	36,441	-	-	36,441	23	46	28
Consumer discretionary and consumer staples	-	201,995	-	-	201,995	661	7,346	2,463
Commercial property	-	244,861	-	-	244,861	1,176	12,677	9,263
Construction, engineering and building products	-	36,427	-	-	36,427	155	1,596	2,086
Transportation and shipping	-	70,534	-	-	70,534	126	1,511	269
Other industrials	-	79,473	-	-	79,473	187	2,219	1,331
IT	-	14,873	-	-	14,873	40	87	53
Materials	-	46,420	-	-	46,420	26	1,635	686
Health care	-	23,430	-	-	23,430	32	59	22
Telecommunication services	-	4,587	-	-	4,587	-	1	8
Personal customers	866,261	-	-	-	866,261	5,439	4,653	7,990
<b>Total</b>	<b>866,261</b>	<b>873,691</b>	<b>419,201</b>	<b>124,905</b>	<b>2,284,058</b>	<b>8,137</b>	<b>33,172</b>	<b>30,127</b>

At 31 December 2010								
Central and local governments	-	-	-	162,200	162,200	6	-	-
Subsidised housing companies	-	114,980	-	-	114,980	148	121	1,606
Banks	-	-	190,921	-	190,921	-	-	6
Diversified financials	-	-	186,174	-	186,174	165	1,045	4,524
Other financials	-	-	64,359	-	64,359	12	-	627
Energy and utilities	-	38,475	-	-	38,475	14	59	30
Consumer discretionary and consumer staples	-	203,211	-	-	203,211	1,061	6,910	2,365
Commercial property	-	245,459	-	-	245,459	1,368	12,697	9,775
Construction, engineering and building products	-	36,429	-	-	36,429	185	1,856	1,974
Transportation and shipping	-	73,223	-	-	73,223	220	1,451	193
Other industrials	-	83,319	-	-	83,319	364	3,204	283
IT	-	15,641	-	-	15,641	83	90	72
Materials	-	46,222	-	-	46,222	271	2,139	627
Health care	-	24,660	-	-	24,660	67	43	40
Telecommunication services	-	4,836	-	-	4,836	1	-	8
Personal customers	873,347	-	-	-	873,347	5,523	4,387	7,816
<b>Total</b>	<b>873,347</b>	<b>886,455</b>	<b>441,454</b>	<b>162,200</b>	<b>2,363,456</b>	<b>9,488</b>	<b>34,002</b>	<b>29,946</b>

# Notes – Danske Bank Group

(DKK millions)

## Credit exposure broken down by geographical area

The table shows the credit exposure of the Group's core banking business by country and customer segment.

At 31 March 2011	Personal customers	Commercial customers	Financial customers	Governments	Total	Past due but not impaired	Impaired	
							Not in default	In default
Denmark	552,676	417,668	148,647	58,353	1,177,344	2,573	18,262	10,004
Finland	96,103	84,997	4,077	6,515	191,692	1,829	2,488	2,151
Sweden	82,152	147,975	42,011	18,140	290,278	447	957	1,247
Ireland	26,300	31,051	13,918	2,600	73,869	849	5,411	8,489
UK	18,708	32,828	75,784	24,697	152,017	426	1,600	2,307
Germany	562	12,757	2,308	367	15,994	19	548	42
Baltics	11,935	8,107	1,832	572	22,446	824	884	1,217
Other EU member states	2,705	11,847	73,305	221	88,078	16	245	237
Norway	71,392	102,515	9,953	12,449	196,309	1,137	2,517	863
Eastern Europe	67	1,272	1,514	54	2,907	3	2	1
Other European countries	1,036	2,359	4,081	-	7,476	2	123	243
North America	988	15,173	31,752	-	47,913	7	125	3,306
Central and South America	93	330	1,803	130	2,356	-	-	1
Africa	135	1,317	1,209	445	3,106	1	-	5
Asia	1,277	2,778	6,861	362	11,278	2	10	12
Oceania	132	717	146	-	995	2	-	2
<b>Total</b>	<b>866,261</b>	<b>873,691</b>	<b>419,201</b>	<b>124,905</b>	<b>2,284,058</b>	<b>8,137</b>	<b>33,172</b>	<b>30,127</b>

