Annual Report 2015

Danske Bank Plc.

Contents

Danske Bank Plc is a Finnish bank which is part of the Danske Bank Group. Danske Bank Group is one of the largest financial enterprises in the Nordic region. This Annual Report includes Danske Bank Plc and its subsidiaries.

Danske Bank Plc Board of Directors´ Report 2015

Group in brief

Danske Bank Plc Group is part of the Danske Bank Group, which is one of the largest financial enterprises in the Nordic region. Danske Bank Group operates in 15 countries. The Group is headquartered in Copenhagen and Danske Bank's share is quoted on the Nasdaq OMX Copenhagen.

As a Nordic universal bank, Danske Bank Group offers Finnish customers full banking services through Helsinki Branch, which is a branch of Danske Bank A/S, Denmark and the subsidiary Danske Bank Plc Group. End of December 2015, the total assets of the combined activities in Finland was around EUR 33 billion and the net result amounted to EUR 192.8 million.

Originally established as a local post savings bank, Danske Bank Plc has been an integral part of Finnish society for almost 130 years. It is the third largest bank in Finland with almost 1 million personal customers and about 90,000 corporate and institutional customers and a strongly Finnish rooted player with bridges to the Nordic area. Danske Bank Plc has a market share in lending slightly below 10 per cent and a market share in deposits above 11 per cent.

Danske Bank Plc has 43 branches, but including the private banking and corporate banking offices the Bank has total of 62 offices all over Finland.

Since the beginning of November 2014, Danske Bank Plc Group has been under supervision of the European Central Bank (ECB) which designated Danske Bank Plc as a systemically important bank. In July 2015, Danske Bank Plc was designated as other systemically important institution (O-SII) for the Finnish national financial system underlining that the bank plays a vital role in the Finnish financial sector.

Strategy, ambitions and financial targets

During 2015 we continued our journey towards becoming a more customer-centric, simple and efficient financial partner. Our ambition is to improve Danske Bank Plc's financial results continuously and therefore it is pivotal for us to strengthen the relationships with our customers. Our focus on customers and creating a simpler and more efficient bank have already led to initiatives across the bank e.g. Customer Benefit Programme, MobilePay and valued expertise in advisory services. We aim for offering our customers great customer experience by easy and accessible day-to-day banking and leading innovative solutions across all our business units.

It is our strong aspiration to grow in the Finnish market area in all our business segments and increase our market share. We aim to strengthen our market share across all our business units. In 2016 we will strengthen our customer offerings within pension savings and wealth and asset management as we introduce a new business segment Wealth Management. By bringing all of our expertise within pension savings and wealth and asset management into a single business unit, we can further improve our customer services and strengthen the offering of innovative solutions and products.

Operating environment

Total output decreased in 2012-2014, and there was still no improvement in the economy in 2015. Finland's GDP is approximately 7 per cent lower than it was at the previous business cycle peak. Europe's recovery had not reached Finland yet because demand for investment goods, which are important for Finnish industry, remained weak, and Russian trade continued to slide. Despite the decline in GDP, Finland's economy has been fairly resilient: unemployment has risen only moderately, and the number of bankruptcies declined during 2015. Public finances have weakened, however, and government debt is growing quickly. Moody's changed the outlook of Finland's AAA credit rating from stable to negative in May. The three-party conservative government is set on reforms, and fiscal policy is being tightened considerably, which should help retain good credit ratings. On the other hand, tight fiscal policy weakens domestic demand.

We expect that GDP will have remained unchanged in 2015, and will reach a gradual increase of 0.6 per cent in 2016. The expected growth will probably be export-driven, but investments may also recover. The outlooks of

Finland's primary export markets (Germany, Sweden and the USA) are relatively good. The weakening of the euro should support Finland's exports to the USA, which is currently Finland's third-largest trading partner. Russia is an exception because its economic outlook remains weak, and imports have been replaced by local production. The European Central Bank eased monetary policy by lowering interest rates and starting the 2015 securities purchasing programme. Money market interest rates are expected to remain very low also in 2016. Bond market returns are also expected to remain fairly low, although long-term interest rates may rise as economic growth strengthens and the US Federal Reserve tightens monetary policy.

Finnish consumer confidence has fallen short of the long-term average, and unemployment is a cause for concern. Slowly increasing levels of unemployment and low income growth are weakening households' purchasing power. On the other hand, low interest rates, declining consumer prices and interest-only periods offered by banks have helped to ease households' financial situation despite the increase in unemployment. We expect private consumption to continue rising moderately. The housing markets look relatively stable while sales of the largest apartments and detached houses are still lower than normal. In growth centres prices may rise, but especially in declining areas, prices are in danger of falling. Housing loan stock increased at a rate of over 2 per cent in 2015, and corresponding growth may also continue in 2016. Investment activity has been weak in 2015, but surveys show nascent signs of recovery in manufacturing companies' investment intentions. The increase in construction industry confidence and in the number of building permits indicates an increase in housing construction, in particular.

Financial review

The Danske Bank Plc Group's profit before taxes for the full financial year was EUR 209.5 million (213.7 million), a decrease of 2 per cent. The result was EUR 165.7 million (169.3 million). Return on equity (annualized) amounted to 6.6 per cent end of December 2015 compared to 6.9 per cent last year. The recognition of lower costs, in particular, had a positive impact on the result. Correspondingly, the decrease in net interest income and net trading income had a negative impact on the result.

Total operating income for the full financial year was not quite on the 2014 level and amounted to EUR 574.7 million (603.5 million). Net interest income for the financial year decreased to EUR 304.4 million (315.1 million). The continued low interest environment, especially negative short-term interest rates, keeps our net interest income under pressure. Also ECB's deposit rate for banks remained negative. This combined with only a slight lending growth caused the net interest income to fell 3 per cent year-on-year.

The Group's net fee income totalled EUR 234.5 million (232.6 million). The one percent increase in fee income compared to 2014 is mainly due to higher activity with corporate customers and positive developments at Danske Capital.

Net trading income fell by half compared to previous year, to EUR 14.3 million (31.7 million). The decline was partly stemming from increased valuation adjustments on derivatives (XVA), but also from negative value adjustments on bonds in the liquidity portfolio. The comparative period on the other hand was affected by crisis in Ukraine in the beginning of 2014, which resulted challenges in particular in ruble currency trading and ruble interest rate hedging and had an negative effect to this profit and loss line. Last year's net trading income includes also a dividend from Luottokunta and no corresponding income is received during 2015.

The Group's other operating income declined compared to previous year to EUR 20.1 million (23.2 million). This was primarily attributable to some one-off income received during 2014, but no corresponding income items were received during this review period.

Danske Bank Plc Group's cost to income ratio was 61.4 per cent (61.8 per cent). The Group's operating expenses totalled EUR 352.5 million (EUR 373.0 million), an decrease of over 5 per cent (EUR 20 million) on the previous year. Staff costs were lower year-on-year showing a decrease of over 2 per cent and also the other operating expenses decreased 6 per cent. Bank tax that was paid during 2013-2014 is compensating the resolution contribution for 2015. Bank tax's portion of the previous year's costs was EUR 17.2 million and there is no corresponding cost during 2015.

Net impairment on loans and receivables was EUR 12.6 million (16.7 million). Individually assessed impairment charges and final write-offs totalled EUR 16.8 million (39.8 million). EUR 5.7 million was booked in collective impairments (1.2 million was reversed), and recoveries came to EUR 9.8 million (21.9 million). Impairment charges and write offs consisted of a few corporate customers and number of small personal customers receivables.

Personal Banking

Products and services

Our aspiration in Personal Banking Finland is to lead the way in digital development. Danske Bank has now over 100,000 Mobilebank and Tabletbank solution users and over 2.5 million logons per month. We are predicting that mobile and tablet logons will exceed webbank logons during 2016.

On top of active development of our digital channels, Personal Banking has launched in co-operation with non banking partners new services to reach Finns in their everyday. As example, at the Slush 2015 event we launched together with giosg.com the Dreams Come true service, an innovation that offers online stores a unique way of finding potential customers on the web, and enables them to offer customers real–time financial advice and a financing solution to match their needs.

The number of new registrations to the Danske Benefit Programme continued to grow rapidly. By the end of 2015, over 290.000 customers had registered for the programme. Registration was over 95% among customers entitled to benefits on highest two levels. We introduced new benefits to the programme in Q4: Purchase and cash withdrawal protection insurances linked to Danske Bank's MasterCards. Continuous development of the programme will be in the core of our value proposition in the future also.

Danske Bank's MobilePay application enables peer-to-peer payments between private individuals with smart phones. In Finland the application has been downloaded over 230,000 times. Over 60 per cent of these downloads were by people who are not primary customers of Danske Bank. In the second half 2015 we also launched several projects to make the use of online services even easier – for e.g. finger print identification.

We have also strengthened our position as digital service provider by establishing a new organisational unit – Virtual Reach & Sales to support customer acquisition and advisory assisted online sales.

The Private Bank's business volumes and profit continued to grow during 2015. Customers' investment assets, lending volumes and deposits were on the rise. Asset management services, in particular, were developed significantly during the year, for example by introducing a service in which customers are immediately informed of changes taking place in customer portfolios using new mobile and online banking features.

Customer satisfaction

At the end of 2015, customer satisfaction for Personal Banking was below our target of being number one or two among the bank's focus customers. We have, however, experienced a positive trend throughout 2015 and we believe that our continued focus on customer relationships and seamless online solutions will improve the customer experience.

Private Bank's customer satisfaction, which was measured at the end of the year, showed improvement and was at a high level overall (NPS 31).

Financial review

Total operating income from Personal Banking decreased by 11 per cent from the previous year to EUR 252.8 million (284.1 million) mainly due to the low interest rate development. Lending stock growth continued in H2 due to high activity level and mitigated the impact from lower interest rate environment. Non-net interest income remained at the same level compared with previous year. The result was positively affected by a six per cent reduction in operating expenses. Also loan impairment charges were lower compared to previous year. Despite this the units profit before taxes was lower compared to 2014, totaling to EUR 68.9 million (EUR 86.8 million).

Business Banking

Products and services

We aspire to be our business customer's trusted financial partner and thus we have continued throughout 2015 to develop our employees, products and processes in order to provide better service, better quality and faster delivery to our customers.

As a way to ensure a dynamic business structure in Finland we launched a change of ownership concept during second half of 2015. Our aim is to make complex change of ownership easy for entrepreneurs. Earlier there has been several service providers in this field but we have together with our partners Fennia, Etera, Eversheds, Suomen yrityskaupat and ProMan, bundled the whole process to one easily accessible package.

As part of supporting business growth in Finland we want to help our customers with their internationalisation. During second half of 2015 our trade finance road show together with Finnvera visited several cities and locations.

During second half of 2015 we have also had first webinars to our customers. This allows our customers to receive relevant information regardless of their physical location. We have continued developing our digital channels throughout 2015 and work will continue in future.

Customer satisfaction
Customer satisfaction has improved during 2015 in all of our customer segments. Satisfaction has stabilized to good level among our midsized and large customers and improved among our small customers. We have continued our determined work to focus on customer understanding instead of on a narrow product – or even solution – focus. Our employees continuously receive training in order to further improve the customer experience.

Financial review
Total operating income from Business Banking decreased only by 1 per cent compared to previous year to EUR 174.2 million (EUR 176.5 million). Reason for decreasing income was low interest environment which resulted to 3 per cent lower net interest income. Both lending and deposit balance increased compared to last year. Development of fee and trading income was positive and ended on higher level compared to 2014.

Already earlier reported trend of decreasing costs continued in 2015 and had a positive effect on result. Active attention on costs resulted in reduction of 7 per cent in total operating expenses compared to last year. Loan impairment charges increased from last year's extremely low level to EUR 17.5 million. As a result of this the profit before taxes was not quite on last year's level, totaling to EUR 66.0 million (EUR 67.1 million).

Corporates & Institutions
The Corporates & Institutions (C&I) unit includes the Group's Markets business, Corporate and Institutional Banking (CIB) and Transaction Banking business. We aspire to set new standards for wholesale banking and become our customers trusted financial partner by offering great value propositions.

Corporate and Institutional Banking
Regarding corporate customers we see good activity within both bond issuance, equity-related services and in M&A advisory which contribute positively to overall performance. Regarding institutional clients activity and new client initiatives were at all time high resulting in positive outcomes both qualitatively and quantitatively.

According to the customer satisfaction survey done by Prospera Danske Bank was rated as the best bank in Finland. Corporate and Institutional clients in Finland are being serviced by Danske Bank Plc and Danske Bank, Helsinki Branch.

Capital Markets
The first half of 2015 was particularly successful for Corporate Finance both in M&A and equity capital market transactions. We concluded the sale of Fortum's Swedish Electricity Network worth EUR 6.5 billion and the acquisition of Neste Oil Porvoo refinery power network, among others. Danske Corporate Finance opened the IPO market with two significant offerings to the main list of OMX Helsinki. Asiakastieto IPO worth approx. EUR 200 million and Pihlajalinna IPO with EUR 80 million sales to market are the largest IPO's in Finnish market since 2006.

During the first half of 2015 the market activity in Loan Capital Markets continued to be very high, with Finnish companies taking advantage of the strong market sentiment by refinancing their core credit facilities. Highlights for the reviewed period include the co-ordination role in Pohjolan Voima Oy's EUR 573 million syndicated Revolving Guarantee Issuance Facility Agreement and the bridge facility to support Citycon Oyj's acquisition of Sektor Gruppen AS in Norway.

Danske Bank arranged post-IPO financing transactions for Asiakastieto and Pihlajalinna ahead of the successful IPOs arranged by Danske Bank Corporate Finance. Danske Bank Leverage Finance also supported Acta in its acquisition of Inspecta.

Danske Bank Markets
The Danske Bank Markets division in Finland operates in close co-operation with the Markets operations within the Danske Bank Group. At the Group level the work continues with the aim of transforming the Markets business model to fit the new regulatory environment and to withstand changing market developments. This entails a more balanced income base through client-driven income and less volatility in income from trading operations. Markets operations in Finland have undergone a similar transformation and most of the income generated is based on client activity.

Conditions in the financial markets were influenced strongly by central bank actions. In particular the quantitative easing program announced by the ECB resulted in large fluctuations in both exchange rates and interest rates. The volatile market conditions kept client activity at a good level.

Activity in Debt Capital Markets remained at a high level during the review period. Danske Bank Markets arranged bond issues for a number of major Finnish corporates, including Teollisuuden Voima, Neste Oil, Kemira, Sampo and Technopolis.

Cash management
During the review period several major Finnish corporate customers chose Danske Bank as their cash management provider thereby strengthening the bank's position in the market even further. The increase in market share is also visible in the most recent independent cash management market surveys, such as Prospera in which large Finnish customers ranked Danske Bank as the best cash management provider (Overall Performance) for the third year running. Among the banks evaluated in the survey, Danske Bank was the only one which improved its score from 2014. In addition to Finland, Danske Bank also secured the number one position on Nordic level.

Financial review
Total operating income for the C&I decreased by six per cent year-on-year and was EUR 81.4 million (EUR 86.6 million).

Net interest income increased 8 per cent year-on-year mainly due to a positive development in deposit volume and improved money market performance. The fee income instead decreased with the same percentage amount. Because the net trading income was also bit lower compared to 2014 the total operating income did not quite reach last year level.

Total operating expenses were at the same level as of 2014. The loan impairment charges were on a recovery side which boosted the profit compared to previous year. The profit before taxes totaled EUR 48.9 million (EUR 46.3 million).

Danske Capital
Products and services
Capital unit includes Danske Capital asset management activities and operations in Danske Invest Fund Management Ltd. Danske Capital is responsible for institutional customers, discretionary portfolios in private banking and most of Danske Invest Fund Management's funds.

Danske Invest Fund Management Ltd is the third-largest fund management company in Finland with a market share of 11.9 per cent. Assets under management totalled EUR 11.5 billion at the end of December (11.0 billion on 31 December 2014). Net subscriptions by fund management companies registered in Finland were EUR 8,790.3 million in January-December. In the same period, net subscriptions by Danske Invest Fund Management were EUR 98.9 million.

Lipper awarded Danske Invest Global Tech Fund as best fund in its class. These prestigious Lipper Fund Awards 2015 rewards were granted to funds which have had consistently the best risk-adjusted return. Measured on 5-year yield history the annual return for Danske Invest Global Tech Fund was 19.6 per cent.

Customer satisfaction
Danske Capital pick up a gold award for excellence in investment services in 2015 by Scandinavian Financial Research Ltd.

Financial review
Danske Capital performed again well during the review period. Total income for January-December 2015 was EUR 38.9 million showing an increase of 3 per cent year-on-year (EUR 37.9 million). Total operating expenses decreased 9 per cent compared to previous year and profit before taxes for the period was EUR 21.6 million (EUR 18.9 million).

Other activities
Other activities encompasses the Treasury, the Group's Services and other support functions and eliminations. Their total operating income was EUR 27.5 million (EUR 18.4 million).

The Treasury is responsible for the Group's liquidity management and funding. It acts as an internal bank for the business segments. Two of the Treasury's key responsibilities are ensuring that Danske Bank Plc maintains sufficient liquidity to handle a situation in which the markets are stressed and that the Bank always complies with regulatory liquidity requirements. A liquidity reserve of a sufficient size and quality is an important component in managing overall liquidity risks. The Treasury monitors liquidity risks on an ongoing basis, and the liquidity portfolio is regularly adjusted to reflect changes. The liquidity portfolio is incorporated in balance sheet management to optimise the balance sheet composition and minimise the cost of holding the liquidity portfolio.

Treasury's interest income and interest expenses have declined as a result of the decline in interest rates. Net interest income has however grown compared to previous year, because the decline in interest expenses was steeper than in interest income. In 2014 and 2015 the funds transfer pricing model for interest and liquidity costs has been modified which also explains the change in the net interest income. Net trading income was negatively affected by the pull to par effect in the liquidity buffer portfolio and also by change related to the fixed rate loans. As a consequence, the Treasury's total operating income and profit before taxes improved from the corresponding period of 2014.

Balance sheet and funding

The Danske Bank Plc Group's balance sheet total for 2015 was EUR 30,312.9 million (29,691.8 million). Loans and receivables from customers and public entities increased by EUR 616.9 million to a total of EUR 19,818.8 million (19,201.9 million). All of the Bank's segments experienced slightly positive growth and demand for credit during 2015 compared to last year. Our market share of total lending was over 9 per cent and remained almost at the same level as end of 2014.

Hold-to-maturity portfolio, totalling EUR 199.7 million end of December 2015, was created during the first half of 2015. This portfolio contains mainly government bonds.

Deposits increased by EUR 2,381.0 million to a total of EUR 18,115.3 million (15,734.3 million). Deposit marginals decreased in all segments during 2015.

The financial and liquidity situation remained good during the year. Bank's liquidity buffer EUR 5,806 million (2,779 million) has grown due to general liquidity in market and also due to regulatory liquidity requirements.

With a liquidity coverage ratio (LCR) of 118 per cent end of December 2015 Danske Bank Plc is in compliance with the current regulatory minimum requirement of 60%. Under the Capital Requirements Regulation (EU) No 575/2013 banks must have an LCR of 100 percent by 1.1.2018.

Capital securities and terms are described in note 27.

Capital and solvency

The objective of the Danske Bank Plc's capital management policies and practices is that the Bank has an adequate level of capital to support its business strategy and that the prevailing regulatory capital requirements are fulfilled. The Bank also need to ensure that it is sufficiently capitalized to withstand severe macroeconomic downturns. Danske Bank Plc's capital management and practices are based on an internal capital adequacy assessment process (ICAAP). In this process, Danske Bank Plc identifies its risks and determines its solvency need.

In July 2015 Danske Bank Plc received the Finnish FSA's approval to use the F-IRB approach for calculating credit Risk Exposure Amount (REA) for the asset class corporate in Finland. The approval for the Finnish portfolio also applies to Danske Bank Group. The approval was implemented during Q3 2015. In other respects Danske Bank Plc Group applies standard method (capital requirement for credit and operational risk) and regulatory approaches (capital requirement for market risks) to capital adequacy calculations.

Danske Bank Plc Group's total capital consists of tier 1 capital (common equity tier 1 capital and additional tier 1 capital instruments after deductions) and tier 2 capital (IRB excess of provisions over expected losses eligible). At 31 December 2015, the total capital amounted to EUR 2,547.3 million (2,437.3 million), and the total capital ratio was 18.4 (14.5) per cent. The common equity tier 1 capital ratio stood at 17.5 (13.9) per cent.

The Group's risk exposure amount (REA) was EUR 13,833.1 million (16,812.1 million). The main reason for the decrease in REA was the implementation of F-IRB approach for corporate portfolio at the end of September 2015 and decrease in institutional portfolio.

Profit after taxes for January-December is included in Tier 1 distributable capital according to ECB's approval process.

Leverage ratio

According to the Capital Requirements Directive (CRD IV) credit institutions are required to have policies and processes in place for the identification, management and monitoring of the risk of excessive leverage. Indicators for excessive leverage shall include the leverage ratio and shall be monitored under the Pillar II process. Institutions shall also be able to withstand a range of different stress events with respect to the risk of excessive leverage. A revised version of the calculation of the leverage ratio was implemented into European legislation in January 2015.

CRR/CRD IV requires credit institutions to calculate, report and monitor their leverage ratios (LR), defined as tier 1 capital as a percentage of total exposure. In order to count in the leverage ratio, the tier 1 capital must be eligible under CRR. Transitional rules for capital applies which means that 'old style' Tier 1 capital instruments still count according to phasing-out rules. The total exposure measure is the sum of the exposure values of all assets and off-balance sheet items not deducted from tier 1 capital. Specific adjustments apply for repo/reverse repo transactions (Securities Financing Transactions) and derivatives.

Danske Bank Plc Group's leverage ratio was 7.0 per cent at 31 December 2015 (7.0 per cent). LR is calculated based on the fourth quarter end figures whereby the tier 1 capital was EUR 2,525.3 million (2,437.3 million) and leverage ratio exposure EUR 36,244.1 million (34,860.0 million).

The overall monitoring of the Danske Bank Plc Group's leverage risk is done through the ICAAP. The ICAAP also includes an assessment of the leverage risk in terms of the leverage ratio development under stress scenarios. Under the solvency table is presented the leverage ratio table as per 31 December 2015.

Capital buffers
Financial Supervisory Authority (FIN-FSA) has, on 6th July 2015, designated Danske Bank Plc as systemically important credit institution (O-SII) in Finland in accordance with the Act on Credit Institutions. At the same time FIN-FSA imposed an additional capital requirement of 0.5 per cent, which has to be covered by Common Equity Tier 1 capital (CET1 capital). The new requirement must be fulfilled as of 7th January 2016. Danske Bank Plc already now meets the requirement.

End of June 2015 FIN-FSA already announced that it will not impose a countercyclical capital buffer requirement on banks, nor to otherwise tighten macroprudential policy that affects credit cycles. In December 2015 FIN-FSA confirmed this decision, but stated that it will begin preparations for setting higher risk weights on housing loans.

Under the leverage ratio table are listed the minimum own funds requirements and capital buffers for Danske Bank Plc.

Danske Bank

SOLVENCY	Danske Bank Plc Group		Danske Bank Plc	
Own funds EURm	31.12.2015	31.12.2014	31.12.2015	31.12.2014
Common Equity Tier 1 capital before deductions	**2,515.4**	**2,502.4**	**2,445.5**	**2,447.5**
Share capital	106.0	106.0	106.0	106.0
Legal reserve	271.1	271.1	261.7	261.7
Retained earnings	1,972.4	1,955.9	1,927.3	1,927.3
Total comprehensive income for the period	165.7	169.1	150.5	152.5
Minority interest given recognition in CET1 capital	0.1	0.4	-	-
Deductions from CET1 capital	**-90.1**	**-165.1**	**-88.5**	**-160.7**
Expected/proposed dividends	-60.2	-152.5	-60.2	-152.5
Intangible assets	-1.6	-1.9	-	-
Adjustments to CET1 due to prudential filters	-12.0	-8.2	-12.0	-8.2
Deferred tax assets that rely on future profitability, excluding temporary differences	-	-2.5	-	-
IRB shortfall of credit risk adjustments to expected losses	-16.3	-	-16.3	-
Common Equity Tier 1 (CET1)	**2,425.3**	**2,337.3**	**2,357.0**	**2,286.8**
Additional Tier 1 capital (AT1) [1]	**100.0**	**100.0**	**100.0**	**100.0**
Additional Tier 1 capital instruments	100.0	100.0	100.0	100.0
Tier 1capital (T1 = CET1 + AT1)	**2,525.3**	**2,437.3**	**2,457.0**	**2,386.8**
Tier 2 capital (T2)	**22.1**	**-**	**22.1**	**-**
IRB Excess of provisions over expected losses eligible	22.1	-	22.1	-
Total capital (TC = T1 + T2)	**2,547.3**	**2,437.3**	**2,479.0**	**2,386.8**
Total risk exposure amount	**13,833.1**	**16,812.1**	**13,129.3**	**15,981.9**
Capital requirement (8% of risk exposure amount)	**1,106.6**	**1,345.0**	**1,050.3**	**1,278.5**
Credit and counterparty risk	1,011.6	1,235.5	960.5	1,174.0
Market risk	10.1	17.1	10.1	17.1
Operational risk	81.8	83.8	76.6	78.9
Credit valuation adjustment	3.1	8.5	3.1	8.5
Common equity tier 1 capital ratio (%)	17.5%	13.9%	18.0%	14.3%
Tier 1 capital ratio (%)	18.3%	14.5%	18.7%	14.9%
Total capital ratio (%)	18.4%	14.5%	18.9%	14.9%

Group capital adequacy ratio has been calculated both in accordance with Credit Institutions Act Sect 9-10 and EU Capital Requirement Regulation (CRR).
1) Danske Bank Plc Group Tier 1 includes capital securities 4 % (4 %).

