

Denmark
Credit Analysis

Danske Bank

Ratings

Foreign Currency		
Long-Term IDR		A+
Short-Term IDR		F1+
Individual Rating		B/C
Support Rating		1
Support Rating Floor		A-
Sovereign Risk		
Foreign-Currency Long-Term IDR	AAA	
Local-Currency Long-Term IDR	AAA	

Outlooks

Foreign-Currency Long-Term IDR	Stable
Sovereign Foreign-Currency Long-Term IDR	Stable
Sovereign Local-Currency Long-Term IDR	Stable

Watch

Foreign-Currency Short-Term IDR	Negative
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Financial Data

Danske Bank	31 Mar 09	31 Dec 08
Total assets (USDm)	597,419	670,585
Total assets (DKKm)	3,343,633	3,543,974
Total equity (DKKm)	99,507	98,247
Operating profit (DKKm)	2,625	5,575
Published net income (DKKm)	1,553	1,036
Comprehensive income (DKKm)	1,050	-1,161
Operating ROAA (%)	0.31	0.16
Operating ROAE (%)	10.77	5.42
Internal capital generation (%)	n.a.	-4.99
Eligible capital/risk-weighted assets	7.63	7.11
Tier 1 ratio (%)	7.79	6.89

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Related Research

- *Fitch Downgrades Danske Bank to 'A+'; Outlook Stable (February 2009)*
- *Fitch Affirms Denmark's Danske Bank at 'A+' with Stable Outlook (July 2009)*

Rating Rationale

- The ratings of Danske Bank (DB) reflect its strong Nordic franchise, diversified revenue generation and improved funding and capital position, although it is reliant on government measures. They also take into account the sharp recession in most of its markets and expected high loan impairment charges.
- Although acquisitions since 2005 have improved DB's geographic diversification, Denmark continues to generate the bulk of revenue. In Q109, the unsustainably strong performance in capital markets avoided the group reporting a loss, but expected high loan impairment charges, especially in Denmark, Ireland and the Baltics, will largely outstrip efficiency gains in the coming quarters.
- Mortgage lending is a core business, making the bank somewhat reliant on the Danish housing market, although underwriting criteria are sound. The recent increase in the group's impaired loan ratio was attributable to the weakening quality of SME lending in Denmark, but also of Irish and Baltic exposures. Further deterioration is expected for the rest of 2009 and 2010. DB's market risk is modest, although some additional risk arises in the insurance operations.
- Mortgage lending in Denmark is match-funded with mortgage and covered bonds, and DB has managed to continue to issue such instruments through the crisis. However, since Q408, the issuance of senior unsecured debt has been largely reliant on the government guarantee. The maturity profile of DB's funding should benefit from the issuance of longer dated bonds under the government's second support package. DB's capitalisation was substantially strengthened by the DKK26bn government injection of hybrids in May 2009.

Support

- DB is a publicly held company with a wide shareholder base. The Danish authorities have provided considerable support to the banking system, including DB, in the form of a guarantee until 30 September 2010 of senior unsecured liabilities, individual guarantees for new debt issues and capital injections. In Fitch Ratings' opinion, there is an extremely high probability that additional support from the authorities would be provided to DB if required.

Key Rating Drivers

- The Stable Outlook on the Long-Term IDR is based on Fitch's view that the capital injection, solid customer base and initiatives to deleverage the balance sheet and reduce costs will help the bank confront the difficult operating environment. Downside risk, although moderate, would arise in greater-than-expected losses leading to an erosion in the bank's franchise.
- The Negative Watch on the Short-Term IDR will be resolved by September 2009, a year before the government guarantee for the senior unsecured liabilities of Danish institutions expires. Any downgrade is likely to be limited to one notch.

Profile

One of the two largest Nordic banks, Danske Bank is the dominant banking group in Denmark, with a market share of about 30% and a significant retail presence in Sweden, Norway, Finland, and Northern Ireland and the Republic of Ireland. DB offers a range of commercial and investment banking services, mortgage, and life and pension products. It owns the Danica Group (Danica) of pension companies.

- Largest bank in Denmark
- Diversified geographic coverage in the Nordic region
- Beneficiary of the Danish bank support packages

Profile

DB, formed from several mergers, is the largest bank in Denmark, and one of the largest banks in the Nordic countries by assets and equity. Over the past four years, management has sought to improve revenue diversification and growth through acquisitions. These include the acquisitions in 2005 of operations in Northern Ireland and the Republic of Ireland and that of Finland's Sampo Bank in 2007, which complements DB's existing Nordic coverage, while giving it a foothold in the Baltic region. DB's business areas include the following:

- The banking activities division is the biggest source of revenue in the group and accounted for 87% of total income in 2008. It provides banking services to retail customers and small and medium-sized corporates through a network of about 370 branches and six agricultural centres in Denmark, and through its branch operations in Norway (Fokus Bank, around 50 branches), Sweden (Östgöta Enskilda Bank and Provinsbankerne, around 60 branches), the Republic of Ireland (National Irish Bank – NIB, around 60 branches), Finland (Sampo Bank, around 120 branches) and the Baltics (around 50 branches), through a subsidiary in Northern Ireland (Northern Bank, around 90 branches), and its offices in Luxembourg, Germany, Poland and the UK. Large Danish corporate customers are served by a number of finance centres and the head office. The group operates through local and regional banks, reflecting its aim to be perceived as a local bank in each market. All group banks offer more or less the same products, but under their local brands. DB has strong market shares in Denmark (about 30% of loans and deposits). Mortgage finance operations are run by Realkredit Danmark (RD), the second-largest domestic mortgage institution, and DB's Danish real estate agency. Traditional mortgage products are sold solely under the RD brand, through RD's offices, DB's retail branch networks and over the internet. Outside Denmark, DB also offers mortgage finance through Bokredit in Sweden, Fokus Kreditt in Norway, a real estate agency chain in each of these countries, and Sampo Mortgage Bank in Finland. Despite the severe recession experienced by the Baltic countries, DB is committed to maintaining its presence there.
- Danske Markets is responsible for DB's foreign-exchange, equity and fixed-income trading and corporate finance activities. It is also responsible for short-term liquidity management. This division serves the group's largest corporate and institutional clients (including brokerage operations and M&A advisory) and its retail banking units.
- Danske Capital operates DB's investment management activities for retail and institutional clients and the funds of Danica Pension, among other in-house brands. At end-March 2009, it had DKK502bn (USD90bn) in assets under management (AUM) and shares of 27% and 18% of the unit trust markets in Denmark and Finland.
- Danica has a share of around 30% of the Danish life insurance/pension market. It has its own corporate identity and markets products through its network of brokers and through the group's bank branches. It is also building up its activities (unit-linked products only) in Sweden and in Norway. The group has a cooperation agreement with Mandatum Life (formerly Sampo Life) in Finland.