At 31 December 2010								
Denmark	562,450	426,439	157,847	98,037	1,244,773	4,295	18,723	9,144
Finland	94,918	85,894	4,901	8,306	194,019	1,961	3,111	2,156
Sweden	80,287	146,236	55,907	17,899	300,329	320	972	1,185
Ireland	26,843	32,468	15,067	4,432	78,810	740	5,280	8,446
UK	19,010	33,915	87,510	16,749	157,184	369	1,876	2,505
Germany	511	12,560	2,490	385	15,946	9	534	23
Baltics	12,096	8,560	3,821	562	25,039	765	886	1,213
Other EU member states	2,727	12,894	56,213	297	72,131	30	238	186
Norway	70,805	104,254	10,089	8,223	193,371	968	2,158	849
Eastern Europe	61	1,225	969	70	2,325	-	1	3
Other European countries	1,027	2,254	4,487	-	7,768	13	-	371
North America	988	14,362	30,651	432	46,433	6	220	3,834
Central and South America	109	326	2,299	141	2,875	-	-	-
Africa	123	1,397	1,239	446	3,205	1	-	2
Asia	1,259	2,990	7,898	6,221	18,368	11	3	27
Oceania	133	681	66	-	880	-	-	2
<b>Total</b>	<b>873,347</b>	<b>886,455</b>	<b>441,454</b>	<b>162,200</b>	<b>2,363,456</b>	<b>9,488</b>	<b>34,002</b>	<b>29,946</b>

Geographical segmentation is based on the customer's country of residence rather than the location in which the individual transaction is recorded.

The direct exposure to Ireland, Portugal, Italy, Greece and Spain amounted to DKK 2.6 billion at 31 March 2011 (31 December 2010: DKK 4.4 billion).

## Notes – Danske Bank Group

(DKK millions)

## Credit exposure broken down by rating category

At 31 March 2011 Rating category	Upper PD	Lower PD	Personal customers	Commercial customers	Financial customers	Governments	Total
1	0.00	0.01	20,945	310	13,319	89,948	124,522
2	0.01	0.03	77,520	10,862	64,360	18,805	171,547
3	0.03	0.06	101,703	98,705	138,652	5,494	344,554
4	0.06	0.14	122,979	152,758	39,514	2,213	317,464
5	0.14	0.31	170,486	165,409	61,389	4,531	401,815
6	0.31	0.63	140,611	159,158	66,500	696	366,965
7	0.63	1.90	122,449	125,997	11,631	2,879	262,956
8	1.90	7.98	81,721	77,589	16,177	315	175,802
9	7.98	25.70	15,204	37,579	2,327	24	55,134
10	25.70	99.99	4,653	27,514	1,005	-	33,172
11	100.00	100.00	7,990	17,810	4,327	-	30,127
Total			866,261	873,691	419,201	124,905	2,284,058

At 31 December 2010  
Rating category

1	0.00	0.01	22,953	279	16,544	118,981	158,757
2	0.01	0.03	80,256	11,711	73,833	19,660	185,460
3	0.03	0.06	103,477	100,774	171,339	12,697	388,287
4	0.06	0.14	122,120	143,698	45,520	835	312,173
5	0.14	0.31	160,931	170,567	60,982	7,319	399,799
6	0.31	0.63	143,287	164,145	45,445	701	353,578
7	0.63	1.90	129,823	133,192	13,398	1,812	278,225
8	1.90	7.98	83,778	77,597	5,605	163	167,143
9	7.98	25.70	14,519	38,949	2,586	32	56,086
10	25.70	99.99	4,387	28,570	1,045	-	34,002
11	100.00	100.00	7,816	16,973	5,157	-	29,946
Total			873,347	886,455	441,454	162,200	2,363,456

# Notes – Danske Bank Group

(DKK millions)

## Credit exposure relating to trading and investing activities

At 31 March 2011, the Group's credit exposure relating to trading and investing activities was DKK 742 billion, with DKK 427 billion deriving from bonds and DKK 310 billion deriving from derivatives with a positive fair value.

