



Interim report
– first quarter
2015

Danske Bank Group

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Financial highlights – Danske Bank Group

| INCOME STATEMENT (DKK millions) | Q1 2015 | Q1 2014 | Index 15/14 | Q4 2014 | Index Q1/Q4 | Full year 2014 |
|--|------------------|------------------|----------------|------------------|----------------|-------------------|
| Net interest income* | 5,313 | 5,155 | 103 | 5,742 | 93 | 22,313 |
| Net fee income* | 3,046 | 2,564 | 119 | 3,153 | 97 | 11,154 |
| Net trading income* | 2,715 | 1,901 | 143 | 928 | 293 | 6,693 |
| Other income | 360 | 309 | 117 | 366 | 98 | 1,344 |
| Net income from insurance business | 777 | 405 | 192 | 1,032 | 75 | 2,362 |
| Total income | 12,211 | 10,335 | 118 | 11,221 | 109 | 43,866 |
| Operating expenses | 5,437 | 5,432 | 100 | 6,090 | 89 | 22,641 |
| Goodwill impairment charges | - | - | - | 9,099 | - | 9,099 |
| Profit before loan impairment charges | 6,774 | 4,903 | 138 | -3,968 | - | 12,126 |
| Loan impairment charges | 502 | 641 | 78 | 853 | 59 | 2,788 |
| Profit before tax, core | 6,272 | 4,262 | 147 | -4,821 | - | 9,338 |
| Profit before tax, Non-core | 90 | -632 | - | -477 | - | -1,503 |
| Profit before tax | 6,362 | 3,630 | 175 | -5,298 | - | 7,835 |
| Tax | 1,411 | 818 | 172 | 987 | 143 | 3,989 |
| Net profit for the period | 4,951 | 2,812 | 176 | -6,285 | - | 3,846 |
| Net profit for the period before goodwill impairment charges | 4,951 | 2,812 | 176 | 2,814 | 176 | 12,945 |
| Attributable to additional tier 1 etc.** | 118 | 18 | - | 80 | 148 | 261 |
| BALANCE SHEET (END OF PERIOD) (DKK millions) | | | | | | |
| Due from credit institutions and central banks | 102,548 | 78,109 | 131 | 63,786 | 161 | 63,786 |
| Repo loans | 288,269 | 301,725 | 96 | 290,095 | 99 | 290,095 |
| Loans | 1,605,022 | 1,558,948 | 103 | 1,563,729 | 103 | 1,563,729 |
| Trading portfolio assets | 800,072 | 706,906 | 113 | 742,512 | 108 | 742,512 |
| Investment securities | 321,892 | 202,060 | 159 | 330,994 | 97 | 330,994 |
| Assets under insurance contracts | 286,539 | 251,323 | 114 | 268,450 | 107 | 268,450 |
| Total assets in Non-core | 39,626 | 39,485 | 100 | 32,329 | 123 | 32,329 |
| Other assets | 227,190 | 175,662 | 129 | 161,120 | 141 | 161,120 |
| Total assets | 3,671,158 | 3,314,218 | 111 | 3,453,015 | 106 | 3,453,015 |
| Due to credit institutions and central banks | 122,144 | 137,125 | 89 | 126,800 | 96 | 126,800 |
| Repo deposits | 428,853 | 445,300 | 96 | 400,618 | 107 | 400,618 |
| Deposits | 826,761 | 781,700 | 106 | 763,441 | 108 | 763,441 |
| Bonds issued by Realkredit Danmark | 678,875 | 623,956 | 109 | 655,965 | 103 | 655,965 |
| Other issued bonds | 350,724 | 308,336 | 114 | 330,207 | 106 | 330,207 |
| Trading portfolio liabilities | 609,719 | 386,249 | 158 | 550,629 | 111 | 550,629 |
| Liabilities under insurance contracts | 304,224 | 266,629 | 114 | 287,315 | 106 | 287,315 |
| Total liabilities in Non-core | 7,421 | 11,997 | 62 | 4,950 | 150 | 4,950 |
| Other liabilities | 147,528 | 135,832 | 109 | 138,943 | 106 | 138,943 |
| Subordinated debt | 36,948 | 65,277 | 57 | 41,028 | 90 | 41,028 |
| Additional tier 1 etc.** | 11,375 | 5,575 | 204 | 5,675 | 200 | 5,675 |
| Shareholders' equity | 146,587 | 146,242 | 100 | 147,445 | 99 | 147,445 |
| Total liabilities and equity | 3,671,158 | 3,314,218 | 111 | 3,453,015 | 106 | 3,453,015 |
| RATIOS AND KEY FIGURES | | | | | | |
| Earnings per share (DKK)*** | 4.9 | 2.8 | | -6.4 | | 3.6 |
| Diluted earnings per share (DKK)*** | 4.9 | 2.8 | | -6.3 | | 3.6 |
| Return on avg. shareholders' equity [% p.a.]*** | 13.2 | 7.7 | | -16.9 | | 2.4 |
| Return before goodwill impairment charges on avg. shareholders' equity [% p.a.]*** | 13.2 | 7.7 | | 7.1 | | 8.5 |
| Return on avg. tangible equity [% p.a.]**** | 14.8 | 9.4 | | 8.7 | | 10.3 |
| Net interest income as % p.a. of loans and deposits | 0.87 | 0.88 | | 0.99 | | 0.96 |
| Cost/income ratio [%] | 44.5 | 52.6 | | 135.4 | | 72.4 |
| Cost/income ratio before goodwill impairment charges [%] | 44.5 | 52.6 | | 54.3 | | 51.6 |
| Total capital ratio [%] | 18.4 | 18.1 | | 19.3 | | 19.3 |
| Common equity tier 1 capital ratio [%] | 14.1 | 14.0 | | 15.1 | | 15.1 |
| Share price (end of period) (DKK) | 183.5 | 151.0 | | 167.4 | | 167.4 |
| Book value per share (DKK)*** | 146.7 | 146.3 | | 147.5 | | 147.5 |
| Full-time-equivalent staff (end of period) | 18,715 | 19,016 | | 18,603 | | 18,603 |

* Changes have been made to the highlights for 2014, as presented in note 1.

** Additional tier 1 capital holders and non-controlling interests.

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

**** The ratio is adjusted for intangible assets. Average tangible equity is calculated as a quarterly average.

Executive summary

"In the first quarter of 2015, we saw the benefit of our diversified business model and posted strong earnings despite the adverse effect of low interest rates on net interest income," says Thomas F. Borgen, Chief Executive Officer.

"We saw very high customer activity within mortgage refinancing and in the financial markets, and all in all, we made a good start to the year. It is especially satisfying that our focus on delivering great value to our customers continues to improve our underlying business.

Although we have posted strong earnings, we maintain our guidance for the year because of considerable uncertainty about future interest rates, developments in the financial markets and the level of customer activity."

First quarter in summary:

- Net profit totalled DKK 5.0 billion, an increase of 76% from the level in the first quarter of 2014.
- Net interest income rose 3% to DKK 5.3 billion.
- Net fee income totalled DKK 3.0 billion, an increase of 19%.
- Net trading income rose 43% to DKK 2.7 billion.
- Net income from insurance business amounted to DKK 0.8 billion, an increase of 92%.
- Operating expenses were flat at DKK 5.4 billion, and the cost/income ratio improved 8.1 percentage points to 44.5%.
- Loan impairments in our core activities amounted to DKK 0.5 billion, or 0.1% of lending and guarantees, against 0.14% a year ago.
- Non-core activities posted a profit before tax of DKK 0.1 billion, against a loss before tax of DKK 0.6 billion.
- The return on shareholders' equity after tax was 13.2% p.a., against 7.7%.
- The common equity tier 1 (CET1) capital ratio and the total capital ratio were 14.1% and 18.4%, respectively, against 15.1% and 19.3% at 31 December 2014. The liquidity coverage ratio (LCR) was 131% at 31 March 2015.

The ECB's quantitative easing programme and several reductions of short-term interest rates by the Danish central bank led to an environment of negative short-term interest rates, which put our net interest income under pressure.

As a result of Danske Bank's diversified business model, however, we had a strong first quarter. Net profit totalled DKK 5.0 billion, and the increase of 76% from the first quarter of 2014 was driven mainly by higher net trading income owing to high customer activity in the financial markets and positive fair value adjustments as a result of declining interest rates.

Furthermore, net fee income increased 19% to DKK 3.0 billion, benefitting from a high level of mortgage refinancing, as many of our customers took advantage of the historically low interest rates. At DKK 5.3 billion, net interest income remained almost flat, however, as the negative interest rates increased the pressure on deposit margins.

Overall, our underlying business and financial results continued to improve as a result of our continued efforts to increase the value we deliver to our customers across the business.

This progress is evidenced by increasing lending volumes in most markets and a good inflow of new customers. Particularly in Norway, we made progress and saw increased customer acquisition at both Business Banking and Personal Banking. At Corporates & Institutions, income from bond issuance and corporate finance activities continued to increase owing to a strong development in client activity. Danske Capital had a good inflow of assets under management, and Danica Pension also saw a positive trend in the underlying insurance business.

Loan impairments continued to show a declining trend, reflecting the ongoing improvement of credit quality supported by a slightly more positive macroeconomic environment.

The winding-up of our Irish Non-core portfolio continued as we sold most of the remaining commercial portfolio, which consisted of some 3,000 loans with a gross value of DKK 3.9 billion.

With stable costs and strong income, the cost/income ratio improved to 44.5%

In March, Moody's placed Danske Bank's ratings under review for a potential upgrade, continuing the positive trend of rating upgrades from 2014. We also continued to adjust our capital structure, issuing additional tier 1 capital for EUR 750 million in the euro market in February.

On 30 March, we initiated our DKK 5.0 billion share buy-back programme, which may run until 31 December 2015. The share buy-back reduced our CET1 capital ratio at 31 March by 0.6 of a percentage point.

Ambitions and targets

The table shows the financial targets we aim to meet no later than at end-2018.

The targets are intended to provide transparency regarding Danske Bank's financial developments and progress on strategy execution.

| Financial targets | Target | Status at 31 March 2015 | Comments | 2015 ambition |
|------------------------------------|--------------------------------|---|--|---------------------------------------|
| Shareholders' return on equity | Above 12.5%* | 13.2% | Initiatives progressing as planned | 9.5% |
| Ratings | A ratings | S&P/Moody's/Fitch A/A3/A Negative/Stable/Stable | In progress. In March 2015 Moody's placed our ratings under review for a potential upgrade | S&P rating outlook improved to stable |
| Common equity tier 1 capital ratio | Minimum 13% | 14.1% | Met since end-2012 | Around 14% |
| Total capital ratio | Minimum 17% | 18.4% | Met since end-2012 | Well above 17% |
| Dividend payments | Payout of 40-50% of net profit | For 2014: 43% of net profit before goodwill impairments | Met with payout for 2014 | Payout of 40-50% of net profit |

* In 2018 at the latest.

We remain committed to our target of a return on equity of above 12.5% in 2018 at the latest. We have a firm focus on executing the income and cost initiatives necessary to achieve this target.

In the first quarter of 2015, Moody's placed Danske Bank's ratings under review for a potential upgrade. For further information on ratings, please see the financial review on page 11.

We have met our capital targets since the end of 2012. At 31 March 2015, the CET1 capital ratio was 14.1% and the total capital ratio was 18.4%.

We aim to pay dividends of 40-50% of net profit. For 2014, we paid dividends of 43% of net profit before goodwill impairments.

Outlook for 2015

We reaffirm our guidance for 2015 of a net profit of above DKK 14 billion. We maintain this outlook, even though the first-quarter financial results exceeded our expectations. We base this on a combination of factors: Danish central bank rates remain very uncertain, economic growth, though improving, remains slow and fragile, and the future levels of customer activity, particularly in the financial markets, are uncertain.

We expect total income at around the same level as in 2014. Income will benefit from the high net trading income in the first quarter and from lower funding costs. On the other hand, negative interest rates will put pressure on net interest income. In 2014, income benefited from the sale of our shares in Nets and the booking of part of the shadow account balance at Danica Pension.

Expenses are expected to be below DKK 22 billion.

Impairment charges in our core activities are expected to remain at a low level.

For our Non-core business, we expect profit before tax at around DKK 0 million.

Given its dependence on economic conditions, including developments in central bank monetary policies, this guidance is generally subject to uncertainty. Trading income and insurance business income are particularly uncertain. The 2015 trading and insurance results will depend greatly on developments in the financial markets and the possibility for Danica Pension to book the risk allowance and part of the balance on the shadow account to income.

Financial review

In the first quarter of 2015, Danske Bank Group posted a profit before tax from core activities of DKK 6.3 billion, up DKK 2.0 billion from the level in the first quarter of 2014.

Income

Total income amounted to DKK 12.2 billion and was up 18% from the level in the first quarter of 2014.

Net interest income totalled DKK 5.3 billion and was up 3% from the year-earlier level, owing mainly to the repayment of the hybrid capital raised from the Danish state in the second quarter of 2014 and larger business volumes.

Net fee income rose 19% to DKK 3.0 billion. Net fee income benefited from a high level of mortgage refinancing as many of our customers took advantage of the historically low interest rates, increased customer activity at all banking units and positive developments at Danske Capital.

Net trading income totalled DKK 2.7 billion, an increase of 43% from the year-earlier level. The increase was generated primarily by high customer activity in the financial markets and positive fair value adjustments resulting from the decline in interest rates. The income was negatively affected by improvements of the model for credit value adjustments (CVA).

Net income from insurance business rose DKK 0.4 billion or 92%. The result benefited from a positive development in the financial markets, which led to higher investment income and enabled the Group to book the full risk allowance to income for all of the four interest rate groups.

Expenses

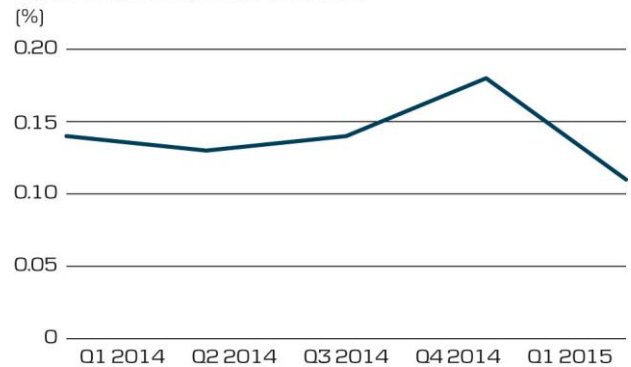
Operating expenses amounted to DKK 5.4 billion, and were flat from the first quarter 2014 level. The cost/income ratio improved 8.1 percentage points to 44.5%, owing to higher customer activity.

Expenses for VAT, bank tax and financial services employer tax amounted to DKK 0.5 billion, unchanged from the first quarter of 2014.

Loan impairments

Loan impairments in core activities declined to DKK 0.5 billion, or 0.11% of lending and guarantees, against DKK 0.6 billion, or 0.14% of lending and guarantees, in the first quarter of 2014. The lower impairment level reflected improving macroeconomic conditions.

LOAN LOSS RATIO, CORE ACTIVITIES



LOAN IMPAIRMENT CHARGES

| (DKK millions) | Q1 2015 | | Q1 2014 | |
|------------------|------------|-----------------------------|------------|-----------------------------|
| | Charges | % of lending and guarantees | Charges | % of lending and guarantees |
| Personal Banking | 245 | 0.12 | 337 | 0.17 |
| Business Banking | 91 | 0.06 | 299 | 0.20 |
| C&I | 164 | 0.11 | 5 | 0.00 |
| Total | 502 | 0.11 | 641 | 0.14 |

Tax

Tax on the profit for the first quarter amounted to DKK 1.4 billion, or 22.2% of the profit before tax.

Q1 2015 vs Q4 2014

Profit before tax amounted to DKK 6.4 billion, against a loss of DKK 5.3 billion in the fourth quarter of 2014. In the fourth quarter of 2014, Danske Bank posted goodwill impairments of DKK 9.1 billion.

At DKK 5.3 billion, net interest income decreased slightly, primarily as a result of the decline in interest rates and fewer interest days in the first quarter.

Net trading income amounted to DKK 2.7 billion, against DKK 0.9 billion in the fourth quarter. Income increased because of improved market conditions and higher customer activity within our market making activities at Corporates & Institutions and fair value adjustments at Group Treasury.

The insurance business generated a net income of DKK 0.8 billion, against DKK 1.0 billion in the fourth quarter of 2014. The fall occurred because DKK 0.6 billion was booked from the shadow account in the fourth quarter of 2014.

Operating expenses declined 11% from the fourth-quarter level to DKK 5.4 billion. The decrease was owing to severance pay, other restructuring costs, and higher IT and marketing costs in the fourth quarter of 2014.

Loan impairments in core activities decreased to DKK 0.5 billion from DKK 0.9 billion in the fourth quarter of 2014. Loan impairments in the fourth quarter included collective charges related to AQR adjustments of DKK 0.3 billion.

Balance sheet

| LENDING (END OF PERIOD) (DKK billions) | Q1 2015 | Q1 2014 | Index 15/14 | Q4 2014 | Index Q1/Q4 |
|---|----------------|----------------|----------------|----------------|----------------|
| Personal Banking | 807.5 | 804.8 | 100 | 794.1 | 102 |
| Business Banking | 644.0 | 622.3 | 103 | 633.7 | 102 |
| C&I | 189.7 | 169.0 | 112 | 172.4 | 110 |
| Other Activities incl. eliminations | -3.7 | -3.8 | - | -4.1 | - |
| Allowance account, lending | 32.5 | 33.4 | 97 | 32.4 | 100 |
| Total lending | 1,605.0 | 1,558.9 | 103 | 1,563.7 | 103 |

| DEPOSITS (END OF PERIOD) | | | | | |
|-------------------------------------|--------------|--------------|------------|--------------|------------|
| Personal Banking | 334.8 | 330.0 | 101 | 329.5 | 102 |
| Business Banking | 262.2 | 259.0 | 101 | 259.8 | 101 |
| C&I | 230.0 | 189.4 | 121 | 174.2 | 132 |
| Other Activities incl. eliminations | -0.2 | 3.3 | - | -0.1 | - |
| Total deposits | 826.8 | 781.7 | 106 | 763.4 | 108 |

| BONDS ISSUED BY REALKREDIT DANMARK (END OF PERIOD) | | | | | |
|--|--------------|--------------|------------|--------------|------------|
| Bonds issued | 678.9 | 624.0 | 109 | 656.0 | 103 |
| Own holdings of bonds | 69.8 | 115.8 | 60 | 88.5 | 79 |
| Total Realkredit Danmark bonds | 748.7 | 739.7 | 101 | 744.5 | 101 |
| Other covered bonds | 218.1 | 192.8 | 113 | 211.7 | 103 |
| Deposits and issued mortgage bonds etc. | 1,793.6 | 1,714.3 | 105 | 1,719.6 | 104 |
| Lending as % of deposits and issued mortgage bonds etc. | 89.5 | 90.9 | | 90.9 | |

Lending

At the end of March 2015, total lending was up 3% from the level at the end of 2014. Lending increased at all banking units.

In Denmark, new gross lending, excluding repo loans, amounted to DKK 17.4 billion. Lending to personal customers accounted for DKK 8.9 billion of this amount.

In Denmark, our market share of total lending, including repo loans, increased to 27.5% from 26.5% at the end of 2014, and the market share in Norway also increased. In Sweden, our market share of lending decreased slightly, whereas in Finland, we maintained our market share of lending.

| MARKET SHARES OF LENDING (%) | 28 February 2015 | 31 December 2014 |
|------------------------------------|---------------------|---------------------|
| Denmark (excluding mortgage loans) | 27.5 | 26.5 |
| Finland | 9.8 | 9.8 |
| Sweden | 4.8 | 4.9 |
| Norway | 4.8 | 4.6 |

Source: Market shares are based on data from the central banks. The market shares include repo loans, with the exception of the market shares for Sweden.

Lending equalled 89.5% of the total amount of deposits, mortgage bonds and other covered bonds, against 90.9% at the end of 2014.

Deposits

At the end of March 2015, total deposits were up 8% from the level at the end of 2014, with increases recorded at all banking units, in particular at Corporates & Institutions. The Group maintained its strong funding position.

| MARKET SHARES OF DEPOSITS (%) | 28 February 2015 | 31 December 2014 |
|-------------------------------|---------------------|---------------------|
| Denmark | 28.4 | 27.1 |
| Finland | 12.7 | 11.9 |
| Sweden | 4.2 | 4.2 |
| Norway | 5.4 | 5.1 |

Source: Market shares are based on data from the central banks. The market shares include repo deposits, with the exception of the market shares for Sweden.

