Translation from Danish by Danske Bank of a memorandum dated 16 May 2013 from the Danish Financial Supervisory Authority (*Finanstilsynet*). In case of discrepancies, the Danish version prevails.

MEMORANDUM

Statement of inspection at Danske Bank A/S (management and control in the liquidity area)

1. Introduction

In March 2013, the Danish Financial Supervisory Authority (FSA) conducted an inspection at Danske Bank. The inspection was conducted in cooperation with the supervisory authorities in several of the countries in which Danske Bank has subsidiaries or branches.

The inspection was a function-based inspection of the bank's management and control in the liquidity area. The inspection covered the bank's compliance with requirements within the liquidity area under the Danish Executive Order on Management and Control of Banks etc.

Only to a limited extent did the inspection cover the bank's current liquidity and funding structure, as the FSA monitors these areas closely and regularly. Moreover, the bank is already in compliance with the three orders issued by the FSA in 2012 (see the FSA's statement published on 7 February 2013).

2. Summary and risk assessment

The FSA found that the bank's Board of Directors had not clearly defined the bank's risk profile and risk appetite within the liquidity area, and the FSA ordered the bank to remedy this. In this connection, the bank must carry out stress tests to show the effect on the liquidity position if liquidity levels are reduced to the limits set by the Board of Directors.

Furthermore, the FSA found that the Board of Directors' involvement in and the information the Board receives about the bank's liquidity risk management have increased significantly during 2011 and 2012. The improvement process is still ongoing.

Pursuant to the Danish Executive Order on Management and Control of Banks etc., the bank has appointed a risk manager. The risk manager is responsible for the bank's overall risk management function, while the existing risk functions are in charge of day-to-day operational risk management.

The FSA found that the work of the Chief Risk Officer and the cross-organisational risk management unit in relation to liquidity risk was inadequately documented. Moreover, the Chief Risk Officer and the risk management unit do not perform independent analyses of liquidity risk. The bank was ordered to ensure that the work of the Chief Risk Officer and the cross-organisational risk management unit concerning liquidity risk was significantly strengthened.

The FSA reviewed the bank's liquidity policy, the instructions issued by the Board of Directors to the Executive Board concerning liquidity and business procedures for the liquidity area. The FSA found that, in view of the bank's size and complexity, the liquidity policy, the instructions and the business procedures did not provide the necessary clarity regarding key activities, authorities and the division of responsibility in relation to the bank's liquidity risk management. In addition, a number of concrete requirements in the Danish Executive Order on Management and Control of Banks etc. were not fulfilled. The bank was ordered to ensure that its policy, instructions and business procedures in the liquidity area meet the requirements of the Executive Order on Management and Control of Banks etc.

The bank regularly conducts stress tests of its liquidity risk and has made a number of analyses to determine test assumptions for cash flows in the various scenarios. The bank's assumptions are based on a comprehensive analysis made in 2008/2009 and a few subsequent ad hoc analyses. The FSA ordered the bank to analyse more frequently all relevant elements in relation to stress testing. In this connection, the bank must ensure that the assumptions applied in the severe scenario are sufficiently cautious.

Danske Bank calculated its solvency need at 31 March 2013 at 11.4%. The actual solvency ratio was 21.6%. Moreover, at 31 March 2013, the bank complied with the FSA's liquidity requirement. This inspection did not give rise to any change in the FSA's assessment of the Group's solvency need.