## Bond portfolio broken down by geographical area

At 31 March 2011	Central and local govern- ment bonds	Quasi- government bonds	Danish mortgage bonds	Swedish covered bonds	Other covered bonds	Short-dated bonds (CP etc.)	Corporate bonds	Total
Denmark	22,523	-	188,299	-	-	888	2,273	213,983
Finland	6,024	1	-	-	340	589	842	7,796
Sweden	18,596	-	-	60,719	-	4,102	5,190	88,607
Norway	5,597	-	-	-	3,145	2,250	2,692	13,684
Ireland	502	-	-	-	90	114	229	935
UK	16,314	23	-	-	8,487	118	379	25,321
Germany	24,964	720	-	-	1	121	475	26,281
Spain	1,122	-	-	-	6,375	305	218	8,020
France	12,482	-	-	-	2,256	1,681	310	16,729
Italy	6,588	-	-	-	-	231	-	6,819
North America	1,093	4,679	-	-	228	2	661	6,663
Other	7,599	1,345	-	-	536	481	1,748	11,709
<b>Total</b>	<b>123,404</b>	<b>6,768</b>	<b>188,299</b>	<b>60,719</b>	<b>21,458</b>	<b>10,882</b>	<b>15,017</b>	<b>426,547</b>

## At 31 December 2010

Denmark	39,499	-	190,906	-	-	608	2,605	233,618
Finland	5,015	1,235	-	-	190	273	1,128	7,841
Sweden	17,561	-	-	56,238	-	2,490	4,561	80,850
Norway	5,145	-	-	-	1,061	3,195	3,087	12,488
Ireland	2,372	-	-	-	90	112	212	2,786
UK	11,930	1	-	-	8,319	113	570	20,933
Germany	22,666	877	-	-	1	98	249	23,891
Spain	75	-	-	-	5,796	256	962	7,089
France	6,840	-	-	-	2,233	674	1,406	11,153
Italy	2,966	-	-	-	-	215	30	3,211
North America	2,035	4,800	-	-	232	14	719	7,800
Other	6,995	1,086	-	-	471	619	1,112	10,283
<b>Total</b>	<b>123,099</b>	<b>7,999</b>	<b>190,906</b>	<b>56,238</b>	<b>18,393</b>	<b>8,667</b>	<b>16,641</b>	<b>421,943</b>

The exposure to government bonds issued by Ireland, Portugal, Italy, Greece and Spain amounted to DKK 9.4 billion at 31 March 2011 (31 December 2010: DKK 6.0 billion). Excluding unsettled transactions in bonds issued by these countries and hedging transactions, the net exposure was DKK 1.3 billion (31 December 2010: DKK 5.0 billion).

Derivatives with positive fair value	31 March 2011	31 Dec. 2011
Interest rate contracts	203,477	240,682
Currency contracts	103,468	90,762
Other contracts	3,267	2,299
Derivatives with positive fair value, total	310,212	333,743
Netting (under capital adequacy rules)	243,108	259,112
Net current exposure	67,104	74,631

# Notes – Danske Bank Group

[DKK millions]

## Impairment charges

Rating categories 10 and 11 include customers with exposures for which objective evidence of impairment exists and individual impairment charges are made. Exposure to customers in the other rating categories is subject to collective impairment testing.

The allowance account includes all impairment charges for loans and advances at amortised cost, loans at fair value, amounts due from credit institutions and central banks, and irrevocable loan commitments and guarantees.

## Allowance account broken down by segment and type of impairment

	Personal customers	Commercial customers	Financial customers	Governments	Allowance account, total	Impairment charges	
						Individual	Collective
At 1 January 2010	4,229	24,615	8,251	-	37,095	32,681	4,414
New impairment charges	4,955	13,523	2,673	7	21,158	18,984	2,174
Reversals of impairment charges from previous periods	774	5,288	1,386	5	7,453	5,380	2,073
Write-offs debited to allowance account	1,260	4,556	2,153	-	7,969	7,969	-
Foreign currency translation	69	386	462	-	917	864	53
Other items	-13	26	8	-	21	21	-
At 31 December 2010	7,206	28,706	7,855	2	43,769	39,201	4,568
New impairment charges	1,370	4,435	571	-	6,376	6,014	362
Reversals of impairment charges from previous periods	932	2,507	359	1	3,799	3,251	548
Write-offs debited to allowance account	343	904	3,367	-	4,614	4,614	-
Foreign currency translation	-3	-117	-166	-	-286	-257	-29
Other items	45	-32	16	-	29	29	-
At 31 March 2011	7,343	29,581	4,550	1	41,475	37,122	4,353

Collective impairment charges include charges made upon the up- or downgrading of customers. If all customers were downgraded one rating category with no corresponding interest rate change, collective impairment charges would increase by about DKK 5.4 billion [31 December 2010: DKK 5.4 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 3.0 billion [31 December 2010: DKK 3.0 billion].