Ownership

DB is a publicly held company, listed on the Copenhagen Stock Exchange. Its shares are widely held, with around 360,000 shareholders; at end-March 2009, two shareholders had holdings of more than 5%: the international business consortium the Moller Foundation and companies of the A.P. Moller - Maersk Gruppen together held more than 20%; and the Fonden Realdania foundation more than 10%.

Corporate Governance

DB's senior management are experienced banking professionals and the bank's public listing ensures a high degree of public scrutiny. Public disclosure, including of risks, performance and governance, is of good quality. DB has a two-tier management structure. The board of directors, which consists exclusively of 15 non-executive members, decides on the general principles. It is responsible for ensuring that the group's organisation is sound and appoints the executive board, the chief auditor, the deputy group chief auditor and the secretary to the board of directors. The board of directors meets around 12 times a year. The executive board is responsible for day-to-day management.

Strategy

Due to the difficult environment, DB's strategy is currently focused on serving its existing customer base, re-pricing its product offering, reducing costs and lengthening its funding profile. Credit risk, capital and liquidity management are further priority areas for the group. In the longer term, the group should be well-placed to benefit from a recovery in its operating environment due to its good market positions and sound relationship-based business model.

- Diversified and resilient revenue generation
- Banking operations loss-making in Q109; loan impairment charges likely to remain high
- Cost initiatives in place

Performance

Until 2007, DB's strong performance benefited from the benign environment in all of the bank's markets, including Denmark. Denmark was among the first European countries to enter into recession in 2008. The country's GDP decreased by around 1% in 2008, and Fitch expects it to decrease by a further 3.5% in 2009, with a broadly flat GDP expected for 2010. Despite the improved geographic diversification of its operations, all the markets DB operates in have been in a recession so far in 2009. Nevertheless, revenue generation in 2008 and Q109 was resilient. Q109 performance benefited from unsustainably high revenue in the Danske Markets division, which offset the considerable increase in loan impairment charges on the back of rising impaired loans mainly in Denmark and Ireland. These large charges resulted in a net operating loss in DB's banking activities division, which historically has been the group's strongest profit contributor. Fitch expects a normalisation of the performance of the Danske Markets division from H209 and elevated loan impairment charges at group level, which should lead to weak performance in 2009/2010, despite initiatives to reduce costs.

As permitted by new IFRS rules and in line with a number of its peers, DB reclassified a DKK117bn bond portfolio from trading to available-for-sale (AFS) in Q308, but did not reclassify any assets as loans. If these assets had not been reclassified, the net financial loss in 2008 would have been DKK1.9bn worse. The negative impact on the Q109 net financial gain would have been around DKK600m.

Pre-Tax Profit by Division

(DKKm)	Q109	Q108	2008 ^a	2007
Banking activities Denmark	-391	2,073	6,031	10,271
Banking activities Finland	17	215	254	625
Banking activities Sweden	-22	237	878	1,093
Banking activities Norway	154	224	706	943
Banking activities Northern Ireland	-363	118	9	278
Banking activities Ireland	-1,315	49	-1,176	99
Banking activities Baltics	-444	73	109	270
Other banking activities	123	88	348	505
Total banking activities	-2,241	3,077	7,159	14,084
Danske Markets	4,510	171	-2,004	2,910
Danske Capital	139	230	456	1,057
Danica	91	-565	-1,733	1,118
Other	-169	501	1,432	137
Total	2,330	3,414	5,310	19,306

^a Adjusted for goodwill impairment in Norway and Ireland
Source: Bank's interim and annual reports

Peer Group Comparison

Unless otherwise specified (%)	Danske Bank (LT IDR 'A+')		Nordea Bank (LT IDR 'AA-')		Swedbank (LT IDR 'A')		Handelsbanken (LT IDR 'AA-')		SEB (LT IDR 'A+')		DnB NOR Bank (LT IDR 'A+')	
	Q109	2008	Q109	2008	Q109	2008	Q109	2008	Q109	2008	Q109	2008
Total assets (EURbn)	449.2	481.7	487.4	474.1	167.2	165.5	207.8	197.1	224.7	229.3	184.4	168.1
Equity (EURbn)	13.4	17.8	18.5	17.8	6.5	6.8	7.1	6.8	9.0	7.6	9.1	8.0
Operating profit (EURm)	352.6	757.8	833.0	3,311.0	(187.4)	1,271.4	347.6	1,379.6	232.1	1,157.6	502.0	1,306.5
Cost/income	39.2	59.7	48.0	53.6	49.7	52.2	44.0	44.3	56.9	60.0	45.3	50.5
Operating ROE	10.8	5.4	18.6	18.9	(11.4)	19.1	20.2	20.6	11.3	16.3	22.6	17.9
Operating ROA	0.3	0.2	0.7	0.8	(0.5)	0.8	0.7	0.8	0.4	0.5	1.1	0.9
Loan imp. charge/gross loans	1.3	0.6	0.5	0.2	2.1	0.3	0.2	0.1	0.7	0.3	0.5	0.3
Impaired loans/gross loans	3.1	2.2	1.1	0.8	1.5	0.8	0.5	0.4	1.0	0.9	1.6	1.4
Tier 1 ratio ^a	9.0	9.0	10.9	9.3	10.8	11.1	11.6	10.5	12.0	10.1	7.1	6.9

^a Under Basel II, excluding transitional floors

Source: Banks' annual reports, data adjusted by Fitch

Operating expenses since Q408 include a quarterly commission paid for the Danish guarantee scheme of around DKK600m per quarter. Non-recurring items in 2008 include a DKK400m gain on the sale of properties and a DKK3bn goodwill impairment charge for the Irish operations (now down to nil); in Q109, redundancy costs reached DKK260m.

The banking activities division has traditionally been DB's main revenue and profit generator. However, the division turned loss-making in Q408 due to mounting loan impairment charges. Within the division, Denmark continued to account for the majority of revenue (60% in Q109), Finland for 13%, Norway 9%, Sweden 6%, Northern Ireland 4%, the Republic of Ireland 4%, the Baltics 2% and others 2%. Although the relative size of the Irish and Baltic operations is small, out of all of DB's markets, these two countries delivered the largest operating losses in Q109 due to the sharp adjustment experienced by these economies. Denmark and Northern Ireland also contributed to the overall loss of the banking division in Q109.

Net interest income proved resilient in 2008 and Q109. The net interest margin (NIM) benefited from the widening of lending margins, which compensated for higher funding costs. However, Fitch expects the low interest rate environment to continue to exert negative pressure on deposit margins over the next quarters. Lending volumes were broadly flat since end-2007. Net fees were down about 20% in Q109 yoy due to weaker activity levels, particularly for the sale of investment products. Costs initiatives are in place and overall expenses were broadly stable in Q408 and Q109, if DB's share of the cost of the Danish guarantee package is excluded. However, faced with a sharp economic downturn in its markets, DB reported considerable increases in loan impairment charges in Q408 and Q109. The annualised loan impairment charge-to-total loans ratio reached around 70bp in Sweden in Q109, 80bp in Norway, 90bp in Finland, 110bp in Denmark, 350bp in Northern Ireland and it exceeded 700bp in the Republic of Ireland and in the Baltics.