LEVERAGE RATIO		
EURm	2015	2014
Total assets	30,312.9	29,691.8
Derivatives (accounting asset value)	-2,700.5	-3,541.2
Derivatives (exposure to counterparty risk ex. collateral)	1,850.7	2,315.2
Securities-financing transaction (SFT's) (exposure to counterparty risk)	1.8	8.5
Undrawn committed and uncommitted facilities, guarantees and loan offers	6,767.0	6,369.0
Other	12.2	16.7
Tier 1 capital deductions (intangibles, deferred tax assets, etc.)	-	-
Total exposure for leverage ratio calculation	36,244.1	34,860.0
Reported tier 1 capital (transitional rules)	2,525.3	2,437.3
Tier 1 capital (fully phased-in rules)	2,425.3	2,337.3
Leverage ratio (transitional rules)	7.0%	7.0%
Leverage ratio (fully phased-in rules)	6.7%	6.7%

Danske Bank

MINIMUM OWN FUNDS REQUIREMENTS AND CAPITAL BUFFERS (% OF TOTAL RISK EXPOSURE AMOUNT):	1.1.2016	31.12.2015	31.12.2014
Minimum requirements:			
Common Equity Tier (CET) 1 capital ratio	4.5%	4.5%	4.5%
Tier 1 capital ratio	6.0%	6.0%	6.0%
Total capital ratio	8.0%	8.0%	8.0%
Capital buffers:			
Capital conservation buffer 1)	2.5%	2.5%	2.5%
Countercyclical buffer 2)	0.0%	0.0%	0.0%
Other systemically important institutions (O-SII) 3)	0.5%	0.0%	0.0%
ECB add on 28. May 4)	1.0%	1.0%	0.0%
Minimum requirement including capital buffers:			
Common Equity Tier (CET) 1 capital ratio	8.5%	8.0%	7.0%

1) Act on Credit Institutions Sect 10: 3 § and CRD IV. Valid from 1.1.2015 onwards.

2) Act on Credit Institutions Sect 10: 4-6 § and CRD IV. On 22nd December 2015, FIN-FSA decided not to set any countercyclical buffer. Valid 12 months onwards from the decision.

3) Act on Credit Institutions Act Sect. 10: 8 § and CRD IV. FIN-FSA board decision on 6th July 2015. Valid 6 months onwards from the decision.

4) ECB decision on establishing prudential requirements for Danske Bank Plc. based on the results of the ECB 2014 Comprehensive Assessment (SSM SREP).

Credit ratings

June 17th 2015 Moody's changed its outlook for Danske Bank Plc's A2 rating from negative to stable and affirmed the short-term debt rating at P-1. December 21st 2015 Moody's affirmed these ratings.

Standard & Poor's long-term debt rating for Danske Bank Plc is at A with stable outlook and short-term debt rating is at A-1.

Employees and organization

The Group had 1,730 employees (1,709) at the end of the financial year, which was 21 persons (1.2 per cent) more than at the end of 2014. Growth is due to the fact that in the beginning of 2015 temporary, hourly paid employees have been included in the figures. Of all the employees, 56.5 per cent were employed in the Personal Banking, 19.1 per cent in the Business Banking, 6.0 per cent in the C&I unit, 3.2 per cent in Danske Capital and 15.2 per cent in Other Activities.

Danske Bank Plc's Board of Directors, auditors and committees

Composition of the Board of Directors has remained unchanged since year-end 2014. Members of Danske Bank Plc's Board of Directors are; Tonny Thierry Andersen (Chairman), Niels-Ulrik Mousten (Vice Chairman), Jeanette Fangel Løgstrup, Peter Rostrup-Nielsen, Maija Strandberg and Sakari Tamminen.

Risto Tornivaara is the CEO of Danske Bank Plc and Kenneth Kaarnimo is his deputy.

The Annual General Meeting of Danske Bank Plc elected Deloitte & Touche Ltd, a firm of authorised public accountants, as its auditor, with Aleksi Martamo, APA, as the auditor with principal responsibility.

Configuration and assembly times of audit, risk, nomination and remuneration committees can be found from Corporate governance section form page 14.

Related party loans and receivables can be found in note 30 and corporate governance from page 14.

Danske Bank Plc's shares, ownership and group structure

The Danske Bank Plc Group is part of the Danske Bank Group. The parent company of the Danske Bank Group is Danske Bank A/S. The parent company of the Danske Bank Plc Group is Danske Bank Plc.

The following were also Danske Bank Plc Group companies on 31 December 2015: Danske Invest Fund Management Ltd, Danske Finance Ltd, Realty World Ltd, Aurinkopihan Palvelut Oy, MB Equity Partners Oy and MB Mezzanine FUND II Ky. The book value for MB Mezzanine FUND II Ky is 0 at the end of 2015 and the company is under dissolving process.

Danske Bank Plc's share capital is EUR 106 million, divided into 106,000 shares. Danske Bank A/S holds the entire stock of Danske Bank Plc.

Risk management

The main objective of risk management is to ensure that the capital base is adequate in relation to the risks arising from the business activities. The Board of Directors of Danske Bank Plc establishes the principles of risk management, risk limits and other general guidelines according to which risk management is organised at Danske Bank Plc. The role of the Board Risk Committee is to assist the Board of Directors in matters related to the bank's risk strategy and risk taking and to supervise that the bank's management follows the risk strategy determined by the Board of Directors. To ensure that the bank's risk management organization meets both the external and internal requirements, the Board of Directors has also set up a Management Risk Committee composed of the operative management members, the main objective of which is to ensure Danske Bank Plc's compliance with the risk management guidelines issued by the Board of Directors and that Danske Bank Plc monitors all types of risk and provides reports to the appropriate parties. The Board has also established an Asset and Liability Committee (ALCO), which is responsible for monitoring and directing the management of structural balance sheet interest rate risk positions in accordance with Danske Bank Plc's policies and delegated limits. ALCO also determines the operating target levels for liquidity risk management and oversees the management of liquidity risk. The Risk Management unit monitors daily business operations.

In addition to the capital adequacy calculation, risks in the Danske Bank Plc Group are described and assessed through economic capital indicators based on internal ratings and models, which describe the amount of capital needed to bear different kinds of risks. The capital requirement must be adequately covered by equity, capital securities and debenture loans. The principal risks associated with the Danske Bank Plc Group's activities are credit risk, interest rate and liquidity risks of banking book, operational risks and various business risks. From the different risk types the credit risk exposure is the most important.

The Group's risk position remained at a good level. The principal risks associated with the Group's business operations involve developments in the general economic operating environment and investment market and future changes in financial regulations.

In relation to the loan and guarantee portfolio, non-performing loans were at a low level. There was an increase in the volume of gross non-performing loans in comparison with the previous year and these amounted to EUR 581.1 million (571.5 million) or 2.72 per cent (2.74) of the loan and guarantee portfolio. Net impairment charges were 12.6 million euros (16.7 million).

The Danske Bank Plc Group has not invested in the bonds of GIIPS countries.

A more detailed account of risks and risk management can be found in the Risk Management disclosures at page 77.

Events after the reporting period

No material events after the reporting period.

Outlook for 2016

Growth in Finnish economy is expected to be quite modest still during 2016 and mainly driven by growth in exports. The weakening of the euro should support Finland's exports especially to the USA. Russia's weak economic outlook and sanctions will continue and will have an negative impact on Finnish export and demand for domestic service.

The interest environment, especially short-term interest rates, are expected to remain at low level also during 2016. Although the slowly increasing unemployment level and low income growth are weakening households' purchasing power, we expect private consumption to continue rising moderately. Low interest rates and declining consumer prices will contribute positively in this case. We expect our lending to personal and corporate customers to grow in 2016 and thus we anticipate that our net interest income and total income will be higher compared to 2015.

Expenses are expected to be at the same level as previous year even though the Bank continues to have a strong focus on improving our cost efficiency and operational processes. This is due to growth in banks' costs associated with regulation, as the authorities are preparing for example bank resolution in the form of various funds in Finland and in the entire banking Union. Overall, we expect that our net profit for 2016 will be slightly higher than 2015 as loan impairment charges are expected to remain at low level.

This guidance is generally subject to uncertainty related to macroeconomic forecasts. Our trading income and loan loss charges are particularly uncertain.

Helsinki, 2 February 2016

Danske Bank Plc
Board of Directors

Danske Bank

FINANCIAL HIGHLIGHTS EURm	2015	2014	2013	2012	2011
Revenue	790	850	887	1,001	1,087
Net interest income	304	315	318	358	346
% of revenue	38.5	37.1	35.9	35.8	31.8
Profit before taxes	210	214	200	157	147
% of revenue	26.5	25.1	22.5	15.7	13.6
Total income [1)]	575	603	622	637	650
Total operating expenses [2)]	353	373	425	417	449
Cost to income ratio	61.4	61.8	68.3	65.4	69.1
Total assets	30,313	29,692	26,680	31,813	27,406
Equity	2,515	2,502	2,383	2,379	2,272
Return on assets, %	0.6	0.6	0.5	0.4	0.4
Return on equity, % [3)]	6.6	6.9	6.1	5.0	5.0
Equity/assets ratio, % [3)]	8.3	8.4	8.9	7.5	8.3
Solvency ratio, % [4)]	18.4	14.5	16.7	15.8	14.4
Impairment on loans and receivables [5)]	13	17	-3	64	53
Off-balance sheet items	4,589	4,322	5,435	6,026	6,236
Average number of staff	2,006	2,097	2,286	2,765	3,035
FTE at end of period [6)]	1,730	1,709	1,776	2,235	2,483

The financial highlights have been calculated as referred to in the regulations of the Finnish Financial Supervision Authority, taking into account renamed income statement and balance sheet items due to changes in the accounting practice.

1) Total income comprises the income in the formula for the cost to income ratio.

2) Total operating expenses comprise the cost in the formula for the cost to income ratio.

3) Capital securities have not been included in the equity.

4) Group capital adequacy ratio has been calculated both in accordance with Credit Institutions Act Sect 9-10 and EU Capital Requirement Regulation (CRR). For calculation of credit risk exposure amount in corporates, Danske Bank Plc Group applies internal model (FIRB) and otherwise standard method. For calculation of risk exposure amount in market and operational risk, Danske Bank Plc Group applies standard method. Comparison figure for year 2013 is changed to reflect new regulation.

5) Impairment on loans and receivables includes impairment losses, reversals of them, write-offs and recoveries. (-) net loss positive.

6) Presentation has been changed for 2015, so that hourly paid staff has been included in FTE. Comparative figures have not been changed.

Formulas used in calculating the financial highlights

Revenues: interest income, fee income, net trading income, other operating income and share of profit from associated undertakings

Cost to income ratio, %:

$$\frac{\text{staff costs + other operating expenses + depreciations and impairments}}{\text{net interest income + net trading income + net fee income + share of profit from associated undertakings + other operating income}}$$

Return on equity, %

$$\frac{\text{profit before taxes - taxes}}{\text{equity (average) + non-controlling interests (average)}}$$

Return on assets, %

$$\frac{\text{profit before taxes - taxes}}{\text{average total assets}}$$

Equity/assets ratio, %

$$\frac{\text{equity + non-controlling interests}}{\text{total assets}}$$

Corporate governance

Danske Bank Plc's corporate governance complies with the general requirements laid down in Chapter 7 of the Act on Credit Institutions. Further information on Danske Bank Plc's corporate governance is available at the following Internet address: www.danskebank.fi under section Governance.

General meeting
The ultimate decision-making power in the company is exercised by its shareholders at a General Meeting of shareholders.

Board of Directors
A chairman, vice chairman and at least three but no more than seven ordinary members are elected to the Board of Directors for an indefinite term by the General Meeting of shareholders.

The Board of Directors comprised the follow persons at the end of the financial year: Tonny Thierry Andersen (chairman), Niels-Ulrik Mousten (vice chairman), Jeanette Fangel Løgstrup, Peter Rostrup-Nielsen, Maija Strandberg and Sakari Tamminen.

Among the current Board members Maija Strandberg and Sakari Tamminen are independent of the Danske Bank Group.

The Board of Directors is responsible for looking after the company's administration and appropriate organization of operations, and ensuring that the supervision of the company's accounting and asset management has been arranged suitably. The Board handles all matters that are of extensive and fundamental importance for the operation of the company and the entire Group. The Board takes decisions on matters such as the Danske Bank Plc Group's business strategy, and it approves the budget and the principles for arranging the Danske Bank Plc Group's risk management and internal control. The Board also decides the basis for the Group's remuneration system and other far-reaching matters that concern the personnel. In accordance with the principles of good governance, the Board also ensures that the company, in its operations, endorses the corporate values set out for compliance.

The Board of Directors has approved written rules of procedure defining the Board's duties and its meeting arrangements. The Board of Directors and the chief executive officer (CEO) shall manage the company and the entire Group in a professional manner and in accordance with sound and prudent business principles.

The Board of Directors of Danske Bank Plc convened 9 times during 2015. In accordance with the decision of the General Meeting, Board members who are not from within the Danske Bank Group were paid an annual fee of EUR 40,000.

Committees appointed by the Board of Directors
Danske Bank Plc's Board of Directors has established the committees' charters for the committees it has established; audit, risk, nomination and remuneration committees. The configurations and assembly times for the committees' are shown below:

Nomination committee: Tonny Thierry Andersen (chairman), Jeanette Fangel Løgstrup and Niels-Ulrik Mousten. Nomination committee has not assembled during the financial year.

Remuneration committee: Tonny Thierry Andersen (chairman), Maija Strandberg and Sakari Tamminen. Assembled 3 times during the financial year.

Risk committee: Peter Rostrup-Nielsen (chairman), Niels-Ulrik Mousten and Sakari Tamminen. Assembled 4 times during the financial year.

Audit committee: Peter Rostrup-Nielsen (chairman), Maija Strandberg and Niels-Ulrik Mousten. Assembled 5 times during the financial year.

To ensure that the bank's risk management organisation meets both the external and internal requirements, the Board of Directors has also set up an internal Risk Committee chaired by Danske Bank Plc's CEO. The principal function of the internal Risk Committee is among other things to ensure that Danske Bank Plc complies with the guidance on risks issued by the Board of Directors, monitors all types of risk and reports on these to the relevant parties. Also the internal Risk Committee monitors that Danske Bank Plc follows the necessary risk policies and complies with all the regulatory requirements.

Danske Bank Plc's Board of Directors has also set up The Asset and Liability Committee (ALCO). The ALCO is responsible for monitoring and administering the structural interest rate risk in the balance sheet in accordance with the Committee's view of interest rates, Danske Bank Plc's policies and delegated limits, and it also decides on measures to protect the balance sheet within the framework of the risk management strategy and limits. The ALCO also determines the operating target levels for liquidity risk management and oversees the management of liquidity risk.

Chief Executive Officer and Group Executive Committee
Danske Bank Plc's Board of Directors appoints the CEO and Deputy CEO. The CEO is responsible for the company's day-to-day management in accordance with the Limited Liability Companies Act and the instructions and orders issued by the Board of Directors. The CEO's duties include managing and overseeing the company's business operations, preparing matters for consideration by the Board of Directors and executing the decisions of the Board.

Danske Bank Plc's CEO is Risto Tornivaara (b. 1958) and Deputy CEO Kenneth Kaarnimo (b. 1963).

In 2015, the CEOs and Deputy CEO were paid a salary and fringe benefits of EUR 0.75 million and shares or share-based rights as remuneration of EUR 0.13 million in total.

CEOs period of notice is eight months and the severance compensation payable to the CEO in addition to the salary paid for the period of notice equal to twelve months' salary.

In managing the company's operations the CEO is aided by the Group Executive Committee, which convenes at the invitation of its chairman once a month. The Group Executive Committee is responsible for supporting the CEO in the preparation and implementation of corporate strategy, coordination of the Group's operations, preparation and implementation of significant or fundamental matters, and ensuring internal cooperation and communication.

In managing its operations, Danske Bank Plc complies with high moral and ethical standards. The company constantly ensures that its operations comply with all applicable laws and regulations. The responsibility for supervising compliance with laws and regulations lies with the operating management and the Board of Directors. Various rules and regulations have been issued to support operations and ensure that applicable laws and regulations are observed throughout the organisation.

Remuneration
Preparation of Danske Bank Plc's remuneration policy is based on the remuneration policy of Danske Bank A/S Group and takes due account of Finnish regulations. The Remuneration Committee in Danske Bank Plc works as a preparatory committee for the Board of Directors and prepares the Board with respect to remuneration issues. The Remuneration Committee in Danske Bank Plc has congregated 3 times during 2015 and its members are Tonny Thierry Andersen, Sakari Tamminen and Maija Strandberg.

The remuneration policy is subject to the approval of Danske Bank Plc's Board of Directors, which also monitors the implementation and functioning of the policy each year.

Danske Bank Plc Group operates a remuneration scheme covering the entire personnel. The aim of the remuneration scheme is to support the implementation of the company's strategy and to achieve the targets set for the business areas.

Remuneration components
The various remuneration components are combined to ensure an appropriate and balanced remuneration package.

The six remuneration components are:
- fixed remuneration (including fixed supplements)
- performance-based remuneration (variable salary)
- personnel fund
- pension schemes
- other benefits in kind
- severance payment

The fixed remuneration is determined on the basis of the role and position of the individual employee, including professional experience, responsibility and job complexity, performance and local market conditions.

The performance-based remuneration motivates and rewards high performers who significantly contribute to sustainable results, perform according to set expectations for the individual in question, strengthen long-term customer relations, and generate income and shareholder value.

The Board of Directors has determined a maximum percentage of performance-based remuneration relative to the fixed remuneration in order to ensure an appropriate balance between fixed and variable pay. This percentage varies according to the type of position held by the employee and the business unit in which the employee is employed. The maximum limit on variable remuneration remains at 200 per cent of fixed salary. This level of variable remuneration will, in practice, only apply to a small minority of employees and will only be offered to enable the Group to match market terms.

As part of performance-based remuneration Personnel fund is a profit sharing system whereby every employee will receive his/her share from the Bank's profit. All personnel are members in the fund excluding bank's management. The personnel fund system is governed by the law and rules of personnel fund.

Pension schemes are mainly based on the Finnish pension legislation. Part of management has a pension insurance on individual or collective basis as part of their total remuneration.

Other benefits are awarded on the basis of individual employment contracts and local market practice.

Severance payments Part of management has a severance payment based on individual contract. Otherwise, the termination notice period compensation is determined on the basis of normal collective agreement. Under specific individual agreements, certain key employees are entitled to a maximum of up to 12 months' salary while certain senior members of management are entitled to a maximum of up to 24 months' salary.

Performance-based remuneration
Performance-based remuneration is awarded in a manner which promotes sound risk management, include ex post risk adjustments and does not induce excessive risk-taking, i.e. if the performance-based remuneration exceeds the minimum threshold determined by the Board of Directors by granting performance-based pay as a split in shares (or other instruments as required by relevant legislation) and cash, part of which will be deferred.

Non-disbursed performance-based components are subject to back testing (as a minimum for employees identified as material risk takers) and should be forfeited in full or in part if granted on the basis of unsustainable results, if the Group´s or business unit´s financial situation has deteriorated significantly, significant increases in the capital base, in the event of misconduct or serious error from the employee or in the event of significant failure in risk management.

Further, for material risk takers a deferred bonus is conditional upon the employee not having been responsible for or having taken part in conduct resulting in significant losses for the Group (including business units), its shareholders and/or the Alternative Investment Funds managed by Alternative Investment Fund Managers or UCITS managed by management companies within the Group and that the employee has proven to be fit and proper.

Concerning all employees, disbursed as well as non-disbursed components are subject to claw back provisions if granted on the basis of data which has subsequently proven to be manifestly misstated or inaccurate. Claw-back provisions apply during the entire period of deferral and retention.

Further, performance-based pay is awarded by ensuring:
- an appropriate balance between fixed and performance-based components
- that the fixed component represents a sufficiently high proportion of the total remuneration to make non-payment of the performance-based component possible
- employees or members of the Executive Board are required to undertake not to use personal hedging strategies or remuneration- and liability-related insurance to undermine the risk alignment effects embedded in their remuneration arrangements, i.e. deferred conditional shares and the deferred conditional cash bonus
- that material risk takers cannot dispose of the share based instruments for an appropriate period of time after transfer of the instruments to the risk-taker

Performance-based pay is granted to reflect the Group´s financial results, the result of the business unit in which the employee is employed and the individual employee's performance. Further, both financial and non-financial factors shall be taken into consideration when determining the individual´s bonus, i.e. compliance with the Group´s core values, internal guidelines and procedures, including customers and investor related guidelines. A discretionary assessment is always made to ensure that other factors – including factors which are not directly measurable – are considered.

Performance-based remuneration (pools or pay-out) must be based on an assessment of the Group's results and a number of KPIs reflecting the Group's strategic key priorities. Dependant on the field of employment, the Group sets and uses an appropriate balance of absolute, relative, internal and external KPIs. E.g. the KPIs cover the following quantitative and qualitative criteria:

- profit before tax
- assessment of risk-adjusted return
- cost related figures
- customer satisfaction and quality of services delivered to customers
- compliance with regulation and internal business procedures
- fulfillment of the Group´s core values and delivery on the Essence of Danske Bank Group
- expected loss

If applicable, an employee´s specific KPIs will be set in the individual participant´s incentive program/performance agreement.

As an overall starting point the Group ensures a balanced split between fixed salary and variable pay. However, in functions targeting capital markets, performance-based pay constitutes a significant proportion of the total remuneration package for selected employees to attract and retain the most talented people in these fields.

The Board of Directors affirm an up-to-date list of so-called risk takers. Risk takers are defined as those who work in the company's managerial positions, in internal control tasks or who otherwise, on the basis of their work, have a material influence on the Group's risk position. Under the remuneration scheme principles, average 40% of the bonus for risk takers is paid only after three years have elapsed.

Personnel Fund

The members of the Danske Bank Plc Group's Personnel Fund comprise all personnel of Danske Bank Plc and its subsidiaries except for personnel who fall within the sphere of the management remuneration system. For 2015 no threshold income limit was set and thus no profit-sharing bonuses will be paid.

Auditors

Danske Bank Plc has one auditor, which must be a firm of authorised public accountants approved by the Central Chamber of Commerce. The term of the auditor lasts until the next Annual General Meeting following the auditor's appointment.

Danske Bank Plc's auditor is Deloitte & Touche Oy, a firm of authorised public accountants, with Aleksi Martamo, Authorized Public Accountant as the auditor with principal responsibility. The primary function of the statutory audit is to verify that the company's financial statements provide a true and fair view of the company's performance and financial position for each accounting period.

In 2015, the Danske Bank Plc Group paid EURm 0.2 and the parent company EURm 0.1 in auditing fees. More information about the audit fees can be found in Note 9.

Description of the main features of the internal control and risk management systems related to the financial reporting process

Danske Bank Plc is a wholly owned subsidiary of Danske Bank A/S. Danske Bank A/S is a listed company and is the parent company of the Danske Bank A/S Group. The governance of the Danske Bank A/S Group accords with the legislative requirements concerning Danish listed companies and especially with the legislative requirements concerning companies in the financial sector. The Danske Bank Plc Group complies in all essential respects with the good governance recommendations issued by Denmark's Committee on Corporate Governance. Further information on the principles concerning corporate governance in the Danske Bank A/S Group is available at the following Internet address: www.danskebank.com.

Danske Bank Plc is a bond issuer and therefore publishes the following description of the main features of the internal control and risk management systems related to its financial reporting process. Further information on the principles concerning corporate governance in the Danske Bank Plc is available at the following Internet address: www.danskebank.fi.

At Danske Bank Plc internal control is used for purposes that include ensuring

- the correctness of financial reporting and of other information used in management decision-making
- compliance with laws and regulations and with the decisions of administrative organs and other internal rules and procedures.

The company's management operates the system of control and supervision in order to reduce the financial reporting risks and to oversee compliance with reporting rules and regulations. With the controls imposed the aim is to prevent, detect and rectify any errors and distortions in financial reporting, though this cannot guarantee the complete absence of errors.

Danske Bank Plc 's Board of Directors regularly assesses whether the company's internal control and risk management systems are appropriately organised. The Board's assessment is based on e.g. documentation prepared by the company's Internal Audit unit. The Board also receives the report of an external auditor on the bank's administration and on the state of its internal control. The Board and the CEO regularly receive information on the company's financial position, changes in rules and regulations and compliance with these within the Group.

The work of Internal Audit is subject to the Danske Bank Group's Term of Reference. This guidance states that the internal auditing tasks include ensuring the adequacy and efficiency of internal control and of the controls on administrative, accounting and risk management procedures. Internal Audit also ensures that reporting is reliable and that laws and regulations are complied with appropriately. In the auditing process Internal audit complies with the international internal auditing standards and ethical principles and audit also uses auditing procedures approved by the Group that are based on examining and testing the functioning of the control arrangements. Local internal auditing is undertaken in cooperation with the Group's Internal Audit.

Internal Audit performs function-specific and product-specific audits and issues recommendations concerning these and also monitors implementation of the recommendations. Internal Audit also participates in the auditing of annual and interim accounts and provides internal consultancy and issues independent expert opinions. Internal Audit reports its auditing work to the Board of Directors. The auditing strategy requires the approval of the Board each year.

It is the duty of the Board's Audit Committee to assist the Board in monitoring and supervising the effectiveness of the bank's financial reporting system, internal control and audit, and risk management systems, and auditing and the independence and election of auditors, and in preparations involving these. The composition and working of the Bank's Audit Committee has been organised in compliance with Chapter 9, section 5, of the Act on Credit Institutions.

Good accounting practice is based on carefully specified authorisations within the Group, appropriate division of work tasks, regular reporting and the transparency of activities. In management's internal reporting the same principles are observed as in external reporting, and the principles are the same throughout the Group. The Group's common IT system creates the basis for reliable documentation of accounting data and reduces the financial reporting risks.

Management Accounting supports the bank's senior management by producing monitoring and analysis of the performance of different business segments. The reporting is produced not only for the bank's top/senior management but also for its segment and area management. The indicators monitored vary from monitoring of the quantity and quality of activities and sales to reporting of risk-adjusted profitability. Most of the indicators are monitored monthly, but selected indicators are monitored weekly or even daily. Management Accounting also monitors the bank's market share and developments among competitors and in the operating environment.

Besides the parties referred to above, supervision at Danske Bank Plc is also undertaken by the Bank's internal Risk Committee. The Committee's chairman is the bank's CEO. The purpose of the Risk Committee is to oversee the bank's compliance with all guidance on risk management set by the Board.

In 2014 was established also the Board of Director's Risk Committee, which is composed of members of the Board. The Board's Risk Committee assists the Board in matters concerning the Bank's risk strategy and risk-taking and in supervising compliance by the Bank's operating management with the risk strategy approved by the Board. The composition and working of the Board's Risk Committee has been organised in compliance with Chapter 9, section 4, of the Act on Credit Institutions.

More on the Danske Bank Plc Group's risk management can be read on page 77 of the financial statements.