## Allowance account broken down by balance sheet item

	31 March 2011	31 Dec. 2010
Due from credit institutions and central banks	90	87
Loans and advances at amortised cost	38,462	37,630
Loans at fair value	2,091	2,019
Other liabilities	832	4,033
Total	41,475	43,769

## Loan impairment charges

	Q1 2011	Q1 2010
New and increased impairment charges	6,376	7,215
Reversals of impairment charges	3,799	3,008
Write-offs charged directly to income statement	461	172
Received on claims previously written off	152	179
Interest income, effective interest method	-45	73
Total	2,841	4,273

## Notes – Danske Bank Group

[DKK millions]

Allowance account and impairment charges broken down by industry						
	Credit exposure		Allowance account		Impairment charges	
	31 March 2011	31 Dec. 2010	31 March 2011	31 Dec. 2010	Q1 2011	Q1 2010
Central and local governments	124,905	162,200	1	2	-	-
Subsidised housing companies	114,650	114,980	901	836	84	43
Banks	167,022	190,921	94	3,421	9	463
Diversified financials	180,958	186,174	4,326	4,310	140	16
Other financials	71,221	64,359	130	124	1	-50
Energy and utilities	36,441	38,475	52	23	24	-2
Consumer discretionary and consumer staples	201,995	203,211	6,978	6,702	554	1,070
Commercial property	244,861	245,459	12,591	11,931	1,172	1,178
Construction, engineering and building products	36,427	36,429	3,050	2,862	151	134
Transportation and shipping	70,534	73,223	1,204	1,366	59	-40
Other industrials	79,473	83,319	2,218	2,395	181	234
IT	14,873	15,641	505	514	17	55
Materials	46,420	46,222	1,885	1,894	-29	177
Health care	23,430	24,660	120	110	10	-1
Telecommunication services	4,587	4,836	77	73	4	7
Personal customers	866,261	873,347	7,343	7,206	464	989
<b>Total</b>	<b>2,284,058</b>	<b>2,363,456</b>	<b>41,475</b>	<b>43,769</b>	<b>2,841</b>	<b>4,273</b>

Allowance account and impairment charges broken down by geographical area						
	Credit exposure		Allowance account		Impairment charges	
	31 March 2011	31 Dec. 2010	31 March 2011	31 Dec. 2010	Q1 2011	Q1 2010
Denmark	1,177,344	1,244,773	15,812	19,133	765	2,769
Finland	191,692	194,019	2,653	2,653	221	186
Sweden	290,278	300,329	1,271	1,264	11	90
Ireland	73,869	78,810	10,726	9,586	1,281	1,016
UK	152,017	157,184	3,646	3,685	337	161
Germany	15,994	15,946	128	134	-	-61
Baltics	22,446	25,039	2,804	2,881	-41	141
Other EU member states	88,078	72,131	250	292	-39	4
Norway	196,309	193,371	1,600	1,530	106	34
Eastern Europe	2,907	2,325	4	2	2	1
Other European countries	7,476	7,768	147	156	-8	-8
North America	47,913	46,433	2,336	2,370	204	-63
Central and South America	2,356	2,875	4	2	-	-
Africa	3,106	3,205	17	9	-	-
Asia	11,278	18,368	71	66	2	3
Oceania	995	880	6	6	-	-
<b>Total</b>	<b>2,284,058</b>	<b>2,363,456</b>	<b>41,475</b>	<b>43,769</b>	<b>2,841</b>	<b>4,273</b>



# Statement by the management

The Board of Directors and the Executive Board (the management) have considered and approved the interim report of the Danske Bank Group for the period starting on 1 January 2011 and ending on 31 March 2011.

The interim financial statements for the first quarter of 2011 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, shareholders' equity and financial position at 31 March 2011 and of the results of the Group's operations and the consolidated cash flows for the period starting on 1 January 2011 and ending on 31 March 2011. 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, 10 May 2011

## Executive Board

Peter Straarup  
Chairman

Tonny Thierry Andersen  
Member of the  
Executive Board

Thomas F. Borgen  
Member of the  
Executive Board

Henrik Ramlau-Hansen  
Member of the  
Executive Board

Georg Schubiger  
Member of the  
Executive Board

Per Skovhus  
Member of the  
Executive Board

## Board of Directors

Eivind Kolding  
Chairman

Ole Gjessø Andersen  
Vice Chairman

Niels B. Christiansen

Michael Fairey

Peter Højland

Mats Jansson

Majken Schultz

Claus Vastrup

Susanne Arboe

Helle Brøndum

Carsten Eilertsen

Charlotte Hoffmann

Per Alling Toubro

# Auditors' review reports

## Internal Audit's review report

We have reviewed Interim Report – First Quarter 2011 of the Danske Bank Group.