Despite strong customer-driven activity, the Danske Markets division reported a loss in 2008. This was due to impairment charges on financial counterparties, including Lehman Brothers. However, the division achieved record profits in Q109. Profits were driven by market volatility leading to strong customer demand for FX and interest rate products, wider margins due to weaker competition, particularly from international banks, but also due to profitable market risk positions taken by the bank during the period. These exceptional profits more than compensated for losses in the banking activities. While Fitch expects Danske Markets to experience another strong quarter in Q209, the agency, and the bank's management do not view this level of profitability as sustainable, although the bank does benefit from the customer shift to plain vanilla from complex products.

Danske Capital's operating profit decreased to DKK456m from DKK1,057m between 2007 and 2008, mainly on the back of an 18% decrease in AUM. The fall in AUM was due to asset value declines and net outflows given customers' reduced risk appetite. While the division experienced some small inflows in Q109, AUM decreased further slightly. Performance during the quarter was modest, and the outlook remains uncertain. The performance of Danica is relatively volatile and driven by market conditions, including interest rate developments. As a result, the division experienced a net loss in 2008, despite good growth in premiums (up 16%). In Q109, it made a small gain as markets improved slightly, although premiums decreased moderately. The performance in this division is likely to remain volatile during the rest of the year given market conditions.

Prospects

Due to the sharp economic adjustment experienced by DB's markets combined with the sluggish expected recovery, and the lag effect thereof on asset quality, loan impairment charges will likely remain elevated for the rest of 2009 and in 2010, in Fitch's view. While revenue generation should be broadly resilient, some pressure points will arise given the low interest rate environment and the expected normalisation of the capital markets division's performance. Although cost containment measures will help mitigate some of these pressure points, Fitch expects loan impairment charges to absorb most if not all underlying pre-impairment profit for the rest of 2009 and in 2010. In the longer term, given its strong Nordic customer franchise, the bank should be well-placed to benefit from any recovery in its markets, even if slow.

Risk Management

DB's main risk is credit risk, which has increased due to the sharp economic deterioration across DB's markets. However, the group's large residential mortgage portfolio should prove broadly resilient to the downturn in the agency's view. Operational risk management benefits from the migration of most foreign activities onto the group's shared IT platform. The group has made significant investments in its risk management framework over the past few years. Some indirect market risk arises in the insurance operations.

Credit Risk

For credit risk management purposes, DB's markets are divided into geographical regions, which report to a central credit department. DB's credit approval system uses scoring models for small and medium-sized corporates and private individuals. In Q108, DB adopted the advanced internal ratings-based approach (IRB) for Basel II. This has been applied to around 85% of end-2008 lending. The internal scale used includes 26 rating categories; adjustments have been made to tighten the credit models and build up an additional safety margin in light of the current difficult environment. The main activities using the standardised approach include the Finnish retail lending book, the Irish businesses and the branch operations in the Baltics. As required by the Danish regulator, DB's model uses through-the-cycle probability of default and downturn loss given default parameters, based on data from the crisis in the early 1990s.

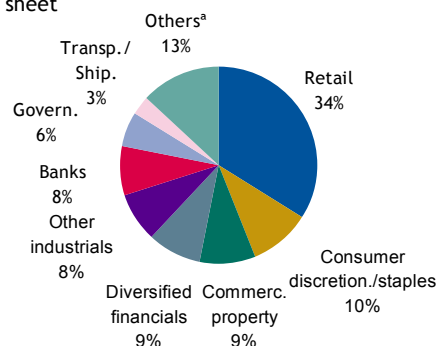
Lending from DB's foreign operations accounted for around 40% of group customer loans (excluding repos) at end-March 2009, up from around 25% at end-March 2006, underlining the growing geographic diversification of DB's loan book. At end-March 2009, Denmark accounted for 67% of retail lending (51% of corporate lending), Finland 11% (9%), Sweden 7% (12%), Norway 6% (11%), Northern Ireland 2% (4%), the Republic of Ireland 4% (5%) and the Baltics 2% (2%). Total Baltic lending amounted to around DKK30bn at end-March 2009. DB also has a small operation in Russia, but only grants loans to Nordic-related customers. At end-March 2009, 53% of group customer loans were to corporates (including a small amount to public sector borrowers) and 47% to retail customers. Of the latter, at end-2008, more than 80% were mortgage loans or loans collateralised by real estate.

- Risk profile dominated by credit risk, which has increased substantially across markets
- Modest market risk
- Improvements in operational risk management

Two-thirds of DB's residential mortgages are in Denmark, the vast majority of which are extended by RD, which is incorporated in the banking activities division. Residential mortgages represented 59% of RD's loan book at end-March 2009, rental residential property financing 19%, commercial property loans 15% and loans to the agricultural sector 7%. At end-2008, Finland represented 10% of DB's residential mortgage book, Norway 7%, Sweden 6%, and Northern Ireland, Ireland and the Baltics together accounted for just under 10%. The quality of the book is strong, with almost 90% of the total volume of Danish residential mortgage lending being under a loan-to-value ratio (LTV) of 60%. In its other markets, the proportion of lending under an LTV of 60% was broadly similar at 87% at end-2008. The maximum LTV is usually 80% domestically; although this constitutes a key lending criterion, an evaluation of borrowers' creditworthiness is also carried out and constitutes a fundamental part of the underwriting process. In addition, DB has some exposure to the real estate sector through lending to commercial property and construction companies, which accounted for 11% of the group's overall credit exposure at end-March 2009. This includes a combined DKK30bn exposure to the commercial property sector in Northern Ireland and the Republic of Ireland (equivalent to 1% of group credit exposure), a third of which is to developers. The commercial property exposure in Denmark was larger, at close to DKK100bn, but with very little lending to developers. Given its exposure to the commercial property sector and the scope of its mortgage-lending activities, DB is sensitive to property market conditions in Denmark as well as in its other markets. The price of flats decreased by 16% on average in the 12 months to end-March 2009 in Denmark. Despite some expected further deterioration, sound LTV levels, a low albeit rising unemployment rate and the absence of a number of riskier, specialist mortgage products, such as sub-prime, should continue to support asset quality in Denmark. Although interest-only mortgage products have become increasingly popular there, risks are mitigated by the requirement for borrowers to document their ability to repay the loan principal within 30 years. Among its other markets, the Republic of Ireland and the Baltics countries represent the greatest risk areas. Residential mortgages should continue to prove much more resilient than commercial property loans, although house prices have fallen sharply as well and unemployment continues to increase.