IFRS Financial Statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME		Group		Parent	
EURm	Note	1-12/2015	1-12/2014	1-12/2015	1-12/2014
Interest income	1	451.6	495.8	423.9	462.8
Interest expense	1	-147.2	-180.7	-147.4	-178.2
Net interest income		304.4	315.1	276.6	284.6
Fee income	2	302.4	298.7	245.1	244.9
Fee expenses	2	-67.9	-66.1	-35.1	-35.5
Net trading income	3	14.3	31.7	14.3	31.8
Other operating income	4	20.1	23.2	16.7	18.4
Share of profit from associated undertakings	20	1.5	0.9	-	-
Dividends	5	-	-	8.6	12.1
Total operating income		**574.7**	**603.5**	**526.2**	**556.5**
Staff costs	6	-137.3	-140.7	-126.8	-129.4
Other operating expenses	8	-209.7	-223.2	-198.8	-212.4
Depreciations and impairments	8	-5.5	-9.1	-4.9	-8.2
Total operating expenses		**-352.5**	**-373.0**	**-330.6**	**-350.0**
Loan impairment charges	10	-12.6	-16.7	-10.1	-16.8
Profit before taxes		**209.5**	**213.7**	**185.5**	**189.6**
Taxes	11	-43.8	-44.4	-35.0	-37.1
Total comprehensive income for the year		**165.7**	**169.3**	**150.5**	**152.5**
Attributable to					
Equity holders of parent company		165.7	169.1	-	-
Non-controlling interest		0.0	0.3	-	-

Danske Bank

CONSOLIDATED BALANCE SHEET		Group		Parent	
EURm	Note	12/2015	12/2014	12/2015	12/2014
Assets					
Cash and balances with central banks	15	3,584.2	1,060.1	3,584.2	1,060.1
Loans and receivables to credit institutions	16	2,260.1	4,626.4	2,259.2	4,625.5
Trading portfolio assets	17	4,302.7	4,640.2	4,300.8	4,639.2
Held to maturity financial assets	18	199.7	-	199.7	-
Loans and receivables to customers and public entities	19	19,818.8	19,201.9	19,699.0	19,155.6
Investments in associated undertakings	20	8.0	7.7	5.1	5.1
Investments in subsidiaries	21	-	-	137.6	137.6
Intangible assets	22	1.5	1.9	-	-
Tangible assets	23	7.5	10.1	7.4	10.0
Tax assets	24	18.2	8.0	15.8	3.6
Other assets	25	112.2	135.6	100.7	124.2
Total assets		**30,312.9**	**29,691.8**	**30,309.4**	**29,760.8**
Liabilities					
Due to credit institutions and central banks	26	1,956.6	2,480.5	1,956.5	2,454.2
Trading portfolio liabilities	17	2,448.2	3,310.1	2,448.2	3,310.1
Financial liabilities at fair value through p/l	27	476.7	717.8	476.7	717.8
Amounts owed to customers and public entities	26	18,115.3	15,734.3	18,217.7	15,919.6
Debt securities in issue	27	4,332.2	4,407.0	4,332.2	4,407.0
Tax liabilities	24	5.1	13.2	1.5	12.3
Other liabilities	28	344.4	405.0	312.0	370.7
Subordinated debt	27	119.1	121.6	119.1	121.6
Total liabilities		**27,797.5**	**27,189.4**	**27,864.0**	**27,313.3**
Equity					
Share capital	31	106.0	106.0	106.0	106.0
Reserves	31	271.1	271.1	261.7	261.7
Retained earnings	31	2,138.2	2,125.0	2,077.8	2,079.8
Equity attributable to parent company's equityholders		2,515.3	2,502.1	2,445.5	2,447.5
Non-controlling interest		0.1	0.4	-	-
Total equity		**2,515.4**	**2,502.4**	**2,445.5**	**2,447.5**
Total equity and liabilities		**30,312.9**	**29,691.8**	**30,309.4**	**29,760.8**
Assets pledged					
Assets pledged as security for own liabilities		7,296.7	6,345.6	7,296.7	6,345.6
Other assets pledged		1,501.6	1,173.4	1,501.6	1,173.4

STATEMENT OF CHANGES IN EQUITY Group EURm	Share capital	Legal reserve	Retained earnings	Total	Non-controlling interest	Total
Equity at 1 Jan. 2014	**106.0**	**271.1**	**2,006.3**	**2,383.4**	**0.1**	**2,383.5**
Total comprehensive income			169.1	169.1	0.3	169.3
Total income and expenses recognised for the period			**169.1**	**169.1**	**0.3**	**169.3**
Dividend distribution			-50.4	-50.4		-50.4
Change in non-controlling interest					0.0	0.0
Equity at 31 December 2014	**106.0**	**271.1**	**2,124.9**	**2,502.1**	**0.4**	**2,502.4**
Equity at 1 Jan. 2015	**106.0**	**271.1**	**2,124.9**	**2,502.1**	**0.4**	**2,502.4**
Total comprehensive income			165.7	165.7	0.0	165.7
Total income and expenses recognised for the period			**165.7**	**165.7**	**0.0**	**165.7**
Dividend distribution			-152.5	-152.5		-152.5
Change in non-controlling interest					-0.3	-0.3
Equity at 31 December 2015	**106.0**	**271.1**	**2,138.2**	**2,515.3**	**0.1**	**2,515.4**

STATEMENT OF CHANGES IN EQUITY Parent EURm	Share capital	Legal reserve	Retained earnings	Total	Non-controlling interest	Total
Equity at 1 Jan. 2014	**106.0**	**261.7**	**1,977.7**	**2,345.4**	**-**	**2,345.4**
Total comprehensive income			152.5	152.5		152.5
Total income and expenses recognised for the period			**152.5**	**152.5**		**152.5**
Dividend distribution			-50.4	-50.4		-50.4
Change in non-controlling interest						-
Equity at 31 December 2014	**106.0**	**261.7**	**2,079.8**	**2,447.5**	**-**	**2,447.5**
Equity at 1 Jan. 2015	**106.0**	**261.7**	**2,079.8**	**2,447.5**	**-**	**2,447.5**
Total comprehensive income			150.5	150.5		150.5
Total income and expenses recognised for the period			**150.5**	**150.5**		**150.5**
Dividend distribution			-152.5	-152.5		-152.5
Change in non-controlling interest						-
Equity at 31 December 2015	**106.0**	**261.7**	**2,077.8**	**2,445.5**	**-**	**2,445.5**

Danske Bank

CASH FLOW STATEMENT

The Group has prepared its cash flow statement according to the indirect method. The statement is based on the pre-tax profit for the year and shows the cash flows from operating, investing and financing activities and the increase or decrease in cash and cash equivalents during the year.

Cash and cash equivalent consists of cash in hand and demand deposits with central banks and amounts due from credit institutions and central banks with original maturities shorter than three months.

	Group		Parent	
EURm	2015	2014	2015	2014
Cash flow from operations				
Profit before tax	209.5	213.7	185.5	189.6
Adjustment of income from associated undertakings	-1.5	-0.9	-	-
Amortisation and impairment charges for intangible assets	0.4	1.8	0.0	1.4
Depreciation and impairment charges for tangible assets	5.1	7.3	4.9	6.8
Loan impairment charges	12.6	16.7	10.1	16.8
Tax paid	-62.0	-33.1	-58.0	-36.6
Other non-cash operating items	3.4	-6.4	4.4	-5.1
Total	**167.6**	**199.2**	**147.0**	**172.9**
Changes in operating capital				
Cash in hand and demand deposits with central banks	-500.2	1,173.0	-474.0	1,169.4
Trading portfolio	-528.3	-286.0	-527.4	-286.1
Other financial instruments	-199.7	-	-199.7	-
Loans and receivables	-629.6	156.0	-553.5	193.3
Deposits	2,381.0	-364.0	2,298.2	-377.8
Other assets/liabilities *)	-352.0	500.1	-352.1	506.5
Cash flow from operations	**338.8**	**1,378.4**	**338.4**	**1,378.3**
Cash flow from investing activities				
Acquisition of intangible assets	-0.1	-0.2	-	-
Acquisition of tangible assets	-2.4	-4.2	-2.4	-3.9
Sale of tangible assets	0.6	1.5	0.5	0.7
Cash flow from investing activities	**-2.0**	**-2.9**	**-1.8**	**-3.2**
Cash flow from financing activities				
Redemption of subordinated debt and hybrid core capital	-2.5	-132.0	-2.5	-132.0
Dividends	-152.5	-50.4	-152.5	-50.4
Change in non-controlling interests	-0.3	0.3	-	-
Cash flow from financing activities	**-155.3**	**-182.1**	**-155.0**	**-182.4**
Cash and cash equivalents, beginning of year	5,637.1	4,443.8	5,636.3	4,443.6
Change in cash and cash equivalents	181.5	1,193.4	181.6	1,192.7
Cash and cash equivalents, end of year	**5,818.6**	**5,637.1**	**5,817.9**	**5,636.3**
Cash in hand and demand deposits with central banks	3,584.2	1,060.1	3,584.2	1,060.1
Amounts due from credit institutions and central banks within 3 months	2,234.4	4,577.1	2,233.7	4,576.3
Total	**5,818.6**	**5,637.1**	**5,817.9**	**5,636.3**

**) Amount in row Other assets/liabilities is mainly caused by net change in certificates of deposits -241.0 million euros compared to previous year end. This row includes also the net change in issued bonds. During 2015 EUR 1,000.0 million issued bond was matured and a new EUR 996.0 million emission (nominal amount EUR 1,000.0 million) was issued.*

No acquisitions and disposals during 2015.

Danske Bank Plc Group notes to the financial statements

ACCOUNTING PRINCIPLES

SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

General

Danske Bank Plc Group prepares its consolidated financial statements in accordance with the International Financial Reporting Standards (IFRSs), issued by the International Accounting Standards Board (IASB) and IFRIC interpretations issued by IFRS Interpretations Committee, as endorsed by the EU. In addition, certain additional requirements in accordance with Finnish Accounting Act, Finnish Act on Credit Institutions, Finnish Financial Supervision Authority's regulations and guidelines and the decision of the Ministry of Finance on financial statements and consolidated statements of credit institutions have also been applied.

The consolidated financial statements are presented in euro (EUR), in million euros with one decimal, unless otherwise stated. Figures in notes are rounded so combined individual figures might differ from the presented total amount.

Changes to significant accounting policies and presentation during the year

Significant accounting policies have been incorporated into the notes to which they relate.

There were no new IFRS standards applied during 2015. The Group applied the amendments to standards effective in the EU 1 January 2015, i.e. to various standards included in the Annual Improvements to IFRS cycle 2011–2013. The application of these amendments had an insignificant effect on the financial statements.

With the exception of these amendments Danske Bank Plc Group has not changed its significant accounting policies from those followed in Annual Report 2014.

Standards and interpretations not yet in force

The IASB has issued number of amendments to International Financial Reporting Standards that have not yet come into force. Similarly, the IFRIC has issued a new interpretation that has not yet come into force. The paragraphs below list the standards and interpretations that are likely to affect the Group's future financial reporting.

IFRS 9 Financial Instruments

In July 2014, the IASB issued IFRS 9 Financial Instruments that will replace IAS 39. The standard provides principles for classification and measurement of financial instruments, provisioning for expected credit losses and the new general hedge accounting model. The general hedge accounting model will later be supplemented by on a new macro hedge accounting model, which IASB is working on.

IFRS 9, which has not yet been adopted by the EU, is effective 1 January 2018. The Group does not plan to early adopt IFRS 9.

Classification and measurement

Under IFRS 9, financial assets are classified on the basis of the business model adopted for managing the assets and on their contractual cash flow characteristics, including any embedded derivatives (unlike IAS 39, IFRS 9 no longer requires bifurcation). Assets held with the objective of collecting contractual cash flows that are solely payments of principal and interest on the principal amount outstanding are measured at amortised cost. Assets held with the objective of both collecting contractual cash flows and to sell and at the same time have contractual cash flows that are solely payments of principal and interest are measured at fair value through Other Comprehensive Income. This results in the assets being recognised at fair value in the Balance sheet and amortised cost in the Income statement. All other financial assets are measured at fair value through profit or loss. The option in IAS 39 to designate at fair value through profit or loss if certain criteria are fulfilled is retained.

The principles applicable to financial liabilities are largely unchanged from IAS 39. Generally, financial liabilities are still measured at amortised cost with bifurcation of embedded derivatives not closely related to a host contract. Financial liabilities measured at fair value comprise derivatives, the trading portfolio and liabilities designated at fair value through profit or loss under the fair value option. Value adjustments relating to the inherent credit risk of financial liabilities designated at fair value are, however, recognised in Other comprehensive income unless this leads to an accounting mismatch.

Provisioning for expected losses
Provisioning for expected credit losses on financial assets recognised at amortised cost (in the Income statement) depends on whether the credit risk has increased significantly since initial recognition or not. If the credit risk has not increased significantly, the provision equals 12-month expected credit losses. If the credit risk has increased significantly, the provision equals the lifetime expected credit losses. Under IAS 39, only incurred credit losses are recognised.

Hegde accounting
The general hedge accounting model does not fundamentally change the types of hedging relationships or the requirements to recognise ineffectiveness in profit or loss. IFRS 9 includes an option to continue to use IAS 39's principles for hedge accounting until IASB has finalised its project on the new macroeconomic hedge accounting.

Impact on the Group's financial statements
The Group is currently assessing the impact from IFRS 9 on the Group's financial statements. The implementation of the principles for classification and measurement in IFRS 9 is not expected to lead to significant reclassifications between fair value and amortised cost. The allowance account is expected to increase when provisions on loans at amortised cost are recognised for expected credit losses and not only incurred losses. No firm decision is yet taken whether the Group will continue to apply the hedge accounting under IAS 39 (until IASB's macro hedge accounting project is finalised) or not.

IFRS 9 introduces several new concepts etc. Especially on the provisioning for expected losses. While the Group's ambition is to leverage models from the IRB framework, these concepts require interpretation and internal model development. Further, it is expected that EBA will issue guidelines during 2016 and the these guidelines can influence the Group's final choice of definitions applied. The Group has during 2015 started the analysis on the changes that will have to be implemented to the Group's modelling framework and IT systems to coop with the provisioning for expected credit losses. The design of and changes to the Group's modelling framework and IT systems are expected to start in the first quarter of 2016 and stretch into 2017. Is It is not yet possible to give an estimate of the effect on the financial statements.

IFRS 15, Revenue from Contracts with Customers
In May 2014, the IASB issued IFRS 15, Revenue from Contracts with Customers. IFRS 15 replaces IAS 18, Revenue and other existing IFRSs on revenue recognition. Per IFRS 15, revenue is recognised when the performance obligations inherent in the contract with a customer are satisfied. The new standard also include additional disclosure requirements.

IFRS 15, which has not yet been adopted by the EU, is effective 1 January 2018. Danske Bank is assessing the potential impact that the new standard may have on the recognition of revenue in the Group and its financial statements. It is not yet possible to give an estimate of the effect on the financial statements.

IFRS 16, Leases
13 January 2016, the IASB issued IFRS 16, Leases. IFRS 16, that replaces IAS 17, Leases, will only imply insignificant changes to the accounting for lessors. For lessees, the accounting will change significantly, as all leases (except short term leases and small asset leases) will be recognised on balance. Initially, the lease liability and the right-of-use asset is measured at the present value of future lease payments (defined as economically unavoidable payments). The right-of-use asset is subsequently depreciated in a similar way to other assets such as tangible assets, i.e. typically in a straight-line over the lease term.

IFRS 16, which has not yet been adopted by the EU, is effective from 1 January 2019. It is not yet possible to give an estimate of the effect on the financial statements from the changes in the accounting when the Group act as a lessee.

Forthcoming changes to segment reporting
As of 1 January 2016, a new wealth management business unit will be established and will be presented as a separate business unit in the financial reporting effective from the interim report for the first half of 2016. The Wealth Management unit will include Danske Capital and parts of the private banking operations.

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

- the fair value measurement of financial instruments
- the measurement of loans and receivables
- the measurement of goodwill
- the recognition of deferred tax assets

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

Fair value measurement of financial instruments

Measurements of financial instruments based on prices quoted in an active market or based on generally accepted models employing observable market data are not subject to critical estimates.

Measurements of financial instruments that are only to a limited extent based on observable market data, such as unlisted shares and certain bonds for which there is no active market, are subject to estimates. The estimated fair value of illiquid bonds significantly depends on the estimated current credit spread.

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 portfolio of assets and liabilities with offsetting market risk recognised at mid-market prices, and model risk on level 3 derivatives. At the end of 2015, the adjustments totalled EUR -4.1 million (31 December 2014: EUR 0.4 million), including the adjustment for credit risk on derivatives with customers subject to objective evidence of impairment.

Measurement of loans and receivables

The Group makes impairment charges to account for any impairment of loans and receivables 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 customers' expected ability to repay their debts. Their ability depends on a number of factors, including the customers' earnings capacity and trends in general economic growth and unemployment. Expectations of deteriorating repayment ability reduce credit quality and lead to downgrading of customers. The extent of losses incurred under non-performing loan agreements depends, among other factors, on the value of collateral provided.

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 future cash flows from acquired units. A number of factors affect the value of such cash flows, including discount rates.

Recognition of deferred tax assets

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

Translation of transactions in foreign currency

The presentation currency of the consolidated financial statements is euro which is also the functional currency. Monetary assets and liabilities in foreign currency are translated at the exchange rates at the balance sheet date. Exchange rate adjustments of monetary assets and liabilities arising as a result of differences in the exchange rates at the transaction date and at the balance sheet date are recognised in the income statement.

Transactions in foreign currency are translated at the exchange rate of the unit's functional currency at the transaction date. Gains and losses on exchange rate differences between the transaction date and the settlement date are recognised in the income statement. Non-monetary assets and liabilities in foreign currency that are subsequently revalued at fair value are translated at the exchange rates at the date of revaluation. Exchange rate adjustments are included in the fair value adjustment of an asset or liability. Other non-monetary items in foreign currency are translated at the exchange rates at the transaction date.

Fiduciary activities

The fiduciary services supplied by Danske Bank Plc Group are discretionary asset management services, mutual fund services and securities custody services. In these activities, assets are held and placed on behalf of customers. These assets and the income arising thereon are excluded from these financial statements, as they are not asset of Danske Bank Plc Group.

Segment information

Segment principles

The Group consists of several business units and resource and support functions. The Group's activities are segmented into business units according to Danske Bank Group's organisational structure in 2015.

Inter-segment transactions are settled on an arm's-length basis. Expenses incurred centrally, including expenses incurred by support, administrative and back-office functions, are charged to the business units according to consumption and activity at calculated unit prices or at market prices, if available.

Segment assets and liabilities are assets and liabilities that are used to maintain the operating activities of a segment or have come into existence as a result of such activities and that are either directly attributable to or may reasonably be allocated to a segment. A calculated share of sharelholders' equity is allocated to each segment.

In the consolidated financial statements the inter-segment transactions, assets and liabilities have been eliminated. Segment results are reported after eliminations.

Operating Segments

Danske Bank Plc Group consists of the following units:

- Personal Banking
- Business Banking
- Corporates & Institutions (C&I)
- Danske Capital
- Other activities

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. Realty World Ltd is part of the segment.

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. Danske Finance Ltd is part of the segment.

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; bond, foreign exchange and derivatives products and acquisition finance.

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

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

Danske Bank has decided to establish a new business unit in 2016, **Wealth Management**, which will encompass the Group's expertise within pension savings and wealth and asset management. The unit in Finland will include Danske Capital, wealth management units and parts of the private banking operations. The aim is to create an even more customer-centric organisation. By bringing all of our expertise within pension savings and wealth and asset management into a single business unit, Danske Bank will be able to further improve customer services and strengthen the offering of innovative solutions and products. The result will be a better value proposition for our customers. The new unit will be presented as a separate business unit in financial reporting effective from the interim report 2016.

Year 2015 EURm	Personal Banking	Business Banking	Corporates and Institutions	Danske Capital	Other	Elimina-tions	Danske Bank Plc Group
Total operating income	**252.8**	**174.2**	**81.4**	**38.9**	**27.5**		**574.7**
Total operating expenses	-178.2	-90.7	-43.0	-17.3	-23.3		-352.5
Loan impairment charges	-5.7	-17.5	10.6	-	0.0		-12.6
Profit before taxes	**68.9**	**66.0**	**48.9**	**21.6**	**4.2**		**209.5**

December 31. 2015							
Total assets	**11,762**	**12,645**	**11,082**	**52**	**23,034**	**-28,262**	**30,313**
of which loans and advances to credit inst. & customers	6,479	6,597	4,481	28	31,450	-26,956	22,079
Total liabilities and equity	**11,762**	**12,645**	**11,082**	**52**	**23,034**	**-28,262**	**30,313**
of which liabilities to credit inst. & customers	11,684	12,381	8,090	0	14,818	-26,902	20,072
FTE at end of period	977	331	104	55	264		1,730

Year 2014 EURm	Personal Banking	Business Banking	Corporates and Institutions	Danske Capital	Other	Elimina-tions	Danske Bank Plc Group
Total operating income	**284.1**	**176.5**	**86.6**	**37.9**	**18.4**	**0.0**	**603.5**
Total operating expenses	-189.5	-97.7	-43.0	-18.9	-23.8	0.0	-373.0
Loan impairment charges	-7.8	-11.7	2.7	-	0.0	0.0	-16.7
Profit before taxes	**86.8**	**67.1**	**46.3**	**18.9**	**-5.4**	**0.0**	**213.7**

December 31. 2014							
Total assets	**11,697**	**12,517**	**8,968**	**76**	**22,551**	**-26,117**	**29,692**
of which loans and advances to credit inst. & customers	6,870	6,245	5,304	51	30,029	-24,671	23,828
Total liabilities and equity	**11,697**	**12,517**	**8,968**	**76**	**22,551**	**-26,117**	**29,692**
of which liabilities to credit inst. & customers	11,578	12,273	4,823	27	14,185	-24,673	18,215
FTE at end of period	935	412	70	56	237		1,709

In accordance with IFRS 8, Danske Bank Plc Group is required to disclose business with a single external customer that generates 10% or more of the combined revenue. The Group has no such customers.

Segment information note has been changed as from 1.1.2015 to correspond to Danske Bank A/S Group's segment information. Personal and Business Banking has previously been presented as one segment. Those will be presented as separate segments (Personal Banking and Business Banking). In addition, Danske Capital is moved out of the Other segment and presented as a separate segment. Comparative information has been restated to reflect the new presentation.

Other notes

1. NET INTEREST INCOME

Interest income and expenses arising from interest-bearing financial instruments measured at amortised cost are recognised in the income statement according to the effective interest method on the basis of the cost of the individual financial instrument. Interest includes amortised amounts of fees that are an integral part of the effective yield on a financial instrument, such as origination fees, and amortised differences between cost and redemption price, if any.

Interest income and expenses also include interest on financial instruments measured at fair value, but not interest on assets and deposits under pooled schemes and unit-linked investment contracts; the latter is recognised under Net trading income. Origination fees on loans measured at fair value are recognised under Interest income at origination.

Interest on loans and advances subject to individual impairment is recognised on the basis of the impaired value.

EURm	Group		Parent	
Interest income	**2015**	**2014**	**2015**	**2014**
Loans and receivables to credit institutions	6.2	22.8	12.4	27.8
Loans and receivables to customers and public entities	344.1	385.7	310.3	347.7
Debt securities	22.9	20.7	22.9	20.7
Derivatives, net	68.1	56.8	68.1	56.8
Other interest income	10.3	9.7	10.3	9.7
Total	**451.6**	**495.8**	**423.9**	**462.8**
Interest expenses				
Amounts owed to credit institutions	-7.0	-14.6	-7.0	-12.1
Amounts owed to customers and public entities	-25.3	-43.9	-25.5	-44.0
Debt securities in issue	-112.9	-118.1	-112.9	-118.1
Subordinated liabilities	-1.3	-3.3	-1.3	-3.3
Other interest expenses	-0.8	-0.7	-0.7	-0.7
Total	**-147.2**	**-180.7**	**-147.4**	**-178.2**
Net interest income	**304.4**	**315.1**	**276.6**	**284.6**

Group: Interest income includes 10.7 million euros (9.7 million euros) income accrued on impaired financial assets. Interest income includes 6.1 million euros negative interest and interest expenses includes 0.3 million euros positive interest.
"Parent: Interest income includes 10.7 million euros (9.7 million euros) income accrued on impaired financial assets. Interest income includes 6.1 million euros negative interest and interest expenses includes 0.2 million euros positive interest.

2. FEE INCOME AND EXPENSES

Fee income and expenses are broken down into fees generated by activities and fees generated by portfolios. Fees generated by activities comprises fees for the execution of one-off transactions. Fees generated by portfolios comprises recurring fees form the product portfolio.

Fees that form an integral part of the effective rates of interest loans, advances and deposits are carried under Interest income or Interest expense.

Income from and expenses for services provided over a period of time, such as guarantee commissions and investment management fees, are accrued over the period. Transaction fees, such as brokerage and custody fees, are recognised on completion of the individual transaction.

EURm	Group		Parent	
Fee income	2015	2014	2015	2014
Financing (loans, advances and guarantees)	54.4	53.5	45.8	45.3
Investment (securities trading and advisory services)	23.9	6.2	23.9	6.2
Services (insurance and foreign exchange trading)	0.0	0.0	0.0	0.0
Fees generated by activities	78.3	59.8	69.7	51.6
Financing (guarantees)	9.1	10.2	9.1	10.2
Investment (asset management and custody services)	116.4	107.1	67.8	61.4
Services (payment services and cards)	98.5	121.6	98.5	121.7
Fees generated by portfolios	224.0	238.9	175.4	193.3
Total	**302.4**	**298.7**	**245.1**	**244.9**
Fee expenses				
Financing (loans, advances and guarantees)	-0.5	-0.2	-	-
Investment (securities trading and advisory services)	-3.6	-7.6	-3.6	-7.6
Services (insurance and foreign exchange trading)	0.0	0.0	0.0	0.0
Fees generated by activities	-4.0	-7.8	-3.6	-7.6
Financing (guarantees)	0.0	0.0	0.0	0.0
Investment (asset management and custody services)	-48.7	-45.0	-16.6	-14.5
Services (payment services and cards)	-15.1	-13.4	-14.9	-13.3
Fees generated by portfolios	-63.8	-58.4	-31.5	-27.9
Total	**-67.9**	**-66.1**	**-35.1**	**-35.5**
Net fee income	**234.5**	**232.6**	**210.0**	**209.5**

3. NET TRADING INCOME

Net trading income includes realised and unrealised capital gains and losses on trading portfolio assets and other securities as well as exchange rate adjustments and dividends. The effect on profit or loss of fair value hedge accounting is also recognised under Net trading income.