Total assets

Total assets were up 6% from the end of 2014, mainly because of higher lending and increases in the value of derivatives and demand deposits with central banks. The increase in the value of derivatives was driven by changes in interest and exchange rates.

Credit exposure

Net credit exposure totalled DKK 3,954 billion, against DKK 3,722 billion at the end of 2014. Exposure from trading and investment activities amounted to DKK 1,123 billion of the total credit exposure, against DKK 1,074 billion at the end of 2014. Exposure from lending activities amounted to DKK 2,416 billion, against DKK 2,268 billion at the end of 2014.

Home loans to personal customers accounted for 31% of the exposure from lending activities, and repo transactions accounted for some 12%. The credit quality of these portfolios is good.

Risk Management 2014, which is available at danskebank.com/ir, provides details on Danske Bank's credit risks.

Credit quality

The slowly improving macroeconomic conditions supported credit quality, and impairments have decreased since the end of 2014. Total net non-performing loans (NPL) amounted to DKK 29.9 billion, of which 37% was in default. NPL coverage ratios, after collateral haircuts, improved and remained high.

The risk management notes on pp. 48-57 provide more information about non-performing loans.

| NON PERFORMING LOANS (NPL) (DKK millions) | 31 Mar. 2015 | 31 Dec. 2014 |
|---|-----------------|-----------------|
| Gross NPL | 59,386 | 58,439 |
| Individual allowance account | 29,506 | 29,049 |
| Net NPL | 29,880 | 29,390 |
| Collateral (after haircut) | 26,024 | 24,722 |
| NPL coverage ratio (%) | 88.4 | 86.2 |
| NPL coverage ratio of which is in default (%) | 98.4 | 95.5 |
| NPL as percentage of total gross exposure | 2.4 | 2.5 |

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

Accumulated individual impairments amounted to DKK 29.5 billion, or 1.5% of lending and guarantees. Accumulated collective impairments amounted to DKK 3.6 billion, or 0.2% of lending and guarantees. The corresponding figures at 31 December 2014 were DKK 29.0 billion and DKK 4.0 billion, respectively.

| ALLOWANCE ACCOUNT BY BUSINESS UNIT (DKK millions) | Q1 2015 | | Q4 2014 | |
|--|---------------------------------------|-----------------------------------|---------------------------------------|-----------------------------------|
| | Accumulated Impairment charges* | % of lending and guarantees | Accumulated Impairment charges* | % of lending and guarantees |
| Personal Banking | 8,317 | 1.01 | 8,383 | 1.03 |
| Business Banking | 21,267 | 3.18 | 21,542 | 3.28 |
| C&I | 3,554 | 0.77 | 3,157 | 0.54 |
| Other Activities incl. eliminations | -66 | - | -47 | - |
| Total | 33,071 | 1.70 | 33,034 | 1.73 |

* Includes amounts for credit institutions, loans and guarantees.

Recognised losses were unchanged at DKK 1.0 billion. Of these losses, DKK 0.2 billion was attributable to facilities not already subject to impairment.

Trading and investment activities

Credit exposure from trading and investment activities amounted to DKK 1,123 billion at 31 March 2015, against DKK 1,074 billion at 31 December 2014. The increase in credit exposure from trading and investment activities was owing to higher market volatility, which led to a rise in the value of derivatives.

Danske Bank has made netting agreements with many of its counterparties concerning positive and negative market values of derivatives. The net exposure was DKK 135 billion, against DKK 109 billion at the end of 2014, and it was mostly secured through collateral management agreements.

The value of the bond portfolio was DKK 610 billion. Of the total bond portfolio, 82% was recognised at fair value and 18% at amortised cost.

| BOND PORTFOLIO (%) | 31 March 2015 | 31 December 2014 |
|--|------------------|---------------------|
| Government bonds and bonds guaranteed by central or local governments | 39 | 35 |
| Bonds issued by quasi-government institutions | 1 | 1 |
| Danish mortgage bonds | 42 | 45 |
| Swedish covered bonds | 11 | 11 |
| Other covered bonds | 2 | 3 |
| Corporate bonds | 5 | 5 |
| Total holdings | 100 | 100 |
| Hold-to-maturity bonds included in total holdings | 18 | 16 |
| Available-for-sale bonds included in total holdings | 9 | 9 |

Capital and solvency

Danske Bank's capital management policies and practices support its business strategy and ensure that it is sufficiently capitalised to withstand severe macroeconomic downturns.

Danske Bank has set capital targets: a total capital ratio of at least 17% and a common equity tier 1 (CET1) capital ratio of at least 13%. Danske Bank has met these targets since the end of 2012. In the current low-growth environment, which entails macro-economic and regulatory uncertainty, Danske Bank considers a CET1 capital ratio of around 14% and a total capital ratio well above 17% to be appropriate levels. We revise our capital policy at least once a year. The capital structure may be adjusted through distributions if excess capital is available after dividends have been paid and our capital targets have been met.

At the end of March 2015, the total capital ratio was 18.4%, and the CET1 capital ratio was 14.1%.

| TOTAL CAPITAL AND RISK EXPOSURE AMOUNT (DKK billions) | | |
|--|------------|------------|
| | 2015 | 2014 |
| CET 1 instruments | 126 | 131 |
| AT1 capital instruments, less statutory deductions | 19 | 14 |
| T2 instruments, less statutory deductions | 20 | 23 |
| Total capital | 165 | 167 |
| Risk exposure amount | 896 | 866 |

At the end of March 2015, Danske Bank's solvency need amounted to DKK 94.9 billion, or 10.6% of the total risk exposure amount (REA). At 31 March 2015, total capital thus included DKK 70.2 billion in excess of the solvency need.

REA rose DKK 30 billion from the level at the end of 2014, primarily because of the effect of increased lending activity with credit risk and increased market volatility, which led to a rise in market and counterparty risk.

In February 2015, Danske Bank issued a total of DKK 5.6 billion of additional tier 1 capital. At the end of March 2015, the issue represented 0.6 of a percentage point of the total capital ratio.

The share buy-back programme of DKK 5.0 billion was initiated on 30 March 2015 and may run until 31 December 2015. The share buy-back had a negative effect on our CET1 capital ratio of 0.6 of a percentage point at 31 March.

Ratings

Danske Bank's long- and short-term ratings were unchanged in the first quarter of 2015.

DANSKE BANK'S RATINGS AT 31 MARCH 2015

| | Moody's | S&P | Fitch |
|------------|---------|----------|--------|
| Long-term | A3 | A | A |
| Short-term | P-2 | A-1 | F1 |
| Outlook | Stable | Negative | Stable |

DANSKE BANK OYJ'S RATINGS AT 31 MARCH 2015

| | Moody's | S&P |
|------------|----------|----------|
| Long-term | A2 | A |
| Short-term | P-1 | A-1 |
| Outlook | Negative | Negative |

In March 2015, Moody's changed its bank rating methodology. Danske Bank has therefore been placed under review for a potential upgrade. Danske Bank Oyj has been placed under review for a potential downgrade because of expectations of reduced government support to banks.

Mortgage bonds and mortgage-covered bonds issued by Realkredit Danmark are rated AAA by S&P (stable outlook).

Realkredit Danmark bonds are also rated by Fitch Ratings. Bonds issued from capital centre S are rated AAA, while bonds issued from capital centre T are rated AA+. Both ratings have a stable outlook.

ICAAP

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

The calculation of the solvency need for the Group and the parent company, Danske Bank A/S, is described in more detail in Risk Management 2014, which is available at danskebank.com/ir.

Funding and liquidity

With a liquidity buffer of DKK 412 billion at the end of March 2015, Danske Bank's liquidity position remains robust.

Under the Danish Bank Package 6, Danish SIFI banks must have an LCR of 100% by 1 October 2015.

With an LCR of 131% at the end of March 2015, Danske Bank was in compliance with the LCR requirement as defined by the Danish FSA. Danske Bank also complied with all other liquidity requirements.

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

In the first quarter of 2015, Danske Bank issued senior debt for DKK 6.7 billion, covered bonds for DKK 8.1 billion, and additional tier 1 capital for 5.6 billion, totaling DKK 20.4 billion. We also redeemed long-term debt of DKK 11 billion.

At 31 March 2015, the total amount of outstanding long-term funding, excluding additional tier 1 capital and senior debt issued by Realkredit Danmark, was DKK 341 billion, against DKK 330 billion at the end of 2014.

| DANSKE BANK EXCLUDING REALKREDIT DANMARK | | |
|--|------------------|---------------------|
| (DKK billions) | 31 March 2015 | 31 December 2014 |
| Covered bonds | 194 | 186 |
| Senior unsecured debt | 110 | 103 |
| Subordinated debt | 37 | 41 |
| Total | 341 | 330 |

The Supervisory Diamond

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

At 31 March 2015, Danske Bank was in compliance with all threshold values. A separate report is available at danskebank.com/ir.

The supervisory diamond for mortgage credit institutions will be implemented gradually in the period until 2020. Realkredit Danmark already complies with the threshold values for lending growth, borrower's interest rate exposure and large exposures. Realkredit Danmark expects to comply also with the other two threshold values concerning short-term funding and interest-only loans before implementation.

Capital Regulation

Danske Bank is following the phase-in of the Capital Requirements Regulation and Directive (CRR/CRD IV) in accordance with Danish rules.

We estimate that the remaining effect of CRR/CRD IV on our fully-loaded CET1 capital ratio in 2018 will be an additional reduction of about 1.0 percentage point.

The FSA has approved Danske Bank's continued use of the financial conglomerate deduction method for holdings in Danica Pension. The deduction will be based on Danica Pension's solvency need rather than on its capital requirement, however, as the solvency need requirement is phased in from 2014 to

2016. The non-deductible part of the holdings will be risk-weighted at 100%.

CRR/CRD IV requires credit institutions to calculate, report and monitor their leverage ratios, defined as tier 1 capital as a percentage of total exposure. On 18 January 2015, a Commission Delegated Regulation entered into force which changed the CRR/CRD IV definition of total exposure. On the basis of the new definition, Danske Bank Group's leverage ratio was 4.1% at 31 March 2015, taking transitional rules into account. Assuming fully phased-in tier 1 capital under CRR/CRD IV without taking into account any refinancing of non-eligible additional tier 1 instruments, the leverage ratio would be 3.7%.

Danske Bank has been designated a SIFI in Denmark and is from 1 January 2015 required to comply with an additional CET1 capital buffer requirement of 0.6%. The additional CET1 capital buffer requirement will gradually increase to 3% in 2019. At 31 March 2015, the SIFI buffer amounted to DKK 5.4 billion.

The Banking Recovery and Resolution Directive

The directive is intended to prevent banks from failing and to provide a legal framework for managing failing banks. The directive (including bail-in provisions) is expected to be implemented in Danish law by 1 June 2015.

According to the directive, every credit institution must have a minimum amount of "bail-in-able" liabilities. The Danish FSA is authorised to set the minimum amount for Danske Bank.

Further, a resolution fund will be established, and each credit institution must make contributions to the fund on the basis of its size and risk relative to other credit institutions in Denmark. The resolution fund must amount to at least 1% of the covered deposits of all Danish credit institutions by 31 December 2024 at the latest.

Shareholders

At the end of the first quarter of 2015, A.P. Møller and Chastine Mc-Kinney Møller Foundation and companies of the A.P. Møller - Maersk Group, Copenhagen, held 21.60% of Danske Bank's total issued share capital. At the end of 2014, this shareholding was 22.98%.

At the end of the first quarter of 2015, Cevian Capital II GP Limited, Jersey had a holding of 7.70% of Danske Bank's total issued share capital. At the end of 2014, this shareholding was 9.29%.

Personal Banking

Key developments first quarter 2015 vs first quarter 2014

- Profit before tax of DKK 1.3 billion, up 26%
- Return on allocated capital of 20.1%, up 7.4 percentage points
- Total income of DKK 4.2 billion, up 4%
- Net interest income of DKK 2.4 billion, down 8%
- Net fee income of DKK 1.4 billion, up 27%
- Operating expenses of DKK 2.6 billion, down 1%
- Impairments of DKK 0.2 billion, down 27%
- Cost/income ratio improved 3.0 percentage points to 63.0%

The negative effect of falling interest rates during the first quarter was offset by strong activity within mortgage refinancing and investments. Combined with tight cost control and falling impairments, this resulted in an increase in profit before tax.

| PERSONAL BANKING (DKK millions) | Q1 2015 | Q1 2014 | Index 15/14 | Q4 2014 | Index Q1/Q4 | Full year 2014 |
|---|--------------|--------------|----------------|--------------|----------------|-------------------|
| Net interest income | 2,398 | 2,615 | 92 | 2,660 | 90 | 10,764 |
| Net fee income | 1,351 | 1,062 | 127 | 1,224 | 110 | 4,567 |
| Net trading income | 268 | 205 | 131 | 264 | 102 | 723 |
| Other income | 153 | 138 | 111 | 137 | 112 | 632 |
| Total income | 4,170 | 4,020 | 104 | 4,285 | 97 | 16,686 |
| Operating expenses | 2,627 | 2,652 | 99 | 2,839 | 93 | 10,626 |
| Goodwill impairment charges | - | - | - | 5,539 | - | 5,539 |
| Profit before loan impairment charges | 1,543 | 1,368 | 113 | -4,093 | - | 521 |
| Loan impairment charges | 245 | 337 | 73 | 517 | 47 | 1,412 |
| Profit before tax | 1,298 | 1,031 | 126 | -4,610 | - | -891 |
| Profit before tax and goodwill impairment charges | 1,298 | 1,031 | 126 | 929 | 140 | 4,648 |
| Loans, excluding reverse trans. before impairments | 807,549 | 804,827 | 100 | 794,063 | 102 | 794,063 |
| Allowance account, loans | 7,616 | 7,558 | 101 | 7,668 | 99 | 7,668 |
| Deposits, excluding repo deposits | 334,783 | 329,959 | 101 | 329,463 | 102 | 329,463 |
| Bonds issued by Realkredit Danmark | 425,741 | 424,302 | 100 | 426,203 | 100 | 426,203 |
| Allowance account, guarantees | 701 | 604 | | 714 | 98 | 714 |
| Allocated capital (average) | 25,881 | 32,431 | 80 | 29,855 | 87 | 31,722 |
| Net interest income as % p.a. of loans and deposits | 0.85 | 0.92 | | 0.95 | | 0.96 |
| Profit before loan impairment charges as % p.a. of allocated capital before goodwill impairment charges | 23.8 | 16.9 | | 18.2 | | 18.8 |
| Profit before tax as % p.a. of allocated capital (ROE) before goodwill impairment charges | 20.1 | 12.7 | | 11.7 | | 14.4 |
| Cost/income ratio before goodwill impairment charges (%) | 63.0 | 66.0 | | 66.3 | | 63.7 |
| Full-time-equivalent staff | 6,713 | 6,823 | 98 | 6,673 | 101 | 6,673 |

Note 2 and Fact Book Q1 2015 provides financial highlights at country level for Personal Banking. Fact Book Q1 2015 is available at danskebank.com/ir.

Q1 2015 vs Q1 2014

Profit before tax increased 26% to DKK 1.3 billion, and the return on allocated capital improved 7.4 percentage points to 20.1%. The adverse effect of negative interest rates in Denmark and Sweden and falling rates in several of our other markets was offset by lower impairments, improved net fee income and net trading income and efficiency gains.

Total income amounted to DKK 4.2 billion. The decline in interest rates put pressure on deposit margins, and net interest income thus fell 8% from the level in the year-earlier period.

Net fee income rose 27% and net trading income rose 31%, however. These trends were supported mainly by keen customer interest in investment solutions because of the historically low interest rate levels across all markets. In Denmark, we saw very strong activity within mortgage refinancing, which supported both net fee and net trading income.

Operating expenses were flat.

Loan impairments fell 27% to DKK 0.2 billion as household finances improved.

Credit exposure

Credit exposure consists of mortgages, loans secured on other assets, consumer loans, and fully or partially secured credits.

Total net credit exposure increased to DKK 827 billion in the first quarter of 2015, mainly because of an increase in our activity in Sweden and Norway in particular. The strengthening of the Norwegian krone also caused an increase in the exposure measured in Danish kroner.

| | Net credit exposure | | Impairments |
|------------------|---------------------|----------------|----------------------------|
| | 31 March 2015 | 31 Dec. 2014 | (ann.)(%) 31 March 2015 |
| (DKK million) | | | |
| Denmark | 538,395 | 538,980 | 0.20 |
| Finland | 92,400 | 92,234 | 0.10 |
| Sweden | 73,074 | 71,552 | -0.04 |
| Norway | 97,496 | 85,461 | -0.02 |
| Northern Ireland | 19,913 | 18,499 | -0.36 |
| Other | 6,019 | 5,631 | -1.77 |
| Total | 827,297 | 812,357 | 0.12 |

Credit quality

Credit quality was generally stable and improved slightly in some areas. Most markets are still supported by low interest rates and an improved macroeconomic outlook.

The delinquency rate at Realkredit Danmark continued to be at a low and stable level, and the loan loss ratio was stable in the first quarter of 2015 as well.

Individual impairments continued their downward trend from 2014, ending at DKK 245 million in the first quarter of 2015.

| | 31 March 2015 | | 31 December 2014 | |
|------------------|---------------|--------------------------|------------------|--------------------------|
| | LTV (%) | Credit exposure (DKK bn) | LTV (%) | Credit exposure (DKK bn) |
| Denmark | 72.9 | 499 | 72.9 | 500 |
| Finland | 62.0 | 84 | 61.3 | 84 |
| Sweden | 64.9 | 63 | 65.8 | 61 |
| Norway | 64.2 | 75 | 63.5 | 65 |
| Northern Ireland | 71.2 | 18 | 71.3 | 17 |
| Average | 70.1 | | 70.1 | |

Q1 2015 vs Q4 2014

Profit before tax and goodwill impairments increased 40% to DKK 1.3 billion in the first quarter of 2015 because of lower expenses and impairments.

Total income declined 3% because of a fall in net interest income caused by the pressure on deposit margins.

Net fee income improved 10% owing to keener customer interest in investment solutions and mortgage refinancing. This helped mitigate the effect of the fall in net interest income.

Operating expenses fell 7% because of lower IT, premises and marketing expenses.

Impairment charges dropped 53% as collective impairments were high in the fourth quarter of 2014 as a result of the asset quality review.

Business Banking

Key developments first quarter 2015 vs first quarter 2014

- Profit before tax of DKK 1.8 billion, up 39%
- Return on allocated capital of 18.7%, up 6.8 percentage points
- Total income of DKK 3.2 billion, up 9%
- Net interest income of DKK 2.2 billion, up 7%
- Operating expenses of DKK 1.3 billion, down 2%
- Impairments of DKK 91 million, down 70%
- Cost/income ratio improved 4.7 percentage points to 41.5%

Profit before tax rose as a result of increased business momentum across all markets. Lending volumes and business activity rose during the quarter and the rise more than offset the impact of the decline in interest rates. Loan impairments benefited from efforts to improve credit quality and more positive market conditions.

| BUSINESS BANKING (DKK millions) | Q1 2015 | Q1 2014 | Index 15/14 | Q4 2014 | Index Q1/Q4 | Full year 2014 |
|---|--------------|--------------|----------------|---------------|----------------|-------------------|
| Net interest income | 2,224 | 2,085 | 107 | 2,301 | 97 | 8,978 |
| Net fee income | 572 | 507 | 113 | 552 | 104 | 2,082 |
| Net trading income | 212 | 195 | 109 | 192 | 110 | 637 |
| Other income* | 174 | 132 | 132 | 136 | 128 | 516 |
| Total income | 3,182 | 2,919 | 109 | 3,181 | 100 | 12,213 |
| Operating expenses | 1,322 | 1,348 | 98 | 1,555 | 85 | 5,473 |
| Goodwill impairment charges | - | - | - | 3,559 | - | 3,559 |
| Profit before loan impairment charges | 1,860 | 1,571 | 118 | -1,933 | - | 3,181 |
| Loan impairment charges | 91 | 299 | 30 | 161 | 57 | 1,007 |
| Profit before tax | 1,769 | 1,272 | 139 | -2,094 | - | 2,174 |
| Profit before tax and goodwill impairment charges | 1,769 | 1,272 | 139 | 1,465 | 121 | 5,733 |
| Loans, excluding reverse trans. before impairments | 644,031 | 622,318 | 103 | 633,746 | 102 | 633,746 |
| Allowance account, loans | 20,981 | 22,885 | 92 | 21,267 | 99 | 21,267 |
| Deposits, excluding repo deposits | 262,206 | 259,040 | 101 | 259,770 | 101 | 259,770 |
| Bonds issued by Realkredit Danmark | 300,035 | 290,230 | 103 | 294,661 | 102 | 294,661 |
| Allowance account, guarantees | 291 | 382 | 76 | 281 | 104 | 281 |
| Allocated capital (average) | 37,791 | 42,934 | 88 | 39,698 | 95 | 42,084 |
| Net interest income as % p.a. of loans and deposits | 1.00 | 0.97 | | 1.06 | | 1.03 |
| Profit before loan impairment charges as % p.a. of allocated capital before goodwill impairment charges | 19.7 | 14.6 | | 15.9 | | 15.9 |
| Profit before tax as % p.a. of allocated capital (ROE) before goodwill impairment charges | 18.7 | 11.9 | | 14.3 | | 13.5 |
| Cost/income ratio before goodwill impairment charges (%) | 41.5 | 46.2 | | 48.9 | | 44.8 |
| Full-time-equivalent staff | 3,115 | 3,740 | 83 | 3,663 | 85 | 3,663 |

*Operational leasing, excluding property leasing, is presented on a net basis under Other income.