Credit Exposure by Segment

Split at end-March 2009, on and off balance sheet

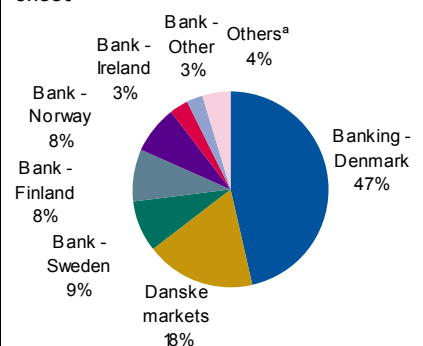


^a Others include subsidised housing (5%), other financials (4%), construct./engin. (2%) and energy/utills (2%)

Source: DB's Q109 results presentation

Credit Exposure by Country

Split at end-March 2009, on and off balance sheet



^a Others include Bank - North. Ireland, Bank - Baltics, Danske Capital

Source: DB's Q109

DB's corporate exposure is well spread by sector, with the main exposures being to consumer discretionary and consumer staples and financial/holding companies. Exposure to the transportation sector, including shipping, totalled DKK75bn at end-2008. Concentration risk at DB has reduced since end-2007 and was moderate at end-March 2009, with the 20 largest corporate exposures representing around 135% of DB's Fitch eligible capital. The largest corporate exposures include one to its

main shareholder, which represented about 8% of DB's Fitch eligible capital at end-2008. DB's exposure to private equity (including leverage finance), concentrated in the Nordic region, is moderate at about DKK30bn at end-March 2009 and is divided among 60 names, with good sectoral diversification. The exposure to hedge-funds is limited to repo activity for mortgage bonds.

Asset quality has deteriorated fast with an increase in the impaired loans-to-total loans ratio to 3.1% from 0.8% between end-June 2008 and end-March 2009. The deterioration was mostly led by the SME sector in Denmark (where bankruptcy rates have increased to higher levels than during the 1990s crisis) and commercial property lending, including in the Republic of Ireland and the Baltics. The property sector accounted for more than a third of impaired loans at end-March 2009. DB made in-depth reviews of its loan portfolios in Q408 and Q109 and actively revised the classification of its exposures. This deterioration in asset quality led to a sharp increase in the annualised loan impairment charge-to-average loans ratio to around 130bp in Q109. The coverage of impaired loans by total impairment allowance increased slightly to 39% and takes into account collateral. This provides only a limited buffer against further asset quality deterioration or a reduction in collateral values. At end-March 2009, 27% of the loan impairment allowances were on a collective basis. In Q109, Denmark accounted for 46% of loan impairment charges (excluding Danske Markets), the Republic of Ireland 23% and the Baltics 9%. Although the Republic of Ireland and Denmark entered into recession earlier than other European markets, Fitch expects further deterioration in asset quality in these two countries as well as in DB's other markets.

Danske Markets has been reducing its exposure to banks, and in particular investment banks. Lending to banks accounted for 6% of total assets at end-March 2009. The vast majority of these are to highly rated OECD (at least investment-grade) financial institutions, and reverse repo transactions were also covered by bonds rated 'AA' or higher. DB's lending to Icelandic banks was low at around DKK100m. DB's main exposure to Lehman Brothers was through two repo-transactions secured by US property or US mortgages, at a total of USD1.1bn. An impairment charge of DKK1.7bn (around USD300m) was made in Q109 against financial counterparties, the bulk of which related to the bank's exposure to Lehman Brothers due to uncertain collateral valuations. Debt securities are a major component of the balance sheet. At end-March 2009, two-thirds of DB's bond portfolio (DKK400bn) were (mostly) Danish and Swedish covered bonds, 22% were government or government-guaranteed bonds, 6% were short-term papers (mostly issued by banks, 88% of which had an investment-grade rating) and another 6% were other bonds (mostly corporates or banks based in Western Europe or the US, 31% of which were rated 'AA-' or higher). DB has been affected by negative value adjustments on its treasury book in 2008, but benefited from relatively stable spreads on its large Danish mortgage and covered bond portfolio. A negligible part of the bond portfolio was marked-to-model at end-2008 (less than 1%).

The total nominal amount of derivatives continued to increase to DKK32,477bn at end-2008. The replacement cost also increased to DKK574bn, and after netting, still exceeded DKK120bn. Counterparties are mainly large financial institutions, but also large corporate customers. The group is not very active on the credit derivative markets.

At end-March 2009, DB acted as a provider of back-up liquidity facilities to a total of five structured investment vehicles (SIVs) and asset-backed CP conduits. DB has been actively reducing its overall exposure since 2007, which totalled DKK10bn at end-2008, or less than 0.5% of its total assets. The assets in these SIVs mainly include US sub-prime and UK prime RMBS and corporate bonds. Some collective impairment allowances have been set aside against these exposures.

Insurance Risk

DB is exposed to investment and underwriting risk in its insurance operations. Danica has set limits for maximum equity and interest rate risks relating to its life insurance commitments. The portfolio must always be able to withstand a 30% fall in equity prices combined with significant changes in interest rates. The risks associated with a fall in interest rates have been largely mitigated by hedging. According to DB's own sensitivity analysis at end-2008, an increase in the interest rate by 0.7% would have a negative impact of DKK2.5bn on Danica's equity. Although the insurance business consists largely of guaranteed policies, an increasing proportion relates to unit-linked policies, where the risk is borne by policyholders. Within the insurance portfolio, the share of equity investment decreased sharply to 7% at end-2008 from 24% at end-2007. Property represented 10% of the portfolio, with the remainder consisting of fixed-income instruments. At end-2008, almost three quarters of the bonds in the insurance portfolio were invested in government or mortgage bonds rated 'AA' or higher. The business was well capitalised at end-2008, with excess capital of DKK11.6bn.

Operational Risk

DB has materially strengthened its operational risk management over the past three years, although risks have increased due to the difficult operating environment. A specific operational risk committee was set up in 2007, and an on-line loss collection system is in place, to which all employees have access and where they have a duty to report any operational loss of more than DKK25,000. The group started gathering operational loss data in 2001. The bank has access to external data and uses benchmarking as a tool to analyse its own exposure to operational risk. The group is using the standardised approach under Basel II, but aims to ultimately progress to the advanced measurement approach (AMA). DB has taken out insurance to cover some major potential operational losses. Management has rapidly migrated the new Irish businesses to the group's shared IT platform, and integration is now complete. In Easter 2008, Sampo Bank migrated to DB's shared IT platform, but encountered a number of difficulties, including for card transactions and online banking, resulting in negative press in Finland and a net loss of customers. These problems have now been addressed. The Baltic operations have not yet migrated to the group IT platform. In Fitch's view, the migration of the bulk of foreign operations to a single IT platform facilitates the integration of activities across the group and to some extent reduces operational risk.

Market Risk

DB's foreign units are integrated into the global treasury monitoring system. Market risk is managed at group level, with all positions arising outside the proprietary portfolio and trading operations hedged by the business area itself or through Danske Markets. Risks arising from the insurance activities are reported separately (see "Insurance Risk" above). Interest rate risk is mainly structural, relating to DB's large holdings of fixed-rate assets. Fixed-rate loans tend to be hedged by fixed-rate bond issues. Danske is not a significant proprietary trader.