EURm	Group		Parent	
Trading assets/liabilities	2015	2014	2015	2014
Debt securities and interest rate derivatives	-31.5	-29.1	-31.5	-29.1
Equity securities and equity derivatives	5.7	26.5	5.7	26.5
Other	0.1	-2.9	0.1	-2.9
Total	**-25.7**	**-5.5**	**-25.7**	**-5.5**
Financial assets/liabilities designated as at fair value through p/l				
Debt securities	19.1	19.2	19.1	19.2
Total	**19.1**	**19.2**	**19.1**	**19.2**
Foreign exchange dealing				
Foreign exchange dealing	**20.9**	**18.1**	**20.9**	**18.1**
Gains/losses from hedge accounting				
Fair value hedging				
Change in fair value of hedging derivative instruments, net	-46.5	90.2	-46.5	90.2
Change in fair value of hedged items, net	46.4	-90.2	46.4	-90.2
Total	**-0.1**	**0.0**	**-0.1**	**0.0**
Net trading income, total	**14.3**	**31.7**	**14.3**	**31.8**

4. OTHER OPERATING INCOME

Other income includes rental income and lease payments under operating leases, amounts received on the sale of lease assets and gains and losses on the sale of other tangible and intangible assets.

	Group		Parent	
EURm	2015	2014	2015	2014
Rental income	2.7	2.7	2.8	2.8
Operating lease income	2.7	3.4	-	-
Other income	14.7	17.1	13.9	15.7
Other operating income, total	**20.1**	**23.2**	**16.7**	**18.4**

Group: Other income includes e.g. revenues from services sold to Danske Bank A/S Helsinki Branch 10.0 million euros (10.6 million euros).
Parent: Other income includes e.g. revenues from services sold to other group companies and Danske Bank A/S Helsinki Branch 13.5 million euros (14.0 million euros).

5. DIVIDENDS

Dividends paid by group undertakings and associated undertakings to the parent company are rocognized on the separate income line "Dividends".

EURm	Parent	
Dividends form subsidiaries and associated undertakings	2015	2014
Subsidiary shares	7.4	10.9
Associated undertakings shares	1.2	1.2
Dividends, total	**8.6**	**12.1**

6. STAFF COSTS

Salaries and other remuneration that the Group expects to pay for work carried out during the year are expensed under Staff costs and administrative expenses. This item includes salaries, performance-based pay, expenses for share-based payments, holiday allowances, anniversary bonuses, pension costs and other remuneration. The note has been presented on a cash basis (excluding Staff costs and Postponed salaries and remuneration tables).

The Group's pension obligations consist of defined contribution benefit pension plan for its personnel. Under defined contribution pension plans, the Group pays regular contributions to insurance company and has no legal of constructive obligations to pay future contribution. Such payments are expensed as they are earned by the staff, and the obligations under the plans are taken over by the insurance companies and other institutions.

EURm	Group		Parent	
Staff costs	2015	2014	2015	2014
Wages and salaries	-103.6	-105.3	-95.5	-96.5
Pension costs - defined contribution plans	-16.9	-17.7	-15.4	-16.1
Other social security costs	-5.3	-5.7	-4.9	-5.2
Other	-11.5	-12.1	-10.9	-11.5
Staff costs, total	**-137.3**	**-140.7**	**-126.8**	**-129.4**

EURm	Group		Parent	
Salaries and remuneration, 2015	Fixed salaries	Variable remuneration (*)	Fixed salaries	Variable remuneration (*)
Top Management	1.3	0.7	0.5	0.4
Risk takers	19.4	4.1	17.8	4.0
Others	76.1	6.2	70.2	6.1

Amount of Risk Takers in Group is 205 employees and in Parent 186 employees.

EURm	Group		Parent	
Salaries and remuneration, 2014	Fixed salaries	Variable remuneration (*)	Fixed salaries	Variable remuneration (*)
Top Management	1.0	0.2	0.4	0.1
Risk takers	9.0	2.3	8.5	2.3
Others	90.2	7.2	82.7	7.0

Amount of Risk Takers in Group is 92 employees and in Parent 82 employees.

EURm (*) Variable remuneration	Group 2015	Group 2014	Parent 2015	Parent 2014
Cash items	8.1	8.8	7.8	8.5
Share-related items	2.9	0.9	2.7	0.8
Other items	-	-	-	-

EURm Postponed salaries and remuneration (cash)	Group 2015	Group 2014	Parent 2015	Parent 2014
Granted during accounting period, payment postponed to next accounting periods	7.1	7.3	6.7	6.9
Amounts paid during the accounting period, right granted in earlier accounting periods	7.1	6.5	6.8	6.2

Compensation paid by the Group for termination of employment contracts is determined in accordance with legislation in force. During the accounting period the Group has paid EUR 105,000 of signing bonuses for new employees (2 pcs). Paid severance payments for the year 2015 totaled EUR 1.9 million (29 pcs).

Staff numbers	Group 2015 Average number	Group 2014 Average number	Parent 2015 Average number	Parent 2014 Average number
Full-time staff	1,679	1,743	1,541	1,596
Part-time staff	99	114	88	105
Temporary staff	228	240	218	229
Total	**2,006**	**2,097**	**1,847**	**1,930**

Key management personel

The key management personnel in Danske Bank Plc Group consists of the members of the Board of Directors of Danske Bank Plc, Managing Director, Deputy Managing Director and Managing Directors of subsidiaries of Danske Bank Plc.

Key management compensation	Group 2015	Group 2014	Parent 2015	Parent 2014
Short-term employee benefits	1.7	1.1	0.6	0.5
Post employment benefits	0.4	0.4	0.3	0.3
Other long-term benefits	0.2	0.2	0.1	0.1
Total	**2.4**	**1.6**	**1.1**	**0.8**

Short-term employee benefits comprise salaries and fees, including profit-sharing bonuses accounted for the year, and social security costs.

Post employment benefits include benefits under the Employees' Pensions Act (TyEL) in Finland and voluntary supplementary pension benefits.

Other long-term benefits consists of the benefits under the long-term incentive schemes for executives accounted for the year. The benefits are determined by terms on Group level. Danske Bank Plc pays the benefits allocated to its key management.

EUR 1 000 Management's remuneration			2015
Managing Director (Danske Bank Plc)	1.1.-31.12.2015	Risto Tornivaara	520.2
Deputy Managing Director (Danske Bank Plc)	1.1.-31.12.2015	Kenneth Kaarnimo	358.2
Managing Director (Danske Finance Ltd)	1.1.-31.12.2015	Kari Tähtelä	469.8
Managing Director (Danske Invest Fund Management Ltd)	1.1.-30.4.2015	Aku Leijala	164.0
Managing Director (Danske Invest Fund Management Ltd)	1.5.-31.12.2015	Janne Hirvonen	109.2
Managing Director (Realty World Ltd)	1.1.-7.11.2015	Seppo Hämäläinen	242.1
Managing Director (Realty World Ltd)	7.5.-31.12.2015	Erkki Heikkinen	120.9

Board of directors

The members of the Board of Directors of Danske Bank Plc, who are employees of the Group, receive no fee for the membership of the Board of Directors of Danske Bank Plc. For other members of the Board are paid in total 80 000 euros fee.

Pension benefits

The retirement age of the Managing Director is 60 years and the pension benefit is 60% of the pensionable salary funded through payments to insurance company. The retirement age of the Deputy Managing Director is statutory.

EURm Loans and receivables	Group	Parent
At January 1, 2015	1.4	0.7
Additions	1.0	0.0
Repayments	-0.2	-0.1
At December 31, 2015	2.2	0.7

Key management personnel with close family members and entities that are controlled or significantly influenced by these.

The interest on loans to the key management personnel is as required in the staff loans. Also other terms of the loans equal to the terms of the staff loans confirmed in the Group. The loans are secured. The terms of the loans to the entities controlled or significantly influenced by the above mentioned persons equal to those granted to other corporate customers.

7. SHARE-BASED PAYMENT

Performance-based pay is expensed as it is earned. Part of the performance-based pay for the year is paid in the form of equity-settled options (suspended in 2008) and conditional shares. Until 2008, the Group offered top management and management incentive programmes that consisted of share options and rights to conditional shares. Incentive payments reflected individual performance and also depended on financial results and other measures of value creation for a given year. Options and rights were granted in the first quarter of the year following the year in which they were earned.

The fair value of share-based payments at the grant date is expensed over the service period that unconditionally entitles the employee to the payment. The intrinsic value of the options is expensed in the year in which the share-based payments are earned, while the time value is accrued over the remaining service period. Expenses are set off against shareholders' equity. Subsequent fair value adjustments are not carried in the income statement.

Share options - programs 2007 A and 2008 A

Issued options carry a right to buy Danske Bank A/S shares exercisable from three to seven years after options are granted provided that the employee, with exception of retirement, has not resigned from the Group. Program 2007A may be exercised from 1 April 2007 until 1 April 2014 and program 2008A may be exercised from 1 April 2008 until 1 April 2015. The exercise price of the options is computed as the average price of Danske Bank A/S shares for 20 stock exchange days after the release of the annual report plus 10%.

Intrinsic value is expensed in the year in which the share options are earned, while the time value is accrued over the remaining service period, which is the vesting period of up to five years.

Conditional shares - program 2008

Rights to buy Danske Bank A/S shares under the conditional share programme vest up to five years after being granted provided that the employee, with the exception of retirement, has not resigned from the Group. In addition to this requirement, rights to shares vest only if the Group as a whole and the employee´s department meet certain performance targets within the next five years. Rights to buy Danske Bank A/S shares under the conditional share programme are granted as a portion of the annual bonus earned.

The fair value of the conditional shares is calculated as the share price less the payment made by the employee.

Intrinsic value is expensed in the year in which rights to conditional shares are earned, while the time value is accrued over the remaining service period, which is the vesting period of up to five years.

Effective from 2010, Danske Bank Plc Group has granted rights to conditional shares to the Top Management and Management as part of the variable remuneration.

	Number				Fair value (FV) EURm	
Group Share options	Top Management	Management	Total	Exercise price (EUR)	At issue	End of year 31.12.15
Granted in 2007						
2014 beg.	27,014	143,770	170,784	36.11	0.7	0.0
Exercised 2014						
Forfeited 2014	27,014	143,770	170,784			
Other changes 2014						
2014, end	0	0	0		0.0	0.0
Exercised 2015						
Forfeited 2015						
Other changes 2015						
2015, end	0	0	0		0.0	0.0
Granted in 2008						
2014 beg.	44,290	48,630	92,920	24.28	0.3	0.0
Exercised 2014						
Forfeited 2014						
Other changes 2014	8,572	0	8,572			
2014, end	52,862	48,630	101,492	24.33	0.3	0.0
Exercised 2015						
Forfeited 2015	52,862	48,630	101,492			
Other changes 2015						
2015, end	0	0	0	0.0	0.0	0.0

The parent company does not provide a separate table regarding share options, because there is no material difference between the Group table. The Group's figures include only two people who do not work for the parent company, but for the subsidiaries. Their aggregate number of share options during 2015 was 17,144 (56,354).

Group Conditional shares	Number Top Management	 Management	 Total	 Employee payment price (EUR)	Fair value (FV), EURm At issue	 End of year 31.12.15
Granted in 2011						
2014 beg.	0	20,514	20,514	0.15	0.3	0.3
Exercised/vested 2014		-20,514	-20,514	0.16		
Forfeited 2014						
Other changes 2014						
2014, end	0	0	0		0.0	0.0
Vested 2015						
Exercised 2015						
Forfeited 2015						
Other changes 2015						
2015, end	0	0	0	0.0	0.0	0.0
Granted in 2012						
2014 beg.	3,650	81,649	85,299	0.12	1.0	1.4
Granted 2014						
Forfeited 2014		-2,122	-2,122			
Other changes 2014	5,027	-1,224	3,803			
2014, end	8,677	78,303	86,980	0.12	1.1	1.9
Vested 2015						
Exercised 2015	8,677	78,303	86,980			
Forfeited 2015						
Other changes 2015						
2015, end	0	0	0	0.0	0.0	0.0
Granted in 2013						
2014 beg.	27,707	77,024	104,731	0.14	1.5	1.7
Granted 2014						
Exercised 2014	-2,466	-4,846	-7,312	0.15		
Forfeited 2014		-1,047	-1,047			
Other changes 2014	1,477	23,632	25,109			
2014, end	26,718	94,763	121,481	0.15	1.7	2.7
Vested 2015						
Exercised 2015	-3,453	-6,649	-10,102	0.15		
Forfeited 2015						
Other changes 2015						
2015, end	23,265	88,114	111,379	0.15	1.6	2.7
Granted 2014						
2014 beg.	0	0	0			
Granted 2014	0	31,600	31,600	0.18	0.6	0.7
Exercised 2014						
Forfeited 2014						
Other changes 2014						
2014, end	0	31,600	31,600	0.18	0.6	0.7
Vested 2015						
Exercised 2015						
Forfeited 2015						
Other changes 2015		-550	-550	0.19		
2015, end	0	31,050	31,050	0.19	0.6	0.8
Granted 2015						
2015 beg.	0	0	0			
Granted 2015	1,771	35,278	37,049	0.23		
Exercised 2015						
Forfeited 2015						
Other changes 2015						
2015, end	1,771	35,278	37,049	0.23	0.8	0.9

The parent company does not provide a separate table regarding conditional shares, because there is no material difference between the Group table. The Group's figures include only three people who do not work for the parent company, but for the subsidiaries. Their aggregate number of conditional shares end of 2015 is 8,966 (12,708).

Note 1: Share options: Fair value of options translated into EUR as of 31 December 2015

	FV (DKK)	EUR : DKK	FV (EUR)
2008	0.00	0.00	0.00

Share options: Fair value of options translated into EUR as of 31 December 2014

	FV (DKK)	EUR : DKK	FV (EUR)
2008	0.19	7.44	0.03

Note 2: Conditional shares: Calc. used to calculate the fair value of conditional shares as of 31 December 2015

	Share price at grant date (DKK)	Share price at year end (DKK)	EUR: DKK	Share price at grant date (EUR)	Share price at year end (EUR)
Granted in 2011	124.68	183.5	7.4625	16.71	24.59
Granted in 2012	91.74	183.5	7.4625	12.29	24.59
Granted in 2013	106.76	183.5	7.4625	14.31	24.59
Granted in 2014	135.52	183.5	7.4625	18.16	24.59
Granted in 2015	167.98	183.5	7.4625	22.51	24.59

Conditional shares: Calc. used to calculate the fair value of conditional shares as of 31 December 2014

	Share price at grant date (DKK)	Share price at year end (DKK)	EUR: DKK	Share price at grant date (EUR)	Share price at year end (EUR)
Granted in 2011	124.68	167.4	7.4436	16.75	22.49
Granted in 2012	91.74	167.4	7.4436	12.32	22.49
Granted in 2013	106.76	167.4	7.4436	14.34	22.49
Granted in 2014	135.52	167.4	7.4436	18.21	22.49

8. OTHER OPERATING EXPENSES, DEPRECIATIONS AND IMPAIRMENTS

In addition to amortisation, depreciation and impairment charges for intangible and tangible assets, the Group expenses the carrying amount of lease assets sold at the expiry of a lease agreement.

EURm	Group		Parent	
Other operating expenses	**2015**	**2014**	**2015**	**2014**
IT costs	-47.7	-49.8	-43.9	-46.3
Other staff costs	-2.5	-2.6	-2.1	-2.2
Marketing expenses	-9.3	-9.2	-9.0	-8.5
Postage and telephone expenses	-8.1	-9.2	-7.8	-8.9
Rental expenses	-30.3	-32.4	-30.2	-32.1
Other	-111.8	-119.9	-105.8	-114.3
Other operating expenses, total	**-209.7**	**-223.2**	**-198.8**	**-212.4**
Depreciations and impairments				
Depreciations of leased assets	-	-0.4	-	-
Other	-5.5	-8.7	-4.9	-8.2
Depreciations and impairments, total	**-5.5**	**-9.1**	**-4.9**	**-8.2**
Other operating expenses, depreciations and impairments, total	**-215.2**	**-232.3**	**-203.8**	**-220.5**

9. AUDIT FEES AND FINANCIAL STABILITY AUTHORITY CONTRIBUTIONS

	Group		Parent	
EURm	2015	2014	2015	2014
Audit fees				
Audit	-0.2	-0.2	-0.1	-0.1
Audit-related services	0.0	0.0	0.0	0.0
Tax	0.0	0.0	-	0.0
Other services	-	0.0	-	0.0
Audit fees, total	-0.2	-0.3	-0.1	-0.2

Financial stability authority contributions

The Financial Stability Authority manages the Financial Stability Fund. It consists of two separate funds: the Deposit Guarantee Fund and the Resolution Fund.

Deposit Guarantee Fund

The Deposit Guarantee Fund is financed by deposit guarantee contributions raisedfrom banks. The individual contributions are determined on the basis of the amount of each bank's covered deposit and risk level. Raising of contributions to the Fund commenced in summer 2015. The Fund's target level is an amount equivalent to 0.8% of the total amount of covered deposits, i.e. about EUR 600 million by current estimations. It is envisaged to be achieved by the end of 2024. The current size of the Fund is EUR 60 million.

Finnish deposit banks have contributed to the Deposit Guarantee Fund since 1998. At the end of 2014 the balance sheet size of this Old Deposit Guarantee Fund (VTS Fund) was EUR 1,051 million. The legislation provides that the VTS Fund's assets will be gradually transferred to the Deposit Guarantee Fund. In practice, the VTS Fund is responsible for redeeming its member banks deposit guarantee contributions in proportion to each member bank has been building up the VTS Fund over the years.

Resolution Fund

Contributions are used for building up the Resolution Fund. Contributions are collected from all credit institutions and investment firms within the scope of resolution legislation. The contributions are determined based on the size of the institution and risks involved in its business. In 2015, the Financial Stability Authority determined the contributions to be paid by credit institutions and investment firms, and the amount of national contributions was equivalent to 0.1% of covered deposits, i.e. EUR 76.3 million. At first the contributions go to the national resolution fund, but in the beginning of 2016 the contributions from credit institutions, which constitute the bulk of the contributions, are transferred to the Single Resolution Fund. The bank levy that was paid in 2013-2014 is partly compensated to each deposit bank.

From 1 January 2016 onwards, the contributions of credit institutions are determined on the level of the Banking Union, and they are calculated by the Single Resolution Board (SRB). In the Banking Union, a single target level for the Single Resolution Fund is introduced gradually. In other words, the annual individual contributions of Finnish institutions is increasingly dependent on the aggregate amount of covered deposits in the entire Banking Union, not only in Finland. This will result in an increase in the contributions to be paid by Finnish institutions because, relative to the size of banks' balance sheets, the average amount of covered deposits is larger in the Banking Union's Member States than in Finland. It must be noted that as of 1 January 2016, the risk profile of individual Finnish credit institution is determined relative to all banks operating in the Banking Union.

EURm	Group 2015	Group 2014	Parent 2015	Parent 2014
Financial stability authority contributions				
Deposit guarantee contributions [1]	-5.8	-5.3	-5.8	-5.3
Resolution contributions [2]	-3.0	-	-3.0	-
Administration fee	-0.2	-	-0.2	-
Financial stability authority contributions, total	**-9.0**	**-5.3**	**-9.0**	**-5.3**

1) Danske Bank Plc's deposit guarantee contribution for the year 2015 was EUR 5,801,792. The Old Deposit Guarantee Fund (VTS Fund) paid the total fee for the Deposit Guarantee Fund. The estimate is that the Bank's share of the VTS Fund's deposit guarantee contributions are sufficient to cover future contributions up to the year 2024.
2) Danske Bank Plc's resolution contribution for 2015 was EUR 3 043 951,28. The bank levy paid by the Bank paid in 2013–2014 was sufficient to cover the resolution contribution for 2015 in full. The estimate is that the Bank's bank levyis sufficient to cover the resolution contribution in full during 2016–2018.

10. LOAN IMPAIRMENT CHARGES

Loan impairment charges includes losses on and impairment charges for loans, receivables, amounts due from credit institutions and guarantees, as well as fair value adjustments of the credit risk on loans measured at fair value.

The item also includes impairment charges and realised gains and losses on tangible assets and businesses taken over by the Group under non-performing loan agreements if the assets qualify as held-for-sale assets. Similarly, subsequent value adjustments of assets that the Group has taken over and does not expect to sell within 12 months are recognised under loan impairment charges.

EURm Group 2015	Individual impairment charges	Collective impairment charges	Recoveries	Total
From loans and receivables to credit institutions				-
From loans and receivables to customers				
-impairment charges	-50.2	-4.6		-54.8
-write-offs	-33.6		9.9	-23.7
-reversals	67.9			67.9
Impairment of investments in group companies				-
From guarantees and other off-balance sheet items				
-impairment charges	-1.0	-1.0		-2.1
-write-offs				-
-reversals				-
Total 1–12/2015	**-16.9**	**-5.7**	**9.9**	**-12.6**
2014				
From loans and receivables to credit institutions				-
From loans and receivables to customers				
-impairment charges	-59.4			-59.4
-write-offs	-36.9		21.9	-15.0
-reversals	57.3	1.3		58.5
Impairment of investments in group companies				-
From guarantees and other off-balance sheet items				
-impairment charges	-0.8	-0.1		-0.9
-write-offs				-
-reversals				-
Total 1–12/2014	**-39.8**	**1.2**	**21.9**	**-16.7**

EURm Parent 2015	Individual impairment charges	Collective impairment charges	Recoveries	Total
From loans and receivables to credit institutions				-
From loans and receivables to customers				
-impairment charges	-41.8	-4.6		-46.4
-write-offs	-31.8		9.7	-22.1
-reversals	60.4			60.4
Impairment of investments in group companies				-
From guarantees and other off-balance sheet items				
-impairment charges	-1.0	-1.0		-2.1
-write-offs				-
-reversals				-
Total 1-12/2015	**-14.3**	**-5.6**	**9.7**	**-10.1**

2014				
From loans and receivables to credit institutions				-
From loans and receivables to customers				
-impairment charges	-53.3			-53.3
-write-offs	-31.5		21.3	-10.2
-reversals	46.2	1.3		47.5
Impairment of investments in group companies				-
From guarantees and other off-balance sheet items				
-impairment charges	-0.8	-0.1		-0.9
-write-offs				-
-reversals				-
Total 1-12/2014	**-39.4**	**1.2**	**21.3**	**-16.8**

11. TAXES

Calculated current and deferred tax on the profit for the year and adjustments of tax charges for previous years are recognised in the income statement. Current tax is calculated based on the valid tax rate.

	Group		Parent	
EURm	2015	2014	2015	2014
Taxes on taxable income for the year	-44.9	-42.2	-38.1	-40.2
Taxes arising from previous years	-2.3	0.5	-0.3	0.9
Deferred taxes	3.4	-2.7	3.4	2.1
Taxes for the financial year total	**-43.8**	**-44.4**	**-35.0**	**-37.1**
Effective tax rate	20,89%		18,87%	

Reconciliation between income taxes in income statement and taxes calculated at Finnish tax rate 20% (20%)				
Profit before taxes	209.5	213.7	185.5	189.6
Taxes calculated at Finnish tax rate	-41.9	-42.7	-37.1	-37.9
Tax-exempt income	0.3	1.8	2.6	4.1
Net profit from associates	0.3	0.2	-	-
Undeductible expenses	-0.2	-4.2	-0.2	-4.2
Taxes arising from previous years	-2.3	0.5	-0.3	0.9
Taxes in Income statement	**-43.8**	**-44.4**	**-35.0**	**-37.1**

12. CLASSIFICATION OF FINANCIAL INSTRUMENTS AND NON-FINANCIAL ASSETS

Group

EURm Assets 2015	Loans and receiva-bles	Held to maturity	Financial assets at fair value through profit or loss Held for trading	Designated at fair value through profit or loss	Deriva-tives used for hedging	Non-financial assets	Total
Cash and balances with central banks	3,584.2						3,584.2
Loans and receivables to credit institutions	2,260.1						2,260.1
Trading portfolio assets							
Debt securities			1,529.7				1,529.7
Shares and participations			72.5				72.5
Derivatives			2,347.2		353.3		2,700.5
Held to maturity financial assets		199.7					199.7
Loans and receivables to customers and public entities	19,818.8						19,818.8
Investments in associated undertakings						8.0	8.0
Investments in subsidiaries							
Intangible assets						1.6	1.6
Tangible assets						7.5	7.5
Tax assets						18.2	18.2
Other assets						112.1	112.1
Total 31.12.2015	**25,663.1**	**199.7**	**3,949.4**	**-**	**353.3**	**147.4**	**30,312.9**

Assets 2014	Loans and receiva-bles	Held to maturity	Held for trading	Designated at fair value through profit or loss	Deriva-tives used for hedging	Non-financial assets	Total
Cash and balances with central banks	1,060.1						1,060.1
Loans and receivables to credit institutions	4,626.4						4,626.4
Trading portfolio assets							
Debt securities			1,009.3				1,009.3
Shares and participations			89.8				89.8
Derivatives			3,068.8		472.4		3,541.2
Held to maturity financial assets							
Loans and receivables to customers and public entities	19,201.8						19,201.8
Investments in associated undertakings						7.7	7.7
Investments in subsidiaries							
Intangible assets						1.9	1.9
Tangible assets						10.1	10.1
Tax assets						8.0	8.0
Other assets						135.6	135.6
Total 31.12.2014	**24,888.3**	**-**	**4,167.9**	**-**	**472.4**	**163.2**	**29,691.8**

Group EURm Liabilities 2015	Held to maturity	Financial assets at fair value through profit or loss: Held for trading	Financial assets at fair value through profit or loss: Designated at fair value through profit or loss	Derivatives used for hedging	Non-financial assets	Total
Due to credit institutions and central banks	1,956.6					1,956.6
Trading porfolio liabilities		2,401.3		46.9		2,448.2
Financial liabilities at fair value through p/l						
-> Certificates			476.7			476.7
Amounts owed to customers and public entities	18,115.3					18,115.3
Debt securities in issue						
-> Bonds	4,332.2					4,332.2
Tax liabilities					5.1	5.1
Other liabilities					344.4	344.4
Subordinated debt securities	119.1					119.1
Total 31.12.2015	**24,523.1**	**2,401.3**	**476.7**	**46.9**	**349.5**	**27,797.6**

Liabilities 2014						
Due to credit institutions and central banks	2,480.5					2,480.5
Trading porfolio liabilities		3,197.8		112.3		3,310.1
Financial liabilities at fair value through p/l						
-> Certificates			717.8			717.8
Amounts owed to customers and public entities	15,734.3					15,734.3
Debt securities in issue						
-> Bonds	4,407.0					4,407.0
Tax liabilities					13.2	13.2
Other liabilities					405.0	405.0
Subordinated debt securities	121.6					121.6
Total 31.12.2014	**22,743.4**	**3,197.8**	**717.8**	**112.3**	**418.1**	**27,189.4**

Parent EURm Assets 2015	Loans and receiva-bles	Held to maturity	Financial assets at fair value through profit or loss: Held for trading	Financial assets at fair value through profit or loss: Designated at fair value through profit or loss	Deriva-tives used for hedging	Non-financial assets	Total
Cash and balances with central banks	3,584.2						3,584.2
Loans and receivables to credit institutions	2,259.2						2,259.2
Trading portfolio assets							
Debt securities			1,529.7				1,529.7
Shares and participations			70.6				70.6
Derivatives			2,347.2		353.3		2,700.5
Held to maturity financial assets		199.7					199.7
Loans and receivables to customers and public entities	19,699.0						19,699.0
Investments in associated undertakings						5.1	5.1
Investments in subsidiaries						137.6	137.6
Intangible assets							
Tangible assets						7.4	7.4
Tax assets						15.8	15.8
Other assets						100.7	100.7
Total 31.12.2015	**25,542.4**	**199.7**	**3,947.5**	**-**	**353.3**	**266.5**	**30,309.4**

Assets 2014							
Cash and balances with central banks	1,060.1						1,060.1
Loans and receivables to credit institutions	4,625.5						4,625.5
Trading portfolio assets							
Debt securities			1,009.3				1,009.3
Shares and participations			88.8				88.8
Derivatives			3,068.8		472.4		3,541.2
Held to maturity financial assets							
Loans and receivables to customers and public entities	19,155.6						19,155.6
Investments in associated undertakings						5.1	5.1
Investments in subsidiaries						137.6	137.6
Intangible assets							
Tangible assets						10.0	10.0
Tax assets						3.6	3.6
Other assets						124.2	124.2
Total 31.12.2014	**24,841.2**	**-**	**4,166.8**	**-**	**472.4**	**280.4**	**29,760.8**

Parent

EURm Liabilities 2015	Held to maturity	Financial assets at fair value through profit or loss Held for trading	 Designated at fair value through profit or loss	Derivatives used for hedging	Non-financial assets	Total
Due to credit institutions and central banks	1,956.5					1,956.5
Trading porfolio liabilities		2,401.3		46.9		2,448.2
Financial liabilities at fair value through p/l						
-> Certificates			476.7			476.7
Amounts owed to customers and public entities	18,217.7					18,217.7
Debt securities in issue						
-> Bonds	4,332.2					4,332.2
Tax liabilities					1.5	1.5
Other liabilities					312.0	312.0
Subordinated debt securities	119.1					119.1
Total 31.12.2015	**24,625.5**	**2,401.3**	**476.7**	**46.9**	**313.5**	**27,864.0**
Liabilities 2014						
Due to credit institutions and central banks	2,454.2					2,454.2
Trading porfolio liabilities		3,197.8		112.3		3,310.1
Financial liabilities at fair value through p/l						
-> Certificates			717.8			717.8
Amounts owed to customers and public entities	15,919.6					15,919.6
Debt securities in issue						
-> Bonds	4,407.0					4,407.0
Tax liabilities					12.3	12.3
Other liabilities					370.7	370.7
Subordinated debt securities	121.6					121.6
Total 31.12.2014	**22,902.4**	**3,197.8**	**717.8**	**112.3**	**383.1**	**27,313.3**

13. BALANCE SHEET ITEMS BROKEN DOWN BY EXPECTED DUE DATE

The balance sheet items are presented in order of liquidity instead of distinguishing between current and non-current items. The table below shows the balance sheet items expected to mature within one year (current) and after more than one year (non-current).