Note 2 and Fact Book Q1 2015 provides financial highlights at country level for Business Banking. Fact Book Q1 2015 is available at danskebank.com/ir.

Q1 2015 vs Q1 2014

Business Banking's return on allocated capital improved from 11.9% in the first quarter of 2014 to 18.7%, mainly because of a drop in loan impairments and an improved top line.

Total income increased 9% as both net interest income and net fee income showed a positive development. Income initiatives and more business compensated for lower interest rate levels.

With an increase of 13%, net fee income showed a positive trend. Net fee income benefited from a high level of mortgage refinancing caused by the low interest rates.

Net trading income was up 9%, primarily because of higher fair value adjustments of the bond portfolio at Realkredit Danmark.

Operating expenses fell 2% on the basis of continued efficiency improvements.

Credit exposure

Total net credit exposure amounted to DKK 748 billion at the end of the first quarter of 2015, against DKK 711 billion at the end of 2014.

| [DKK millions] | Net credit exposure | | Impairments |
|------------------|---------------------|-----------------|-------------------------------|
| | 31 March 2015 | 31 Dec. 2014 | (ann.)[%] 31 March 2015 |
| Denmark* | 427,554 | 402,035 | 0.20 |
| Finland | 65,596 | 63,422 | 0.34 |
| Sweden | 132,997 | 123,229 | 0.10 |
| Norway | 70,272 | 64,779 | -0.36 |
| Northern Ireland | 35,370 | 30,946 | -1.37 |
| Baltics | 16,087 | 26,802 | -0.32 |
| Other | 9 | 5 | - |
| Total | 747,885 | 711,219 | 0.06 |

* Including deposits with credit institutions and central banks, which increased DKK 17 billion from the level at the end of 2014.

Credit quality improving

Ongoing efforts to improve credit quality in the wake of the financial crisis combined with more stable conditions in most markets contributed to customer rating category upgrades and a reduction of loan impairment charges.

Impairment charges fell to DKK 91 million in the first quarter of 2015 from DKK 299 million in the first quarter of 2014, a reduction of 70%. Most of the charges were made against exposures in Denmark, and they remained at a stable level. Net reversals were made in Norway and Northern Ireland, primarily in relation to commercial property exposures.

The outlook for the Danish agricultural sector remained weak during the first quarter.

Q1 2015 vs Q4 2014

Profit before tax amounted to DKK 1.8 billion in the first quarter of 2015, and the return on allocated capital before goodwill impairments increased from 14.3% to 18.7%, primarily owing to declining loan impairments and lower costs.

Total income was at the same level as in the fourth quarter of 2014.

Net interest income remained relatively stable, even though deposit margins were under pressure as a result of the decline in interest rates in the first quarter of 2015. Net fee income showed a rise.

Net trading income was up because of higher fair value adjustments of the bond portfolio in Realkredit Danmark.

Operating expenses fell as a result of lower severance costs and a continued focus on efficiency.

Impairments remained at a very low level.

Corporates & Institutions

Key developments first quarter 2015 vs. first quarter 2014

- Profit before tax of DKK 1.6 billion, up 37%
- Return on allocated capital of 17.3%, up 4.9 percentage points
- Total income of DKK 3.0 billion, up 27%
- FICC income of DKK 1.4 billion, up 53%
- Capital Markets income of DKK 0.5 billion, up 17%
- General Banking income of DKK 1.0 billion, up 7%
- Operating expenses of DKK 1.2 billion, up 3%
- Impairments of DKK 0.2 billion
- The cost/income ratio improved 9.2 percentage points to 39.0%

Profit before tax rose as a result of increased client activity and volatile financial markets. Operating expenses increased slightly, because of a significant increase in income.

| CORPORATES & INSTITUTIONS (DKK millions) | Q1 2015 | Q1 2014 | Index 15/14 | Q4 2014 | Index Q1/Q4 | Full year 2014 |
|--|--------------|--------------|----------------|--------------|----------------|-------------------|
| Net interest income | 660 | 599 | 110 | 717 | 92 | 2,717 |
| Net fee income | 577 | 514 | 112 | 592 | 97 | 2,205 |
| Net trading income* | 1,732 | 1,220 | 142 | 791 | 219 | 4,192 |
| Other income | 2 | 1 | 190 | 4 | 53 | 7 |
| Total income | 2,971 | 2,334 | 127 | 2,103 | 141 | 9,121 |
| Operating expenses | 1,158 | 1,126 | 103 | 1,196 | 97 | 4,614 |
| Profit before loan impairment charges | 1,813 | 1,208 | 150 | 907 | 200 | 4,507 |
| Loan impairment charges | 164 | 5 | - | 177 | 93 | 372 |
| Profit before tax | 1,649 | 1,203 | 137 | 730 | 226 | 4,135 |
| Loans, excluding reverse trans. before impairments | 189,735 | 169,028 | 112 | 172,393 | 110 | 172,393 |
| Allowance account, loans | 3,193 | 2,399 | 133 | 2,782 | 115 | 2,782 |
| Allowance account, credit institutions | 91 | 125 | 73 | 91 | 100 | 91 |
| Deposits, excluding repo deposits | 229,998 | 189,398 | 121 | 174,221 | 132 | 174,221 |
| Bonds issued by Realkredit Danmark | 22,933 | 25,168 | 91 | 23,636 | 97 | 23,636 |
| Allowance account, guarantees | 270 | 321 | 84 | 285 | 95 | 285 |
| Allocated capital (average) | 38,061 | 38,723 | 98 | 37,458 | 102 | 37,789 |
| Net interest income as % p.a. of loans and deposits | 0.63 | 0.67 | | 0.83 | | 0.79 |
| Profit before loan impairment charges as % p.a. of allocated capital | 19.1 | 12.5 | | 9.7 | | 11.9 |
| Profit before tax as % p.a. of allocated capital (ROE) | 17.3 | 12.4 | | 7.8 | | 10.9 |
| Cost/income ratio (%) | 39.0 | 48.2 | | 56.9 | | 50.6 |
| Full-time-equivalent staff | 1,826 | 1,568 | 116 | 1,646 | 111 | 1,646 |

| TOTAL INCOME (DKK millions) | Q1 2015 | Q1 2014 | Index 15/14 | Q4 2014 | Index Q1/Q4 | Full year 2014 |
|--------------------------------|--------------|--------------|----------------|--------------|----------------|-------------------|
| FICC | 1,419 | 925 | 153 | 636 | 223 | 3,196 |
| Capital Markets | 503 | 429 | 117 | 361 | 139 | 1,650 |
| General Banking | 1,049 | 980 | 107 | 1,106 | 95 | 4,275 |
| Total income | 2,971 | 2,334 | 127 | 2,103 | 141 | 9,121 |

* All income from FICC and trading income in Capital Markets is presented under Net trading income.

Q1 2015 vs Q1 2014

At DKK 1.6 billion, profit before tax was up 37% from the level in the first quarter of 2014. The main reason was an increase in net trading income from higher client activity and volatile financial markets. The return on allocated capital increased 4.9 percentage points to 17.3%.

The improvement in General Banking income of 7% related mainly to net interest income. The increase was driven by higher volumes and margins on lending, while the increase in deposit volumes did not contribute because margins were adversely affected by negative interest rates.

At Capital Markets, income from bond issuance and corporate finance activities continued to increase owing to a strong development in client activity. The investments in the equity franchise also contributed to the improvement in income.

FICC benefited from increased client activity and volatile market conditions during the first quarter of 2015. The income was negatively affected by improvements of the model for credit value adjustments (CVA).

Operating expenses increased slightly from the level in the first quarter of 2014. The increase related to accrual of performance-based compensation resulting from the increase in income.

Loan impairments increased in the first quarter of 2015. New impairments were made for a small number of clients only.

Credit exposure

The loan portfolio quality at Corporates & Institutions is considered to be strong. At 31 March 2015, total credit exposure from lending activities, including repo transactions, amounted to DKK 782 billion. The total portfolio increased 10% from the level at year-end 2014, driven mainly by an increase in deposits with central banks as a result of the substantial inflow of liquidity into the Danish financial system. Exposure to sovereigns thus increased, while exposure to corporate clients and financial institutions remained fairly stable compared with the level at year-end 2014.

Impairments have fluctuated over the past quarters and are expected to continue to do so quarter-on-quarter given Corporates & Institutions' activities. In the first quarter of 2015, total impairments for Corporates & Institutions amounted to DKK 164 million and related mainly to additional impairments against previously impaired exposures. Accumulated impairments (the allowance account) totalled DKK 3.6 billion and related to a small number of corporate clients.

| (DKK millions) | Net credit exposure | | Impairments |
|------------------------|---------------------|-----------------|-------------------------------|
| | 31 March 2015 | 31 Dec. 2014 | (ann.)(%) 31 March 2015 |
| Sovereign | 124,969 | 54,130 | - |
| Financial Institutions | 334,738 | 342,672 | - |
| Corporate | 322,103 | 315,336 | 0.26 |
| Other | 66 | 98 | 21.30 |
| Total | 781,876 | 712,236 | 0.11 |

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

Q1 2015 vs Q4 2014

Profit before tax increased 226% from the fourth quarter of 2014 to the first quarter of 2015, because of higher net trading income.

General Banking income decreased from the level in the previous quarter because of lower deposit margins.

At Capital Markets, activity within both bond issuance and equity-related services increased. Corporate finance fees decreased from the level in the fourth quarter of 2014 because of seasonality.

FICC income increased significantly owing to both customer activity and volatile conditions in the financial markets.

Operating expenses decreased 3% despite increased accrual for performance-based compensation. The decrease was owing mainly to severance costs and an increase in other expenses, including IT, in the fourth quarter of 2014.

Danske Capital

Key developments first quarter 2015 vs first quarter 2014

- Profit before tax of DKK 0.3 billion, up 22%
- Total income of DKK 0.6 billion, up 15%
- Expenses of DKK 0.2 billion, up 7%
- Net sales of DKK 11 billion, with 40% to clients outside Denmark
- Assets under management amounted to DKK 813 billion

The 22% increase in profit was driven by higher assets under management. At the end of the first quarter of 2015, assets under management amounted to DKK 813 billion, up DKK 18 billion from year-end 2014.

| DANSKE CAPITAL (DKK millions) | Q1 2015 | Q1 2014 | Index 15/14 | Q4 2014 | Index Q1/Q4 | Full year 2014 |
|--|------------|------------|----------------|------------|----------------|-------------------|
| Net interest income | -2 | - | - | 2 | - | 2 |
| Net fee income | 567 | 494 | 115 | 825 | 69 | 2,402 |
| Other income | 2 | -1 | - | - | - | 1 |
| Total income | 567 | 493 | 115 | 827 | 69 | 2,405 |
| Operating expenses | 244 | 228 | 107 | 253 | 96 | 999 |
| Profit before tax | 323 | 265 | 122 | 574 | 56 | 1,406 |
| Loans, excluding reverse trans. before impairments | 101 | 333 | 30 | 340 | 30 | 340 |
| Deposits, excluding repo deposits | 196 | 116 | 169 | 132 | 149 | 132 |
| Allocated capital (average) | 2,626 | 2,580 | 102 | 2,540 | 103 | 2,567 |
| Cost/income ratio (%) | 43.0 | 46.2 | | 30.6 | | 41.5 |
| Assets under management (DKK billions) | 813 | 748 | 109 | 795 | 102 | 795 |

| BREAKDOWN OF NET FEE INCOME (DKK millions) | | | | | | |
|---|------------|------------|------------|------------|-----------|--------------|
| Performance fees | 14 | 20 | 71 | 288 | 5 | 328 |
| Other fee income | 553 | 474 | 117 | 537 | 103 | 2,074 |
| Total net fee income | 567 | 494 | 115 | 825 | 69 | 2,402 |

Q1 2015 vs Q1 2014

Total income rose 15% from DKK 0.5 billion to DKK 0.6 billion. The higher income was driven by higher assets under management (up 9%) and a moderate rise in margins from 0.26% to 0.27% driven by improvements in the product mix.

Assets under management amounted to DKK 813 billion and were up DKK 65 billion from the end of the first quarter of 2014. The rise was based on net sales of DKK 34 billion on the back of closer cooperation with Personal Banking and gains on securities of DKK 68 billion. A transfer of assets to Danica Pension of DKK 37 billion as a consequence of their new investment strategy had a negative impact.

At the end of the quarter, in response to the low interest rates, Danske Capital launched new investment products tailored to customers, who want alternatives to bank deposits. In addition, Danske Private Equity, which is part of Danske Capital, launched the sixth private equity fund-of-funds, PEP VI, and raised assets of DKK 4.4 billion.

The table below shows the percentage of Danske Capital's investment products with above-benchmark returns for various asset classes in 2015 and for a rolling 36-month period.

| | % OF INVESTMENT PRODUCTS (GIPS COMPOSITES) WITH ABOVE BENCHMARK RETURNS (PRE-COSTS) | |
|----------------------|--|----------------|
| | 2015 | Past 36 months |
| All funds | 67 | 72 |
| Equity funds | 59 | 70 |
| Fixed-income funds | 71 | 79 |
| Balanced funds, etc. | 85 | 67 |

In the first quarter of 2015, 67% of all Danske Capital investment products generated above-benchmark returns.

Q1 2015 vs Q4 2014

Total income excluding performance fees was up 3% to DKK 0.6 billion. Performance fees fell from DKK 288 million to DKK 14 million because performance fee agreements with clients are typically measured at year end, with booking and payments made in the fourth quarter. The first-quarter performance fees of DKK 14 million relate to clients with quarterly payment.

Net sales of DKK 11 billion in the first quarter of 2015 comprised net sales to retail clients of DKK 5 billion and to institutional clients of DKK 6 billion.

Expenses fell 4% from the fourth quarter because of lower marketing expenses.

Danica Pension

Key developments first quarter 2015 vs first quarter 2014

- Result from insurance business of DKK 0.5 billion, up 7%
- Net income of DKK 0.8 billion, up 92%
- Return on allocated capital of 26.0%, up 12.6 percentage points
- Premiums of DKK 8.4 billion, up 6%
- Return on investments of DKK 0.4 billion, up from DKK 0.1 billion

Because of the positive investment result for customers with *Danica Traditionel*, the risk allowance could be booked to income in full for all four interest rate groups, and no transfer to the shadow account was necessary. The increase in net income from insurance business of DKK 372 million was driven mainly by higher investment return as a result of the fall in interest rates.

| DANICA PENSION (DKK millions) | Q1 2015 | Q1 2014 | Index 15/14 | Q4 2014 | Index Q1/Q4 | Full year 2014 |
|---|------------|------------|----------------|------------|----------------|-------------------|
| Danica Traditionel | 333 | 304 | 110 | 289 | 115 | 1,237 |
| Unit-linked business | 153 | 147 | 104 | 95 | 161 | 573 |
| Health and accident business | -36 | -32 | - | -28 | - | -302 |
| Result from insurance business | 450 | 419 | 107 | 356 | 126 | 1,508 |
| Return on investments | 360 | 110 | - | 78 | - | 441 |
| Financing result | -12 | -49 | - | -20 | - | -116 |
| Special allotment | -21 | -24 | - | -10 | - | -82 |
| Change in shadow account | - | -52 | - | 628 | - | 611 |
| Net income from insurance business | 777 | 405 | 192 | 1,032 | 75 | 2,362 |
| Premiums, insurance contracts | 5,640 | 5,905 | 96 | 4,929 | 114 | 20,693 |
| Premiums, investment contracts | 2,713 | 1,940 | 140 | 1,548 | 175 | 6,129 |
| Provisions, insurance contracts | 291,583 | 263,331 | 111 | 259,601 | 112 | 259,601 |
| Provisions, investment contracts | 43,515 | 35,970 | 121 | 33,580 | 130 | 33,580 |
| Customer funds, investment assets | | | | | | |
| Danica Traditionel | 181,220 | 170,649 | 106 | 176,505 | 103 | 176,505 |
| Danica Balance | 77,599 | 61,286 | 127 | 70,711 | 110 | 70,711 |
| Danica Link | 74,717 | 63,091 | 118 | 66,417 | 112 | 66,417 |
| Allocated capital (average) | 11,954 | 12,087 | 99 | 11,926 | 100 | 11,974 |
| Net income as % p.a. of allocated capital | 26.0 | 13.4 | | 34.6 | | 19.7 |

Q1 2015 vs Q1 2014

Activities in Denmark

In Denmark, total premiums were down 6% to DKK 5.2 billion. As expected, total premiums for *Danica Traditionel* decreased 12% to DKK 1.3 billion. Premiums for the *Danica Balance*, *Danica Link* and *Danica Select* unit-linked products, including transfers from *Danica Traditionel*, rose 5%. At the end of the first quarter of 2015, about 200,000 customers had chosen these products.

At the end of the first quarter of 2015, the collective bonus potential for the contribution groups was DKK 4.9 billion, up DKK 2.4 billion from the level at 1 January 2015.

Activities outside Denmark

Danica Pension's activities outside Denmark generated premiums of DKK 3.2 billion.

At the Swedish unit, total premiums increased 46% to DKK 2.7 billion, mainly because of strong sales of the custody account savings product.

At the Norwegian unit, total premiums rose 9% to DKK 0.5 billion, primarily because of premiums from new corporate customers.

Income

Net income from insurance business was DKK 0.8 billion, against DKK 0.4 billion in the first quarter of 2014. The booking of the full risk allowance for all four interest rate groups had a positive effect, as did the high investment income. In the first quarter of 2014, the Group booked the risk allowance for three of the four interest rate groups.

The technical result of *Danica Traditionel* was DKK 333 million, against DKK 304 million in the first quarter of 2014.

The technical result of the unit-linked business was DKK 153 million, an increase from the first quarter of 2014 of DKK 6 million, mainly attributable to a larger business volume. Unit-linked business accounted for DKK 20 million in Sweden and DKK 19 million in Norway.

The health and accident business posted a negative technical result of DKK 36 million, against a negative result of DKK 32 million in the first quarter of 2014.

The return on investments rose to DKK 360 million, against DKK 110 million in the first quarter of 2014. The rise was caused by higher returns on bonds resulting from the lower interest rates, and higher prices on shares.

Q1 2015 vs Q4 2014

In the first quarter of 2015, net income from insurance business amounted to DKK 0.8 billion, against DKK 1.0 billion in the fourth quarter of 2014. The fall occurred because DKK 0.6 billion was booked from the shadow account in the fourth quarter of 2014.

The technical result of the unit-linked business was higher in the first quarter of 2015 because of a larger business volume.

The return on investments of *Danica Traditionel* customer funds was 5.9%, against 3.7% in the fourth quarter of 2014. Including changes in technical provisions, the return on customer funds was 4.0%.

The return on investments for customers with the *Danica Balance*, *Danica Link* and *Danica Select* products totalled DKK 7.6 billion, representing an average rate of return of 7.9%, against 2.4% in the fourth quarter of 2014.

In Denmark, total premiums rose 12% to DKK 5.2 billion. Total premiums for all markets rose 29%, and amounted to DKK 8.4 billion.