DB manages market risk mainly through value-at-risk (VaR) and stress tests for extreme market conditions. It has recently developed a weekly risk reporting including key indicators. Using a 95% confidence interval, 10-day holding period and one-year observation period, total group VaR varied between a high of DKK674m (or slightly less than DKK1bn with a 99% confidence interval, equivalent to a moderate 1.0% of end-2008 eligible capital) and a low of DKK201m in 2008. Following back-testing analysis, some amendments were made to the VaR model in early 2009, with greater weight on more recent data. This is expected to lead to an increase in the VaR of around 15%. At end-March 2009, reported VaR was around DKK300m, which was lower than in 2008, despite the recent amendments, reflecting a reduction in market risk positions.

Interest rate risk was by far the main risk, with total average VaR (before diversification benefits) by risk category split as follows in 2008: 60% interest rate risk; 38% equity risk; and 2% currency risk. In May 2009, the risk related to a 1% upward parallel shift in the yield curve was DKK1.5bn, or a moderate 3.5% of Q109 annualised pre-impairment operating profit. Equity risk on DB's books arises mainly from its holding of listed and unlisted shares, which represented less than 6% of the group's eligible capital (end-2008: DKK2.6bn and DKK1.9bn, respectively). Stress-testing of the main market risks is also in place and indicates a strong resilience by the group's operations to market shocks, with limited sensitivity of the bank's results (excluding insurance operations) to equity movements (maximum loss of DKK114m for share price movements of plus or minus 20% in 2008) or FX markets. However, DB is vulnerable to spread risks on its large Danish mortgage and covered bond portfolio.

- Funding benefits from government support measures, like the rest of the Danish banking system
- Mortgage lending fully matched by bonds
- Sound liquidity
- Capital strengthened by a DKK26bn hybrid injection

Funding and Capital

Funding

Customer deposits benefit from DB's large retail branch network and accounted for around 30% of total funding at end-March 2009. This proportion, although low for a retail bank, is broadly comparable with that of other Nordic peers and reflects RD's large bond-funded mortgage book. Fitch views DB's deposit base in Denmark as sticky and considers that it would benefit in the event of a flight to quality. Mortgage lending is fully match-funded, thereby eliminating refinancing risk on the existing book, although it increases the bank's reliance on wholesale funding. Mortgage and covered bonds issued by RD totalled DKK648bn at end-2008, including those held by the bank. After intra-group eliminations, mortgage and covered bonds totalled DKK511bn at end-March 2009. The mortgage and covered bond market in Denmark has proved broadly resilient, although pricing has increased slightly as a result of the capital markets turmoil. In line with other Danish banks, since the implementation of the first banking support package in October 2008, all of DB's senior unsecured debt is guaranteed by the Danish authorities until 30 September 2010. In June 2009, DB started issuing longer dated government guaranteed debt under the second Danish banking support package (guaranteed issues are rated 'AAA'/'F1+'), with maturities of up to four years, thereby supporting the lengthening of the maturity profile of its debt funding. DB's funding and liquidity have benefited from the two support packages. In May 2009, DB issued a EUR1.5bn five-year bond without government guarantee.

Liquidity

Liquidity management is sound. In addition to gap analyses, stress-testing of the liquidity position is also used as a monitoring tool. The group's liquidity position has improved since end-2007. At end-June 2009, assuming a moderate reduction in activity, DB met its internal target of being able to operate without access to the capital markets for 12 months. DB is a net borrower in the interbank market. DB's bond portfolio was around DKK400bn at end-March 2009, the vast majority of which can be pledged with central banks. More than 80% of the portfolio consisted of covered bonds and government or government-guaranteed bonds. While DB made extensive use of central banks' repo facilities during the financial crisis, in particular in H208, only a small portion is currently pledged.

Capital

DB's capital ratios have benefited from the implementation of Basel II since the beginning of 2008, especially given the bank's large residential mortgage portfolio. Reported capital ratios at end-March 2009 (Tier 1 of 9.0% and total capital of 12.9%) exclude transitional floor requirements under Basel II and include deductions for insurance subsidiaries: 50% made against Tier 1 capital and 50% against supplementary capital, and a small deduction from Tier 1 capital for pension deficits. Including the transitional floors, the Tier 1 ratio under Pillar I of Basel II was about 7.8%.

DB's capitalisation was substantially strengthened through a DKK26bn injection by the government in May 2009 of hybrid instruments under the government's second support package to the Danish banking system. As a result of the transaction, DB's Tier 1 ratio pro-forma, excluding Basel II transitional floors, increases to around 12%. These instruments have been assigned 100% equity credit by Fitch due to their loss-absorption characteristics (subordinated instruments; non-cumulative coupons; redeemable only on prior approval from the Danish Financial Supervisory Authority; and for DKK24bn of the instruments, mandatory conversion clause if hybrid instruments represent more than 50% of DB's Tier 1 capital and optional conversion at a threshold of 35%). Including this issue, the proportion of hybrid instruments at end-March 2009 would have slightly exceeded Fitch's tolerance limit of 30% of Fitch eligible capital (35%). Consequently, a small part of the issue will not be included in Fitch's calculation of DB's eligible capital, although the whole issue is treated as Tier 1 capital by the Danish authorities. Capital ratios are likely to be somewhat affected by negative rating migration and thus increases in risk weightings, although net lending volumes should remain smaller and certain non-core portfolios will continue to be reduced.

As part of its capital management framework, the group also uses the Internal Capital Adequacy Assessment Process (ICAAP) to review its risk management policies and capital positions relative to risk and has developed an economic capital model. The economic capital requirement is calibrated with a confidence interval of 99.97%. Economic capital increased between end-2007 and end-2008, mainly due to the point-in-time parameter used by the model and the sharp deterioration in all the bank's market environments during the period. The main component of economic capital was credit risk (slightly greater than DKK40bn) followed by market risk (DKK12bn) and insurance risk (DKK7bn).