2015	Group			Parent		
EURm	Total	< 1 year	> 1 year	Total	< 1 year	> 1 year
Assets						
Cash and balances with central banks	3,584.2	3,584.2	-	3,584.2	3,584.2	-
Loans and receivables to credit institutions	2,260.1	2,250.5	9.6	2,259.2	2,249.8	9.5
Trading portfolio assets	4,302.7	1,203.4	3,099.3	4,300.8	1,201.5	3,099.3
Held-to-maturity financial assets	199.7	-	199.7	199.7	-	199.7
Loans and receivables to customers and public entities	19,818.8	2,734.4	17,084.4	19,699.0	3,453.1	16,245.8
Investments in associated undertakings	8.0	-	8.0	5.1	-	5.1
Investments in subsidiaries	-	-	-	137.6	-	137.6
Intangible assets	1.6	-	1.6	-	-	-
Tangible assets	7.5	-	7.5	7.4	-	7.4
Tax assets	18.2	18.2	-	15.8	15.8	-
Other assets	112.1	112.1	-	100.7	100.7	-
Total	**30,313.0**	**9,902.8**	**20,410.1**	**30,309.5**	**10,605.1**	**19,704.4**
Liabilities						
Due to credit institutions and central banks	1,956.6	1,595.6	361.0	1,956.5	1,595.5	361.0
Derivatives and other financial liabilities held for trading	2,448.2	938.1	1,510.1	2,448.2	938.1	1,510.1
Financial liabilities at fair value through p/l	476.7	476.7	-	476.7	476.7	-
Amounts owed to customers and public entities	18,115.3	230.4	17,884.9	18,217.7	230.4	17,987.3
Debt securities in issue	4,332.2	1,263.0	3,069.2	4,332.2	1,263.0	3,069.2
Tax liabilities	5.1	5.1	-	1.5	1.5	-
Other liabilities	344.4	344.4	-	312.0	312.0	-
Subordinated debt	119.1	-	119.1	119.1	-	119.1
Total	**27,797.6**	**4,853.3**	**22,944.2**	**27,864.0**	**4,817.3**	**23,046.7**

2014		Group			Parent	
EURm	Total	< 1 year	> 1 year	Total	< 1 year	> 1 year
Assets						
Cash and balances with central banks	1,060.1	1,060.1	-	1,060.1	1,060.1	-
Loans and receivables to credit institutions	4,626.4	4,562.2	64.2	4,625.5	4,561.3	64.2
Trading portfolio assets	4,640.2	1,870.0	2,770.3	4,639.2	1,870.0	2,769.3
Held-to-maturity financial assets	-	-	-	-	-	-
Loans and receivables to customers and public entities	19,201.8	3,787.5	15,414.4	19,155.6	3,834.9	15,320.7
Investments in associated undertakings	7.7	-	7.7	5.1	-	5.1
Investments in subsidiaries	-	-	-	137.6	-	137.6
Intangible assets	1.9	-	1.9	-	-	-
Tangible assets	10.1	-	10.1	10.0	-	10.0
Tax assets	8.0	8.0	-	3.6	3.6	-
Other assets	135.6	135.6	-	124.2	124.2	-
Total	**29,691.8**	**11,423.3**	**18,268.5**	**29,760.8**	**11,454.0**	**18,306.8**
Liabilities						
Due to credit institutions and central banks	2,480.5	2,040.0	440.5	2,454.2	2,013.7	440.5
Derivatives and other financial liabilities held for trading	3,310.1	1,410.3	1,899.8	3,310.1	1,410.3	1,899.8
Financial liabilities at fair value through p/l	717.8	717.8	-	717.8	717.8	-
Amounts owed to customers and public entities	15,734.3	409.9	15,324.5	15,919.6	595.1	15,324.5
Debt securities in issue	4,407.0	1,024.3	3,382.7	4,407.0	1,024.3	3,382.7
Tax liabilities	13.2	13.2	-	12.3	12.3	-
Other liabilities	405.0	405.0	-	370.7	370.7	-
Subordinated debt	121.6	-	121.6	121.6	-	121.6
Total	**27,189.4**	**6,020.4**	**21,169.0**	**27,313.3**	**6,144.2**	**21,169.0**

Maturity analysis of past due financial assets, net	Group		Parent	
EURm	2015	2014	2015	2014
Assets past due 30-90 days	43.6	48.9	28.0	32.8
Unlikely to pay	194.0	175.4	182.9	169.0
Nonperforming assets past due at least 90 days but no more than 180 days	27.7	36.8	25.1	33.9
Nonperforming assets past due at least 180 days – 1 year	46.4	49.2	43.7	47.6
Nonperforming assets more than 1 year	103.6	83.4	102.8	82.3
Receivables with forbearance measures, gross carrying amount	274.2	116.3	265.3	114.7

Fixed-term deposits and demand deposits are included in amounts owed to customers and public entities. Fixed-term deposits are recognised according to maturity. Demand deposits have short contractual maturities but are considered a stable funding source with an expected maturity of more than one year.

Maturity analysis for derivatives is included in note 17.

Presentation in note 13 maturity analysis has been changed compared to year end 2014. New presentation is according to expected due date and old presentation was contractual maturity. Comparative figures have been restated to reflect the new presentation.

14. FAIR VALUE INFORMATION

The fair value of financial assets and liabilities is measured on the basis of quoted market prices of financial instruments traded in active markets. If an active market exists, fair value is based on the most recently observed market price at the balance sheet date.

If a financial instrument is quoted in a market that is not active, the Group bases its valuation on the most recent transaction price. It adjusts the price for subsequent changes in market conditions, for instance by including transactions in similar financial instruments that are motivated by normal business considerations.

If an active market does not exist, the fair value of standard and simple financial instruments, such as interest rate and currency swaps and unlisted bonds, is measured according to generally accepted measurement methods. Market-based parameters are used to measure fair value. The fair value of more complex financial instruments, such as swaptions, interest rate caps and floors, and other OTC products, is measured on the basis of internal models, many of which are based on valuation techniques generally accepted within the industry.

The results of calculations made on the basis of valuation techniques are often estimates, because exact values cannot be determined from market observations. Consequently, additional parameters, such as liquidity and counterparty risk, are sometimes used to measure fair value.

If, at the time of acquisition, a difference arises between the value of a financial instrument calculated on the basis of non-observable inputs and actual cost [day-one profit and loss] and the difference is not the result of transaction costs, the Group calibrates the model parameters to the actual cost.

Financial instruments are carried on the balance sheet at fair value or amortised cost. Summary of significant account policies describes classification of financial assets and liabilities by valuation type and detailed measurement bases of financial assets and liabilities.

Financial instruments measured at fair value

Generally, the Group applies valuation techniques to OTC derivatives and unlisted trading portfolio assets and liabilities. The most frequently used valuation and estimation techniques include the pricing of transactions with future settlement and swap models that apply present value calculations, credit pricing models and options models, such as Black & Scholes models. In most cases, valuation is based substantially on observable input. The valuation of unlisted shares is based substantially on non-observable input.

Financial instruments valued on the basis of quoted prices in an active market are recognised in the Quoted prices category (level 1). Financial instruments valued substantially on the basis of other observable input are recognised in the Observable input category (level 2). Other financial instruments are recognised in the Non-observable input category (level 3). This category covers unlisted shares.

During the reporting period ending 31 December 2015, there were no transfers between Level 1 (Quoted prices) and Level 2 (Observable input) fair value measurements, and no transfers into and out of Level 3 (Non-observable input) fair value measurements.

EURm Group 2015	Quoted prices	Observable input	Non-observable input	Total
Financial assets				
Assets held for trading	1,241.3	288.4	72.5	1,602.2
Derivative financial instruments	19.6	2,570.1	110.9	2,700.5
Total	1,260.8	2,858.5	183.4	4,302.7
Financial liabilities				
Debt securities at fair value	-	476.7	-	476.7
Derivative financial instruments	119.8	2,213.3	115.1	2,448.2
Total	119.8	2,690.0	115.1	2,924.9

2014				
Financial assets				
Assets held for trading	989.6	80.6	28.8	1,099.0
Derivative financial instruments	22.5	3382.2	136.4	3,541.1
Total	1,012.1	3,462.8	165.2	4,640.1
Financial liabilities				
Debt securities at fair value	-	717.8	-	717.8
Derivative financial instruments	78.7	3,088.2	143.2	3,310.1
Total	78.7	3,806.0	143.2	4,027.9

EURm Parent 2015	Quoted prices	Observable input	Non-observable input	Total
Financial assets				
Assets held for trading	1,241.3	288.0	71.0	1,600.3
Derivative financial instruments	19.6	2,570.1	110.9	2,700.5
Total	1,260.6	2,858.1	181.9	4,300.8
Financial liabilities				
Debt securities at fair value	-	476.7	-	476.7
Derivative financial instruments	119.8	2,213.3	115.1	2,448.2
Total	119.8	2,690.0	115.1	2,924.9

2014				
Financial assets				
Assets held for trading	989.6	80.6	27.8	1,098.0
Derivative financial instruments	22.5	3382.2	136.4	3,541.1
Total	1,012.1	3,462.8	164.2	4,639.1
Financial liabilities				
Debt securities at fair value	-	717.8	-	717.8
Derivative financial instruments	78.7	3,088.2	143.2	3,310.1
Total	78.7	3,806.0	143.2	4,027.9

Shares and bond valued on non-observable input Group 2015	Shares	Bonds	Total	Derivatives	Total
Fair value 1 January	28.8	-	28.8	-6.9	-6.9
Value adjustment through profit and loss	1.0	-	1.0	0.7	0.7
Value adjustment through other income	-	-	-	-	-
Acquisitions	42.7	-	42.7	-0.1	-0.1
Sale and redemption	-	-	-	1.9	1.9
Transferred from quoted pricies and observable input	-	-	-	-	-
Transferred to quoted pricies and observable input	-	-	-	0.1	-
Fair value 31 December	72.5	-	72.5	-4.2	-4.2

2014					
Fair value 1 January	59.0	-	59.0	-13.5	-13.5
Value adjustment through profit and loss	18.3	-	18.3	0.8	0.8
Value adjustment through other income	-	-	-	-	-
Acquisitions	-	-	-	-0.5	-0.5
Sale and redemption	-48.5	-	-48.5	6.3	6.3
Transferred from quoted pricies and observable input	-	-	-	-	-
Transferred to quoted pricies and observable input	-	-	-	-	-
Fair value 31 December	28.8	-	28.8	-6.9	-6.9

Shares and bond valued on non-observable input Parent 2015	Shares	Bonds	Total	Derivatives	Total
Fair value 1 January	27.8	-	27.8	-6.9	-6.9
Value adjustment through profit and loss	1.0	-	1.0	0.7	0.7
Value adjustment through other income	-	-	-	-	-
Acquisitions	42.2	-	42.2	-0.1	-0.1
Sale and redemption	-	-	-	1.9	1.9
Transferred from quoted pricies and observable input	-	-	-	-	-
Transferred to quoted pricies and observable input	-	-	-	0.1	-
Fair value 31 December	71.0	-	71.0	-4.2	-4.2

2014					
Fair value 1 January	57.9	-	57.9	-13.5	-13.5
Value adjustment through profit and loss	18.2	-	18.2	0.8	0.8
Value adjustment through other income	-	-	-	-	-
Acquisitions	-	-	-	-0.5	-0.5
Sale and redemption	-48.3	-	-48.3	6.3	6.3
Transferred from quoted pricies and observable input	-	-	-	-	-
Transferred to quoted pricies and observable input	-	-	-	-	-
Fair value 31 December	27.8	-	27.8	-6.9	-6.9

Financial instruments at amortised cost

For vast majority of amounts due to the Group, loans, receivables and deposits, active market does not exist. Consequently, the Group bases its fair value estimates on data showing changes in market conditions after the initial recognition of the individual instrument and affecting the price that would have been fixed if the terms had been agreed at the balance sheet date. Other people may make other estimates. The maturity of items included in cash and balances at central bank is so short, that carrying amount represents also fair value.

In the table below are presented fair values and carrying amounts of financial assets and liabilities at amortised costs, including the fair value adjustment of hedged interest rate risk.

EURm	2015		2014	
Financial assets, Group	Fair value	Carrying amount	Fair value	Carrying amount
Cash and balances at central banks	3,584.2	3,584.2	1,060.1	1,060.1
Loans and receivables	19,367.6	19,818.8	18,682.9	19,201.8
Held to maturity financial assets				
Other financial assets	2,260.1	2,260.1	4,626.4	4,626.4
Total	25,211.9	25,663.1	24,369.4	24,888.3
Financial liabilities				
Amounts owed to credit institutions and customers	20,071.9	20,071.9	18,214.8	18,214.8
Debt securities in issue	4,381.5	4,332.2	4,289.9	4,407.0
Total	24,453.4	24,404.0	22,504.8	22,621.8

EURm	2015		2014	
Financial assets, Parent	Fair value	Carrying amount	Fair value	Carrying amount
Cash and balances at central banks	3,584.2	3,584.2	1,060.1	1,060.1
Loans and receivables	19,247.8	19,699.0	18,636.7	19,155.6
Held to maturity financial assets				
Other financial assets	2,259.2	2,259.2	4,625.5	4,625.5
Total	25,091.2	25,542.4	24,322.2	24,841.2
Financial liabilities				
Amounts owed to credit institutions and customers	20,174.2	20,174.2	18,373.8	18,373.8
Debt securities in issue	4,381.5	4,332.2	4,289.9	4,407.0
Total	24,555.7	24,506.4	22,663.7	22,780.7

15. CASH AND BALANCES AT CENTRAL BANKS

	Group		Parent	
EURm	2015	2014	2015	2014
Cash	11.9	11.7	11.9	11.7
Balances with central banks	3,572.3	1,048.3	3,572.3	1,048.3
Total	3,584.2	1,060.1	3,584.2	1,060.1

16. LOANS AND RECEIVABLES FROM CREDIT INSTITUTIONS

Amounts due from credit institutions and central banks comprise amounts due from other credit institutions and term deposits with central banks. Reverse transactions (purchases of securities from credit institutions and central banks that the Group agrees to resell at a later date) are recognised as amounts due from credit institutions and central banks.

Amounts due from credit institutions and central banks are measured at amortised cost as described under Loans and receivables at amortised cost.

Loans and receivables from credit institutions	Group		Parent	
EURm	2015	2014	2015	2014
Repo agreements	843.9	889.7	843.9	889.7
Other loans	1,416.2	3,736.7	1,415.3	3,735.8
Total	2,260.1	4,626.4	2,259.2	4,625.5

17. FINANCIAL INSTRUMENTS

Classification and recognition of financial instruments in balance sheet

Financial instruments account for more than 95% of total assets and liabilities. Purchases and sales of financial instruments are measured at fair value at the settlement date.

Classification

At initial recognition, a financial asset is assigned to one of the following categories:

- trading portfolio measured at fair value through profit and loss
- loans and receivables measured at amortised cost
- held to maturity financial assets

At initial recognition, a financial liability is assigned to one of the following three categories:

- trading portfolio measured at fair value through profit and loss
- financial liabilities designated at fair value through profit or loss
- other financial liabilities measured at amortised cost

Recognitio

The purchase and sale of financial assets and liabilities at fair value through profit or loss are recognised in the balance sheet on the settlement date, or the date on which the Group agrees to buy or sell the asset or liability in question. Loans granted are recognised as financial assets on the date on which the customer draws the loan and other receivables on the transaction date.

Derivative instruments, quoted securities and foreign exchange spot transactions are recognized on and derecognized from the balance sheet on the settlement date.

Financial assets and liabilities are offset and the net amount reported in balance sheet only if there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis.

Financial assets are derecognised when the contractual right to receive cash flows from the financial assets has expired or the Group has transferred all risks and rewards of ownership. Financial liabilities are derecognised when they are extinguished, i.e. when the obligation is discharged, cancels or expires.

Transaction costs are included in the initial carrying amount, unless the item is measured at fair value through the profit and loss.

A small part of the trading portfolio is emission rights which are presented under trading assets together with the financial instruments. The emission rights are measured at fair value through profit and loss.

Fair value option – financial liabilities designated as at fair value through profit and loss

Financial liabilities at fair value through profit and loss includes issued Certificates of deposits (CD's). Fair value option is used, because CD's are monitored at market value (IAS 39.9 b(ii)).

Financial liabilities at fair value through profit and loss are measured at fair value. Interest income and expenses on financial instruments carried at fair value are presented in Net interest income, realised and unrealised capital gains and losses are included in Net trading income.

EURm	2015		2014	
Group	Assets	Liabilities	Assets	Liabilities
Assets/liabilities held for trading	1,602.2	-	1,099.1	-
Derivative financial instruments	2,700.5	2,448.2	3,541.2	3,310.1
Debt securities at fair value	-	476.7	-	717.8
Financial instruments, total	**4,302.7**	**2,924.9**	**4,640.2**	**4,027.9**
Parent				
Assets/liabilities held for trading	1,600.3	-	1,098.1	-
Derivative financial instruments	2,700.5	2,448.2	3,541.2	3,310.1
Debt securities at fair value	-	476.7	-	717.8
Financial instruments, total	**4,300.8**	**2,924.9**	**4,639.2**	**4,027.9**

Danske Bank

Assets held for trading

The trading portfolio includes financial assets and liabilities acquired or undertaken by the Group for sale or repurchase in the near term. The trading portfolio also contains collectively managed financial assets and liabilities for which a pattern of short-term profit taking exists. Derivatives, including bifurcated embedded derivatives, form part of the trading portfolio.

The trading portfolio is measured at fair value through profit and loss. Realised and unrealised capital gains and losses and dividends are carried in the income statement under Net trading income.

EURm Group, 2015	Listed	Unlisted	Total
Government bonds and treasury bills	622.6	-	622.6
Local authority paper	-	245.6	245.6
Certificates of deposit and commercial paper	-	-	-
Debentures	-	-	-
Bonds	638.8	22.7	661.5
Equity securities	0.9	8.7	9.6
Other	-	62.9	62.9
Total assets held for trading	**1,262.3**	**339.9**	**1,602.2**

2014	Listed	Unlisted	Total
Government bonds and treasury bills	742.2	-	742.2
Local authority paper	-	24.9	24.9
Certificates of deposit and commercial paper	-	24.8	24.8
Debentures	-	-	-
Bonds	186.4	31.0	217.4
Equity securities	0.0	7.8	7.8
Other	61.0	21.0	82.0
Total assets held for trading	**989.7**	**109.4**	**1,099.1**

Parent, 2015	Listed	Unlisted	Total
Government bonds and treasury bills	622.6	-	622.6
Local authority paper	-	245.6	245.6
Certificates of deposit and commercial paper	-	-	-
Debentures	-	-	-
Bonds	638.8	22.7	661.5
Equity securities	0.9	6.7	7.6
Other	-	62.9	62.9
Total assets held for trading	**1,262.3**	**338.0**	**1,600.3**

2014	Listed	Unlisted	Total
Government bonds and treasury bills	742.2	-	742.2
Local authority paper	-	24.9	24.9
Certificates of deposit and commercial paper	-	24.8	24.8
Debentures	-	-	-
Bonds	186.4	31.0	217.4
Equity securities	0.0	6.8	6.8
Other	61.0	21.0	82.0
Total assets held for trading	**989.7**	**108.4**	**1,098.1**

Trading securities pledged as collateral are presented in note 29.

Derivative financial instruments

TThe Group uses derivative instruments for trading and for hedging purposes. The derivatives used are foreign exchange, interest rate, equity, commodity and credit derivatives. Derivatives held for trading relate primarily to customer business and, to a lesser degree to proprietary trading. Derivatives held for hedging purposes are used for hedging loans and liabilities.

Interest rate and interest rate and cross currency interest rate swaps are designated as fair value hedges, using them as hedges against changes in market interest rates and foreign exchange rates.

The Group uses derivatives to hedge the interest rate risk on fixed-rate assets and fixed-rate liabilities measured at amortised cost. Hedged risks that meet specific criteria qualify for fair value hedge accounting and are treated accordingly. The interest rate risk on the hedged assets and liabilities is measured at fair value through profit or loss.

If the hedge criteria cease to be met, the accumulated value adjustments of the hedged items are amortised over the term to maturity.