Non-core

Key developments first quarter 2015 vs first quarter 2014

- Profit before tax improved to DKK 0.1 billion from a loss of DKK 0.6 billion
- Net impairment reversal of DKK 0.1 billion
- Loan portfolio before impairments of DKK 44.6 billion, down 13%

The improvement was driven by a decline in impairments in the first quarter of 2015 that was due mainly to better conditions on the property market.

| NON-CORE (DKK millions) | Q1 2015 | Q1 2014 | Index 15/14 | Q4 2014 | Index Q1/Q4 | Full year 2014 |
|--|------------|------------|----------------|------------|----------------|-------------------|
| Total income | 54 | 48 | 113 | 53 | 102 | 209 |
| Operating expenses | 100 | 377 | 27 | 117 | 85 | 782 |
| Profit before loan impairment charges | -46 | -329 | - | -64 | - | -573 |
| Loan impairment charges | -136 | 303 | - | 413 | - | 930 |
| Profit before tax | 90 | -632 | - | -477 | - | -1,503 |
| Loans, excluding reverse trans. before impairments | 44,559 | 51,213 | 87 | 37,462 | 119 | 37,462 |
| Allowance account, loans | 7,705 | 11,971 | 64 | 7,853 | 98 | 7,853 |
| Deposits, excluding repo deposits | 6,719 | 11,000 | 61 | 4,331 | 155 | 4,331 |
| Allowance account, guarantees | 74 | 49 | 151 | 59 | 125 | 59 |
| Allocated capital (average) | 9,167 | 9,148 | 100 | 7,757 | 118 | 8,420 |
| Net interest income as % p.a. of loans and deposits | 0.44 | 0.25 | | 0.61 | | 0.55 |
| Profit before loan impairment charges as % p.a. of allocated capital | -2.0 | -14.4 | | -3.3 | | -6.8 |
| Profit before tax as % p.a. of allocated capital (ROE) | 3.9 | -27.6 | | -24.6 | | -17.9 |
| Cost/income ratio (%) | 185.2 | - | 23.6 | 220.8 | 84 | 374.2 |
| Full-time-equivalent staff | 428 | 217 | 197 | 75 | - | 75 |

| LOAN IMPAIRMENT CHARGES (DKK millions) | | | | | | |
|---|------|-----|---|-----|---|-----|
| Non-core banking* | -130 | 117 | - | 482 | - | 733 |
| Non-core conduits etc. | -6 | 186 | - | -69 | - | 197 |
| Total | -136 | 303 | - | 413 | - | 930 |

*Non-core banking encompasses Non-core Baltics (personal customers in the Baltics) and Non-core Ireland. Non-core Baltics is included in Non-core banking from 1 January 2015. Comparative figures for 2014 are not restated.

Q1 2015 vs Q1 2014

Profit before tax was DKK 0.1 billion, up from a loss of DKK 0.6 billion, mainly because of lower impairments. Total lending amounted to DKK 44.6 billion and consisted mainly of exposure to conduits and personal mortgages.

The SME portfolio in Ireland was sold during the first quarter of 2015 with effect from April 2015, as of when the exposure will thus not affect the Group's capital charge. The portfolio had been presented as held for sale since the fourth quarter of 2014. This was a significant step in deleveraging the remaining commercial book in Ireland. At the end of March 2015, the commercial book in Ireland is almost run down and a sale has been agreed for the majority of the remaining portfolio.

Net credit exposure and impairment charges

Deleveraging proceeded according to plan. Net credit exposure to Non-core decreased to DKK 38.8 billion from DKK 39.7 billion in the first quarter of 2014, although exposure to personal banking Baltics of DKK 8.3 billion entered the book in the first quarter of 2015.

Personal mortgages in the Baltics and Ireland accounted for around 64% of the total portfolio. The mortgages will mature according to contractual terms.

The Non-core conduits portfolio amounted to DKK 11.1 billion, against DKK 11.9 billion in the first quarter of 2014. The portfolio consists mainly of li-

quidity facilities for conduits. The credit quality of the portfolio remained stable.

Total impairments improved to a net reversal of 0.1 billion, against charges of DKK 0.3 billion in the first quarter of 2014. This development was driven by reversals of previously made impairments in Ireland on the basis of the improved property market.

| (DKK million) | Net credit exposure | | Accumulated impairment charges | |
|------------------------------|---------------------|---------------|--------------------------------|--------------|
| | 31 March 2015 | 31 Dec. 2014 | 31 March 2015 | 31 Dec. 2014 |
| Non-core Banking | 27,659 | 20,222 | 7,541 | 7,643 |
| -of which Personal customers | 24,930 | 17,351 | 3,611 | 3,024 |
| Non-core conduits etc. | 11,140 | 11,104 | 238 | 269 |
| Total | 38,799 | 31,326 | 7,779 | 7,912 |

Q1 2015 vs Q4 2014

Impairments improved from a charge of DKK 0.4 billion in the fourth quarter of 2014 to a net reversal of DKK 0.1 billion in the first quarter of 2015. This development relates mainly to improvements in the property market.

Total lending increased to DKK 44.6 billion from the level in the fourth quarter of 2014 as a result of the inclusion of Non-core Baltics.

Other Activities

Key developments first quarter 2015 vs first quarter 2014

- Profit before tax of DKK 459 million, against DKK 86 million in the first quarter of 2014
- Total income of DKK 545 million, against DKK 164 million in the first quarter of 2014
- Operating expenses of DKK 85 million, up 9%

Positive fair value adjustments drove the increase in profit before tax.

| OTHER ACTIVITIES (DKK millions) | Q1 2015 | Q1 2014 | Index 15/14 | Q4 2014 | Index Q1/Q4 | Full year 2014 |
|---------------------------------------|------------|------------|----------------|------------|----------------|-------------------|
| Net interest income | 32 | -143 | - | 61 | 52 | -148 |
| Net fee income | -21 | -12 | - | -39 | - | -102 |
| Net trading income | 499 | 282 | 177 | -321 | - | 1,140 |
| Other income | 35 | 37 | 94 | 92 | 38 | 189 |
| Total income | 545 | 164 | - | -207 | - | 1,079 |
| Operating expenses | 85 | 78 | 109 | 248 | 34 | 930 |
| Profit before loan impairment charges | 460 | 86 | - | -455 | - | 149 |
| Loan impairment charges | 1 | - | - | -2 | - | -2 |
| Profit before tax | 459 | 86 | - | -453 | - | 151 |

| PROFIT BEFORE TAX (DKK millions) | Q1 2015 | Q1 2014 | Index 15/14 | Q4 2014 | Index Q1/Q4 | Full year 2014 |
|-------------------------------------|------------|------------|----------------|------------|----------------|-------------------|
| Group Treasury | 488 | 260 | 188 | -244 | - | 1,010 |
| Own shares | -99 | -117 | - | -35 | - | -196 |
| Group support functions | 70 | -57 | - | -174 | - | -663 |
| Total Other Activities | 459 | 86 | - | -453 | - | 151 |

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

Q1 2015 vs. Q1 2014

Other Activities posted a profit before tax of DKK 459 million, against DKK 86 million in the first quarter of 2014.

Total income benefited, among other things, from the decline in interest rates, which resulted in a higher return on the Group's liquidity portfolio and thus an increase in net trading income. Net trading income also benefited from value adjustments in the private equity portfolio, for which value adjustments are normally made in the first half of the year following the approval of annual reports.

Q1 2015 vs Q4 2014

In the first quarter of 2015, profit before tax was DKK 459 million, against a negative DKK 453 million in the fourth quarter of 2014.

Net trading income amounted to DKK 499 million, against a negative DKK 321 million in the fourth quarter. The first quarter of 2015 benefited from positive fair value adjustments of the liquidity portfolio, whereas negative fair value adjustments of the portfolio of short-dated mortgage bonds had an adverse effect in the fourth quarter of 2014.

Income statement – Danske Bank Group

| Note | (DKK millions) | Q1 2015 | Q1 2014 | Full year 2014 |
|------|--|------------|------------|-------------------|
| | Interest income | 15,711 | 16,800 | 66,951 |
| | Interest expense | 7,314 | 8,805 | 32,344 |
| | Net interest income | 8,397 | 7,995 | 34,607 |
| | Fee income | 3,886 | 3,486 | 14,585 |
| | Fee expenses | 1,148 | 1,074 | 4,771 |
| | Net trading income | 11,439 | 2,358 | 9,720 |
| 3 | Other income | 879 | 535 | 4,547 |
| | Net premiums | 5,538 | 5,804 | 20,631 |
| | Net insurance benefits | 16,155 | 8,177 | 33,024 |
| | Operating expenses | 6,106 | 6,352 | 25,642 |
| | Goodwill impairment charges | - | - | 9,099 |
| | Profit before loan impairment charges | 6,728 | 4,574 | 11,553 |
| 4 | Loan impairment charges | 366 | 944 | 3,718 |
| | Profit before tax | 6,362 | 3,630 | 7,835 |
| | Tax | 1,411 | 818 | 3,989 |
| | Net profit for the period | 4,951 | 2,812 | 3,846 |
| | Portion attributable to | | | |
| | shareholders of Danske Bank A/S (the Parent Company) | 4,833 | 2,794 | 3,585 |
| | additional tier 1 capital holders | 118 | 18 | 259 |
| | non-controlling interests | - | - | 2 |
| | Net profit for the period | 4,951 | 2,812 | 3,846 |
| | Earnings per share (DKK) | 4.9 | 2.8 | 3.6 |
| | Diluted earnings per share (DKK) | 4.9 | 2.8 | 3.6 |
| | Proposed dividend per share (DKK) | - | - | 5.5 |

Statement of comprehensive income – Danske Bank Group

| (DKK millions) | Q1 2015 | Q1 2014 | Full year 2014 |
|--|------------|------------|-------------------|
| Net profit for the period | 4,951 | 2,812 | 3,846 |
| Other comprehensive income | | | |
| Items that will not be reclassified to profit or loss | | | |
| Remeasurement of defined benefit plans | 31 | -98 | 157 |
| Tax | 8 | 13 | -9 |
| Items that will not be reclassified to profit or loss | 39 | -85 | 148 |
| Items that are or may be reclassified subsequently to profit or loss | | | |
| Translation of units outside Denmark | 959 | 146 | 527 |
| Hedging of units outside Denmark | -1,071 | -123 | -549 |
| Unrealised value adjustments of available-for-sale financial assets | 40 | 179 | 283 |
| Realised value adjustments of available-for-sale financial assets | -36 | -4 | -37 |
| Tax | 210 | -22 | 43 |
| Items that are or may be reclassified subsequently to profit or loss | 102 | 176 | 267 |
| Total other comprehensive income | 141 | 91 | 415 |
| Total comprehensive income for the period | 5,092 | 2,903 | 4,261 |
| Portion attributable to | | | |
| shareholders of Danske Bank A/S (the Parent Company) | 4,974 | 2,885 | 4,000 |
| additional tier 1 capital holders | 118 | 18 | 259 |
| non-controlling interests | - | - | 2 |
| Total comprehensive income for the period | 5,092 | 2,903 | 4,261 |

Balance sheet – Danske Bank Group

| Note | (DKK millions) | 31 March 2015 | 31 December 2014 | 31 March 2014 |
|------|--|------------------|---------------------|------------------|
| | ASSETS | | | |
| | Cash in hand and demand deposits with central banks | 85,097 | 33,876 | 47,581 |
| | Due from credit institutions and central banks | 173,630 | 112,760 | 146,395 |
| | Trading portfolio assets | 800,073 | 742,513 | 706,907 |
| | Investment securities | 321,892 | 330,994 | 202,060 |
| | Loans at amortised cost | 1,113,192 | 1,092,902 | 1,094,602 |
| | Loans at fair value | 745,902 | 741,609 | 737,027 |
| | Assets under pooled schemes and unit-linked investment contracts | 90,151 | 80,148 | 74,101 |
| | Assets under insurance contracts | 286,539 | 268,450 | 251,323 |
| | Intangible assets | 11,195 | 11,253 | 20,601 |
| | Tax assets | 4,172 | 1,543 | 1,442 |
| 6 | Other assets | 39,315 | 36,966 | 32,178 |
| | Total assets | 3,671,158 | 3,453,015 | 3,314,218 |
| | LIABILITIES | | | |
| | Due to credit institutions and central banks | 366,613 | 329,048 | 333,387 |
| | Trading portfolio liabilities | 609,719 | 550,629 | 386,249 |
| | Deposits | 1,018,038 | 966,197 | 1,041,738 |
| | Bonds issued by Realkredit Danmark | 678,875 | 655,965 | 623,956 |
| | Deposits under pooled schemes and unit-linked investment contracts | 96,142 | 86,433 | 82,863 |
| | Liabilities under insurance contracts | 304,224 | 287,315 | 266,629 |
| 5 | Other issued bonds | 350,724 | 330,207 | 308,336 |
| | Tax liabilities | 8,809 | 8,875 | 9,179 |
| | Other liabilities | 43,104 | 44,199 | 44,787 |
| 5 | Subordinated debt | 36,948 | 41,028 | 65,277 |
| | Total liabilities | 3,513,196 | 3,299,895 | 3,162,401 |
| | EQUITY | | | |
| | Share capital | 10,086 | 10,086 | 10,086 |
| | Foreign currency translation reserve | -589 | -477 | -254 |
| | Reserve for available-for-sale financial assets | -312 | -316 | -387 |
| | Retained earnings | 137,402 | 132,605 | 136,797 |
| | Proposed dividends | - | 5,547 | - |
| | Shareholders of Danske Bank A/S (the Parent Company) | 146,587 | 147,445 | 146,242 |
| | Additional tier 1 capital holders | 11,374 | 5,673 | 5,575 |
| | Non-controlling interests | 1 | 2 | - |
| | Total equity | 157,962 | 153,120 | 151,817 |
| | Total liabilities and equity | 3,671,158 | 3,453,015 | 3,314,218 |

Statement of capital – Danske Bank Group

[DKK millions]

Changes in equity

Shareholders of Danske Bank A/S (the Parent Company)

| | Share capital | Foreign currency translation reserve | Reserve for available-for-sale assets | Retained earnings | Proposed dividends | Total | Additional tier 1 capital | Non-controlling interests | Total |
|---|---------------|--------------------------------------|---------------------------------------|-------------------|--------------------|---------|---------------------------|---------------------------|---------|
| Total equity at 1 January 2015 | 10,086 | -477 | -316 | 132,605 | 5,547 | 147,445 | 5,673 | 2 | 153,120 |
| Net profit for the period | - | - | - | 4,833 | - | 4,833 | 118 | - | 4,951 |
| Other comprehensive income | | | | | | | | | |
| Remeasurement of defined benefit plans | - | - | - | 31 | - | 31 | - | - | 31 |
| Translation of units outside Denmark | - | 959 | - | - | - | 959 | - | - | 959 |
| Hedging of units outside Denmark | - | -1,071 | - | - | - | -1,071 | - | - | -1,071 |
| Unrealised value adjustments | - | - | 40 | - | - | 40 | - | - | 40 |
| Realised value adjustments | - | - | -36 | - | - | -36 | - | - | -36 |
| Tax | - | - | - | 218 | - | 218 | - | - | 218 |
| Total other comprehensive income | - | -112 | 4 | 249 | - | 141 | - | - | 141 |
| Total comprehensive income for the period | - | -112 | 4 | 5,082 | - | 4,974 | 118 | - | 5,092 |
| Transactions with owners | | | | | | | | | |
| Issuance of additional tier 1 capital, net of transaction costs | - | - | - | -57 | - | -57 | 5,583 | - | 5,526 |
| Paid interest on additional tier 1 capital | - | - | - | - | - | - | - | - | - |
| Dividends paid | - | - | - | 53 | -5,547 | -5,494 | - | -1 | -5,495 |
| Acquisition of own shares and additional tier 1 capital | - | - | - | -8,865 | - | -8,865 | - | - | -8,865 |
| Sale of own shares and additional tier 1 capital | - | - | - | 8,553 | - | 8,553 | - | - | 8,553 |
| Share-based payments | - | - | - | - | - | - | - | - | - |
| Tax | - | - | - | 31 | - | 31 | - | - | 31 |
| Total equity at 31 March 2015 | 10,086 | -589 | -312 | 137,402 | - | 146,587 | 11,374 | 1 | 157,962 |

On 30 March the Group initiated a share buy-back programme of DKK 5 billion, which may run until 31 December 2015. At the end of March 2015, the Group had acquired 355,000 shares for a total amount of DKK 65 million under the share buy-back programme.

Statement of capital – Danske Bank Group

[DKK millions]

| Changes in equity | Shareholders of Danske Bank A/S (the Parent Company) | | | | | | | | |
|---|--|--------------------------------------|---------------------------------------|-------------------|--------------------|---------|---------------------------|---------------------------|---------|
| | Share capital | Foreign currency translation reserve | Reserve for available-for-sale assets | Retained earnings | Proposed dividends | Total | Additional tier 1 capital | Non-controlling interests | Total |
| Total equity at 1 January 2014 | 10,086 | -277 | -562 | 134,393 | 2,017 | 145,657 | - | - | 145,657 |
| Net profit for the period | - | - | - | 2,794 | - | 2,794 | 18 | - | 2,812 |
| Other comprehensive income | | | | | | | | | |
| Remeasurement of defined benefit plans | - | - | - | -98 | - | -98 | - | - | -98 |
| Translation of units outside Denmark | - | 146 | - | - | - | 146 | - | - | 146 |
| Hedging of units outside Denmark | - | -123 | - | - | - | -123 | - | - | -123 |
| Unrealised value adjustments | - | - | 179 | - | - | 179 | - | - | 179 |
| Realised value adjustments | - | - | -4 | - | - | -4 | - | - | -4 |
| Tax | - | - | - | -9 | - | -9 | - | - | -9 |
| Total other comprehensive income | - | 23 | 175 | -107 | - | 91 | - | - | 91 |
| Total comprehensive income for the period | - | 23 | 175 | 2,687 | - | 2,885 | 18 | - | 2,903 |
| Transactions with owners | | | | | | | | | |
| Issuance of additional tier 1 capital, net of transaction costs | - | - | - | -56 | - | -56 | 5,597 | - | 5,541 |
| Paid interest on additional tier 1 capital | - | - | - | - | - | - | - | - | - |
| Dividends paid | - | - | - | 16 | -2,017 | -2,001 | - | - | -2,001 |
| Acquisition of own shares and additional tier 1 capital | - | - | - | -8,278 | - | -8,278 | -40 | - | -8,318 |
| Sale of own shares and additional tier 1 capital | - | - | - | 8,040 | - | 8,040 | - | - | 8,040 |
| Share-based payments | - | - | - | - | - | - | - | - | - |
| Tax | - | - | - | -5 | - | -5 | - | - | -5 |
| Total equity at 31 March 2014 | 10,086 | -254 | -387 | 136,797 | - | 146,242 | 5,575 | - | 151,817 |

Statement of capital – Danske Bank Group

| (DKK millions) | 31 March 2015 | 31 December 2014 |
|---|------------------|---------------------|
| Share capital (DKK) | 10,086,200,000 | 10,086,200,000 |
| Number of shares | 1,008,620,000 | 1,008,620,000 |
| Number of shares outstanding | 999,006,580 | 999,390,566 |
| Average number of shares outstanding for the period | 999,138,692 | 999,514,301 |
| Average number of shares outstanding, including dilutive shares, for the period | 1,000,217,895 | 1,000,572,309 |
| Total capital and total capital ratio | | |
| Total equity | 157,962 | 153,120 |
| Revaluation of domicile property at fair value | 1,017 | 1,013 |
| Tax effect | -201 | -209 |
| Reserves in undertakings consolidated on a pro rata basis | 3,002 | 3,002 |
| Total equity calculated in accordance with the rules of the Danish FSA | 161,780 | 156,926 |
| Additional tier 1 capital instruments included in total equity | -11,205 | -5,597 |
| Accrued interest on additional tier 1 capital instruments | -194 | -77 |
| Tax on accrued interest on additional tier 1 capital instruments | 46 | 17 |
| Common equity tier 1 capital instruments | 150,427 | 151,269 |
| Adjustment to eligible capital instruments | -5,232 | -117 |
| Prudential filters | -340 | -315 |
| Expected/proposed dividends | -2,470 | -5,547 |
| Intangible assets of banking operations | -11,107 | -11,169 |
| Deferred tax on intangible assets | 350 | 372 |
| Deferred tax assets that rely on future profitability excluding temporary differences | -344 | -465 |
| Defined benefit pension fund assets | -709 | -317 |
| Statutory deduction for insurance subsidiaries | -4,128 | -1,850 |
| Other statutory deductions | -312 | -722 |
| Common equity tier 1 capital | 126,135 | 131,139 |
| Additional tier 1 capital instruments | 22,224 | 17,434 |
| Statutory deduction for insurance subsidiaries | -3,096 | -3,701 |
| Other statutory deductions | -8 | -10 |
| Tier 1 capital | 145,255 | 144,862 |
| Tier 2 capital instruments | 22,974 | 26,310 |
| Statutory deduction for insurance subsidiaries | -3,096 | -3,701 |
| Other statutory deductions | -8 | -10 |
| Total capital | 165,125 | 167,461 |
| Total risk exposure amount | 895,856 | 865,822 |
| Common equity tier 1 capital ratio (%) | 14.1 | 15.1 |
| Tier 1 capital ratio (%) | 16.2 | 16.7 |
| Total capital ratio (%) | 18.4 | 19.3 |

Total capital and the total risk exposure amount are calculated in accordance with the rules applicable under CRR, taking transitional rules into account as stipulated by the Danish Financial Supervisory Authority. A new filter will be introduced for deduction from common equity tier 1 capital of additional value adjustments of assets and liabilities measured at fair value (prudent valuation). The European Banking Authority (EBA) has submitted its final standard for adoption by the European Commission. Adoption is still pending but is expected in the near future. The final stipulations of the standard are expected to lead to a further reduction in common equity tier 1 capital of DKK 1.6 billion.