### Scope of review

A review of interim reports consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. The scope of a review is substantially less than the scope of an audit and therefore provides less assurance that we will become aware of all significant matters that might be identified in an audit. We have not conducted an audit, and, accordingly, we express no audit opinion.

### Opinion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements have not been prepared in accordance with IAS 34, Interim Financial Reporting, as adopted by the EU, and that the interim report has not been prepared in accordance with Danish disclosure requirements for interim reports of listed financial institutions.

Copenhagen, 10 May 2011

Jens Peter Thomassen  
Group Chief Auditor

## Independent auditors' review report

To the shareholders of Danske Bank A/S

We have reviewed the interim financial statements of the Danske Bank Group for the period starting on 1 January 2011 and ending on 31 March 2011, which comprise the income statement, statement of comprehensive income, balance sheet, statement of capital, cash flow statement and notes. The interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting, as adopted by the EU, and Danish disclosure requirements for listed financial institutions.

Management is responsible for the preparation and presentation of the interim financial statements. Our responsibility is to express a conclusion on the interim financial statements based on our review.

### Scope of review

We conducted our review in accordance with the Danish Standard on Auditing RS 2410, Review of Interim Financial Information Performed by the Independent Auditor. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. The scope of a review is substantially less than the scope of an audit conducted in accordance with Danish Standards on Auditing and therefore provides less assurance that we will become aware of all significant matters that might be identified in an audit. We have not conducted an audit, and, accordingly, we express no audit opinion.

### Opinion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements have not been prepared in accordance with IAS 34, Interim Financial Reporting, as adopted by the EU, and Danish disclosure requirements for listed financial institutions.

Copenhagen, 10 May 2011

KPMG  
Statsautoriseret Revisionspartnerselskab

Lars Rhod Søndergaard      Mona Blønd  
State Authorised Public Accountants

Copenhagen, 10 May 2011

Grant Thornton  
Statsautoriseret Revisionsaktieselskab

Ole Fabricius      Christian F. Jakobsen  
State Authorised Public Accountants

## Supplementary information

### Conference call

Danske Bank will hold a conference call on 10 May 2011 at 2.30pm CET upon the presentation of its interim report for the first quarter of 2011. The conference call will be webcast live at [www.danskebank.com](http://www.danskebank.com).

### Financial calendar

9 August 2011	Interim Report – First Half 2011
1 November 2011	Interim Report – First Nine Months 2011
9 February 2012	Annual Report 2011
10 May 2012	Interim Report – First Quarter 2012
7 August 2012	Interim Report – First Half 2012
30 October 2012	Interim Report – First Nine Months 2012

### Contacts

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Martin Gottlob, Head of Investor Relations	+45 45 14 07 92

### Useful links

The Danske Bank Group	<a href="http://www.danskebank.com">www.danskebank.com</a>
Retail Banking Denmark	<a href="http://www.danskebank.dk">www.danskebank.dk</a>
Retail Banking Finland	<a href="http://www.sampobank.com">www.sampobank.com</a>
Retail Banking Sweden	<a href="http://www.danskebank.se">www.danskebank.se</a>
Retail Banking Norway	<a href="http://www.fokus.no">www.fokus.no</a>
Banking Activities Northern Ireland	<a href="http://www.northernbank.co.uk">www.northernbank.co.uk</a>
Banking Activities Ireland	<a href="http://www.nationalirishbank.ie">www.nationalirishbank.ie</a>
Realkredit Danmark	<a href="http://www.rd.dk">www.rd.dk</a>
Danske Capital	<a href="http://www.danskecapital.com">www.danskecapital.com</a>
Danica Pension	<a href="http://www.danicapension.dk">www.danicapension.dk</a>

Danske Bank's financial statements are available online at [www.danskebank.com/Reports](http://www.danskebank.com/Reports).