EURm	2015			2014		
DERIVATIVES	Fair value		Notional	Fair value		Notional
Derivatives held for trading, Group	Assets	Liabilities	amount	Assets	Liabilities	amount
Interest rate derivatives	**678.0**	**833.9**	**49,257.2**	**851.4**	**1,025.9**	**85,934.0**
OTC derivatives	677.5	833.6	48,803.4	849.1	1,023.8	83,076.5
Organized market derivatives	0.5	0.3	453.8	2.3	2.1	2,857.5
Equity derivatives	**9.1**	**9.1**	**194.0**	**9.0**	**9.2**	**553.3**
OTC derivatives	9.1	9.1	194.0	7.9	9.1	447.8
Organized market derivatives	-	-	-	1.1	0.1	105.5
Foreign exchange and gold	**1,478.8**	**1,379.6**	**42,979.7**	**2,053.7**	**1,991.7**	**46,855.3**
OTC derivatives	1,478.8	1,379.6	42,979.7	2,051.4	1,991.7	46,778.4
Organized market derivatives	-	-	-	2.3	-	76.9
Credit	**0.0**	**0.0**	**3.2**	**0.0**	**0.0**	**3.2**
Credit default swap	0.0	0.0	3.2	0.0	0.0	3.2
Commodity	**181.3**	**178.4**	**1,031.4**	**154.7**	**171.0**	**1,441.2**
Other	-	-	-	-	-	-
Total derivatives held for trading	**2,347.2**	**2,401.0**	**93,465.5**	**3,068.8**	**3,197.8**	**134,787.0**

Derivatives held for hedging						
Fair value hedges	**353.3**	**46.9**	**6,870.0**	**472.4**	**112.3**	**7,122.0**
Interest rate	**353.1**	**42.4**	**6,572.6**	**467.4**	**83.4**	**6,050.0**
OTC derivatives	353.1	42.4	6,572.6	467.4	83.4	6,050.0
Organized market derivatives	-	-	-	-	-	-
Foreign exchange and gold	**0.2**	**4.5**	**297.4**	**5.0**	**28.8**	**1,071.9**
OTC derivatives	0.2	4.5	297.4	5.0	28.8	1,071.9
Organized market derivatives	-	-	-	-	-	-
Total derivatives held for hedging	**353.3**	**46.9**	**6,870.0**	**472.4**	**112.3**	**7,122.0**
Contracts with Group companies	**1,339.6**	**1,590.0**	**63,028.6**	**1,565.1**	**2,082.6**	**62,980.2**

Nominal value of the underlying instrument Remaining maturity	Less than 1 year	1-5 years	Over 5 years	Less than 1 year	1-5 years	Over 5 years
	60,854.0	23,278.3	16,203.2	100,883.0	26,439.9	14,586.0
with Group companies:	38,243.5	13,190.6	11,594.5	37,616.7	14,755.6	10,607.9

EURm DERIVATIVES Derivatives held for trading, Parent	2015 Fair value Assets	 Liabilities	 Notional amount	2014 Fair value Assets	 Liabilities	 Notional amount
Interest rate derivatives	678.0	833.9	49,257.2	851.4	1,025.9	85,934.0
OTC derivatives	677.5	833.6	48,803.4	849.1	1,023.8	83,076.5
Organized market derivatives	0.5	0.3	453.8	2.3	2.1	2,857.5
Equity derivatives	9.1	9.1	194.0	9.0	9.2	553.3
OTC derivatives	9.1	9.1	194.0	7.9	9.1	447.8
Organized market derivatives	-	-	-	1.1	0.1	105.5
Foreign exchange and gold	1,478.8	1,379.6	42,979.7	2,053.7	1,991.7	46,855.3
OTC derivatives	1,478.8	1,379.6	42,979.7	2,051.4	1,991.7	46,778.4
Organized market derivatives	-	-	-	2.3	-	76.9
Credit	0.0	0.0	3.2	0.0	0.0	3.2
Credit default swap	0.0	0.0	3.2	0.0	0.0	3.2
Commodity	181.3	178.4	1,031.4	154.7	171.0	1,441.2
Other	-	-	-	-	-	-
Total derivatives held for trading	2,347.2	2,401.0	93,465.5	3,068.8	3,197.8	134,787.0
Derivatives held for hedging						
Fair value hedges	353.3	46.9	6,870.0	472.4	112.3	7,122.0
Interest rate	353.1	42.4	6,572.6	467.4	83.4	6,050.0
OTC derivatives	353.1	42.4	6,572.6	467.4	83.4	6,050.0
Organized market derivatives	-	-	-	-	-	-
Foreign exchange and gold	0.2	4.5	297.4	5.0	28.8	1,071.9
OTC derivatives	0.2	4.5	297.4	5.0	28.8	1,071.9
Organized market derivatives	-	-	-	-	-	-
Total derivatives held for hedging	353.3	46.9	6,870.0	472.4	112.3	7,122.0
Contracts with Group companies	1,339.6	1,590.0	63,028.6	1,565.1	2,082.6	62,980.2

Nominal value of the underlying instrument Remaining maturity	Less than 1 year	1–5 years	Over 5 years	Less than 1 year	1–5 years	Over 5 years
	60,854.0	23,278.3	16,203.2	100,883.0	26,439.9	14,586.0
with Group companies:	38,243.5	13,190.6	11,594.5	37,616.7	14,755.6	10,607.9

Explanation of hedge accounting

Hedge of interest rate risk

The interest rate risk on fixed-rate assets and liabilities with terms longer than six months is generally hedged by derivatives. The interest rate risk on fixed-rate loans in Finland is hedged by hedging the interest rate risk on core free funds. Any interest rate risk not hedged by core free funds is hedged by derivatives. The interest rate risk on bonds classified as held-to-maturity is not hedged.

For hedged assets and liabilities to which a fixed rate of interest applies for a specified period of time starting at the commencement date of the agreement, future interest payments are divided into basic interest and a profit margin and into periods of time. By entering into swaps or forwards with matching payment profiles in the same currencies and for the same periods, the Group hedges the risk at a portfolio level from the commencement date of the hedged items. The fair values of the hedged interest rate risk and the hedging derivatives are measured at frequent intervals to ensure that changes in the fair of hedged interest rate risk lie within a band of 80-125% of the changes in the fair value of the hedging derivatives. Portfolios of hedging derivatives are adjusted if necessary.

With effective hedging, the hedged interest rate risk on hedged assets and liabilities is measured at fair value and recognised as a value adjustment of the hedged items. Value adjustments are carried in the income statement under Net trading income. Any ineffective portion of a hedge that lies within the range for effective hedging is therefore also included under Net trading income.

At the end of 2015, the carrying amounts of effectively hedged fixed-rate financial assets and liabilities were EUR 1,073.8 million (31 December 2014: EUR 1,414.5 million) and EUR 4,772.9 million (31 December 2014: EUR 4,846.9 million), respectively. The table below shows the value adjustments of these assets and liabilities and the hedging derivatives. The value adjustments have been recognised in the income statement as Net trading income.

Effect of interest rate hedging on profit	Group 12/2015	Group 12/2014	Parent 12/2015	Parent 12/2014
Effect of fixed-rate assets hedging on profit				
Hedged loans	-18.5	16.5	-18.5	16.5
Hedging derivatives	18.4	-16.5	18.4	-16.5
Total	-0.1	0.0	-0.1	0.0
Effect of fixed-rate liability hedging on profit				
Hedged issues and STD	64.8	-106.7	64.8	-106.7
Hedging derivatives	-64.9	106.7	-64.9	106.7
Total	0.0	0.0	0.0	0.0

Offsetting

Assets and liabilities are netted when the Group and the counterparty has a legally enforceable right to set off recognised amounts and intends either to settle the balance on a net basis or to realise the asset and settle the liability simultaneously.

EURm Derivatives	Group Positive fair value 12/2015	Group Positive fair value 12/2014	Parent Positive fair value 12/2015	Parent Positive fair value 12/2014
Derivatives with positive or negative fair value	2,700.5	3,541.2	2,700.5	3,541.2
Netting (under accounting rules)	-	-	-	-
Carrying amount	2,700.5	3,541.2	3,541.2	3,541.2
Netting (under capital adequacy rules)	736.8	683.7	736.8	683.7
Derivatives after netting (under capital adequacy rules)	3,437.3	2,857.5	4,277.9	2,857.5

18. HELD TO MATURITY FINANCIAL ASSETS

Held to maturity financial assets

Financial assets that have been classified into the category Held to maturity are non-derivative financial assets with fixed or determinable payments and fixed maturity and the Bank has the positive intent and ability to hold to maturity. Hold to maturity financial assets consists of bonds with quoted prices in an active market held for the purpose of generating a return until maturity. Held to maturity are initially recognised on the balance sheet at the acquisition price, including transaction costs. Subsequent to initial recognition, the instruments within this category are measured at amortised cost. In an amortised cost measurement, the difference between acquisition cost and redemption value is amortised in the income statement over the remaining term using the effective interest rate method. Fixed-rate bonds are not hedged.

If more than an insignificant amount of the Held to maturity portfolio is sold or transferred the Held to maturity category is tainted, except for if the sale or transfer either occur close to maturity, after substantially all of the original principal is already collected, or due to to an isolated non-recurring event beyond the control of the Bank.

	Group		Parent	
EURm	12/2015	12/2014	12/2015	12/2014
Quoted bonds	199.7	-	199.7	-
Total	**199.7**	-	**199.7**	-

19. LOANS AND RECEIVABLES FROM CUSTOMERS

Loans and receivables consists of loans and receivables disbursed directly to borrowers and loans and receivables acquired after disbursement. Loans and receivables extended or acquired by the Group for resale in the near term are included in the trading portfolio. Loans and receivables includes conventional bank loans, finance leases and reverse transactions, except for transactions with credit institutions and central banks.

At initial recognition, loans and receivables are measured at fair value plus transaction costs. Subsequently, they are measured at amortised cost, according to the effective interest method, less any impairment charges. The difference between the value at initial recognition and the redemption value is amortised over the term to maturity and recognised under Interest income. If fixed-rate loans and receivables and amounts due are accounted for under hedge accounting that is determined effective, the fair value of the hedged interest rate risk is added to the amortised cost of the assets.

EURm	Group		Parent	
Loans and receivables from customers and public entities	2015	2014	2015	2014
Private customers	12,513.0	12,645.4	12,515.1	12,381.1
Corporate customers [1]	7,548.9	6,812.1	7,411.5	7,015.8
Imparment charges	-243.1	-255.7	-227.6	-241.1
Total	**19,818.8**	**19,201.9**	**19,699.0**	**19,155.6**

Comparison figures changed according to new presentation.

Impairment

If objective evidence of impairment of a loan, a receivable or an amount due exists, and the effect of the impairment event or events on the expected cash flow from the loan is reliably measurable, the Group determines the impairment charge individually. Significant loans, receivables and amounts due are tested individually for impairment on ongoing basis, at least once every 12 months.

Objective evidence of impairment of loans and receivables exists if at least one of the following events has occurred:

- The borrower is experiencing significant financial difficulties.
- The borrower's actions, such as default or delinquency in interest or principal payments, lead to a breach of contract.
- The Group, for a reasons relating to the borrower's financial difficulty, grants to the borrower a concession that the Group would not otherwise grant.
- It becomes probable that the borrower will enter bankruptcy or other financial restructuring.

The impairment charge equals the difference between the carrying amount of the loan and the present value of the most likely future cash flows from the loan and is assessed by credit officers. The present value of fixed-rate loans and receivables is calculated at the original effective interest rate, whereas the present value of loans and receivables with a variable rate of interest is calculated at the current effective interest rate.

The customer's debt is written down to the amount that the borrower is expected to be able to repay after a financial restructuring. If financial restructuring is not possible, the write-down equals the estimated recoverable amount in the event of bankruptcy. If the borrower's ability to repay depends significantly on the assets that have been provided as collateral (asset financing), the customer's debt is written down to the fair value of the collateral.

Loans and receivables without objective evidence of impairment are included in an assessment of collective impairment at portfolio level. Collective impairment is calculated for portfolios of loans and receivables with similar credit characteristics when impairment of expected future cash flows from a portfolio has occurred. The collective impairment charge reflects downgrading of customer ratings over time (migration). The loans and receivables are divided into portfolios on the basis of current ratings. Calculation of charges also factors in loan portfolios for customers with upgraded ratings.

The cash flows are specified by means of parameters used for solvency calculations and historical loss data adjusted for use in the financial statements, for example. The adjustment reflects the loss identification period shown by the Group's empirical data. This period is the period from the first evidence of impairment to the determination of a loss at customer level.

Collective impairment is calculated as the difference between the carrying amount of the loans and receivables of the portfolio and the present value of expected future cash flows.

The collective impairment charge based on migration is adjusted if the Group is aware of market conditions at the balance sheet date that are not fully reflected in the Group's models. In times of favourable economic conditions, adjustments will reduce the impairment charge, while it may increase in an economic downturn. Examples of such market conditions are levels of unemployment and housing prices.

Impairment charges for loans, receivables and guarantees are booked in an allowance account and set off against loans and receivables or recognised as provisions for guarantees. Impairment charges for loans and receivables are recorded under Loan impairment charges in the income statement. If subsequent events show that impairment is not permanent, charges are reversed.

Loans and receivables that are considered uncollectible are written off. Write-offs are debited to the allowance account. Loans and receivables are written off once the usual collection procedure has been completed and the loss on the individual loan or receivable can be calculated. If the full loss is not expected to be realised until after a number of years, for example in the event of administration of complex estates, a partial write-off is recognised, reflecting the Group's claim less collateral, estimated dividend and other cash flows.

In accordance with the effective interest method, interest is recognised on the basis of the value of the loans and receivables less impairment charges. Consequently, part of the allowance account balance is set aside for future interest income until the time of write-off.

EURm Impairment charges from loans and receivables Group 2015	Individual	Collective	Total
At January 1, 2015	226.7	29.0	255.7
+ New and increased impairment charges	50.2	5.7	55.9
- Reversals of impairment charges	-46.2	-1.0	-47.2
- Write-offs debited to allowance account	-21.7	-	-21.7
- Foreign currency translation and other items	0.5	-	0.5
At December 31,2015	**209.4**	**33.7**	**243.1**

2014			
At January 1, 2014	223.0	30.3	253.3
+ New and increased impairment charges	59.4	4.4	63.8
- Reversals of impairment charges	-33.4	-5.6	-39.0
- Write-offs debited to allowance account	-23.9	-	-23.9
- Foreign currency translation and other items	1.6	-	1.6
At December 31,2014	**226.7**	**29.0**	**255.7**

Parent 2015	Individual	Collective	Total
At January 1, 2015	212.8	28.3	241.1
+ New and increased impairment charges	41.8	5.6	47.4
- Reversals of impairment charges	-40.0	-1.0	-41.0
- Write-offs debited to allowance account	-20.4	-	-20.4
- Foreign currency translation and other items	0.5	-	0.5
At December 31,2015	**194.7**	**32.9**	**227.6**

2014			
At January 1, 2014	204.1	29.6	233.7
+ New and increased impairment charges	53.3	4.3	57.6
- Reversals of impairment charges	-26.7	-5.6	-32.3
- Write-offs debited to allowance account	-19.5	-	-19.5
- Foreign currency translation and other items	1.6	-	1.6
At December 31,2014	**212.8**	**28.3**	**241.1**

Danske Bank

Leases (Group as a lessor)

Leases in which assets are leased out and substantially all the risks and rewards of ownership are transferred to the lessee are classified as finance leases. Finance leases are recognised as receivables in the balance sheet at an amount equal to the net investment in the leases. The lease payment is allocated between the repayment of principal and interest income. The interest income is amortised over the lease period so as to achieve a constant periodic rate of return on the remaining net investment for the lease term. Finance leases are included in Loans and receivables and interest in Interest income.

Leases in which assets are leased out and The Group retains substantially all the risks and rewards of ownership are classified as operating leases. These rented assets are included in Property, plant and equipment in the balance sheet. They are depreciated over their expected useful lives on the basis consistent with similar owned property, plant and equipment, and thy impairment losses are recognised on the same basis as for these items. Rental income on assets held as operating leases is recognised on a straight-line basis over the lease term in profit and loss.

Reconciliation of gross investments and present value of future minimum lease payments: Group, EURm	2015	2014
Gross investments	619.2	614.2
Less unearned finance income	-26.9	-30.8
Net investments in finance leases [1)]	**592.3**	**583.4**
Less unguaranteed residual values accruing to the benefit fo the lessor	-	-
Present value of future minimum lease payments receivable	**592.3**	**583.4**
Accumulated allowance for uncollectible minimum lease payments receivable	4.3	3.1

1) Finance lease assets included in corporate customer loans

EURm	2015		2014	
Maturities for finance lease assets	Gross investment	Net investment	Gross investment	Net investment
not later than one year	148.4	136.8	152.3	139.3
later than one year and not later than five years	409.0	395.4	374.6	359.7
later than five years	61.8	60.0	87.3	84.4
Total	**619.2**	**592.3**	**614.2**	**583.4**

EURm Present value of minimum lease payments receivable	2015	2014
not later than one year	136.8	139.3
later than one year and not later than five years	395.4	359.7
later than five years	60.0	84.4
Unearned finance income	26.9	30.8
Gross investments in the finance lease	**619.2**	**614.2**
Accumulated impairment losses	4.3	3.1

Finance lease assets comprise IT and office automation equipment, cars and transport equipment, manufacturing equipment and factory, office and business property.

20. INVESTMENTS IN ASSOCIATED UNDERTAKINGS

Associated undertakings are businesses, other than subsidiaries, in which the Group has holdings and significant influence but not control. The Group generally classifies undertakings as associated undertakings if Danske Bank Plc, directly or indirectly, holds 20-50 % of the share capital and has influence over management and operating policy decisions.

Holdings are recognised at cost at the date of acquisition and are subsequently measured according to the equity method. The investment in the associated undertaking increases/decreases with Danske Bank PLC's share of post-acquisition change in net assets in the associated undertaking and decreases through received dividends and impairment.

Share of profit from associated undertakings is defined as the post-acquisition change in group's share of net assets in the associated undertakings.

	Group		Parent	
EURm	2015	2014	2015	2014
At beginning of year	7.7	8.0	5.1	5.1
Additions	-	-	-	-
Share of loss/profit	1.5	0.9	-	-
Dividends	-1.2	-1.2	-	-
Disposals	-	-	-	-
At end of year	**8.0**	**7.7**	**5.1**	**5.1**

Summary of balance sheets and P/Ls of associated undertakings of Danske Bank Plc Group:	2015	2014
Total assets	322,4	316,8
Total liabilities	297,1	308,4
Revenue	55,1	54,1
Profit/loss	5,6	2,5

EURm		Carrying amount		
Name, Group	City	2015	2014	% Interest held
MB Equity Fund Ky	Helsinki	0	0	20.91
Automatia Pankkiautomaatit Oy	Helsinki	8	8	33.33
Tapio Technologies Oy	Espoo	0	0	20.00

EURm		Carrying amount		
Name, Parent	City	2015	2014	% Interest held
MB Equity Fund Ky	Helsinki	0	0	20.91
Automatia Pankkiautomaatit Oy	Helsinki	5	5	33.33
Tapio Technologies Oy	Espoo	0	0	20.00

21. INVESTMENTS IN SUBSIDIARIES

The consolidated financial statements cover Danske Bank Plc and group undertakings in which the Group has control over financial and operating policy decisions. Control is said to exist if Danske Bank Plc directly or indirectly holds more than half of the voting rights in an undertaking or otherwise has power to control management and operating policy decisions, provided that most of the return on the undertaking accrues to the Group and that the Group assumes most of the risk. Operating policy control may be exercised through agreements about the undertaking's activities. Potential voting rights that are exercisable on the balance sheet date are included in the assessment of whether Danske Bank Plc controls an undertaking.

The consolidated financial statements are prepared by consolidating items of the same nature and eliminating intra-group transactions, balances and trading profits and losses.

Undertakings acquired are included in the accounts at the time of acquisition. The net assets of such undertakings (assets including identifiable intangible assets, less liabilities and contingent liabilities) are included in the financial statements at fair value on the date of acquisition according to the acquisition method.

If the cost of acquisition (including direct transaction costs until 1 January 2010) exceeds the fair value of the net assets acquired, the excess amount is recognised as goodwill. Goodwill is recognised in the functional currency of the undertaking acquired. If the fair value of the net assets exceeds the cost of acquisition (negative goodwill), the excess amount is recognised as income at the date of acquisition. The portion of the acquisition that is attributable to non-controlling interests does not include goodwill.

Divested undertakings are included in the accounts until the transfer date.

EURm, Parent	2015	2014
At beginning of year	137.6	137.6
Additions	-	-
Disposals	-	-
At end of year	**137.6**	**137.6**

Company name, registered office, nature of business	Percentage of equity capital held, %	Carrying amount of shares total, EUR million
Subsidiaries of Danske Bank Plc at 31 Dec. 2015		
MB Equity Partners Oy, Helsinki, mutual fund management	40.0	0.0
MB Mezzanine Fund II Ky, Helsinki, mezzanine financing	60.0	0.0
Realty World Ltd, Helsinki, estate agency	100.0	2.4
Danske Invest Fund Management Ltd, Helsinki, investment services	100.0	3.8
Danske Finance Oy, Helsinki, financial leasing	100.0	131.3
Aurinkopihan Palvelut Oy, Helsinki, letting of other real estate	100.0	0.0

22. INTANGIBLE ASSETS AND GOODWILL

Goodwill

Goodwill arises on the acquisition of an undertaking and is calculated as the difference between the cost of the undertaking and the fair value of its net assets, including contingent liabilities, at the time of acquisition.

Goodwill is allocated to cash-generating units at the level at which management monitors the investment. Goodwill is not amortised; instead each cash-generating unit is tested for impairment once a year or more frequently if indications of impairment exist. Goodwill is written down to its recoverable amount through profit or loss if the carrying amount of the net assets of the cash-generating unit exceeds the higher of the assets' fair value less costs to sell and their value in use, which equals the present value of the future cash flows expected from the unit.

Other intangible assets

Software acquired is measured at cost, including expenses incurred to make each software application ready for use. Software acquired is amortised over its expected useful life, which is usually three years, according to the straight-line method.

Software developed by the Group is recognised as an asset if the cost of development is reliably measurable and analyses show that the future earnings from using the individual software applications exceed cost. Cost is defined as development costs incurred to make each software application ready for use. Once a software application has been developed, the cost is amortised over the expected useful life, which is usually three years, according to the straight-line method. The cost of development consists primarily of direct remuneration and other directly attributable development costs. Expenses incurred in the planning phase are not included but booked when incurred.

Identifiable intangible assets taken over on the acquisition of undertakings are measured at the time of acquisition at their fair value and amortised over their expected useful lives, which are usually three years, according to the straight-line method. The value of intangible assets with indefinite useful lives is not amortised, but the assets are tested for impairment at least once a year according to the principles applicable to goodwill.

Other intangible assets to be amortised are tested for impairment if indications of impairment exist, and the assets are subsequently written down to their recoverable amount.

Costs attributable to the maintenance of intangible assets are expensed in the year of maintenance.

EURm, Group	2015			2014		
	Goodwill	Intangible assets	Total	Goodwill	Intangible assets	Total
Opening net carrying amount	-	1.9	1.9	1.4	2.2	3.6
Additions		0.1	0.1		0.2	0.2
Disposals		0.0	0.0		-0.1	-0.1
Amortisation charge	-	-0.4	-0.4	-1.4	-0.4	-1.8
Closing net carrying amount	-	1.6	1.6	0.0	1.9	1.9
At 31 December						
Cost		3.4	9.7	6.3	3.4	9.6
Accumulated amortisation		-1.9	-8.1	-6.3	-1.4	-7.7
Net carrying amount at 31 December	-	1.6	1.6	0.0	1.9	1.9
Total intangible assets	-	1.6	1.6	0.0	1.9	1.9

EURm, Parent	2015			2014		
	Goodwill	Intangible assets	Total	Goodwill	Intangible assets	Total
Opening net carrying amount	-	-	-	1.4	-	1.4
Additions						
Disposals						
Amortisation charge				-1.4		-1.4
Closing net carrying amount	-	-	-	0.0	-	0.0
At 31 December						
Cost				6.3		6.3
Accumulated amortisation				-6.3		-6.3
Net carrying amount at 31 December	-	-	-	0.0	-	0.0
Total intangible assets	-	-	-	0.0	-	0.0

Intangible assets comprise mainly IT software in subsidiaries.

The goodwill has been formed by acquiring asset management companies in 2008 and 2009. The background for the goodwill imparment, EUR 1.4 million, done in 2014 is change of the names of the funds manged by the acquired companies and integration of these funds and other funds done during 2013 and 2014.

23. PROPERTY, PLANT AND EQUIPMENT

Tangible assets

Tangible assets includes domicile property, machinery, furniture and fixtures. Machinery, furniture and fixtures covers equipment, vehicles, furniture, fixtures, leasehold improvement and leased assets.

Domicile property

Domicile property is real property occupied by the Group's administrative departments, branches and other service units. Real property with both domicile and investment property elements is allocated proportionally to the two categories if the elements are separately sellable. If that is not the case, such real property is classified as domicile property, unless the Group occupies less than 10% of the total floorage.

Domicile property is measured at cost plus property improvement expenditure and less depreciation and impairment charges. The straight-line depreciation of the property is based on the expected scrap value and an estimated useful life of 20 to 50 years. Real property held under long-term leases is depreciated on a progressive scale.

Investment property which becomes domicile property because the Group starts using it for its own activities is measured at fair value at the time of reclassification. Domicile property which becomes investment property is measured at fair value at the time of reclassification.

Domicile property which, according to a publicly announced plan, the Group expects to sell within 12 months is recognised as an asset held for sale under Other assets. The same principle applies to property taken over in connection with the settlement of debt if such property is likely to be sold within 12 months. However, if such property is unlikely to be sold within this period, it is classified as investment property.

Machinery, furniture and fixtures

Equipment, vehicles, furniture, fixtures and property improvement expenditure are measured at cost less depreciation and impairment charges. Assets are depreciated over their expected useful lives, which are usually three years, according to the straight-line method. Leasehold improvements are depreciated over the term of the individual lease, with a maximum of 10 years.

Lease assets

Lease assets consists of assets, except real property, let under operating leases. Lease assets are measured using the same valuation technique as that applied by the Group to its other equipment, vehicles, furniture and fixtures. When, at the end of the lease period, lease assets are put up for sale, the assets are transferred to Other assets.

Impairment

Tangible assets are tested for impairment if indications of impairment exist. An impaired asset is written down to its recoverable amount, which is the higher of its fair value less costs to sell and its value in use.

EURm Group, 2015	Land and buildings	Lease assets *)	Leasehold improvements	Other	Total
At 1 January					
Opening net carrying amount	1.0	0.0	5.1	4.1	10.1
Additions			0.0	1.1	1.1
Disposals				-0.1	-0.1
Transfers to and from items					
Transferred to lease assets held for sale					0.0
Depreciations	-0.2		-1.9	-1.5	-3.5
Closing net carrying amount	**0.8**	**0.0**	**3.2**	**3.5**	**7.5**
At 31 December					
Cost	3.5	0.0	40.8	110.7	155.1
Accumulated depreciation	-2.3	0.0	-37.7	-107.2	-147.2
Accumulated impairment losses	-0.4	0.0	0.0	0.0	-0.4
Net carrying amount	**0.8**	**0.0**	**3.2**	**3.5**	**7.5**
Total property, plant and equipment	**0.8**	**0.0**	**3.2**	**3.5**	**7.5**

2014					
At 1 January					
Opening net carrying amount	1.2	0.3	7.0	4.6	13.2
Additions			0.7	1.5	2.2
Disposals		-0.1		-0.3	-0.4
Transfers to and from items					
Transferred to lease assets held for sale		-0.9			-0.9
Depreciations	-0.2	0.7	-2.7	-1.8	-4.0
Closing net carrying amount	**1.0**	**0.0**	**5.1**	**4.1**	**10.1**
At 31 December					
Cost	3.5	0.0	40.8	109.8	154.2
Accumulated depreciation	-2.1	0.0	-35.8	-105.7	-143.6
Accumulated impairment losses	-0.4	0.0	0.0	0.0	-0.4
Net carrying amount	**1.0**	**0.0**	**5.1**	**4.1**	**10.1**
Total property, plant and equipment	**1.0**	**0.0**	**5.1**	**4.1**	**10.1**

EURm Parent, 2015	Land and buildings	Lease assets *)	Leasehold improvements	Other	Total
At 1 January					
Opening net carrying amount	1.0	0.0	5.1	3.9	10.0
Additions			0.0	1.0	1.0
Disposals				-0.1	-0.1
Transfers to and from items					
Transferred to lease assets held for sale					0.0
Depreciations	-0.2		-1.9	-1.4	-3.5
Closing net carrying amount	**0.8**	**0.0**	**3.2**	**3.4**	**7.4**
At 31 December					
Cost	3.5	0.0	40.8	88.4	132.8
Accumulated depreciation	-2.3	0.0	-37.7	-85.0	-125.0
Accumulated impairment losses	-0.4	0.0	0.0	0.0	-0.4
Net carrying amount	**0.8**	**0.0**	**3.2**	**3.4**	**7.4**
Total property, plant and equipment	**0.8**	**0.0**	**3.2**	**3.4**	**7.4**

2014					
At 1 January					
Opening net carrying amount	1.2	0.0	7.0	4.5	12.8
Additions			0.7	1.4	2.1
Disposals				-0.3	-0.3
Transfers to and from items					
Transferred to lease assets held for sale					0.0
Depreciations	-0.2		-2.7	-1.7	-4.6
Closing net carrying amount	**1.0**	**0.0**	**5.1**	**3.9**	**10.0**
At 31 December					
Cost	3.5	0.0	40.8	87.6	131.9
Accumulated depreciation	-2.1	0.0	-35.8	-83.6	-121.5
Accumulated impairment losses	-0.4	0.0	0.0	0.0	-0.4
Net carrying amount	**1.0**	**0.0**	**5.1**	**3.9**	**10.0**
Total property, plant and equipment	**1.0**	**0.0**	**5.1**	**3.9**	**10.0**

**) Assets under Lease assets are operating leases and mainly comprise cars.*

24. TAX ASSETS AND TAX LIABILITIES

Current tax assets and liabilities are recognised on the balance sheet as the estimated tax payable on the profit for the year adjusted for prepaid tax and accrued and due tax payments for previous years. Tax assets and liabilities are netted if permitted by law and provided that the items are expected to be subject to net or simultaneous settlement.