The risk exposure amount calculated under the Basel I rules amounted to DKK 1,470,225 million at 31 March 2015 (31 December 2014: DKK 1,398,421 million). The capital need under the transitional rules was DKK 94,094 million, equal to 10.5% of the risk exposure amount under the Basel I rules (31 December 2014: DKK 89,499 million).

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

Cash flow statement – Danske Bank Group

| [DKK millions] | Q1 2015 | Q1 2014 | Full year 2014 |
|--|----------------|----------------|-------------------|
| Cash flow from operations | | | |
| Profit before tax | 6,362 | 3,630 | 7,835 |
| Tax paid | -3,860 | -650 | -4,095 |
| Adjustment for non-cash operating items | -1,184 | 690 | 15,027 |
| Total | 1,318 | 3,670 | 18,767 |
| Changes in operating capital | | | |
| Amounts due to/from credit institutions and central banks | 38,215 | 21,011 | 14,960 |
| Trading portfolio | 1,530 | -60,118 | 68,656 |
| Other financial instruments | 2,812 | -40,155 | -172,309 |
| Loans at amortised cost | -20,656 | -6,818 | -7,879 |
| Loans at fair value | -4,293 | -8,946 | -13,528 |
| Deposits | 51,842 | 97,837 | 22,294 |
| Bonds issued by Realkredit Danmark | 22,909 | 9,760 | 41,769 |
| Assets/liabilities under insurance contracts | -1,179 | -678 | 2,880 |
| Other assets/liabilities | 25,844 | 1,290 | 16,914 |
| Cash flow from operations | 118,342 | 16,853 | -7,476 |
| Cash flow from investing activities | | | |
| Acquisition/sale of businesses | - | - | - |
| Acquisition/sale of own shares and additional tier 1 capital | -312 | -278 | -325 |
| Acquisition of intangible assets | -89 | -115 | -418 |
| Acquisition/sale of tangible assets | -19 | 28 | 99 |
| Cash flow from investing activities | -420 | -365 | -644 |
| Cash flow from financing activities | | | |
| Changes in subordinated debt and hybrid capital | -5,212 | -933 | -25,378 |
| Dividends | -5,494 | -2,001 | -2,000 |
| Issued additional tier 1 capital | 5,526 | 5,541 | 5,539 |
| Change in non-controlling interests | -1 | - | 2 |
| Cash flow from financing activities | -5,181 | 2,607 | -21,837 |
| Cash and cash equivalents at 1 January | 143,543 | 173,500 | 173,500 |
| Change in cash and cash equivalents | 112,741 | 19,095 | -29,957 |
| Cash and cash equivalents, end of period | 256,284 | 192,595 | 143,543 |
| Cash and cash equivalents end of period | | | |
| Cash in hand | 10,530 | 8,894 | 10,582 |
| Demand deposits with central banks | 74,567 | 38,687 | 23,294 |
| Amounts due from credit institutions and central banks within three months | 171,187 | 145,014 | 109,667 |
| Total | 256,284 | 192,595 | 143,543 |

Notes – Danske Bank Group

(Dkk millions)

1. Significant accounting policies and estimates

(a) General

The Group's interim report for the first three months of 2015 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.

In the financial highlights, the presentation of the internal bank at Group Treasury and of brokerage and debt capital market fees has been changed. Further, in the segment reporting, Baltic personal banking customers have been transferred to the Non-core unit.

With the exception of these changes, the Group has not changed its significant accounting policies from those followed in the consolidated financial statements for 2014, which provides a full description of the significant accounting policies.

Financial statement figures are stated in Danish kroner and whole millions, unless otherwise stated. As a result, rounding discrepancies may occur because sum totals have been rounded off and the underlying decimals are not presented to financial statement users.

(b) Changes to accounting policies

Changes to financial highlights and segment reporting

The liquidity portfolio was transferred from Danske Bank Markets to Group Treasury during the third quarter of 2014. At Danske Bank Markets, the cost of holding the liquidity portfolio was booked under net trading income. At Group Treasury, the cost has been borne by the internal bank and booked under net interest income from 1 January 2015. Further, the restatement covers changed disclosure of the internal bank result.

Brokerage and debt capital markets fees have previously been disclosed as net trading income. Income from these services is rightly net fee income and is disclosed as such from 1 January 2015

We have decided to exit our personal banking operations in the Baltics. Consequently, Baltic personal banking customers have been transferred to the Non-core unit from 1 January 2015

The change has affected the financial highlights and business segment reporting, whereas the income statement, balance sheet, total equity, earnings per share and statement of capital remain unaffected. Comparative figures for 2014 have been restated, except for the transfer of the Baltic personal banking customers as the effect is immaterial. The effect on the financial highlights for Q1 2014 is presented in the table below.

Income statement

| (DKK millions) | Highlights Q1 2014 | Internal bank | Net fee income | Adjusted highlights Q1 2014 |
|--|-----------------------|------------------|-------------------|-----------------------------------|
| Net interest income | 5,351 | -196 | - | 5,155 |
| Net fee income | 2,405 | - | 160 | 2,565 |
| Net trading income | 1,865 | 196 | -160 | 1,901 |
| Other income | 309 | - | - | 309 |
| Net income from insurance business | 405 | - | - | 405 |
| Total income | 10,335 | - | - | 10,335 |
| Operating expenses | 5,432 | - | - | 5,432 |
| Goodwill impairments | - | - | - | - |
| Profit before loan impairment charges | 4,903 | - | - | 4,903 |
| Loan impairment charges | 641 | - | - | 641 |
| Profit before tax, core | 4,262 | - | - | 4,262 |
| Profit before tax, Non-core | -632 | - | - | -632 |
| Profit before tax | 3,630 | - | - | 3,630 |
| Tax | 818 | - | - | 818 |
| Net profit for the period | 2,812 | - | - | 2,812 |

Notes – Danske Bank Group

(c) Significant accounting estimates

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

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

Fair value measurement of financial instruments

Significant estimates are not used for measuring the fair value of financial instruments where the value is based on prices quoted in an active market or on generally accepted models employing observable market data.

Measurements of financial instruments that are only to a limited extent based on observable market data, such as the measurement of unlisted shares and certain bonds for which there is no active market, are subject to estimates. The majority of unlisted shares are allocated to insurance contract policyholders, and the policyholders assume most of the risk on the shares. Changes in the fair value of those shares will only to a limited extent affect the Group's net result. For the remaining portfolio of unlisted shares, a 10% increase or decrease in the fair value would amount to DKK 232 million (31 December 2014: DKK 224 million). The estimated fair value of illiquid bonds significantly depends on the credit spread estimate. A credit spread widening of 50bp at 31 March 2015 would have caused the fair value of the bonds to decrease DKK 54 million (31 December 2014: DKK 36 million). The Group makes fair value adjustments to cover changes in counterparty risk (CVA and DVA) on derivatives, bid-offer spreads on the net open position of the portfolio of assets and liabilities with offsetting market risk recognised at mid-market prices, and model risk on level 3 derivatives. At 31 March 2015, the adjustments totalled DKK 1.5 billion (31 December 2014: DKK 1.0 billion) including the adjustment for credit risk on derivatives with customers subject to objective evidence of impairment. Note 30 in the consolidated financial statements for 2014 provides more details.

Measurement of loans

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

If all customers were downgraded one rating category, collective impairment charges would increase by about DKK 2.9 billion (31 December 2014: DKK 3.2 billion). The losses incurred under non-performing loan agreements depend, among other factors, on the value of collateral received. If the value of collateral decreased 10%, individual impairment charges would increase by about DKK 2.5 billion (31 December 2014: DKK 2.4 billion). The risk management notes provide more details on impairment charges for loans. At 31 March 2015, loans accounted for about 51% of total assets (31 December 2014: 53%).

Measurement of goodwill

Goodwill on acquisition is tested for impairment once a year or more frequently if indications of impairment exist. Impairment testing requires management to estimate the future cash flows. A number of factors affect the value of such cash flows, including discount rates, changes in the money market rates and other macroeconomic conditions, customer behavior and competition. The impairment test conducted in 2014 resulted in goodwill impairment charges of DKK 9.1 billion against the Group's banking units, mainly because of the worsening of the long-term economic outlook and Danske Bank's strategy of being a Nordic universal bank. At 31 March 2015, total goodwill amounted to DKK 9.5 billion (31 December 2014: DKK 9.5 billion) with DKK 4.1 billion (31 December 2014: DKK 4.1 billion) relating to banking units primarily in Personal Banking and Business Banking Finland. Following a continued decrease in interest rates in 2015, the assumptions applied in the impairment test for the banking units in 2014 were updated, but did not reveal further impairment in first quarter of 2015. Note 18 in the consolidated financial statements for 2014 provides more information about impairment testing and sensitivity to changes in impairment test assumptions.

Measurement of liabilities under insurance contracts

Measurement of liabilities under insurance contracts is based on a number of actuarial computations that rely on assumptions about a number of variables, including mortality and disability rates. Assumptions of future mortality rates are based on the Danish FSA's benchmark, while other assumptions are based on data from the Group's own portfolio of insurance contracts. The liabilities also depend on the discount yield curve, which is fixed on the basis of a zero-coupon yield curve estimated on the basis of euro swap market rates to which is added the yield spread between Danish and German government bonds and a mortgage yield curve spread. Note 17 in the consolidated financial statements for 2014 provides more information. If the discount rate were lowered one percentage point, life insurance provisions would increase by DKK 0.1 billion. The risk management notes to the consolidated financial statement for 2014 contain more information about sensitivity analyses.

Notes – Danske Bank Group

(c) Significant accounting estimates continued

Recognition of deferred tax assets

Recognition of deferred tax requires management to assess the probability and amount of future profit. Deferred tax assets arising from unused tax losses are recognised to the extent that such losses can be offset against tax on future profit. At 31 March 2015, deferred tax assets from recognised tax loss carry-forwards amounted to DKK 0.4 billion (31 December 2014: DKK 0.5 billion). The tax base of unrecognised tax loss carry-forwards, relating primarily to the Group's banking operations in Ireland, amounted to DKK 3.5 billion (31 December 2014: DKK 3.5 billion). The full deferred tax liability arising from international joint taxation was recognised and amounted to DKK 6.2 billion (31 December 2014: DKK 6.4 billion).

The consolidated financial statements for 2014 and Risk Management 2014 provide a detailed description of the significant risks and the external factors that may affect the Group. Risk Management 2014 is not covered by the statutory audit.

2. Business model and business segmentation

Danske Bank is an international retail bank and operates in 15 countries, mainly in the Nordic region. Danske Bank is market leader in Denmark and among the largest banks in Northern Ireland and Finland. The Group offers customers a wide range of services in the fields of banking, mortgage finance, insurance, pension, real-estate brokerage, asset management and trading in fixed income products, foreign exchange and equities.

The Group consists of a number of business units and support functions. The business units are segmented according to customers, legislation and products and services characteristics:

Personal Banking serves personal and private banking customers. The unit focuses on offering innovative digital solutions aimed at making day-to-day banking simple and efficient and on providing proactive advice to customers with more complex finances.

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

Corporates & Institutions is a leading provider of wholesale banking services to the largest institutional and corporate customers in the Nordic region. Products and services include cash management services; trade finance solutions; custody services; equity, bond, foreign exchange and derivatives products; corporate finance; and acquisition finance.

Danske Capital develops and sells asset and wealth management products and services that are marketed through Personal Banking and directly to businesses, institutional clients and third-party distributors. Danske Capital also supports the advisory and asset management activities of Personal Banking.

Danica Pension carries out 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 channels in the Group, primarily Personal Banking and Danica Pension's own insurance brokers and advisers. Danica Pension offers unit-linked products that 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.

Non-core includes certain customer segments that are no longer considered part of the core business. The Non-core unit is responsible for the controlled winding-up and divestment of this part of the loan portfolio. The portfolio consists of loans to customers in Ireland, liquidity back-up facilities for Special Purpose Vehicles (SPVs), conduit structures and from 1 January 2015 also all Baltic personal banking customers.

Other Activities encompasses Group Treasury, Group IT and Group Services. Group Treasury is responsible for the Group's liquidity management and funding.

Notes – Danske Bank Group

(DKK millions)

2. Business model and business segmentation continued

Business segments Q1 2015

| | Personal Banking | Business Banking | C&I | Danske Capital | Danica Pension | Other Activities | Non- core | Elimina- tions | Total | Reclassi- fication | Highlights |
|---|---------------------|---------------------|-----------|-------------------|-------------------|---------------------|--------------|-------------------|-----------|-----------------------|------------|
| Net interest income | 2,398 | 2,224 | 1,685 | -2 | 1,202 | 829 | 48 | 13 | 8,397 | -3,084 | 5,313 |
| Net fee income | 1,351 | 572 | 492 | 567 | -233 | -10 | 6 | -8 | 2,738 | 308 | 3,046 |
| Net trading income | 268 | 212 | 792 | 2 | 10,369 | -82 | - | -123 | 11,439 | -8,724 | 2,715 |
| Other income | 153 | 529 | 1 | - | 271 | -53 | - | -22 | 879 | -519 | 360 |
| Net premiums | - | - | - | - | 5,538 | - | - | - | 5,538 | -5,538 | - |
| Net insurance benefits | - | - | - | - | 16,155 | - | - | - | 16,155 | -16,155 | - |
| Net income from insurance business | - | - | - | - | - | - | - | - | - | 777 | 777 |
| Total income | 4,170 | 3,537 | 2,970 | 567 | 992 | 685 | 54 | -139 | 12,836 | -625 | 12,211 |
| Operating expenses | 2,627 | 1,677 | 1,158 | 244 | 214 | 126 | 100 | -40 | 6,106 | -669 | 5,437 |
| Profit before loan impairment charges | 1,543 | 1,860 | 1,812 | 323 | 778 | 559 | -46 | -99 | 6,730 | 45 | 6,774 |
| Loan impairment charges | 245 | 91 | 164 | - | - | 1 | -136 | - | 366 | 136 | 502 |
| Profit before tax, core | 1,298 | 1,769 | 1,648 | 323 | 778 | 558 | 90 | -99 | 6,362 | -90 | 6,272 |
| Profit before tax, Non-core | - | - | - | - | - | - | - | - | - | 90 | 90 |
| Profit before tax | 1,298 | 1,769 | 1,648 | 323 | 778 | 558 | 90 | -99 | 6,362 | - | 6,362 |
| Loans, excluding re- verse transactions | 799,933 | 623,050 | 186,542 | 101 | - | 26,207 | 36,854 | -30,812 | 1,641,875 | -36,854 | 1,605,021 |
| Other assets | 218,612 | 214,630 | 4,164,442 | 13,994 | 387,476 | 1,926,730 | -7,100 | -4,889,501 | 2,029,283 | -2,772 | 2,026,511 |
| Total assets in Non-core | - | - | - | - | - | - | - | - | - | 39,626 | 39,626 |
| Total assets | 1,018,545 | 837,680 | 4,350,984 | 14,095 | 387,476 | 1,952,937 | 29,754 | -4,920,313 | 3,671,158 | - | 3,671,158 |
| Deposits, excluding repo deposits | 334,783 | 262,206 | 229,998 | 196 | - | 9,787 | 6,719 | -10,209 | 833,480 | -6,719 | 826,761 |
| Other liabilities | 658,238 | 538,316 | 4,082,782 | 11,270 | 375,218 | 1,921,382 | 13,989 | -4,910,104 | 2,691,091 | -702 | 2,690,389 |
| Allocated capital | 25,524 | 37,159 | 38,204 | 2,629 | 12,258 | 21,768 | 9,046 | - | 146,587 | - | 146,587 |
| Total liabilities in Non-core | - | - | - | - | - | - | - | - | - | 7,421 | 7,421 |
| Total liabilities and equity | 1,018,545 | 837,680 | 4,350,984 | 14,095 | 387,476 | 1,952,937 | 29,754 | -4,920,313 | 3,671,158 | - | 3,671,158 |
| Profit before tax as % of allocated capital (avg.) | 20.1 | 18.7 | 17.3 | 49.2 | 26.0 | 10.4 | 3.9 | - | 17.4 | - | - |
| Cost/income ratio (%) | 63.0 | 47.4 | 39.0 | 43.0 | 21.6 | 18.4 | 185.2 | - | 47.6 | - | - |
| Full-time-equivalent staff, end of period | 6,713 | 3,115 | 1,826 | 510 | 765 | 5,358 | 428 | - | 18,715 | - | - |

In its financial highlights, Danske Bank recognises earnings contributed by Danske Bank Markets (part of C&I) as Net trading income with the exception of brokerage and debt capital markets fees. Earnings contributed by Group Treasury (part of Other Activities) is recognised as Net trading income except for income on the liquidity portfolio and interest expenses at the internal bank, which are presented under Net interest income. Earnings contributed by Danica Pension are recognised as Net income from insurance business, and earnings from Non-core activities as Profit before tax, Non-core. Operating lease costs, excluding property leasing, are presented on a net basis under Other income. The Reclassification column shows the adjustments made to the figures presented in the IFRS statements in the calculation of the Highlights.

Baltic personal banking customers have been transferred to the Non-core unit from 1 January 2015. Comparatives figures have not been restated.