DANSKE BANK
Income Statement

	31 Mar 2009			31 Dec 2008		31 Dec 2007		31 Dec 2006	
	3 Months - 1st Quarter	3 Months - 1st Quarter	As % of	Year End	As % of	Year End	As % of	Year End	As % of
	USDm Original	DKKm Original	Earning Assets Original	DKKm Original	Earning Assets Original	DKKm Original	Earning Assets Original	DKKm Original	Earning Assets Original
Income Statement									
1. Interest Income on Loans	n.a.	n.a.	-	110,437.0	3.47	91,013.0	3.32	89,839.0	3.91
2. Other Interest Income	5,529.9	30,950.0	3.68	39,968.0	1.26	42,754.0	1.56	16,885.0	0.74
3. Dividend Income	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
4. Gross Interest and Dividend Income	5,529.9	30,950.0	3.68	150,405.0	4.73	133,767.0	4.89	106,724.0	4.65
5. Interest Expense on Customer Deposits	n.a.	n.a.	-	76,279.0	2.40	69,578.0	2.54	48,885.0	2.13
6. Preferred Dividends Paid & Declared	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
7. Other Interest Expense	3,237.4	18,119.0	2.15	34,580.0	1.09	31,631.0	1.16	31,741.0	1.38
8. Total Interest Expense	3,237.4	18,119.0	2.15	110,859.0	3.49	101,209.0	3.70	80,626.0	3.51
9. Net Interest Income	2,292.6	12,831.0	1.53	39,546.0	1.24	32,558.0	1.19	26,098.0	1.14
10. Net Gains (Losses) on Trading and Derivatives	167.8	939.0	0.11	-10,694.0	-0.34	5,959.0	0.22	6,758.0	0.29
11. Net Gains (Losses) on Other Securities	n.a.	n.a.	-	n.a.	-	0.0	0.00	0.0	0.00
12. Net Gains (Losses) on Assets at FV through Income Statement	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
13. Net Insurance Income	187.8	1,051.0	0.12	2,719.0	0.09	-6,434.0	-0.24	-7,459.0	-0.32
14. Net Fees and Commissions	293.9	1,645.0	0.20	7,609.0	0.24	8,878.0	0.32	7,085.0	0.31
15. Other Operating Income	150.3	841.0	0.10	4,155.0	0.13	4,698.0	0.17	5,208.0	0.23
16. Total Non-Interest Operating Income	799.7	4,476.0	0.53	3,789.0	0.12	13,101.0	0.48	11,592.0	0.50
17. Personnel Expenses	n.a.	n.a.	-	13,235.0	0.42	13,566.0	0.50	10,809.0	0.47
18. Other Operating Expenses	1,211.0	6,778.0	0.81	12,654.0	0.40	11,452.0	0.42	8,793.0	0.38
19. Total Non-Interest Expenses	1,211.0	6,778.0	0.81	25,889.0	0.81	25,018.0	0.91	19,602.0	0.85
20. Equity-accounted Profit/ Loss - Operating	13.8	77.0	0.01	217.0	0.01	285.0	0.01	389.0	0.02
21. Pre-Impairment Operating Profit	1,895.0	10,606.0	1.26	17,663.0	0.56	20,926.0	0.76	18,477.0	0.80
22. Loan Impairment Charge	1,122.6	6,283.0	0.75	11,190.0	0.35	616.0	0.02	-524.0	-0.02
23. Other Credit Impairment Charges	303.4	1,698.0	0.20	898.0	0.03	71.0	0.00	28.0	0.00
24. Operating Profit	469.0	2,625.0	0.31	5,575.0	0.18	20,239.0	0.74	18,973.0	0.83
25. Equity-accounted Profit/ Loss - Non-operating	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
26. Non-recurring Income	11.3	63.0	0.01	512.0	0.02	78.0	0.00	157.0	0.01
27. Non-recurring Expense	64.0	358.0	0.04	3,858.0	0.12	1,011.0	0.04	633.0	0.03
28. Change in Fair Value of Own Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
29. Other Non-operating Income and Expenses	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
30. Pre-tax Profit	416.3	2,330.0	0.28	2,229.0	0.07	19,306.0	0.71	18,497.0	0.81
31. Tax expense	138.8	777.0	0.09	1,193.0	0.04	4,436.0	0.16	4,952.0	0.22
32. Net Income	277.5	1,553.0	0.18	1,036.0	0.03	14,870.0	0.54	13,545.0	0.59
33. Profit/Loss from Discontinued Operations	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
34. Change in Value of AFS Investments	-110.2	-617.0	-0.07	-1,937.0	-0.06	n.a.	-	n.a.	-
35. Currency Translation Differences	20.4	114.0	0.01	-260.0	-0.01	-39.0	0.00	21.0	0.00
36. Remaining OCI Gains/(losses)	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
37. Fitch Comprehensive Income	187.6	1,050.0	0.12	-1,161.0	-0.04	14,831.0	0.54	13,566.0	0.59
38. Memo: Profit Allocation to Non-controlling Interests	-2.5	-14.0	0.00	25.0	0.00	57.0	0.00	-12.0	0.00
39. Memo: Net Income after Allocation to Non-controlling Interests	280.0	1,567.0	0.19	1,011.0	0.03	14,813.0	0.54	13,557.0	0.59
40. Memo: Common Dividends Paid & Declared in the Period	n.a.	n.a.	-	5,940.0	0.19	5,416.0	0.20	6,254.0	0.27
Exchange Rate	USD1 = DKK 5.5968			USD1 = DKK 5.2849		USD1 = DKK 5.0750		USD1 = DKK 5.6614	