Deferred tax on all temporary differences between the tax base of assets and liabilities and their carrying amounts is accounted for in accordance with the balance sheet liability method. Deferred tax is recognised under Deferred tax assets and Deferred tax liabilities.

The Group does not recognise deferred tax on temporary differences between the tax base and the carrying amounts of goodwill not subject to amortisation for tax purposes and other items if the temporary differences arose at the time of acquisition without effect on net profit or taxable income. If the tax base may be calculated according to several sets of tax regulations, deferred tax is measured in accordance with the regulations that apply to the use of the asset or settlement of the liability as planned by management.

Tax assets arising from unused tax losses and unused tax credits are recognised to the extent that such unused tax losses and unused tax credits can be used.

Deferred tax is measured on the basis of the tax regulations and rates that, according to the rules in force at the balance sheet date, are applicable in the relevant countries at the time the deferred tax is expected to crystallise as current tax. Adopted changes in deferred tax as a result of changes in tax rates applied to expected cash flows are recognised in the income statement.

EURm	Group 2015	Group 2014	Parent 2015	Parent 2014
Income tax assets	0.0	0.0	0.0	0.0
Deferred tax assets	18.2	8.0	15.8	3.6
Total tax assets	**18.2**	**8.0**	**15.8**	**3.6**
Income tax liabilities	5.1	13.2	1.5	12.3
Deferred tax liabilities	-	-	-	-
Total tax liabilities	**5.1**	**13.2**	**1.5**	**12.3**

EURm Deferred tax assets	Group 2015	Group 2014	Parent 2015	Parent 2014
Due to provisions and impairments on loans	17.1	4.6	14.5	2.0
Due to tax losses	0.0	2.5	-	-
Due to depreciation and impairments	0.7	0.8	0.7	0.8
Due to other items	2.4	2.4	1.4	1.5
Set-off against deferred tax liabilities	-1.9	-2.3	-0.8	-0.7
Total	**18.2**	**8.0**	**15.8**	**3.6**

Deferred tax liabilities				
Due to provisions and impairments on receivables	0.8	0.7	-	-
Due to depreciation and impairments	1.1	1.7	0.0	0.0
Fair value measurement of investment property	-	-	-	-
Set-off against deferred tax assets	-1.9	-2.3	-0.8	-0.7
Total	**0.0**	**0.0**	**-0.8**	**-0.7**
Net deferred tax asset (+)/liability (-)	**18.2**	**8.0**	**16.6**	**4.3**

Changes in deferred taxes				
Deferred tax assets/liabilities 1 January	8.0	12.6	3.6	2.9
Recognised in the income statement:				
Provisions and impairments on receivables	12.6	-1.2	12.6	-0.5
Amortisation/depreciation and impairments	0.4	-0.1	0.1	0.0
Tax losses	-2.5	-4.1	-	-
Valuation of investments	-0.1	1.0	-0.1	1.4
Other	-0.3	-0.4	-0.3	-0.2
Net deferred tax assets (+)/liabilities (-), total 31.12.	**18.1**	**8.0**	**15.8**	**3.6**
Income tax assets, asset (+)/liability (-), net	**-5.1**	**-13.2**	**-1.5**	**-12.3**
Total tax assets (+)/liabilities (-), net	**13.0**	**-5.2**	**14.3**	**-8.8**

25. OTHER ASSETS

Other assets includes interest and commission due, prepayments and lease assets put up for sale at the expiry of lease agreements.

Lease assets put up for sale are measured at the lower of their carrying amount at the time of reclassification (expiry of lease agreements) and their fair value less expected costs to sell.

EURm	Group		Parent	
Other assets	2015	2014	2015	2014
Accrued interest	36.5	40.4	29.3	33.8
Items in transit	0.0	0.0	0.0	0.0
Other *)	75.7	95.1	71.4	90.4
Total	**112.1**	**135.6**	**100.7**	**124.2**

**) Group: Includes i.a. sales and fee receivables about 18.4 (about 18.8) EURm, margin accounts related to derivatives 26.1 (3.7) EURm, insurance receivables 0.2 (0.2) EURm and prepaid costs 2.2 (1.7) EURm.*

**) Parent: Includes i.a. sales and fee receivables about 14.2 (about 9.5) EURm, margin accounts related to derivatives 26.1 (3.7) EURm, insurance receivables 0.2 (0.2) EURm and prepaid costs 2.2 (1.7) EURm.*

26. AMOUNTS OWED TO CREDIT INSTITUTIONS AND CUSTOMERS

Amounts due to credit institutions and central banks and Deposits include amounts received under repo transactions (sales of securities which the Group agrees to repurchase at a later date).

Amounts due to credit institutions and central banks and Deposits are measured at amortised cost and where hedge accounting applies at amortised cost plus the fair value of the hedged interest rate risk.

EURm	Group		Parent	
Amounts owed to credit institutions and central banks	2015	2014	2015	2014
Liabilities to central banks	352.9	351.4	352.9	351.4
Deposits from credit insitutions	927.0	1,390.5	926.9	1,364.2
Other liabilities owed to credit institutions	676.6	738.6	676.6	738.6
Total	1,956.6	2,480.5	1,956.5	2,454.2
Amounts owed to customers and public entities				
Deposits				
Demand deposits	2,828.1	2,742.1	2,828.1	2,742.1
Savings accounts	3,247.8	3,019.8	3,247.8	3,019.8
Current accounts	11,114.4	8,994.3	11,216.9	9,179.5
Money market deposits	25.2	6.2	25.2	6.2
Time deposits	899.7	971.9	899.7	971.9
Total	18,115.3	15,734.3	18,217.7	15,919.6

27. DEBT SECURITIES IN ISSUE AND FINANCIAL LIABILITIES AT FAIR VALUE THROUGH P/L

Other issued bonds and Subordinated debt comprise bonds issued by the Group. Subordinated debt is liabilities in the form of subordinated loan capital and other capital investments which, in case of the Group's voluntary or compulsory winding-up, will not be repaid until the claims of its ordinary creditors have been met.

Other issued bonds and Subordinated debt are measured at amortised cost plus the fair value of the hedged interest rate risk. The yield on some issued bonds depends on an index that is not closely linked to the bonds' financial characteristics, for example an equity or commodity index. Such embedded derivatives are bifurcated and measured at fair value in the trading portfolio.

EURm	Group		Parent	
Financial liabilities at fair value through P/L	2015	2014	2015	2014
Certificates of deposit	476.7	717.8	476.7	717.8
Debt securities in issue				
Bonds and notes *)	4,332.2	4,407.0	4,332.2	4,407.0
of which in foreign currency	21.9	26.2	21.9	26.2
Subordinated debt securities				
Capital securities	119.1	121.6	119.1	121.6
of which perpetuals	119.1	121.6	119.1	121.6

**) Of which Finnish covered bonds EUR 4 billion (4 billion).*

EURm

Subordinated loan capital

Borrower	Principal	Interest rate	Year of issue	Maturity	Redemption price	Carrying amount 2015	Carrying amount 2014
Danske Bank Plc	100	1,150/variable	2004	Perpertual	100%	100.0	100.0
Danske Bank Plc	22	1,471/variable	2005	Perpertual	100%	21.8	21.8

Danske Bank Plc issued on 13 October 2004 EUR 100 million preferred capital securities. The loan paid fixed interest rate for the first year and floating rate interest after that, however capped to 8,5 per cent p.a. The interest can be paid only from the distributable capital. The loan is perpetual and is repayable only with the consent of the Finnish Financial Supervion Authority on any interest payment date. The next interest payment date is on 13.4.2016.

Danske Bank Plc issued on 16 December 2005 EURm 125 capital securities. The loan is a floating rate perpetual and pays an interest at 3-month Euribor plus 1.6 per cent. The interest on the loan can be paid only from the distributable capital. The Financial Supervisory Authority authorised the Danske Bank Plc to prematurely repay the debenture loan. The debenture loan can be repaid on any interest payment date. The next interest payment date is on 16.3.2016.

Danske Bank Plc had in issue on 31 December 2015 one capital security included in Tier 1 capital, which is repayable with the consent of the Finnish Financial Supervision Authority. The amount included in the own funds of primary loans in Danske Bank Plc Group at 31 December 2015 was EUR 100 million (EUR 100 million).

28. OTHER LIABILITIES AND PROVISIONS

Other liabilities includes accrued interest, fees and commissions that do not form part of the amortised cost of a financial instrument. Other liabilities also includes pension obligations and provisions for other obligations, such as lawsuits and guarantees.

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

If a lawsuit is likely to result in a payment obligation, a liability is recognised if it can be measured reliably. The liability is recognised at the present value of expected payments.

	Group		Parent	
EURm	2015	2014	2015	2014
Provisions	5.9	3.8	5.9	3.8
Other liabilities				
Items in transit	19.8	56.5	19.8	56.5
Accruals and deferred income				
Deferred interest	48.0	52.0	33.5	36.7
Other accruals	70.2	106.2	53.2	90.9
Other *)	200.5	186.5	199.6	182.7
Total other liabilities	**344.4**	**405.0**	**312.0**	**370.7**

**) Item Other includes i.a. liabilities in intermediary accounts (149.9) EURm.*

PROVISIONS	Group		Parent	
EURm	2015	2014	2015	2014
From off-balance sheet items	5.9	3.8	5.9	3.8

EURm	From off-balance sheet items			
At 1 January	3.8	3.0	3.8	3.0
Additions	4.7	5.5	4.7	5.5
Spent	-	-	-	-
Reversals of provisions	-2.6	-4.6	-2.6	-4.6
At 31 December	**5.9**	**3.8**	**5.9**	**3.8**

Danske Bank Plc makes individual and collective impairment charges from irrevocable loan commitments and guarantees. Impairment charges on loans and receivables are presented in notes 10 and 19.

29. CONTINGENT LIABILITIES AND COMMITMENTS

At initial recognition, irrevocable loan commitments and guarantees are recognised at the amount of premiums received. Subsequently, guarantees are measured at the higher of the received premium amortised over the guarantee period and the provision made, if any. Provisions for irrevocable loan commitments and guarantees are recognised under Other liabilities if it is probable that drawings will be made under a loan commitment or claims will be made under a guarantee and the amount payable can be reliably measured. The liability is measured at the present value of expected payments. Irrevocable loan commitments are discounted in accordance with the interest terms.

EURm	Group		Parent	
Off-balance sheet items	2015	2014	2015	2014
Guarantees and pledges	1,301.3	1,370.2	1,301.3	1,370.2
Undrawn loans, overdraft facilities and other commitments to lend	3,288.1	2,951.5	2,872.3	2,694.1
Other irrevocable commitments	-	-	-	-
Total	4,589.4	4,321.7	4,173.6	4,064.3

Off-balance sheet items consist mainly of guarantees and commitments to extend credit. Guarantees including irrevocable letters of credit comprise commitments written on behalf of customers. Commitments to extend credit are irrevocable commitments and comprise undrawn loans, overdraft facilities and other commitments to lend. The commitments are stated to the amount that can be required to be paid on the basis of the commitment. Classification of off-balance sheet items has been adjusted. For guarantees a provision is recognised when the Group considers it more likely than not that an obligation exists under its guarantees.

Danske Bank Plc Group companies are party to various lawsuits. In view of its size, The Group does not expect the outcomes of these pending to have any material effect on its financial position.

ASSET ENCUMBRANCE

Group, EURm Assets	Carrying amount of encumbered assets	Fair value of encumbered assets	Carrying amount of unencumbered assets	Fair value of unencumbered assets
Assets December 31, 2015	7,613.0		23,806.9	
Equity instruments	-	-	85.4	85.4
Debt securities	0.7	0.7	1,550.1	1,550.1
Other assets	7,612.3		22,171.4	
Assets December 31, 2014	6,588.6		23,103.2	
Equity instruments	-	-	89.8	89.8
Debt securities	0.7	0.7	1,008.6	1,008.6
Other assets	6,587.9		22,004.8	

Collateral received	Fair value of encumbered collateral received or own debt securities issued	Fair value of collateral received or own debt securities issued available for encumbrance
Collateral received by the reporting institution 2015	**65.0**	**818.2**
Equity instruments	-	-
Debt securities	65.0	818.2
Other collateral received	-	-
Own debt securities issued other than own covered bonds	-	-
Collateral received by the reporting institution 2014	**891.9**	**833.8**
Equity instruments	-	-
Debt securities	891.9	833.8
Other collateral received	-	-
Own debt securities issued other than own covered bonds	-	-

Encumbered assets/collateral received and associated liabilities	Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than covered bonds and ABSs encumbered
Carrying amount of selected financial liabilities 2015	**5,611.1**	**6,549.0**
Carrying amount of selected financial liabilities 2014	**5,114.8**	**6,321.9**

Loans and securities serving as collateral for covered bond issuance is the main category of encumbered assets. Coverd bond issuance is a strategic long-term funding measure that entails ring-fencing assets according to statutory regulation.

Cash and securities provided as collateral for derivative, clearing transactions where pledging collateral is an operational requirement to support business activities.

2014 figures are presented as year end figures, because median values were not available. 2015 figures are median values.

Encumbered assets and matching liabilities are the same in Group and Bank.

Collateral of the mortgage-backed credit is valued as part of a credit decision or as an independent credit decision. Collateral is valued at the time of its acceptance and regularly thereafter.

Residential properties, shares in a housing companies and shares in real estate companies in residential use must be assessed by a valuer independent of the credit decision process. An independent valuer refers to a person who has sufficient qualifications for and experience in valuation.

An independent outside valuer can be authorized estate agents who have taken an examination of property valuers (AKA), estate agents of the Kiinteistömaailma chain who have taken an examination of property valuers (KaT) or estate agents who have taken an examination for real estate brokers (LKV competence).

Employee of the parent company can be an independent valuer for regular houses and shares in housing companies, if the person has at least 5 years of experience as a credit manager and at least 5 years of experience in the particular collateral type and its valuation and up-to-date statistics are available as the basis of the valuation. It is also required that the person is not (and has not been) a presenting or deciding party in the credit for which the collateral is assessed and the person is not a relative of the party to the credit or the pledge holder, or is not in a close financial relationship with the party to the credit or pledge holder.

The requirement for an independent values is also met if a genuine (not between related parties) and maximum one year old contract of sale exist.

The collateral values of residential properties and shares in housing companies are followed and updated automatically in a system on a quarterly basis using indexes received from Statistics Finland. If collateral value cannot be updated automatically for e.g. missing reference transactions, the value will be updated yearly manually.

Leases (Group as a lessee)

Leases of assets in which substantially all the risks and rewards of ownership are transferred to the Group are classified as finance leases. Finance leases are recognised at the lease's inception at the lower of the fair value of the leased asset and the present value of the minimum leases payments. The corresponding obligation is included in Other liabilities in the balance sheet. The assets acquired under financial leases are amortised or depreciated over the shorter of the asset's useful life and the lease term. Each lease payment is allocated between the liability and the interest expense. The interest expense is amortised over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Assets in which the lessor retains substantially all the risks and rewards of ownership are classified as operating leases and they are included in the lessor's balance sheet. Payment made on operating leases are recognised on a straight-line basis over the lease term as rental expenses in profit and loss.

EURm	Group		Parent	
Non-cancellable operating leases (from premises)	2015	2014	2015	2014
Minimum lease payments under non-cancellable operating leases				
not later than one year	22.5	22.9	22.5	22.9
later than one year and not later than five years	32.4	47.0	32.4	47.0
later than five years	2.8	2.1	2.8	2.1
Total	**57.7**	**72.0**	**57.7**	**72.0**

Total of sublease payments expected to be received under non-cancellable operating sub-leases at 31 Dec 2015 was EUR 3.6 million (5.1 million).

Sublease payments from premises recognised as an expense in the period was EUR 2.7 million (2.7 million).

30. RELATED PARTY TRANSACTIONS WITH GROUP COMPANIES AND OTHER RELATED PARTIES

EURm	Parties with significant influence		Associated undertakings		Key management personnel		Other	
Group	2015	2014	2015	2014	2015	2014	2015	2014
Loans and receivables	1,949.3	4,233.7	83.6	81.5	1.9	1.5	67.8	53.0
Securities	17.8	0.3	8.0	10.9	-	-	0.1	0.1
Deposits	334.3	834.0	0.0	0.0	0.3	0.4	58.5	23.4
Derivatives	276.3	517.8	2.1	-	-	-	0.5	-
Guarantees and pledges	1.5	1.2	-	-	-	-	-	-
Undrawn loans and overdraft facilities	1.3	1.1	1.7	8.7	0.1	-	-	-
Collaterals	881.4	891.9	0.0	0.0	-	-	-	-
Interest income	4.5	8.9	0.5	0.6	0.0	0.0	6.2	4.4
Interest expenses	4.1	0.2	-	-	0.0	0.0	3.7	4.7
Dividend income	-	-	1.2	1.2	-	-	-	-
Impairments	-	-	0.1	-0.1	-	-	-	-
Purchases from group companies	124.2	125.9						
Sales to group companies	10.7	11.4						

EURm	Parties with significant influence		Subsidiaries		Associated undertakings		Key management personnel		Other	
Parent	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Loans and receivables	1,949.3	4,233.7	1,306.4	1,288.5	83.6	81.5	1.8	0.8	67.7	52.9
Securities	17.8	0.3	137.6	137.6	5.1	10.9	-	-	0.1	0.1
Deposits	334.3	834.0	102.9	77.2	0.0	0.0	0.3	0.3	58.5	23.4
Derivatives	276.3	517.8	-	-	2.1	-	-	-	0.5	-
Guarantees and pledges	1.5	1.2	-	-	-	-	-	-	-	-
Undrawn loans and overdraft facilities	1.3	1.1	1.7	4.2	1.7	8.7	0.1	-	-	-
Collaterals	881.4	891.9	-	-	0.0	-	-	-	-	-
Interest income	4.5	8.9	0.5	7.5	0.5	0.6	0.0	0.0	6.2	4.4
Interest expenses	4.1	0.2	-	0.0	-	-	0.0	0.0	3.7	4.7
Dividend income	-	-	7.4	11.0	1.2	1.2	1.2	-	-	-
Impairments	-	-	-	-	0.1	-0.1	-	-	-	-
Purchases from group companies	120.9	117.4	6.0	8.5						
Sales to group companies	10.7	11.4	-	-						

Related party comprises the parent company, associated undertakings, key management personnel and other related-party companies. Parties with significant influence include the parent company and its branches. Key management personnel comprises Board of Directors and executive management, including close family members and companies, in which key management personnel or their close family members have considerable influence. Other related-party entities include sister companies and other companies.

31. EQUITY AND RESERVES

Equity	Number of shares	Share capital EURm
At 1 January 2015	106,000	106
At 31 December 2015	106,000	106
Total amount of shares at 31 December 2015	106,000	106

Danske Bank A/S owns all the share capital of Danske Bank Plc. Each share has one vote. Shares have no par value.

EURm Reserves and retained earnings	Group	Parent
Reserves at 31 December 2014		
Legal reserve	271.1	261.7
Total	**271.1**	**261.7**
Reserves at 31 December 2015		
Legal reserve	271.1	261.7
Total	**271.1**	**261.7**

Movements in reserves:

Legal reserve

The legal reserve comprises the amounts that shall be transferred from the distributable equity according to the articles of association or on the basis of the decision of the AGM. No change has been in the legal reserve during the financial years of 2015 or 2014.

Retained earnings	Group	Parent
At 1 January 2014	**2,006.3**	**1,977.7**
Profit for the financial year	169.1	152.5
Dividend distribution	-50.4	-50.4
At 31 December 2014	**2,124.9**	**2,079.8**
Profit for the financial year	165.7	150.5
Dividend distribution	-152.5	-152.5
At 31 December 2015	**2,138.2**	**2,077.8**

Danske Bank Risk Management Disclosures

Risk management general principles and governance

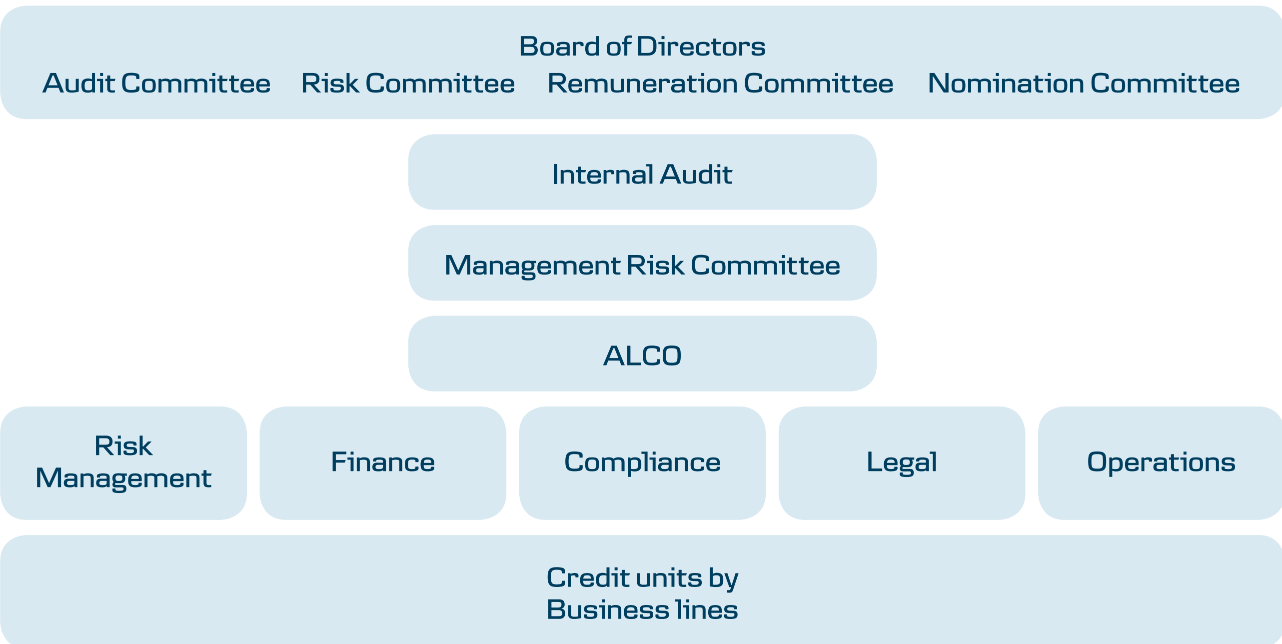
The main objectives of the risk management processes are to ensure that risks are properly identified, risk measurement is independent and the capital base is adequate in relation to the risks. The risks related to the Danske Bank Plc Group's activities and the sufficiency of the companies' capitalisation in relation to these risks is regularly evaluated. Clearly defined strategies and responsibilities, together with strong commitment to the risk management process, are our tools to manage risks.

The Board of Directors of Danske Bank Plc, together with the Boards of Danske Bank Plc's subsidiaries, is responsible for ensuring that the Danske Bank Plc Group's risks are properly managed and controlled. The Danske Bank Plc's Board sets the principles of risk management and provides guidance on the organisation of risk management and internal control in the business areas. The Board's Risk Committee assists the Board in matters concerning the Bank's risk strategy and risk-taking and in supervising compliance by the Bank's operating management with the risk strategy approved by the Board. The composition and working of the Board's Risk Committee has been organised in compliance with Chapter 9, section 4, of the Act on Credit Institutions. To ensure that the risk governance structure is adequate both in terms of internal and external needs, the Board has established a Management Risk Committee, which is composed of members of the executive management and nominated Danske Bank Plc's CEO as chairman of the committee.

The Committee's main tasks are:

- to ensure that Danske Bank Plc Group is compliant with the risk instructions issued by the Board of Directors
- to ensure that all risk types in Danske Bank Plc Group are monitored and reported to relevant parties including the Board of Directors
- to ensure that Danske Bank Plc Group's risk position is aligned with Danske Bank A/S Group's risk strategy
- to ensure that Danske Bank A/S Group's risk policies are implemented in Danske Bank Plc Group
- to ensure that Danske Bank Plc Group fulfils all regulatory requirements.

Figure 1. Risk Governance structure



The Asset and Liability Committee (ALCO) has also been set by the Board. ALCO is responsible for monitoring and directing the management of structural interest rate risk of the balance sheet in accordance with its own interest rate views, the Bank's policies and delegated limits including approving any required balance sheet hedging activity in line with risk management strategies and limits. ALCO also determines the operational targets for the liquidity risk management and oversees the liquidity risk management.

The Bank's day-to-day risk management practices are organised in three lines of defence. This organization ensures a segregation of duties between (1) units that enter into business transactions with customers or otherwise expose the Group to risk, (2) units in charge of risk oversight and control and (3) the internal audit function.

The first line of defence is represented by the business units and the operations and service organisations. Each unit operates in accordance with risk policies and delegated mandates and has their own independent risk function. The units are responsible for having adequate skills, operating procedures, systems and controls in place to comply with policies and mandates and to exercise sound risk management.

The second line of defence is represented by Bank-wide functions that monitor whether the business units and the operations and service organisations adhere to the general policies and mandates. These functions are located in Risk Management, Finance, Compliance and Credit units.

The third line of defence is represented by Internal Audit.