Notes – Danske Bank Group

(DKK millions)

2. Business model and business segmentation continued

Business segments Q1 2014

| | Personal Banking | Business Banking | C&I | Danske Capital | Danica Pension | Other Activities | Non- core | Elimina- tions | Total | Reclassi- fication | Highlights |
|---|---------------------|---------------------|------------------|-------------------|-------------------|---------------------|---------------|-------------------|------------------|-----------------------|------------------|
| Net interest income | 2,615 | 2,085 | 1,639 | - | 1,231 | 360 | 31 | 34 | 7,995 | -2,840 | 5,155 |
| Net fee income | 1,062 | 507 | 578 | 494 | -234 | -9 | 14 | - | 2,412 | 152 | 2,564 |
| Net trading income | 205 | 195 | 116 | -1 | 1,968 | 25 | 2 | -152 | 2,358 | -457 | 1,901 |
| Other income | 138 | 451 | 1 | - | 38 | -55 | 1 | -39 | 535 | -226 | 309 |
| Net premiums | - | - | - | - | 5,804 | - | - | - | 5,804 | -5,804 | - |
| Net insurance benefits | - | - | - | - | 8,177 | - | - | - | 8,177 | -8,177 | - |
| Net income from insurance business | - | - | - | - | - | - | - | - | - | 405 | 405 |
| Total income | 4,020 | 3,238 | 2,334 | 493 | 629 | 322 | 48 | -157 | 10,927 | -592 | 10,335 |
| Operating expenses | 2,652 | 1,667 | 1,126 | 228 | 225 | 116 | 377 | -39 | 6,352 | -920 | 5,432 |
| Profit before loan impairment charges | 1,368 | 1,571 | 1,208 | 265 | 405 | 204 | -329 | -118 | 4,575 | 328 | 4,903 |
| Loan impairment charges | 337 | 299 | 5 | - | - | - | 303 | - | 944 | -303 | 641 |
| Profit before tax, core | 1,031 | 1,272 | 1,203 | 265 | 405 | 204 | -632 | -118 | 3,630 | 632 | 4,262 |
| Profit before tax, Non-core | - | - | - | - | - | - | - | - | - | -632 | -632 |
| Profit before tax | 1,031 | 1,272 | 1,203 | 265 | 405 | 204 | -632 | -118 | 3,630 | - | 3,630 |
| Loans, excluding reverse transactions | 797,269 | 599,433 | 166,629 | 333 | - | 25,083 | 39,242 | -29,799 | 1,598,190 | -39,242 | 1,558,948 |
| Other assets | 214,106 | 218,648 | 4,296,907 | 17,953 | 336,451 | 1,734,101 | -445 | -5,101,692 | 1,716,028 | -243 | 1,715,785 |
| Total assets in Non-core | - | - | - | - | - | - | - | - | - | 39,485 | 39,485 |
| Total assets | 1,011,375 | 818,081 | 4,463,536 | 18,286 | 336,451 | 1,759,183 | 38,797 | -5,131,491 | 3,314,218 | - | 3,314,218 |
| Deposits, excluding repo deposits | 329,959 | 259,040 | 189,398 | 116 | - | 10,819 | 11,000 | -7,632 | 792,700 | -11,000 | 781,700 |
| Other liabilities | 648,985 | 516,107 | 4,235,415 | 15,590 | 324,364 | 1,740,030 | 18,645 | -5,123,859 | 2,375,276 | -997 | 2,374,279 |
| Allocated capital | 32,431 | 42,934 | 38,723 | 2,580 | 12,087 | 8,335 | 9,153 | - | 146,242 | - | 146,242 |
| Total liabilities in Non-core | - | - | - | - | - | - | - | - | - | 11,997 | 11,997 |
| Total liabilities and equity | 1,011,375 | 818,081 | 4,463,536 | 18,286 | 336,451 | 1,759,183 | 38,797 | -5,131,491 | 3,314,218 | - | 3,314,218 |
| Profit before tax as % of allocated capital (avg.) | 12.7 | 11.9 | 12.4 | 41.1 | 13.4 | 10.2 | -27.6 | - | 9.9 | - | - |
| Cost/income ratio (%) | 66.0 | 51.5 | 48.2 | 46.2 | 35.7 | 36.0 | 785.4 | - | 58.1 | - | - |
| Full-time-equivalent staff, end of period | 6,823 | 3,740 | 1,568 | 508 | 785 | 5,375 | 217 | - | 19,016 | - | - |

The presentation of brokerage and debt capital markets fees in Danske Bank Markets (part of C&I) and income on the liquidity portfolio and interest expenses at the internal bank has been changed. Note 1 provides more details.

Notes – Danske Bank Group

(DKK millions)

2. Business model and business segmentation continued

Personal Banking by country Q1 2015

| | Denmark | Finland | Sweden | Norway | Northern Ireland | Other* | Total |
|--|--------------|------------|------------|------------|---------------------|-----------|--------------|
| Net interest income | 1,550 | 219 | 149 | 294 | 171 | 15 | 2,398 |
| Net fee income | 901 | 222 | 83 | 40 | 61 | 44 | 1,351 |
| Net trading income | 237 | 16 | 5 | -12 | 14 | 8 | 268 |
| Other income | 36 | 10 | - | 106 | - | 1 | 153 |
| Total income | 2,724 | 467 | 237 | 428 | 246 | 68 | 4,170 |
| Operating expenses | 1,450 | 329 | 177 | 298 | 213 | 160 | 2,627 |
| Profit before loan impairment charges | 1,274 | 138 | 60 | 130 | 33 | -92 | 1,543 |
| Loan impairment charges | 275 | 23 | -7 | -4 | -16 | -26 | 245 |
| Profit before tax | 999 | 115 | 67 | 134 | 49 | -66 | 1,298 |
| Loans, excluding reverse transactions | 531,938 | 92,949 | 68,413 | 81,445 | 19,314 | 5,874 | 799,933 |
| Deposits, excluding repo deposits | 194,418 | 46,466 | 26,790 | 27,008 | 32,850 | 7,251 | 334,783 |
| Net interest income as % p.a. of loans and deposits | 0.85 | 0.63 | 0.63 | 1.08 | 1.31 | 0.46 | 0.85 |
| Cost/income ratio (%) | 53.2 | 70.4 | 74.7 | 69.6 | 86.6 | - | 63.0 |

*Other includes Luxembourg, staff functions and other non-country specific costs.

Personal Banking by country Q1 2014

| | Denmark | Finland | Sweden | Norway | Northern Ireland | Other* | Total |
|--|--------------|------------|------------|------------|---------------------|-----------|--------------|
| Net interest income | 1,764 | 273 | 145 | 269 | 159 | 5 | 2,615 |
| Net fee income | 638 | 230 | 76 | 33 | 48 | 37 | 1,062 |
| Net trading income | 180 | 7 | 4 | -3 | 11 | 6 | 205 |
| Other income | 32 | 8 | 1 | 99 | 1 | -3 | 138 |
| Total income | 2,614 | 518 | 226 | 398 | 219 | 45 | 4,020 |
| Operating expenses | 1,544 | 376 | 181 | 271 | 171 | 109 | 2,652 |
| Profit before loan impairment charges | 1,070 | 142 | 45 | 127 | 48 | -64 | 1,368 |
| Loan impairment charges | 218 | 28 | 39 | 28 | 14 | 10 | 337 |
| Profit before tax | 852 | 114 | 6 | 99 | 34 | -74 | 1,031 |
| Loans, excluding reverse transactions | 535,210 | 94,545 | 72,289 | 73,036 | 16,671 | 5,518 | 797,269 |
| Deposits, excluding repo deposits | 194,118 | 45,633 | 29,591 | 26,955 | 28,484 | 5,178 | 329,959 |
| Net interest income as % p.a. of loans and deposits | 0.97 | 0.78 | 0.57 | 1.08 | 1.41 | 0.19 | 0.93 |
| Cost/income ratio (%) | 59.1 | 72.6 | 80.1 | 68.1 | 78.1 | - | 66.0 |

*Other includes Luxembourg, staff functions and other non-country specific costs.

Notes – Danske Bank Group

(DKK millions)

2. Business model and business segmentation continued

Business Banking by country Q1 2015

| | Denmark | Finland | Sweden | Norway | Northern Ireland | Baltics | Other* | Total |
|--|--------------|------------|------------|------------|---------------------|------------|------------|--------------|
| Net interest income | 1,141 | 202 | 412 | 227 | 188 | 82 | -28 | 2,224 |
| Net fee income | 222 | 110 | 85 | 53 | 66 | 37 | -1 | 572 |
| Net trading income | 129 | 7 | 27 | 14 | 15 | 19 | 1 | 212 |
| Other income | 496 | 8 | 0 | 22 | 3 | - | - | 529 |
| Total income | 1,988 | 327 | 524 | 316 | 272 | 138 | -28 | 3,537 |
| Operating expenses | 903 | 169 | 217 | 148 | 139 | 67 | 34 | 1,677 |
| Profit before loan impairment charges | 1,085 | 158 | 307 | 168 | 133 | 71 | -62 | 1,860 |
| Loan impairment charges | 184 | 44 | 28 | -52 | -97 | -16 | - | 91 |
| Profit before tax | 901 | 114 | 279 | 220 | 230 | 87 | -62 | 1,769 |
| Loans, excluding reverse transactions | 362,825 | 48,711 | 112,431 | 57,668 | 30,377 | 11,038 | - | 623,050 |
| Deposits, excluding repo deposits | 83,592 | 47,288 | 38,792 | 41,102 | 28,987 | 22,445 | - | 262,206 |
| Net interest income as % p.a. of loans and deposits | 1.02 | 0.84 | 1.09 | 0.92 | 1.27 | 0.98 | - | 1.00 |
| Cost/income ratio (%) | 45.4 | 51.7 | 41.5 | 46.9 | 51.1 | 48.6 | - | 47.4 |

*Other includes staff functions and other non-country specific costs.

Business Banking by country Q1 2014

| | Denmark | Finland | Sweden | Norway | Northern Ireland | Baltics | Other* | Total |
|--|--------------|------------|------------|------------|---------------------|------------|------------|--------------|
| Net interest income | 1,146 | 169 | 365 | 192 | 158 | 97 | -42 | 2,085 |
| Net fee income | 168 | 105 | 82 | 51 | 57 | 44 | - | 507 |
| Net trading income | 107 | 11 | 23 | 12 | 13 | 29 | - | 195 |
| Other income | 403 | 10 | 1 | 34 | 3 | 2 | -1 | 451 |
| Total income | 1,824 | 295 | 471 | 289 | 231 | 172 | -43 | 3,238 |
| Operating expenses | 842 | 186 | 213 | 168 | 130 | 100 | 29 | 1,667 |
| Profit before loan impairment charges | 982 | 109 | 258 | 121 | 101 | 72 | -72 | 1,571 |
| Loan impairment charges | 213 | 5 | 18 | 48 | 14 | 1 | - | 299 |
| Profit before tax | 769 | 104 | 240 | 73 | 87 | 71 | -72 | 1,272 |
| Loans, excluding reverse transactions | 356,038 | 45,514 | 102,595 | 50,516 | 27,518 | 17,252 | - | 599,433 |
| Deposits, excluding repo deposits | 82,693 | 43,354 | 42,808 | 43,761 | 25,735 | 20,689 | - | 259,040 |
| Net interest income as % p.a. of loans and deposits | 1.04 | 0.76 | 1.00 | 0.81 | 1.19 | 1.02 | - | 0.97 |
| Cost/income ratio (%) | 46.2 | 63.0 | 45.2 | 58.1 | 56.3 | 58.1 | -67.4 | 51.5 |

*Other includes staff functions and other non-country specific costs.

Notes – Danske Bank Group

(DKK millions)

3. Other Income

Other income includes rental income and lease payments under operating leases, fair value adjustments of investment property, amounts received on the sale of lease assets and gains and losses on the sale of other tangible assets, such as domicile and investment properties. Income from associates includes the Group's proportionate share of the net profit or loss.

Other income amounted to DKK 879 million (31 March 2014: DKK 535 million), including income from associates of DKK -20 million (31 March 2014: DKK -122 million) and profit on the sale of associates and group undertakings of DKK 0 million (31 March 2014: DKK 0 million).

4. Loan impairment charges

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

| | 31 March 2015 | 31 March 2014 |
|---|------------------|------------------|
| New and increased impairment charges | 3,610 | 4,119 |
| Reversals of impairment charges | 3,566 | 3,123 |
| Write-offs charged directly to income statement | 653 | 343 |
| Received on claims previously written off | 242 | 180 |
| Interest income, effective interest method | -90 | -214 |
| Total | 366 | 944 |

5. Issued bonds

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

| Other issued bonds | 31 March 2015 | 31 December 2014 |
|--------------------|------------------|---------------------|
| Commercial paper | 30,056 | 25,673 |
| Other | 320,668 | 304,533 |
| Total | 350,724 | 330,206 |

Other issued bonds are recognised at amortised cost. Other includes covered bonds and other senior bonds.

| Nominal value | 1 January 2015 | Issued | Redeemed | Foreign currency translation | 31 March 2015 |
|--------------------|-------------------|--------|----------|---------------------------------|------------------|
| Commercial paper | 25,671 | 18,273 | 15,194 | 1,307 | 30,057 |
| Other | 342,520 | 22,310 | 4,527 | -4,190 | 356,113 |
| Other issued bonds | 368,191 | 40,583 | 19,721 | -2,883 | 386,169 |

| Nominal value | 1 January 2014 | Issued | Redeemed | Foreign currency translation | 31 December 2014 |
|--------------------|-------------------|---------|----------|---------------------------------|---------------------|
| Commercial paper | 25,253 | 91,526 | 92,663 | 1,555 | 25,671 |
| Other | 317,231 | 95,522 | 70,394 | 161 | 342,520 |
| Other issued bonds | 342,484 | 187,048 | 163,057 | 1,716 | 368,191 |

Notes – Danske Bank Group

(DKK millions)

5. Issued bonds continued

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

During the first three months of 2015, the Group redeemed DKK 5,226 million (2014: DKK 29,046 million).

In February 2015, Danske Bank A/S issued EUR 750 million (DKK 5,583 million) in additional tier 1 capital. At 31 March 2015, additional tier 1 capital amounted to DKK 11,180 million (31 December 2014: DKK 5,597 million). Danske Bank A/S may, at its sole discretion, omit interest and principal payments to bondholders. Any interest payments made must be made out of retained earnings in Danske Bank A/S and Danske Bank Group. At 31 March 2015, retained earnings amounted to DKK 106,723 million for Danske Bank A/S (31 December 2014: DKK 101,964 million). Retained earnings for Danske Bank Group are disclosed in the balance sheet. The additional tier 1 capital will be temporarily written down if the common equity tier 1 capital ratio falls below 7% for Danske Bank A/S or Danske Bank Group. At 31 March 2015, the common equity tier 1 capital ratio was 17.4% (31 December 2014: 19.1%) for Danske Bank A/S. The ratio for Danske Bank Group is disclosed in the Statement of capital. The issued additional tier 1 capital is classified as equity instruments in the financial statements, and equity has increased by the net proceeds received. Interest payments are accounted for as dividends, which are recognised directly in equity at the time when the payment obligation arises. Consequently, interest payments do not have any effect on the net profit for the period. Amounts paid or received for the acquisition or sale of additional tier 1 instruments are recognised directly in equity. On redemption of the tier 1 capital, equity will be reduced by the redemption amount.

6. Other assets and other liabilities

Other assets amounted to DKK 39,315 million (31 December 2014: DKK 36,966 million), including holdings in associates of DKK 1,214 million (31 December 2014: DKK 1,318 million), investment property of DKK 3,462 million (31 December 2014: DKK 3,536 million) and tangible assets of DKK 6,856 million (31 December 2014: DKK 6,625 million). In the first quarter of 2015, the Group entered into a binding agreement on the sale of a loan portfolio with a nominal value of DKK 3.9 billion in the Non-core segment. The transaction was settled in April 2015.

Other liabilities amounted to DKK 43,104 million (31 December 2014: DKK 44,199 million), including other staff commitments of DKK 2,806 million (31 December 2014: DKK 3,249 million).

Notes – Danske Bank Group

(DKK millions)

7. Contingent liabilities

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

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

| | 31 March 2015 | 31 December 2014 |
|--------------------------------------|------------------|---------------------|
| Guarantees | | |
| Financial guarantees | 9,953 | 9,344 |
| Mortgage finance guarantees | 1,457 | 1,128 |
| Other guarantees | 72,053 | 66,958 |
| Total | 83,463 | 77,430 |
| Other contingent liabilities | | |
| Loan commitments shorter than 1 year | 124,204 | 115,511 |
| Loan commitments longer than 1 year | 139,400 | 136,064 |
| Other unutilised loan commitments | 479 | 520 |
| Total | 264,083 | 252,095 |

In addition to credit exposure from lending activities, loan offers made and uncommitted lines of credit granted by the Group amounted to DKK 352 billion (31 December 2014: DKK 308 billion). These items are included in the calculation of the total risk exposure amount in accordance with the Capital Requirements Directive.

Owing to its business volume, Danske Bank is continually a party to various lawsuits and disputes and has an ongoing dialogue with public authorities such as the Danish FSA. In view of its size, Danske Bank does not expect the outcomes of pending lawsuits and disputes or its dialogue with public authorities to have any material effect on its financial position.

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

Through participation in the Danish Guarantee Fund for Depositors and Investors, Danish banks undertake to cover the losses incurred by the Fund from the resolution of distressed banks. Danske Bank's share is just over one third of any loss incurred by the Fund. The intention is that losses should be covered by the participating banks' annual contributions.

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

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

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

Notes – Danske Bank Group

(DKK millions)

8. Assets provided or received as collateral

At 31 March 2015, Danske Bank A/S had deposited securities worth DKK 2.8 billion as collateral with Danish and international clearing centres and other institutions (31 December 2014: DKK 1.0 billion).

At 31 March 2015, Danske Bank A/S had provided cash and securities worth DKK 112.0 billion as collateral for derivatives transactions (31 December 2014: DKK 85.0 billion).

At 31 March 2015, the Group had registered assets (including bonds and shares issued by the Group) under insurance contracts worth DKK 338.0 billion (31 December 2014: DKK 320.0 billion) as collateral for policyholders' savings of DKK 335.1 billion (31 December 2014: DKK 314.8 billion).

At 31 March 2015, the Group had registered loans at fair value and securities worth a total of DKK 747.5 billion (31 December 2014: DKK 743.3 billion) as collateral for bonds issued by Realkredit Danmark, including mortgage-covered bonds, worth a total of DKK 678.9 billion (31 December 2014: DKK 656.0 billion). Similarly, the Group had registered loans and other assets worth DKK 271.2 billion (31 December 2014: DKK 270.8 billion) as collateral for covered bonds issued under Danish and Finnish law.

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

| | 31 March 2015 | | | 31 December 2014 | | |
|--|----------------|------------------|------------------|------------------|------------------|------------------|
| | Repo | Other | Total | Repo | Other | Total |
| Due from credit institutions | - | 37,246 | 37,246 | - | 32,353 | 32,353 |
| Trading portfolio securities | 415,722 | 71,580 | 487,302 | 386,797 | 66,063 | 452,860 |
| Loans at fair value | - | 745,902 | 745,902 | - | 741,609 | 741,609 |
| Loans at amortised cost | - | 289,421 | 289,421 | - | 275,923 | 275,923 |
| Assets under insurance contracts | - | 287,410 | 287,410 | - | 270,661 | 270,661 |
| Other assets | - | 109 | 109 | - | 166 | 166 |
| Total | 415,722 | 1,431,668 | 1,847,390 | 386,797 | 1,386,775 | 1,773,572 |
| Own issued bonds | 10,641 | 93,602 | 104,243 | 11,480 | 89,644 | 101,124 |
| Total, including own issued bonds | 426,363 | 1,525,270 | 1,951,633 | 398,277 | 1,476,419 | 1,874,696 |

Securities provided as collateral under agreements that entitle the counterparty to sell the securities or provide them as collateral for other loans amounted to DKK 415.7 billion at 31 March 2015 (31 December 2014: DKK 386.8 billion).

At 31 March 2015, the Group had received securities worth DKK 288.1 billion (31 December 2014: DKK 290.6 billion) as collateral for reverse repo transactions, securities lending, derivatives transactions and other transactions entered into on the standard terms for such transactions. As the party receiving the collateral, the Group is entitled in many cases to sell the securities or provide the securities as collateral for other loans in exchange for returning similar securities to the counterparty at the expiry of the transactions. At 31 March 2015, the Group had sold securities or provided securities as collateral worth DKK 138.0 billion (31 December 2014: DKK 160.9 billion).

The Group also receives many other types of assets as collateral in connection with its ordinary lending activities. The Group has not transferred the ownership of these assets. The risk management notes in the consolidated financial statements for 2014 provide more details on assets received as collateral.

Notes – Danske Bank Group

(DKK millions)

9. Information on financial instruments

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

| | 31 March 2015 | | 31 December 2014 | |
|--|------------------|------------------|------------------|------------------|
| | Fair value | Amortised cost | Fair value | Amortised cost |
| Financial assets | | | | |
| Cash in hand and demand deposits with central banks | - | 85,097 | - | 33,876 |
| Due from credit institutions and central banks | - | 173,630 | - | 112,760 |
| Trading portfolio assets | 800,073 | - | 742,513 | - |
| Investment securities | 210,021 | 111,871 | 226,139 | 104,855 |
| Loans at amortised cost | - | 1,113,192 | - | 1,092,902 |
| Loans at fair value | 745,902 | - | 741,609 | - |
| Assets under pooled schemes and unit-linked investment contracts | 90,151 | - | 80,148 | - |
| Assets under insurance contracts | 258,803 | - | 237,103 | - |
| Total | 2,104,950 | 1,483,790 | 2,027,512 | 1,344,393 |
| Financial liabilities | | | | |
| Due to credit institutions and central banks | - | 366,613 | - | 329,048 |
| Trading portfolio liabilities | 609,719 | - | 550,629 | - |
| Deposits | - | 1,018,038 | - | 966,197 |
| Bonds issued by Realkredit Danmark | 678,875 | - | 655,965 | - |
| Deposits under pooled schemes and unit-linked investment contracts | 96,142 | - | 86,433 | - |
| Other issued bonds | - | 350,724 | - | 330,207 |
| Subordinated debt | - | 36,948 | - | 41,028 |
| Other liabilities (loan commitments and guarantees) | - | 482 | - | 495 |
| Total | 1,384,736 | 1,772,805 | 1,293,027 | 1,666,975 |

Negative interest income and interest expenses resulting from negative interest rates were insignificant during the first quarter of 2015. The amounts are offset against interest income and interest expenses, respectively.