DANSKE BANK
Assets & Off-Balance Sheet Items

	31 Mar 2009				31 Dec 2008		31 Dec 2007		31 Dec 2006	
	3 Months - 1st Quarter USDm Original	3 Months - 1st Quarter DKKm Original	As % of Assets Original	Average DKKm Original	Year End DKKm Original	As % of Assets Original	Year End DKKm Original	As % of Assets Original	Year End DKKm Original	As % of Assets Original
A. Loans										
1. Residential Mortgage Loans	121,358.6	679,220.0	20.31	673,200.5	667,181.0	18.83	627,809.0	18.74	602,584.0	22.00
2. Other Consumer/ Retail Loans	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
3. Corporate & Commercial Loans	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
4. Other Loans	231,951.8	1,298,188.0	38.83	1,332,484.5	1,366,781.0	38.57	1,364,960.0	40.75	1,058,526.0	38.64
5. Less: Reserves for Impaired Loans/ NPLs	4,203.1	23,524.0	0.70	19,096.0	14,668.0	0.41	4,547.0	0.14	4,204.0	0.15
6. Total Loans Net of Reserves	349,107.3	1,953,884.0	58.44	1,986,589.0	2,019,294.0	56.98	1,988,222.0	59.36	1,656,906.0	60.49
7. Memo: Gross Loans	353,310.5	1,977,408.0	59.14	2,005,685.0	2,033,862.0	57.39	1,992,769.0	59.49	1,661,110.0	60.64
8. Memo: Impaired Loans included above	10,827.6	60,600.0	1.81	52,170.0	43,740.0	1.23	13,045.0	0.39	6,464.0	0.24
9. Memo: Loans at Fair Value included above	121,358.6	679,220.0	20.31	673,200.5	667,181.0	18.83	627,809.0	18.74	602,584.0	22.00
B. Other Earning Assets										
1. Loans and Advances to Banks	36,957.2	206,842.0	6.19	211,332.5	215,823.0	6.09	345,959.0	10.33	275,268.0	10.05
2. Trading Securities	128,586.9	719,675.0	21.52	503,003.5	286,332.0	8.08	427,521.0	12.76	341,425.0	12.46
3. Derivatives	n.a.	n.a.	-	n.a.	574,456.0	16.21	224,616.0	6.71	149,529.0	5.46
4. Available for Sale Securities	26,173.5	146,488.0	4.38	140,402.5	134,317.0	3.79	35,328.0	1.05	22,491.0	0.82
5. Held to Maturity Securities	n.a.	n.a.	-	n.a.	6,476.0	0.18	2,323.0	0.07	3,847.0	0.14
6. At-equity Investments	174.6	977.0	0.03	958.0	939.0	0.03	1,128.0	0.03	971.0	0.04
7. Other Securities	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
8. Total Securities	154,935.0	867,140.0	25.93	934,830.0	1,002,520.0	28.29	690,916.0	20.63	518,263.0	18.92
9. Memo: Government Securities included Above	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
10. Investments in Property	811.2	4,540.0	0.14	4,505.0	4,470.0	0.13	4,904.0	0.15	3,914.0	0.14
11. Insurance Assets	38,742.5	216,834.0	6.48	216,364.0	215,894.0	6.09	230,981.0	6.90	233,904.0	8.54
12. Other Earning Assets	8.8	49.0	0.00	84.0	119.0	0.00	59.0	0.00	1,796.0	0.07
13. Total Earning Assets	580,561.9	3,249,289.0	97.18	3,353,704.5	3,458,120.0	97.58	3,261,041.0	97.36	2,690,051.0	98.20
C. Non-Earning Assets										
1. Cash and Due From Banks	5,191.5	29,056.0	0.87	22,717.5	16,379.0	0.46	13,861.0	0.41	12,319.0	0.45
2. Foreclosed Real Estate	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
3. Fixed Assets	1,616.1	9,045.0	0.27	9,053.0	9,061.0	0.26	9,312.0	0.28	7,854.0	0.29
4. Goodwill	4,463.4	24,981.0	0.75	22,277.0	19,573.0	0.55	23,301.0	0.70	5,809.0	0.21
5. Other Intangibles	n.a.	n.a.	-	n.a.	5,521.0	0.16	5,995.0	0.18	1,575.0	0.06
6. Current Tax Assets	366.6	2,052.0	0.06	2,077.5	2,103.0	0.06	690.0	0.02	63.0	0.00
7. Deferred Tax Assets	283.2	1,585.0	0.05	1,416.5	1,248.0	0.04	635.0	0.02	440.0	0.02
8. Discontinued Operations	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
9. Other Assets	4,935.9	27,625.0	0.83	29,797.0	31,969.0	0.90	34,695.0	1.04	21,250.0	0.78
10. Total Assets	597,418.7	3,343,633.0	100.00	3,443,803.5	3,543,974.0	100.00	3,349,530.0	100.00	2,739,361.0	100.00
D. Off-Balance Sheet Items										
1. Managed Securitised Assets Reported Off-Balance Sheet	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
2. Liquidity Lines to SPEs	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
3. Guarantees	17,684.0	98,974.0	2.96	103,311.0	107,648.0	3.04	109,242.0	3.26	80,568.0	2.94
4. Acceptances Reported Off-Balance Sheet	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
5. Committed Credit Lines	29,584.6	165,579.0	4.95	166,879.0	168,179.0	4.75	233,080.0	6.96	260,457.0	9.51
6. Other Contingent Liabilities	n.a.	n.a.	-	n.a.	5,221.0	0.15	4,963.0	0.15	n.a.	-
7. Total Business Volume	644,687.3	3,608,186.0	107.91	3,716,604.0	3,825,022.0	107.93	3,696,815.0	110.37	3,080,386.0	112.45
8. Memo: Total Weighted Risks	203,609.7	1,139,562.5	34.08	1,210,512.8	1,281,463.0	36.16	1,312,906.0	39.20	1,118,990.0	40.85
Exchange Rate		USD1 = DKK 5.5968			USD1 = DKK 5.2849		USD1 = DKK 5.0750		USD1 = DKK 5.6614	

DANSKE BANK
Liabilities and Equity

	31 Mar 2009				31 Dec 2008		31 Dec 2007		31 Dec 2006	
	3 Months - 1st Quarter	3 Months - 1st Quarter	As % of	Average	Year End	As % of	Year End	As % of	Year End	As % of
	USDm	DKKm	Assets	DKKm	DKKm	Assets	DKKm	Assets	DKKm	Assets
	Original	Original	Original	Original	Original	Original	Original	Original	Original	Original
E. Interest-Bearing Liabilities										
1. Customer Deposits - Current	150,641.4	843,110.0	25.22	858,900.0	874,690.0	24.68	923,995.0	27.59	702,943.0	25.66
2. Customer Deposits - Savings	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
3. Customer Deposits - Term	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
4. Total Customer Deposits	150,641.4	843,110.0	25.22	858,900.0	874,690.0	24.68	923,995.0	27.59	702,943.0	25.66
5. Deposits from Banks	80,604.1	451,125.0	13.49	506,925.5	562,726.0	15.88	677,355.0	20.22	564,549.0	20.61
6. Other Deposits and Short-term Borrowings	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
7. Total Deposits, Money Market and Short-term Funding	231,245.5	1,294,235.0	38.71	1,365,825.5	1,437,416.0	40.56	1,601,350.0	47.81	1,267,492.0	46.27
8. Long-term Borrowing	191,760.6	1,073,246.0	32.10	1,039,693.0	1,006,140.0	28.39	921,084.0	27.50	771,663.0	28.17
9. Subordinated Borrowing	7,920.1	44,327.0	1.33	42,407.0	40,487.0	1.14	39,961.0	1.19	37,487.0	1.37
10. Other Funding	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
11. Total Long Term Funding	199,680.7	1,117,573.0	33.42	1,082,100.0	1,046,627.0	29.53	961,045.0	28.69	809,150.0	29.54
12. Derivatives	n.a.	n.a.	-	n.a.	581,521.0	16.41	220,787.0	6.59	144,412.0	5.27
13. Trading Liabilities	91,923.1	514,475.0	15.39	278,122.0	41,769.0	1.18	110,760.0	3.31	92,112.0	3.36
14. Total Interest Bearing Liabilities	522,849.3	2,926,283.0	87.52	3,016,808.0	3,107,333.0	87.68	2,893,942.0	86.40	2,313,166.0	84.44
F. Non-Interest Bearing Liabilities										
1. Fair Value Portion of Debt	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	6,290.0	0.23
2. Credit impairment reserves	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
3. Reserves for Pensions and Other	n.a.	n.a.	-	n.a.	1,178.0	0.03	1,675.0	0.05	1,925.0	0.07
4. Current Tax Liabilities	181.4	1,015.0	0.03	972.5	930.0	0.03	1,142.0	0.03	517.0	0.02
5. Deferred Tax Liabilities	458.3	2,565.0	0.08	2,823.5	3,082.0	0.09	3,397.0	0.10	1,889.0	0.07
6. Other Deferred Liabilities	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
7. Discontinued Operations	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	888.0	0.03
8. Insurance Liabilities	44,629.1	249,780.0	7.47	251,297.5	252,815.0	7.13	263,679.0	7.87	262,776.0	9.59
9. Other Non-interest Bearing Liabilities	9,073.6	50,783.0	1.52	56,899.5	63,016.0	1.78	62,276.0	1.86	45,274.0	1.65
10. Total Liabilities	577,191.6	3,230,426.0	96.61	3,329,390.0	3,428,354.0	96.74	3,226,111.0	96.32	2,632,725.0	96.11
G. Hybrid Capital										
1. Pref. Shares and Hybrid Capital accounted for as Debt	2,447.8	13,700.0	0.41	15,536.5	17,373.0	0.49	19,064.0	0.57	11,464.0	0.42
2. Pref. Shares and Hybrid Capital accounted for as Equity	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
H. Equity										
1. Common Equity	18,267.0	102,237.0	3.06	101,344.5	100,452.0	2.83	104,253.0	3.11	95,117.0	3.47
2. Non-controlling Interest	0.0	0.0	0.00	11.0	22.0	0.00	132.0	0.00	46.0	0.00
3. Securities Revaluation Reserves	-456.3	-2,554.0	-0.08	-2,245.5	-1,937.0	-0.05	n.a.	-	n.a.	-
4. Accumulated Other Comprehensive Income	-31.4	-176.0	-0.01	-233.0	-290.0	-0.01	-30.0	0.00	9.0	0.00
5. Total Equity	17,779.3	99,507.0	2.98	98,877.0	98,247.0	2.77	104,355.0	3.12	95,172.0	3.47
6. Total Liabilities and Equity	597,418.7	3,343,633.0	100.00	3,443,803.5	3,543,974.0	100.00	3,349,530.0	100.00	2,739,361.0	100.00
7. Memo: Fitch Core Capital	13,032.6	72,941.0	2.18	75,183.5	77,426.0	2.18	80,419.0	2.40	95,213.0	3.48
8. Memo: Fitch Eligible Capital	15,541.4	86,982.0	2.60	89,017.5	91,053.0	2.57	95,395.0	2.85	103,700.0	3.79
Exchange Rate		USD1 = DKK 5.5968			USD1 = DKK 5.2849		USD1 = DKK 5.0750		USD1 = DKK 5.6614	