Danske Bank Plc Group's Risk Management, which is an independent unit outside the business areas, monitor Danske Bank Plc Group's risk position according to the principles and limits set by the Board of Danske Bank Plc. The head of Risk Management is Chief Risk Officer who reports to Danske Bank Plc's CEO and Group CRO. CRO is responsible for adequate and sound oversight of Danske Bank Plc Group's risk management, providing an overview of Danske Bank Plc Group's risks and creating an overall risk picture. The CRO's responsibilities cover all of the Bank's risks across risk types and organisational units, and risks relating to outsourced activities.

Finance is responsible for solvency reporting (including the ICAAP process).

It is the responsibility of each business area that all the principles and limits set by the Danske Bank Plc's Board of Directors, Committees set by the Board or Risk Management unit are followed in the business processes and decision making.

Principles and practices of risk management in Danske Bank Plc Group are carried out consistently with risk policies of Danske Bank A/S Group and supported by corresponding Danske Bank A/S Group functions. Additional information on Danske Bank A/S Group level risks and risk approaches can be found in Danske Bank A/S Group's annual report and Risk Management report for 2015.

CAPITAL REQUIREMENTS AND MANAGEMENT

Minimum regulatory capital

Banking is a highly regulated business. There are formal rules for minimum capital and capital structure in capital adequacy regulation. Also banks largest exposures are limited based on capital included in the capital adequacy own funds.

Credit Institutions Act gives multiple options for methods institutions may use in capital adequacy calculation. Danske Bank Plc Group applies Foundation Internal Ratings Based approach to its corporate portfolio and standard method to other portfolios for credit risks. Standard method is used for operational risks. Market risks are calculated according to regulatory approaches.

Capital adequacy is reported quarterly to Single Supervisory Mechanism (SSM/European Central Bank (ECB) and Finnish Financial Supervision Authority (FIN-FSA)). Danske Bank Plc and - Group fulfilled the regulatory minimum capital requirements during 2015. Minimum capital requirements set by capital adequacy regulation are presented in the Risk Table 1 below. Total capital requirement has decreased EUR 238 million due to an decrease in credit risk.

RISK TABLE 1

CAPITAL REQUIREMENT AND TOTAL RISK EXPOSURE AMOUNT

Pillar 1 regulatory capital requirements by portfolio At 31 December (EUR millions)	Capital requirement 2015	 2014	Risk exposure amount 2015	 2014
Credit and counterparty credit risk:				
Standardised approach:				
Central governments or central banks	0	0	0	0
Regional governments or local authorities	0	0	0	0
Institutions	103	170	1,291	2,129
Corporates	58	547	720	6,842
Retail	122	103	1,528	1,294
Secured by mortgages on immovable property	301	349	3,759	4,362
Exposures in default	26	24	319	295
Items associated with high risk	2	24	25	306
Covered bonds	4	1	44	16
Other items	13	16	164	199
Standardised approach, total	628	1,235	7,850	15,443
IRB approach:				
Corporates	384	0	4,795	0
IRB approach, total	384	0	4,795	0
Credit and counterparty credit risk, total	**1,012**	**1,235**	**12,645**	**15,443**
Market risk – standardised				
General and specific risk	7	12	87	153
Commodity risk	3	5	40	61
Settlement risk	0	0	0	0
Market risk - standardised, total	**10**	**17**	**127**	**214**
Operational risk - standardised, total	**82**	**84**	**1,023**	**1,048**
Credit valuation adjustment	**3**	**9**	**38**	**107**
Total risk exposure amount			**13,833**	**16,812**
Total minimum capital requirement	**1,107**	**1,345**		

Capital management process

The basis of the Danske Bank Plc Group's capital management practices is the regulatory framework in the Capital Requirements Directive (CRD) with the ICAAP (Internal Capital Adequacy Assessment Process) in Pillar 2.

Danske Bank Plc Group's ICAAP consists of evaluating all relevant risks that the Danske Bank Plc Group is exposed to. Besides the Pillar I risk types – credit, market and operational risks – the Bank sets capital aside for interest rate risk of the banking book, business risk and, if required by stress tests, for business cycle volatility buffer. Liquidity risk is taken into account through stress testing.

The latest Danske Bank Plc Group ICAAP report 2015 was prepared, approved by Danske Bank Plc's Board and delivered to SSM/ECB and FIN-FSA . The report includes assessment of all internal and external capital requirements Danske Bank Plc Group must fulfil. The requirements have been stressed to reflect severe negative development in economic environment over three years' time horizon. The report shows that Danske Bank Plc Group is well capitalized and has adequate capital buffers against possible negative changes in market environment.

Main risk types

The major risks associated with Danske Bank Plc Group's activities are the credit risk arising from banking, interest rate risk and liquidity risk. Operational and business risks are inherent in all business areas.

The banking result mainly depends on loan and deposit margins, business volumes, the size and structure of the balance sheet, the general level of interest rates, impairment losses and cost efficiency. The margin between loans and deposits in banking, with a moderate interest rate and liquidity risk profile, changes slowly. Possible sources of result fluctuations are unexpected losses in the credit and operational risk areas. In banking and investment services, the fees gathered from customer business are also an important source of earnings. Because fees are exposed to changes in business volume, profitability is mostly exposed to changes in general economic activity and customer behaviour.

Credit risk

Credit risk is the risk of losses arising because counterparties or debtors fail to meet all or part of their payment obligations to the Bank. Credit risk includes country, settlement and counterparty credit risk.

Danske Bank Plc Group's guidelines lay down uniform principles for credit risk taking, with the aim of ensuring high quality in the credit process. Danske Bank Plc's Board of Directors annually approves the credit risk appetite policy, which sets the targets for new lending and diversification of credit risk from different perspectives. Lending is focused on customers operating in Finland. Limits are set for risk concentrations, measured by customer group's nominal exposures or customer group's expected losses. Risk concentration parameters are set at a substantially more conservative level than the minimum required by regulation. In addition limits are set to some industries.

Based on Danske Bank Plc's Board of Directors delegation, credit decision authority is given to Danske Bank A/S Board of Directors and further delegated to the management of the Danske Bank Plc's Credit department and to authorised credit officers in the business units. The amount of the authorisation varies according to customer rating, total exposure and collateral level. All credit applications are initiated and prepared in the business units. Credit decisions are primarily based on rating, loan repayment ability, collateral and other risk mitigates offered, as well as acceptable return on allocated capital.

Customer classification

All Danske Bank customers are assigned a credit grade describing the creditworthiness of customer prior to granting of credit facilities in order to ensure good credit quality and provide credit to the customers in the most capital efficient manner. The main objectives of the risk classification are to rank Danske Bank Plc Group's customer base according to default risk, estimating the probability of default (PD) of each customer. This credit grade consists of 11 main rating grades and 26 subgrades.

The Bank uses different rating models that are developed for classifying corporate customers in various segments. Corporate customers are rated by a model that primarily builds on a customer's financial statements. An assessment of the customer's prospects and qualitative information, such as the earnings outlook for the industry, and an evaluation of the company's management are also considered. Relationship managers and customer advisors can provide factual information in the process, but have no influence on the outcome. On the basis of this input, the model proposes a rating. The final rating is also based on input from expert assessments. The models are validated annually and re-development of models is prioritised according to, among other things, this validation. Group Risk Management is responsible for the overall rating process, including rating models.

The Bank assigns credit scores to customers that are not rated. These customers include personal customers and small business customers. The Bank has developed statistical models based on the information it possesses about customers to predict the likelihood that a customer will default. The score is based on either application data or behavioural data. These scoring models utilise public and internal information on borrower payment behaviour, education, employment and other relevant factors as explanatory variables in forecasting customer credit worthiness. On top of the statistical calculation, the score can be downgraded to another classification if a risk event is registered on the customer. Risk events are registered either automatically or manually by an advisor. The credit scores are updated monthly through an automated process. For more information about Danske Bank's rating models, including changes and improvements to the models, see Risk disclosures of Danske Bank A/S.

Credit risks of corporate customers

All major corporate customers have a customer account officer, who is familiar with the customer's business and monitors its development. Customers with significant exposures are analysed by credit analysts independent of the business.

Credit risk monitoring consists of continuous monitoring of macro-economic and industry development, as well as customer creditworthiness, collateral values and covenants. Business units' credit positions are reviewed systematically at least once a year. The credit review includes monitoring the quality of credit decisions and implementation of action plans initiated in order to reduce the risks of the lowest rated customers. Development of new lending is monitored on a monthly basis against credit policy targets. Product limits, overdrafts, delayed payments, arrears and excesses are monitored on a daily basis.

Credit risks of personal customers

As part of loan granting process, the debt servicing capacity is assessed and stressed by using higher inter-

Danske Bank

est rates compared to current levels. Long-term loans to personal customers are mainly collateralised by housing company shares or residential real estate.

Credit exposure

The figures in Risk Tables 2 to 7 show the Danske Bank Plc Group's credit exposure. Internal receivables between Danske Bank Plc Group companies have been eliminated from these figures. Exposures to Danske Bank A/S Group are reported separately in the Risk Tables 3 to 5.

Reporting of credit exposure relating to lending activities covers credit limits in use, guarantees and irrevocable loan commitments. Credit exposure of trading and investing activities includes positive fair value of derivative contracts, as well as fair value of trading book bonds and shares.

RISK TABLE 2

Total credit exposure, EURm	2015	2014
Credit exposure relating to lending activities	30,235	29,195
Credit exposure relating to trading and investing activities	4,303	4,640
Total	34,537	33,835

Credit exposure relating to lending activities

Danske Bank Plc Group's lending-related credit exposure activities amounted to EUR 30.2 billion at end of 2015, of which personal customers account for 43 per cent and corporate customers 34 per cent. Compared to 2014 the portfolio has increased by EUR 1.0 billion. 98 per cent of exposures were in EU countries.

RISK TABLE 3

Credit exposure relating to lending activities by segment, EURm	2015	2014
Personal	12,875	12,677
Corporate	10,226	9,761
Financials	736	632
Public	4,370	1,789
Total	28,207	24,859
Group internal	2,028	4,336
Total	30,235	29,195

Danske Bank Plc Group's lending-related credit exposure is presented by industry in Risk Table 4. The portfolio is well diversified across industries, with a high share of private sector lending, which is composed mainly of housing loans covered with real estate collateral.

RISK TABLE 4

Credit exposure relating to lending activities by industry, EURm	2015	2014
Public Institutions	4,370	1,789
Non-Profit & Associations	1,351	1,150
Banks	443	327
Credit Institutes	1	20
Insurance	25	21
Investment funds	1	2
Other Financials	266	262
Agriculture	82	86
Commercial Property	2,161	2,107
Construction & Building Products	781	886
Consumer Discretionary	992	1,064
Consumer Staples	590	609
Energy & Utilities	850	738
Health Care	347	364
Industrial Services, Supplies & Machinery	1,186	919
IT & Telecom	339	313
Materials	826	864
Shipping	24	24
Transportation	338	301
Other Commercials	359	337
Personal Customers	12,875	12,677
Total	28,207	24,859
Group internal	2,028	4,336
Total	30,235	29,195

Danske Bank Plc Group's credit exposure by credit classification is presented in Risk Table 5.

RISK TABLE 5

Credit exposure relating to lending activities by rating, EURm	PD scale (%)			
Rating	Lower	Upper	2015	2014
1	0.00	0.01	304	246
2	0.01	0.03	6,766	2,903
3	0.03	0.06	4,229	4,090
4	0.06	0.14	4,879	4,505
5	0.14	0.31	4,910	5,706
6	0.31	0.63	3,074	2,647
7	0.63	1.90	2,334	2,465
8	1.90	7.98	844	1,469
9	7.98	25.70	336	393
10	25.70	99.99	257	169
11	100.00	100.00	275	266
Total			28,207	24,859
Group internal			2,028	4,336
Total			30,235	29,195

The rating distribution has remained fairly similar in 2015 compared to 2014. At the end of 2015, the share of customers classified into the seven highest rating classes was 94 per cent of the total, when exposures to Danske Bank A/S Group are excluded. In 2014 the corresponding share was 91 per cent.

Impairment charges decreased during 2015 and amounted to EUR 12.7 million at the end of year, against EUR 16.7 million at the end of 2014. Net non-performing assets amounted to EUR 371.6 million at the end of 2015, which is EUR 26.8 million more than at the end of 2014.

Credit risk mitigation and collateral management

In order to mitigate credit risk, Danske Bank applies a number of credit risk mitigation measures, including collateral, guarantees and covenants. Personal and small corporate customer exposures are mainly covered by collateral. In the large corporate segment, market practise favours covenants and more limited use of collateral in risk mitigation. Collateral is also a key component in the Group's calculation of economic capital and REA.

All collaterals are valued at the time they are pledged and regularly thereafter. Regional housing price indices are used to incorporate latest price information into the calculation of fair value estimates for these collateral types. Other collaterals are revalued at least annually. Estimation of collateral fair value is done by a competent valuator who is independent of the credit process. The risk of changes in fair value is covered by a similar haircut process throughout Danske Bank A/S Group. Risk Table 6 presents the amount of collateral allocated to agreements after haircuts.

RISK TABLE 6

Types of collateral, EURm	2015	2014
Real property	14,786	14,484
Bank accounts	50	49
Custody accounts/securities	137	185
Vehicles	554	502
Equipment	245	219
Vessels/aircraft	21	44
Guarantees	735	593
Dues	194	255
Other assets	0	0
Total	16,722	16,330

Credit exposure relating to trading and investing activities

At the end of 2015 Danske Bank Plc Group's credit exposure relating to trading and investing activities amounted to EUR 4.3 billion. Exposure consisted almost entirely of exposure to bonds and derivatives. Derivatives with positive fair value were the largest single class at EUR 2.7 billion. Bonds increased by EUR 0.5 billion and derivatives declined by EUR 0.8 billion resulting to EUR 0.3 billion decline in total level compared to last year. Credit exposure relating to trading and investing activities are presented in Risk Table 7.

RISK TABLE 7

Credit exposure relating to trading and investing activities, EURm

2015	Private	Commercials	Financials	Public	Total
Bonds	0	24	518	987	1,530
Shares	0	67	6	0	72
Derivatives	1	428	2,076	195	2,701
Total	1	519	2,600	1,182	4,303
2014					
Bonds	0	59	183	767	1,009
Shares	0	84	5	0	90
Derivatives	2	494	2,737	308	3,541
Total	2	638	2,925	1,075	4,640

Forbearance practices

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

Forbearance plans must comply with the Group's Credit Policy. They are used as an instrument to retain long-term business relationships during economic downturns if there is a realistic possibility that the customer will be able to meet obligations again, or used for minimising loss in the event of default.

If it proves impossible to improve the customer's financial situation by forbearance measures, the Group will consider whether to subject the customer's assets to a forced sale or whether the assets could be realised later at higher net proceeds.

Danske Bank Plc Group has implemented the EBA's definition of loans subject to forbearance measures.

Market risk

Market risk is defined as the risk of losses caused by changes in the market value of financial assets, liabilities and off-balance sheet items resulting from changes in market prices or rates. Market risk in Danske Bank Plc is a combination of risk from trading activities and the interest rate risk in the banking book. The most material risk of the Bank is the EUR interest rate risk arising from banking book and trading book positions. The Bank measures the effects of interest rate changes on both net interest income and economic value.

Governance and limit structure

Danske Bank Plc's Board of Directors sets out the market risk policy and overall limits for market risk. The Board also decides on the general principles for managing and monitoring market risks based on the group market risk policy and delegated market risk limits provided by the Danske Bank Group. The trading department and ALCO are responsible for the risks the areas incurs and for actively managing these risks within the set of allocated limits.

The Board of Directors decides the market risk appetite for the Bank and delegates market risk limits to the Chief Executive Officer of Danske Bank Plc who delegates them further for trading activities and for the ALCO position. The ALCO position is decided at regular ALCO meetings and trades are executed by trading department of the Danske Bank Plc.

Measurement, monitoring and management reporting on market risks is carried out on a daily basis in a separate risk control unit. Market risk exposure is calculated in a limit control system that is linked to the trading systems. Limits are monitored systematically, and in case of limit violations, follow-up procedures have been established. In addition, the risk control unit monitors risk levels intraday and conducts intra-day spot checks of the risks in the trading units and the ALCO positions.

Market risk exposure

Danske Bank Plc markets, trades and takes positions in products that entails a variety of market risk components. The main activities are concentrated around a range of fixed income assets, money-market instruments and other assets with market risk. Furthermore, the bank may take on interest rate risk as part of the treasury management in accordance with the ALCO limits and decisions.

Alco positions

Danske Bank Plc's banking book interest rate risk arises primarily from retail and corporate based customer business which is hedged by derivatives. Interest rate risk in the banking book related to demand deposits has been modeled separately and included in the overall risk calculations and limits. As part of the limit monitoring the banking book interest rate position is stress tested by a 1 percentage point parallel increase and decrease of yield curves by currencies.

Danske Bank Plc also estimates interest rate risk exposure in the banking book from the earnings perspective, called net interest income (NII) risk. It is calculated as the greatest loss of earnings over a 12 month period from the Bank's assets and liabilities upon a parallel shift in yields of 1 percentage point. Given the structure of the Bank's balance sheet, the greatest loss is the -1% shift scenario (or when rates drop to decided floor level) indicating that Bank's NII will decrease if interest rates fall.

The Bank also has a modest holding of unlisted shares, which is primarily related to the banking activities.

Trading positions

Trading operations in Danske Bank Plc covers customer related business in interest rate, foreign exchange, commodity, credit and structured products. Risk arises mainly from the movements of interest rates in EUR, RUB and USD, with EUR as the dominating position. Foreign exchange positions are small or short term as it is not in the Bank's strategy to hold currency positions. The Bank's commodity positions includes mainly deals related to energy, EU allowances (EUA) and certified emission reductions (CER). Commodity related business is customer-based trading, and the unit's own holdings are very modest. The Bank has no direct positions in listed shares.

Trading book risks are measured and limited by means of sensitivities, pre-defined worst case scenarios and exposure limits by risk types. Limits are set by currencies and calculated as net and gross risks.

Risk overview

Table 8 shows Danske Bank Plc's market risk exposure as of year-end 2015. Risk figures represent net positions, changes in economical value or risk of loss in the Bank's NII calculated according to conventional risk measures.

RISK TABLE 8 Market risk exposure, EURm	2015	2014
Interest Rate Risk (1% yield curve shift up, net)	-3.1	9.3
Net Interest Income Risk (1% yield curve shift)	-15.1	-14.7
Net Foreign Exchange Rate Position	0.0	-0.6
Commodity Risk (10% change up in prices, net)	-0.1	-0.1
Listed Equity Position	0.0	0.0
Unlisted Equities and Shares	14.7	14.4
Interest Rate Volatility Risk (1% -point change)	0.0	0.0
Foreign Exchange Volatility Risk (1% -point change)	0.0	0.0

Liquidity risk

Liquidity risk means the risk that:

- the costs to obtain funds becomes excessive
- lack of financing prevents the Bank from maintaining its current business model, or
- the Bank ultimately cannot fulfil its payment obligations due to lack of funds.

Taking liquidity risk is an inherent part of Danske Bank Plc's business strategy and it is managed in support of a cautious and conservative risk profile. The Board of Directors has approved a liquidity policy and a contingency funding plan for the Bank. The policy specifies the aims, limits, calculation and responsibilities of all parts of the Bank's liquidity risk control and management. The purpose of the contingency funding plan (CFP) is to ensure an efficient and co-ordinated action plan for situations where Danske Bank Plc or the banking system comes under pressure in terms of liquidity.

The Asset and Liability Committee (ALCO) is responsible for ensuring that the liquidity risk is managed in accordance with the Policy. Danske Bank Markets Finland (as operating within Danske Bank Plc) is responsible for the practical and day-to-day liquidity management and execution of the Policy, including assuring that the liquidity buffer is in accordance with the Policy. The ALM Finland unit in Risk Management oversees the liquidity position, reports breaches according to the escalation process, monitors triggers as set out in CFP and conducts the stress tests and liquidity buffer calculations. Market Risk in Risk Management is responsible for day-to-day monitoring, controlling and reporting the liquidity risk limits. Both ALM Finland and Market Risk report to ALCO, Risk Committee and the Board as specified in the Policy.

Liquidity management is based on monitoring and management of short-term and long-term liquidity risks. The management of operational liquidity risk aims primarily at ensuring that Danske Bank Plc always has a liquidity buffer that is able, in the short term, to absorb the net effects of current transactions and expected changes in liquidity, under both normal and stressed conditions. Danske Bank Plc's liquidity buffer consists mainly of ECB eligible bonds and cash assets in Bank of Finland.

Danske Bank Plc conducts stress tests to measure its immediate liquidity risk and to ensure that it has an adequate amount of time to respond to crises. The stress tests estimate liquidity risk in scenarios covering bank-specific and systemic crises, their combination and a capital market cut-off.

Need for long term funding will be determined by structural liquidity risk, liquidity stress test scenarios and the maturity profile of long term funding. Structural liquidity risk is based on a breakdown by maturity of the Bank's assets, liabilities and off-balance-sheet items. Danske Bank Plc bases these calculations on the contractual due dates of individual products but takes into account that some balance sheet items have maturities that make their actual due dates deviate materially from their contractual due dates. The maturities of such items are therefore modified to provide a more accurate view of the actual behaviour. The Bank also monitors its funding mix to make sure that it is well diversified in terms of financing sources.

Danske Bank Plc calculates liquidity ratios defined in Capital Requirements Directive (CRD) and Capital Requirements Regulation (CRR). Risk Table 9 presents Danske Bank Plc Group's financial liabilities as of 31 December by maturity classes based on contractual maturities. Financial liabilities without contractual maturity are included in the maturity class 'Less than 3 months'.

RISK TABLE 9

Maturity profile of financial liabilities 31 December 2014 and 31 December 2015 based on contractual maturities, EURm

Liabilities 2015	Total	< 3 months	3-12 months	1-5 years	> 5 years
Due to credit institutions and central banks	1,957	1,517	90	350	0
Amounts owed to customers and public entities	18,127	17,999	110	19	0
Derivatives settled on a gross basis (cash outflows)	36,279	29,233	5,142	1,874	30
Derivatives settled on a gross basis (cash inflows)	35,978	29,252	5,189	1,490	46
Derivatives settled on a gross basis (net cash flows)	-301	19	47	-384	16
Derivatives settled on a net basis	0	0	0	0	0
Debt securities in issue	4,809	30	1,503	2,118	1,158
Subordinated liabilities	119	19	100	0	0
Financial liabilities total	**24,711**	**19,584**	**1,850**	**2,103**	**1,174**
Guarantees and pledges	1,301	411	371	453	66
Undrawn loans, overdraft facilities and other	3,288	3,000	237	46	5

Liabilities 2014	Total	< 3 months	3-12 months	1-5 years	> 5 years
Due to credit institutions and central banks	2,485	2,044	0	441	0
Amounts owed to customers and public entities	15,760	15,506	204	50	0
Derivatives settled on a gross basis (cash outflows)	36,769	30,595	4,967	1,160	47
Derivatives settled on a gross basis (cash inflows)	36,532	30,580	5,019	885	48
Derivatives settled on a gross basis (net cash flows)	-238	-15	51	-275	1
Derivatives settled on a net basis	0	0	0	0	0
Debt securities in issue	5,132	376	1,373	2,201	1,181
Subordinated liabilities	122	22	100		
Financial liabilities total	**23,261**	**17,932**	**1,729**	**2,417**	**1,183**
Guarantees and pledges	1,370	623	293	413	41
Undrawn loans, overdraft facilities and other	2,952	2,707	182	60	2

Operational risk

Operational risk materializes as losses which result from inadequate or failed internal processes, people or systems, or from external events. In Danske Bank Plc Group also reputation risk is managed through operational risk management as reputation risk can be seen as a consequence of operational risk events or a failure to comply with laws, rules, related self-regulatory organisation standards and code of conducts applicable to the banking activities. Legal risks has been as well determined to be included in operational risks in the Bank.

Operational risks are divided into the following categories:

- Internal fraud
- External fraud
- Deficiencies in employment practices and workplace safety
- Deficiencies in practices concerning customers, products or business
- Damage to physical assets
- Business disruption and system failures
- Deficiencies in execution, delivery and process management

Operational risks are reflected, for example, in costs, claims, loss of reputation, business disruptions or false information concerning positions, risks and results. The management of operational risks enhances the efficiency of the Bank's internal processes and decreases fluctuations in returns.

Danske Bank Plc's Board of Directors has approved the principles for internal control which form the framework for operational risk management. The risk management organisation develops methods for managing operational risks and coordinates the risk management operations of the business units. Internal audit assesses the adequacy and efficiency of internal control and risk management. The compliance function assists management in ensuring that the Group and its employees comply with applicable laws and regulations as well as ethical standards in order to mitigate the Group's compliance risk as appropriate.

Danske Bank Plc Group applies Danske Bank A/S Group's approach for identification and management of operational risks. Danske Bank Plc Group yearly performs the operational risk identification and assessment process to identify the largest internal and external risks facing the organisation and to assess their likelihood, consequence and reputational impacts. The process also includes monitoring of the identified risks. Local key controls and possible key risk indicators are identified for the risks, so that the status of the risk can be monitored over time. General mitigation strategies for key risks are developed and implemented by Danske Bank A/S Group and local mitigation strategies are developed and implemented by business units in Finland. A report of the Bank's key risks is approved by Danske Bank Plc's Management Risk Committee.

Danske Bank Plc Group has a culture of open disclosure of risks. The employees should report errors and weaknesses within the Bank so that future losses could be minimised by taking preventative measures. It is the responsibility of business lines and resource areas to disclose information on loss events and employees within the Bank are responsible for the day to day management of operational risks and reporting of actual events within their respective area. Operational risk events data is collected systematically, events are classified into risk categories and costs of the events are analysed. Operational risk events are also regularly reported to Danske Bank Plc's Management Risk Committee and Board of Directors.

Danske Bank Plc Board of Directors' proposal to the Annual General Meeting for the distribution of profit and signing of Annual Report 2015

The parent company's distributable assets in the financial statements total EUR 2,077,753,572.88 of which profit for the financial year totals EUR 150,471,296.48.

The Board of Directors proposes to the Annual General Meeting of Shareholders that:

1. a dividend of EUR 60,188,518.59 be paid and
2. EUR 2,017,565,054.29 will be left in shareholders' equity.

Helsinki, 2nd February 2016

Tonny Thierry Andersen
(Chairman)

Niels-Ulrik Mousten
(Deputy Chairman)

Jeanette Fangel Løgstrup

Peter Rostrup-Nielsen

Maija Strandberg

Sakari Tamminen

Risto Tornivaara
(CEO)