Financial instruments at fair value

Note 30 in the consolidated financial statements for 2014 provides more information about fair value calculation methods for financial instruments.

Financial instruments valued on the basis of quoted prices in an active market are recognised in the Quoted prices category. Financial instruments valued substantially on the basis of other observable input are recognised in the Observable input category. This category covers instruments such as derivatives valued on the basis of observable yield curves and exchange rates and illiquid mortgage bonds valued by reference to the value of similar, liquid bonds. Other financial instruments valued substantially on the basis of non-observable input are recognised in the Non-observable input category. This category covers instruments such as unlisted shares, some unlisted bonds and a limited portion of the derivatives portfolio (1%).

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

Financial instruments at amortised cost

Note 30 in the consolidated financial statements for 2014 provides information on the difference between the carrying amount and the fair value of financial instruments recognised at amortised cost. The difference between the two types of measurement at 31 March 2015 was in line with the difference at 31 December 2014.

Notes – Danske Bank Group

(DKK millions)

9. Information on financial instruments continued

| 31 March 2015 | Quoted prices | Observable input | Non-observable input | Total |
|--|----------------|------------------|----------------------|------------------|
| Financial assets | | | | |
| Derivatives | | | | |
| Interest rate contracts | 4,682 | 297,615 | 7,704 | 310,001 |
| Currency contracts etc. | 85 | 178,930 | 1,367 | 180,382 |
| Trading portfolio bonds | | | | |
| Government bonds and other bonds | 115,056 | 1,999 | - | 117,055 |
| Danish mortgage bonds | 65,958 | 2,455 | - | 68,413 |
| Other covered bonds | 54,682 | 1,627 | - | 56,309 |
| Other bonds | 39,699 | 8,191 | - | 47,890 |
| Trading portfolio shares | 19,463 | - | 561 | 20,024 |
| Investment securities, bonds | 179,079 | 29,115 | - | 208,194 |
| Investment securities, shares | 50 | - | 1,776 | 1,826 |
| Loans at fair value | - | 745,902 | - | 745,902 |
| Assets under pooled schemes and unit-linked investment contracts | 90,151 | - | - | 90,151 |
| Assets under insurance contracts, bonds | | | | |
| Danish mortgage bonds | 42,701 | 2,743 | - | 45,444 |
| Other bonds | 105,710 | 493 | 2,431 | 108,634 |
| Assets under insurance contracts, shares | 70,014 | 471 | 14,453 | 84,938 |
| Assets under insurance contracts, derivatives | 15 | 19,772 | - | 19,787 |
| Total | 787,345 | 1,289,313 | 28,292 | 2,104,950 |
| Financial liabilities | | | | |
| Derivatives | | | | |
| Interest rate contracts | 5,123 | 269,216 | 8,338 | 282,677 |
| Currency contracts etc. | 448 | 186,347 | 2,287 | 189,082 |
| Obligations to repurchase securities | 137,632 | 308 | 21 | 137,961 |
| Bonds issued by Realkredit Danmark | 678,875 | - | - | 678,875 |
| Deposits under pooled schemes and unit-linked investment contracts | - | 96,142 | - | 96,142 |
| Total | 822,078 | 552,013 | 10,646 | 1,384,737 |

Notes – Danske Bank Group

(DKK millions)

9. Information on financial instruments continued

| 31 December 2014 | Quoted prices | Observable input | Non-observable input | Total |
|--|----------------|------------------|----------------------|------------------|
| Financial assets | | | | |
| Derivatives | | | | |
| Interest rate contracts | 3,807 | 269,285 | 4,562 | 277,654 |
| Currency contracts etc. | 127 | 130,860 | 801 | 131,788 |
| Trading portfolio bonds | | | | |
| Government bonds and other bonds | 143,749 | - | - | 143,749 |
| Danish mortgage bonds | 74,695 | 3,188 | - | 77,883 |
| Other covered bonds | 57,776 | 2,077 | - | 59,853 |
| Other bonds | 33,780 | 9,832 | - | 43,612 |
| Trading portfolio shares | 7,442 | - | 532 | 7,974 |
| Investment securities, bonds | 186,024 | 38,264 | 25 | 224,313 |
| Investment securities, shares | 53 | - | 1,772 | 1,825 |
| Loans at fair value | - | 741,609 | - | 741,609 |
| Assets under pooled schemes and unit-linked investment contracts | 80,148 | - | - | 80,148 |
| Assets under insurance contracts, bonds | | | | |
| Danish mortgage bonds | 37,357 | 2,703 | - | 40,060 |
| Other bonds | 105,021 | 26 | 1,610 | 106,657 |
| Assets under insurance contracts, shares | 64,464 | 453 | 12,429 | 77,346 |
| Assets under insurance contracts, derivatives | 44 | 12,996 | - | 13,040 |
| Total | 794,487 | 1,211,293 | 21,731 | 2,027,511 |
| Financial liabilities | | | | |
| Derivatives | | | | |
| Interest rate contracts | 4,221 | 239,798 | 5,743 | 249,762 |
| Currency contracts etc. | 543 | 138,609 | 832 | 139,984 |
| Obligations to repurchase securities | 160,707 | 117 | 59 | 160,883 |
| Bonds issued by Realkredit Danmark | 655,965 | - | - | 655,965 |
| Deposits under pooled schemes and unit-linked investment contracts | - | 86,433 | - | 86,433 |
| Total | 821,436 | 464,957 | 6,634 | 1,293,027 |

Notes – Danske Bank Group

(DKK millions)

9. Information on financial instruments continued

At 31 March 2015, financial instruments valued on the basis of non-observable input comprised unlisted shares of DKK 16,769 million (31 December 2014: DKK 14,674 million), illiquid bonds of DKK 2,431 million (31 December 2014: DKK 1,610 million) and derivatives with a net market value of DKK -1,554 million (31 December 2014: DKK -1,211 million). Unlisted shares of DKK 14,453 million (31 December 2014: DKK 12,429 million) are allocated to insurance contract policyholders, and the policyholders assume most of the risk on the shares. Changes in the fair value of those shares will only to a limited extent affect the Group's net result. For the remaining portfolio of unlisted shares of DKK 2,316 million (31 December 2014: DKK 2,245 million), a 10% increase or decrease in the fair value would amount to DKK 232 million (31 December 2014: DKK 224 million). The estimated fair value of illiquid bonds depends significantly on the estimated credit spread. If the credit spread widens 50bp, fair value will decrease DKK 54 million (31 December 2014: DKK 36 million). If the credit spread narrows 50bp, fair value will increase DKK 56 million (31 December 2014: DKK 37 million). A substantial number of derivatives valued on the basis of non-observable input are hedged by similar derivatives or are used for hedging the credit risk on bonds also valued on the basis of non-observable input. Changing one or more of the non-observable inputs to reflect reasonably possible alternative assumptions would not change the fair value of the derivatives significantly.

The Group makes fair value adjustments to cover changes in counterparty risk (CVA and DVA) on derivatives, bid-offer spreads on the net open position of the portfolio of assets and liabilities with offsetting market risk recognised at mid-market prices, and model risk on level 3 derivatives. At 31 March 2015, the adjustments totalled DKK 1.5 billion (31 December 2014: DKK 1.0 billion) including the adjustment for credit risk on derivatives with customers subject to objective evidence of impairment.

In the first three months of 2015, the Group recognised unrealised value adjustments of unlisted shares of DKK 1,128 million on the portfolio of shares allocated to insurance contracts and DKK 96 million on the remaining portfolio (31 December 2014: DKK 234 million). The adjustments in 2015 and 2014 were attributable to various unlisted shares.

| Shares, bonds and derivatives valued on the basis of non-observable input | 31 March 2015 | | | 31 December 2014 | | |
|---|---------------|-------|-------------|------------------|-------|-------------|
| | Shares | Bonds | Derivatives | Shares | Bonds | Derivatives |
| Fair value at 1 January | 14,674 | 1,610 | -1,211 | 12,500 | 674 | 1,591 |
| Value adjustment through profit or loss | 1,391 | 154 | 530 | 3,362 | 61 | -51 |
| Acquisitions | 1,182 | 673 | -1,435 | 3,957 | 1,335 | -1,726 |
| Sale and redemption | -478 | -6 | 655 | -5,145 | -460 | 275 |
| Transferred from quoted prices and observable input | - | - | - | - | - | 659 |
| Transferred to quoted prices and observable input | - | - | -93 | - | - | -1,959 |
| Fair value at 31 March | 16,769 | 2,431 | -1,553 | 14,674 | 1,610 | -1,211 |

The value adjustment through profit or loss is recognised under Net trading income.

Notes – Danske Bank Group

Risk Management

The consolidated financial statements for 2014 provide a detailed description of the Group's risk management practices. Management's report describes the most recent changes to the risk management practices.

| Breakdown of credit exposure (DKK billions) | Lending activities | | | Counterparty risk (derivatives) | Trading and investment securities | Customer-funded investments |
|--|--------------------|----------------|-------------|------------------------------------|--------------------------------------|--------------------------------|
| | Total | Core | Non-core | | | |
| 31 March 2015 | | | | | | |
| Balance sheet items | | | | | | |
| Demand deposits with central banks | 74.6 | 74.6 | - | - | - | - |
| Due from credit institutions and central banks | 102.6 | 102.6 | - | - | - | - |
| Repo loans with credit institutions and central banks | 71.1 | 71.1 | - | - | - | - |
| Trading portfolio assets | 800.1 | - | - | 490.4 | 309.7 | - |
| Investment securities | 321.9 | - | - | - | 321.9 | - |
| Loans at amortised cost | 896.0 | 859.1 | 36.9 | - | - | - |
| Repo loans | 217.2 | 217.2 | - | - | - | - |
| Loans at fair value | 745.9 | 745.9 | - | - | - | - |
| Assets under pooled schemes and unit-linked investment contracts | 90.2 | - | - | - | - | 90.2 |
| Assets under insurance contracts | 286.5 | - | - | - | - | 286.5 |
| Off-balance-sheet items | | | | | | |
| Guarantees | 83.5 | 82.0 | 1.5 | - | - | - |
| Loan commitments shorter than 1 year | 124.2 | 123.8 | 0.4 | - | - | - |
| Loan commitments longer than 1 year | 139.4 | 139.4 | - | - | - | - |
| Other unutilised commitments | 0.5 | - | - | - | 0.5 | - |
| Total | 3,953.5 | 2,415.6 | 38.8 | 490.4 | 632.1 | 376.7 |
| 31 December 2014 | | | | | | |
| Balance sheet items | | | | | | |
| Demand deposits with central banks | 23.3 | 23.3 | - | - | - | - |
| Due from credit institutions and central banks | 63.8 | 63.7 | 0.1 | - | - | - |
| Repo loans with credit institutions and central banks | 48.9 | 48.9 | - | - | - | - |
| Trading portfolio assets | 742.5 | - | - | 409.4 | 333.1 | - |
| Investment securities | 331.0 | - | - | - | 331.0 | - |
| Loans at amortised cost | 851.7 | 822.1 | 29.6 | - | - | - |
| Repo loans | 241.2 | 241.2 | - | - | - | - |
| Loans at fair value | 741.6 | 741.6 | - | - | - | - |
| Assets under pooled schemes and unit-linked investment contracts | 80.1 | - | - | - | - | 80.1 |
| Assets under insurance contracts | 268.5 | - | - | - | - | 268.5 |
| Off-balance-sheet items | | | | | | |
| Guarantees | 77.4 | 76.2 | 1.2 | - | - | - |
| Loan commitments shorter than 1 year | 115.5 | 115.1 | 0.4 | - | - | - |
| Loan commitments longer than 1 year | 136.1 | 136.1 | - | - | - | - |
| Other unutilised commitments | 0.5 | - | - | - | 0.5 | - |
| Total | 3,722.2 | 2,268.2 | 31.3 | 409.4 | 664.6 | 348.6 |

In addition to credit exposure from lending activities, Danske Bank had made loan offers and granted uncommitted lines of credit of DKK 352 billion at 31 March 2015 (31 December 2014: DKK 308 billion). These items are included in the calculation of the total risk exposure amount in accordance with the Capital Requirements Directive.

Notes – Danske Bank Group

Credit exposure from core lending activities

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

Classification of customers

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

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

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

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

Credit portfolio in core activities broken down by rating category

| (DKK billions) | PD level Upper Lower | | 31 March 2015 | | | | 31 December 2014 | | | |
|--|-------------------------|--------|------------------------|---|-------------------|-----------------------------|------------------------|---|-------------------|-----------------------------|
| | | | Gross exposure =a+b | Acc. individual impairment charges b | Net exposure a | Net exposure, ex collateral | Gross exposure =a+b | Acc. individual impairment charges b | Net exposure a | Net exposure, ex collateral |
| | | | | | | | | | | |
| 1 | 0.00 | 0.01 | 137.1 | - | 137.1 | 125.1 | 69.4 | - | 69.4 | 52.0 |
| 2 | 0.01 | 0.03 | 254.6 | - | 254.6 | 118.9 | 184.8 | - | 184.8 | 75.1 |
| 3 | 0.03 | 0.06 | 406.9 | - | 406.9 | 129.7 | 394.1 | - | 394.1 | 117.5 |
| 4 | 0.06 | 0.14 | 441.2 | - | 441.2 | 153.6 | 447.2 | - | 447.2 | 153.4 |
| 5 | 0.14 | 0.31 | 510.2 | - | 510.2 | 171.8 | 510.2 | - | 510.2 | 171.0 |
| 6 | 0.31 | 0.63 | 299.3 | - | 299.3 | 81.5 | 289.3 | - | 289.3 | 79.6 |
| 7 | 0.63 | 1.90 | 211.3 | - | 211.3 | 61.4 | 213.5 | - | 213.5 | 60.2 |
| 8 | 1.90 | 7.98 | 81.1 | - | 81.1 | 26.1 | 82.2 | - | 82.2 | 25.1 |
| 9 | 7.98 | 25.70 | 19.7 | - | 19.7 | 6.6 | 21.9 | - | 21.9 | 6.8 |
| 10 | 25.70 | 99.99 | 46.0 | 9.4 | 36.6 | 9.8 | 47.7 | 10.1 | 37.6 | 11.0 |
| 11 (default) | 100.00 | 100.00 | 37.8 | 20.1 | 17.7 | 1.1 | 37.0 | 18.9 | 18.0 | 1.9 |
| Total before collective impairment charges | | | 2,445.1 | 29.5 | 2,415.6 | 885.5 | 2,297.3 | 29.0 | 2,268.2 | 753.7 |
| Collective impairment charges | | | 3.6 | - | - | - | 4.0 | - | - | - |
| Total gross exposure | | | 2,448.6 | - | - | - | 2,301.3 | - | - | - |

Notes – Danske Bank Group

Non-performing loans

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

Non-performing loans in core activities

| (DKK millions) | 31 March 2015 | 31 December 2014 |
|--|------------------|---------------------|
| Total non-performing loans, net | 29,880 | 29,390 |
| -portion in default | 11,055 | 10,573 |
| Coverage ratio (default) (%) | 98 | 96 |
| Coverage ratio (non-default) (%) | 73 | 73 |
| Coverage ratio (total non-performing loans) (%) | 88 | 86 |
| Non-performing loans as a percentage of total gross exposure (%) | 3 | 3 |

Notes – Danske Bank Group

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

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

| (DKK billions) | 31 March 2015 | | | | 31 December 2014 | | | |
|--|------------------------|--|----------------------|-----------------------------------|------------------------|--|----------------------|-----------------------------------|
| | Gross exposure =a+b | Acc. individual impairment charges b | Net exposure a | Net exposure, ex collateral | Gross exposure =a+b | Acc. individual impairment charges b | Net exposure a | Net exposure, ex collateral |
| Public institutions | 205.0 | - | 204.9 | 176.1 | 100.1 | - | 100.1 | 77.4 |
| Banks | 134.9 | 0.1 | 134.8 | 100.5 | 86.4 | 0.1 | 86.3 | 63.3 |
| Credit institutions | 20.4 | - | 20.4 | 11.3 | 30.7 | - | 30.7 | 11.5 |
| Insurance | 58.8 | - | 58.8 | 8.1 | 50.7 | - | 50.7 | 7.4 |
| Investment funds | 102.0 | 0.4 | 101.7 | 15.1 | 105.9 | 0.5 | 105.5 | 14.7 |
| Other financials | 83.0 | 0.2 | 82.9 | 17.0 | 98.8 | 0.1 | 98.6 | 11.2 |
| Agriculture | 67.8 | 2.5 | 65.3 | 14.0 | 65.8 | 2.5 | 63.3 | 13.1 |
| Commercial property | 276.3 | 7.6 | 268.7 | 44.4 | 268.6 | 7.4 | 261.2 | 49.4 |
| Construction, engineering and building products | 41.0 | 2.3 | 38.7 | 29.9 | 37.5 | 2.1 | 35.3 | 27.0 |
| Consumer discretionary | 90.3 | 2.4 | 87.9 | 51.9 | 85.4 | 2.5 | 82.9 | 48.2 |
| Consumer staples | 57.5 | 0.4 | 57.1 | 38.3 | 58.7 | 0.4 | 58.3 | 37.6 |
| Energy and utilities | 40.5 | 0.4 | 40.1 | 29.5 | 38.9 | 0.2 | 38.7 | 30.9 |
| Health care | 32.2 | 0.1 | 32.1 | 22.3 | 30.9 | 0.1 | 30.8 | 22.2 |
| Industrial services, supplies and machinery | 90.8 | 1.5 | 89.3 | 71.2 | 84.9 | 1.5 | 83.4 | 66.8 |
| IT and telecommunication services | 22.7 | 0.2 | 22.5 | 20.1 | 21.6 | 0.2 | 21.4 | 19.1 |
| Materials | 46.8 | 1.3 | 45.5 | 35.5 | 44.0 | 1.3 | 42.7 | 31.8 |
| Non-profits and other associations | 137.5 | 1.2 | 136.3 | 21.9 | 134.5 | 1.2 | 133.2 | 21.1 |
| Other commercial | 21.2 | 0.2 | 21.0 | 16.5 | 49.2 | 0.3 | 48.9 | 40.3 |
| Shipping | 39.4 | 1.9 | 37.5 | 16.0 | 39.3 | 1.8 | 37.5 | 17.9 |
| Transportation | 18.8 | 0.2 | 18.5 | 9.7 | 17.7 | 0.2 | 17.5 | 9.1 |
| Personal customers | 858.1 | 6.6 | 851.5 | 136.3 | 847.6 | 6.6 | 841.0 | 133.6 |
| Total before collective impairment charges | 2,445.1 | 29.5 | 2,415.6 | 885.5 | 2,297.3 | 29.0 | 2,268.2 | 753.7 |
| Collective impairment charges | 3.6 | - | - | - | 4.0 | - | - | - |
| Total gross exposure | 2,448.6 | - | - | - | 2,301.3 | - | - | - |

Notes – Danske Bank Group

Credit portfolio in core activities broken down by business unit

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

| | 31 March 2015 | | | | 31 December 2014 | | | |
|---|------------------------|--|----------------------|-----------------------------------|------------------------|--|----------------------|-----------------------------------|
| | Gross exposure =a+b | Acc. individual impairment charges b | Net exposure a | Net exposure, ex collateral | Gross exposure =a+b | Acc. individual impairment charges b | Net exposure a | Net exposure, ex collateral |
| (DKK billions) | | | | | | | | |
| Denmark | 543.6 | 5.2 | 538.4 | 88.9 | 544.6 | 5.6 | 539.0 | 89.2 |
| Finland | 92.8 | 0.4 | 92.4 | 5.5 | 92.8 | 0.6 | 92.2 | 5.6 |
| Sweden | 73.2 | 0.1 | 73.1 | 10.2 | 71.6 | 0.1 | 71.6 | 10.4 |
| Norway | 97.6 | 0.1 | 97.5 | 21.9 | 85.6 | 0.1 | 85.5 | 20.7 |
| Northern Ireland | 20.3 | 0.4 | 19.9 | 2.5 | 18.7 | 0.2 | 18.5 | 2.5 |
| Other | 6.1 | 0.1 | 6.0 | 3.0 | 5.7 | 0.1 | 5.6 | 2.4 |
| Personal Banking | 833.6 | 6.3 | 827.3 | 132.1 | 819.1 | 6.7 | 812.4 | 130.9 |
| Denmark | 439.3 | 11.7 | 427.6 | 114.2 | 413.5 | 11.4 | 402.0 | 95.3 |
| Finland | 66.6 | 1.0 | 65.6 | 31.4 | 64.3 | 0.9 | 63.4 | 29.8 |
| Sweden | 133.8 | 0.8 | 133.0 | 44.9 | 123.9 | 0.6 | 123.2 | 42.1 |
| Norway | 71.0 | 0.7 | 70.3 | 27.6 | 65.5 | 0.7 | 64.8 | 27.1 |
| Northern Ireland | 40.3 | 5.0 | 35.4 | 17.0 | 35.6 | 4.7 | 30.9 | 14.9 |
| Baltics | 16.5 | 0.4 | 16.1 | 8.1 | 27.5 | 0.7 | 26.8 | 11.8 |
| Other | - | - | - | - | - | - | - | - |
| Business Banking | 767.5 | 19.6 | 747.9 | 243.2 | 730.3 | 19.1 | 711.2 | 220.9 |
| C&I* | 785.4 | 3.5 | 781.9 | 454.0 | 715.3 | 3.1 | 712.2 | 372.8 |
| Other | 58.5 | - | 58.5 | 56.2 | 32.6 | 0.1 | 32.4 | 29.1 |
| Total before collective impairment charges | 2,445.1 | 29.5 | 2,415.6 | 885.5 | 2,297.3 | 29.0 | 2,268.2 | 753.7 |
| Collective impairment charges | 3.6 | - | - | - | 4.0 | - | - | - |
| Total gross exposure | 2,448.6 | - | - | - | 2,301.3 | - | - | - |

*The Corporates & Institutions (C&I) segment comprises large corporate customers and financial institutions. As these customers typically have business activities in multiple countries, no single country can be specified.