DANSKE BANK
Summary Analytics

	31 Mar 2009	31 Dec 2008	31 Dec 2007	31 Dec 2006
	3 Months - 1st Quarter	Year End	Year End	Year End
	DKKm	DKKm	DKKm	DKKm
	Original	Original	Original	Original
A. Interest Ratios				
1. Interest Income on Loans/ Average Net Loans	n.a.	5.49	4.88	5.88
2. Interest Expense on Customer Deposits/ Average Customer Deposits	n.a.	8.13	8.27	7.37
3. Interest Income/ Average Earning Assets	3.74	4.45	4.48	4.28
4. Interest Expense/ Average Interest-bearing Liabilities	2.42	3.64	3.83	3.73
5. Net Interest Revenue/ Average Earning Assets	1.55	1.17	1.09	1.05
6. Net Int. Inc Less Loan Impairment Charges/ Av. Earning Assets	0.79	0.84	1.07	1.07
B. Other Operating Profitability Ratios				
1. Non-interest Income/ Gross Revenues	25.86	8.74	28.69	30.76
2. Non-Interest Expense/ Gross Revenues	39.16	59.74	54.79	52.01
3. Pre-impairment Op. Profit/ Average Equity	43.50	17.16	21.26	23.69
4. Pre-impairment Op. Profit/ Average Total Assets	1.25	0.51	0.68	0.73
5. Credit Impairment Charges/ Pre-impairment Op. Profit	75.25	68.44	3.28	-2.68
6. Operating Profit/ Average Equity	10.77	5.42	20.57	24.33
7. Operating Profit/ Average Total Assets	0.31	0.16	0.66	0.75
8. Taxes/ Pre-tax Profit	33.35	53.52	22.98	26.77
C. Other Profitability Ratios				
1. Net Income/ Average Total Equity	6.37	1.01	15.11	17.37
2. Net Income/ Average Total Assets	0.18	0.03	0.49	0.53
3. Fitch Comprehensive Income/ Average Total Equity	4.31	-1.13	15.07	17.39
4. Fitch Comprehensive Income/ Average Total Assets	0.12	-0.03	0.48	0.53
5. Net Income/ Av. Total Assets plus Av. Managed Assets	n.a.	n.a.	n.a.	n.a.
D. Capitalization				
1. Fitch Eligible Capital/ Regulatory Weighted Risks	7.63	7.11	7.27	9.27
2. Tangible Common Equity/ Tangible Assets	2.25	2.08	2.26	3.21
3. Tier 1 Regulatory Capital Ratio	7.79	6.89	6.42	8.63
4. Total Regulatory Capital Ratio	11.16	9.74	9.28	11.44
5. Fitch Eligible Capital/ Tier 1 Regulatory Capital	97.98	103.06	113.21	107.33
6. Equity/ Total Assets	2.98	2.77	3.12	3.47
7. Cash Dividends Paid & Declared/ Net Income	n.a.	573.36	36.42	46.17
8. Cash Dividend Paid & Declared/ Fitch Comprehensive Income	n.a.	-511.63	36.52	46.10
9. Net Income - Cash Dividends/ Total Equity	n.a.	-4.99	9.06	7.66
E. Loan Quality				
1. Growth of Total Assets	n.a.	5.81	22.27	12.64
2. Growth of Gross Loans	n.a.	2.07	19.97	18.76
3. Impaired Loans(NPLs)/ Gross Loans	3.06	2.15	0.65	0.39
4. Loan Impairment Reserves/ Gross loans	1.19	0.72	0.23	0.25
5. Reserves for Impaired Loans/ Impaired Loans	38.82	33.53	34.86	65.04
6. Impaired Loans less Reserves for Imp Loans/ Equity	37.26	29.59	8.14	2.37
7. Loan Impairment Charges/ Average Gross Loans	1.27	0.56	0.03	-0.03
8. Net Charge-offs/ Average Gross Loans	0.01	0.05	0.05	n.a.
9. Impaired Loans + Foreclosed Assets/ Gross Loans + Foreclosed Assets	n.a.	n.a.	n.a.	n.a.
F. Liquidity				
1. Loans/ Customer Deposits	234.54	232.54	215.67	236.31
2. Loans/ Deposits and Short-term Funding	152.79	141.50	124.44	131.05
3. Liquid Assets/ Total Assets	21.52	8.08	12.76	12.46
4. Liquid Assets/ Wholesale Funding	43.73	25.89	39.19	37.41
5. Wholesale Funding/ Total Funding and Capital	54.15	41.86	39.01	40.11

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