Notes – Danske Bank Group

Allowance account in core activities broken down by segment

| (DKK millions) | Personal Banking | Business Banking | C&I | Other | Allowance account total | Impairment Individual | Collective |
|--|---------------------|---------------------|-------|-------|----------------------------|--------------------------|------------|
| 1 January 2014 | 8,319 | 23,655 | 2,774 | - | 34,748 | 31,464 | 3,284 |
| New and increased impairment charges | 3,401 | 4,997 | 999 | 24 | 9,421 | 7,728 | 1,694 |
| Reversals of impairment charges from previous periods | 1,851 | 3,996 | 660 | 3 | 6,510 | 5,508 | 1,002 |
| Write-offs debited to allowance account | 1,298 | 3,035 | 149 | 22 | 4,503 | 4,503 | - |
| Foreign currency translation | 7 | 285 | 193 | 1 | 486 | 477 | 9 |
| Other items | -196 | -413 | -1 | 2 | -608 | -608 | - |
| 31 December 2014 | 8,382 | 21,493 | 3,157 | 2 | 33,034 | 29,049 | 3,985 |
| New and increased impairment charges | 867 | 1,525 | 408 | - | 2,800 | 2,610 | 191 |
| Reversals of impairment charges from previous periods | 639 | 1,420 | 247 | - | 2,305 | 2,255 | 50 |
| Write-offs debited to allowance account | 273 | 440 | 91 | - | 804 | 804 | - |
| Foreign currency translation | 56 | 430 | 241 | - | 728 | 696 | 32 |
| Other items | -77 | -387 | 85 | -3 | -381 | 210 | -592 |
| 31 March 2015 | 8,317 | 21,201 | 3,554 | - | 33,071 | 29,506 | 3,566 |

Since 2014, the adjustment for credit risk on derivatives with customers subject to objective evidence of impairment was excluded from the allowance account relating to lending activities and presented as part of the CVA on derivatives.

Collective impairment charges include charges that reflect the migration of customers from one rating category to another. If all customers were downgraded one rating category with no corresponding interest rate change, collective impairment charges would increase by about DKK 3.0 billion (31 December 2014: about DKK 3.2 billion).

If the value of collateral provided by customers in rating categories 10 and 11 decreased 10%, individual impairment charges would increase by about DKK 2.5 billion (31 December 2014: about DKK 2.4 billion).

Notes – Danske Bank Group

Credit exposure from Non-core lending activities

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

In 2014, the Irish commercial portfolio was significantly reduced through asset and portfolio sales. In the first quarter of 2015, the Group entered into a binding agreement on the sale of a portfolio of SME loans with a nominal value of DKK 3.9 billion. The transaction was settled in April 2015.

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

| (DKK millions) | 31 March 2015 | | | | 31 December 2014 | | | |
|--|------------------------|--|----------------------|-----------------------------------|------------------------|--|----------------------|-----------------------------------|
| | Gross exposure =a+b | Acc. individual impairment charges b | Net exposure a | Net exposure, ex collateral | Gross exposure =a+b | Acc. individual impairment charges b | Net exposure a | Net exposure, ex collateral |
| Personal customers | 27,452 | 2,522 | 24,930 | 2,203 | 19,830 | 2,479 | 17,351 | 1,312 |
| Consumer discretionary | 514 | 444 | 70 | - | 551 | 477 | 74 | - |
| Commercial property | 3,003 | 2,355 | 648 | - | 3,415 | 2,733 | 682 | - |
| Other | 3,148 | 1,137 | 2,011 | 1,654 | 3,266 | 1,151 | 2,115 | 1,748 |
| Non-core banking | 25,565 | 6,167 | 19,398 | 2,865 | 27,062 | 6,840 | 20,222 | 3,060 |
| Non-core conduits etc. | 11,378 | 238 | 11,140 | 3,060 | 11,362 | 259 | 11,104 | 2,858 |
| Total Non-core before collective impairment charges | 45,495 | 6,696 | 38,799 | 6,916 | 38,425 | 7,099 | 31,326 | 5,917 |
| Collective impairment charges | 1,083 | - | - | - | 813 | - | - | - |
| Total Non-core exposure | 46,578 | - | - | - | 39,238 | - | - | - |

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

| (DKK millions) | PD level | | 31 March 2015 | | | | 31 December 2014 | | | |
|---|----------|--------|------------------------|--|----------------------|-----------------------------------|------------------------|--|----------------------|-----------------------------------|
| | Upper | Lower | Gross exposure =a+b | Acc. individual impairment charges b | Net exposure a | Net exposure, ex collateral | Gross exposure =a+b | Acc. individual impairment charges b | Net exposure a | Net exposure, ex collateral |
| 1 | 0.00 | 0.01 | 536 | - | 536 | 7 | 996 | - | 996 | - |
| 2 | 0.01 | 0.03 | 3,900 | - | 3,900 | 471 | 3,109 | - | 3,109 | 435 |
| 3 | 0.03 | 0.06 | 1,529 | - | 1,529 | 778 | 1,494 | - | 1,494 | 548 |
| 4 | 0.06 | 0.14 | 2,020 | - | 2,020 | 652 | 1,698 | - | 1,698 | 583 |
| 5 | 0.14 | 0.31 | 3,662 | - | 3,662 | 1,375 | 2,271 | - | 2,271 | 632 |
| 6 | 0.31 | 0.63 | 1,890 | - | 1,890 | 219 | 840 | - | 840 | - |
| 7 | 0.63 | 1.90 | 13,330 | - | 13,330 | 2,358 | 9,843 | - | 9,843 | 1,510 |
| 8 | 1.90 | 7.98 | 4,291 | - | 4,291 | 534 | 3,424 | - | 3,424 | 1,161 |
| 9 | 7.98 | 25.70 | 1,289 | - | 1,289 | 327 | 791 | - | 791 | 306 |
| 10 | 25.70 | 99.99 | 4,095 | 699 | 3,396 | 195 | 3,720 | 676 | 3,044 | 743 |
| 11 (default) | 100.00 | 100.00 | 8,955 | 5,997 | 2,958 | - | 10,238 | 6,423 | 3,815 | - |
| Total before collective impairment charges | | | 45,495 | 6,696 | 38,799 | 6,915 | 38,425 | 7,099 | 31,326 | 5,917 |
| Collective impairment charges | | | 1,083 | - | - | - | 813 | - | - | - |
| Total gross exposure | | | 46,578 | - | - | - | 39,238 | - | - | - |

Non-performing loans in Non-core activities

The net exposure from non-performing loans in Non-core amounted to DKK 5,849 million (31 December 2014: DKK 6,466 million) of which the average unsecured portion of non-performing loans was 0% at the end of March 2015 (31 December 2014: 10.8%).

Notes – Danske Bank Group

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

| (DKK billions) | 31 March 2015 | 31 December 2014 |
|--|------------------|---------------------|
| Counterparty risk | | |
| Derivatives with positive fair value | 490.4 | 409.4 |
| Credit exposure from other trading and investment securities | | |
| Bonds | 609.7 | 654.2 |
| Shares | 21.8 | 9.8 |
| Other unutilised commitments | 0.5 | 0.5 |
| Total | 1,122.5 | 1,073.9 |

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

Bond portfolio

| (DKK millions) | Central and local govern- ment bonds | Quasi- government bonds | Danish mortgage bonds | Swedish covered bonds | Other covered bonds | Corporate bonds | Total |
|--------------------------|--|-------------------------------|-----------------------------|-----------------------------|---------------------------|--------------------|----------------|
| 31 March 2015 | | | | | | | |
| Held-for-trading | 135,357 | 5,919 | 67,015 | 48,846 | 8,156 | 24,374 | 289,667 |
| Designated at fair value | 34,837 | 1,125 | 94,523 | 18,303 | 2,361 | 4,793 | 155,942 |
| Available-for-sale | 155 | 714 | 49,267 | - | 2,117 | - | 52,253 |
| Hold-to-maturity | 60,324 | 1,328 | 47,681 | 261 | 1,591 | 686 | 111,871 |
| Total | 230,673 | 9,086 | 258,486 | 67,410 | 14,225 | 29,853 | 609,733 |
| 31 December 2014 | | | | | | | |
| Held-for-trading | 155,750 | 6,346 | 78,356 | 50,684 | 9,461 | 24,500 | 325,097 |
| Designated at fair value | 22,455 | 1,214 | 112,689 | 20,024 | 3,793 | 5,596 | 165,771 |
| Available-for-sale | 156 | 676 | 55,103 | - | 2,608 | - | 58,543 |
| Hold-to-maturity | 53,628 | 1,324 | 47,679 | - | 1,487 | 738 | 104,856 |
| Total | 231,989 | 9,560 | 293,827 | 70,708 | 17,349 | 30,834 | 654,267 |

At 31 March 2015, the Group had an additional bond portfolio worth DKK 154,078 million (31 December 2014: DKK 146,717 million) recognised as assets under insurance contracts and thus not included in the table above. The section on insurance risk in the consolidated financial statements for 2014 provides more information. For bonds classified as hold-to-maturity, fair value exceeded amortised cost at the end of 31 March 2015 and 31 December 2014.

Notes – Danske Bank Group

Bond portfolio broken down by geographical area

| (DKK millions) 31 March 2015 | Central and local govern- ment bonds | Quasi- government bonds | Danish mortgage bonds | Swedish covered bonds | Other covered bonds | Corporate bonds | Total |
|---------------------------------|--|-------------------------------|-----------------------------|-----------------------------|---------------------------|--------------------|----------------|
| Denmark | 21,091 | - | 258,486 | - | - | 5,686 | 285,262 |
| Sweden | 38,475 | - | - | 67,410 | - | 7,302 | 113,186 |
| UK | 23,785 | 83 | - | - | 2,830 | 1,729 | 28,426 |
| Norway | 7,636 | 28 | - | - | 6,279 | 3,012 | 16,955 |
| USA | 3,547 | 1,256 | - | - | - | 1,010 | 5,813 |
| Spain | 10,894 | - | - | - | 1,638 | - | 12,533 |
| France | 17,273 | - | - | - | 1,394 | 1,966 | 20,632 |
| Luxembourg | - | 7,539 | - | - | - | 46 | 7,585 |
| Finland | 13,587 | 171 | - | - | 1,419 | 2,462 | 17,639 |
| Ireland | 8,186 | - | - | - | 172 | 134 | 8,491 |
| Italy | 9,893 | - | - | - | - | - | 9,893 |
| Portugal | 1,666 | - | - | - | - | - | 1,666 |
| Austria | 8,886 | - | - | - | - | 1 | 8,887 |
| Netherlands | 11,539 | - | - | - | 87 | 4,053 | 15,680 |
| Germany | 43,865 | - | - | - | 238 | 935 | 45,038 |
| Belgium | 9,109 | - | - | - | 168 | - | 9,277 |
| Other | 1,244 | 8 | - | - | 1 | 1,520 | 2,772 |
| Total | 230,673 | 9,086 | 258,486 | 67,410 | 14,225 | 29,853 | 609,733 |
| 31 December 2014 | | | | | | | |
| Denmark | 16,835 | - | 293,827 | - | 1,508 | 6,748 | 318,919 |
| Sweden | 24,794 | - | - | 70,708 | - | 7,191 | 102,692 |
| UK | 17,434 | 102 | - | - | 3,443 | 1,667 | 22,646 |
| Norway | 8,556 | - | - | - | 6,741 | 3,138 | 18,435 |
| USA | 2,486 | 1,264 | - | - | - | 1,586 | 5,336 |
| Spain | 7,750 | - | - | - | 2,380 | - | 10,130 |
| France | 24,753 | - | - | - | 1,146 | 1,778 | 27,676 |
| Luxembourg | - | 8,133 | - | - | - | 49 | 8,182 |
| Finland | 18,406 | 60 | - | - | 1,525 | 2,566 | 22,557 |
| Ireland | 11,469 | - | - | - | 112 | 29 | 11,610 |
| Italy | 10,587 | - | - | - | - | - | 10,587 |
| Portugal | 2,123 | - | - | - | - | - | 2,123 |
| Austria | 8,876 | - | - | - | - | 3 | 8,878 |
| Netherlands | 14,986 | - | - | - | 171 | 3,375 | 18,533 |
| Germany | 50,644 | - | - | - | 233 | 1,458 | 52,335 |
| Belgium | 10,865 | - | - | - | 89 | - | 10,954 |
| Other | 1,425 | 2 | - | - | - | 1,248 | 2,675 |
| Total | 231,989 | 9,560 | 293,827 | 70,708 | 17,350 | 30,834 | 654,267 |

Exposures below DKK 1 billion are aggregated in the Other category. Risk Management 2014 provides additional details about the risk on the Group's bond portfolio. The publication is not covered by the statutory audit.

Notes – Danske Bank Group

[DKK millions]

Bond portfolio broken down by external ratings

| (DKK millions) 31 March 2015 | Central and local govern- ment bonds | Quasi- government bonds | Danish mortgage bonds | Swedish covered bonds | Other covered bonds | Corporate bonds | Total |
|---------------------------------|--|-------------------------------|-----------------------------|-----------------------------|---------------------------|--------------------|----------------|
| AAA | 124,463 | 5,421 | 257,711 | 67,410 | 11,005 | 346 | 466,355 |
| AA+ | 63,252 | 1,566 | - | - | 988 | 963 | 66,769 |
| AA | 4,183 | 2,070 | 44 | - | 728 | 1,359 | 8,384 |
| AA- | 7,465 | - | 197 | - | - | 2,658 | 10,320 |
| A+ | 156 | - | - | - | 34 | 7,624 | 7,814 |
| A | 265 | - | 2 | - | 955 | 8,187 | 9,409 |
| A- | 633 | - | - | - | 138 | 2,579 | 3,350 |
| BBB+ | 8,474 | - | 1 | - | 186 | 1,857 | 10,518 |
| BBB | 20,084 | - | 229 | - | - | 2,566 | 22,879 |
| BBB- | 1 | - | - | - | - | 715 | 716 |
| BB+ | 1,528 | - | - | - | 192 | 159 | 1,879 |
| BB | 138 | - | - | - | - | 404 | 542 |
| BB- | - | - | - | - | - | 29 | 29 |
| Sub-inv. grade or unrated | 33 | 28 | 300 | - | - | 407 | 768 |
| Total | 230,673 | 9,085 | 258,486 | 67,410 | 14,226 | 29,853 | 609,733 |
| 31 December 2014 | | | | | | | |
| AAA | 129,636 | 5,477 | 293,406 | 64,717 | 13,067 | 518 | 506,821 |
| AA+ | 48,303 | 1,146 | - | - | 59 | 957 | 50,465 |
| AA | 15,207 | 2,937 | - | 5,990 | 1,473 | 934 | 26,542 |
| AA- | 6,426 | - | 199 | - | - | 3,852 | 10,477 |
| A+ | 156 | - | - | - | - | 8,076 | 8,231 |
| A | 209 | - | 1 | - | 231 | 8,329 | 8,769 |
| A- | 3 | - | - | - | 1,466 | 2,315 | 3,784 |
| BBB+ | 16,362 | - | 2 | - | 185 | 1,419 | 17,969 |
| BBB | 13,358 | - | 220 | - | 2 | 2,982 | 16,562 |
| BBB- | 34 | - | - | - | 401 | 343 | 778 |
| BB+ | 2,157 | - | - | - | 184 | 249 | 2,590 |
| BB | - | - | - | - | 254 | 566 | 820 |
| BB- | - | - | - | - | 8 | 26 | 35 |
| Sub-inv. grade or unrated | 137 | - | - | - | 18 | 267 | 422 |
| Total | 231,989 | 9,560 | 293,827 | 70,708 | 17,349 | 30,834 | 654,267 |

The breakdown of the bond portfolio between the various rating categories in Annual Report 2014 was incorrect and has been changed in the comparative figures above.

| Derivatives with positive fair value | 31 March 2015 | 31 December 2014 |
|---|----------------------|-------------------------|
| Derivatives with positive fair value before netting | 838,311 | 783,901 |
| Netting (under accounting rules) | 347,929 | 374,459 |
| Carrying amount | 490,382 | 409,442 |
| Netting (under capital adequacy rules) | 355,693 | 300,206 |
| Net current exposure | 134,689 | 109,236 |
| Collateral | 67,139 | 59,170 |
| Net amount | 67,550 | 50,066 |
| Derivatives with positive fair value after netting for accounting purposes: | | |
| Interest rate contracts | 310,001 | 277,654 |
| Currency contracts | 179,305 | 130,126 |
| Other contracts | 1,076 | 1,662 |
| Total | 490,382 | 409,442 |

Statement by the management

The Board of Directors and the Executive Board (the management) have considered and approved Interim Report - First Quarter 2015 of Danske Bank Group.

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

In our opinion, the interim financial statements give a true and fair view of the Group's assets, liabilities, total equity and financial position at 31 March 2015 and of the results of the Group's operations and the consolidated cash flows for the period starting 1 January 2015 and ending on 31 March 2015. 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, 30 April 2015

Executive Board

Thomas F. Borgen
Chief Executive Officer

Tonny Thierry Andersen

James Ditmore

Gilbert Kohnke

Lars Mørch

Henrik Ramlau-Hansen

Glenn Söderholm

Board of Directors

Ole Andersen
Chairman

Trond Ø. Westlie
Vice Chairman

Urban Bäckström

Lars Förberg

Jørn P. Jensen

Rolv Erik Ryssdal

Carol Sergeant

Jim Hagemann Snabe

Kirsten Ebbe Brich

Carsten Eilertsen

Charlotte Hoffmann

Steen Lund Olsen

Supplementary information

Conference call

Danske Bank will hold a conference call on 30 April 2015 upon the presentation of its interim report for the first quarter of 2015. The conference call is scheduled for 2.30pm CET. The conference call will be webcast live at danskebank.com.

Financial calendar

| | |
|-----------------|---|
| 22 July 2015 | Interim Report – First half 2015 |
| 29 October 2015 | Interim Report – First nine months 2015 |

Contacts

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Links

| | |
|--------------------|--|
| Danske Bank | danskebank.com |
| Denmark | danskebank.dk |
| Finland | danskebank.fi |
| Sweden | danskebank.se |
| Norway | danskebank.no |
| Northern Ireland | danskebank.co.uk |
| Ireland | danskebank.ie |
| Realkredit Danmark | rd.dk |
| Danske Capital | danskecapital.com |
| Danica Pension | danicapension.dk |

Danske Bank's financial statements are available online at danskebank.com/Reports.

Danske Bank

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