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# FINANCIAL RESULTS 2010

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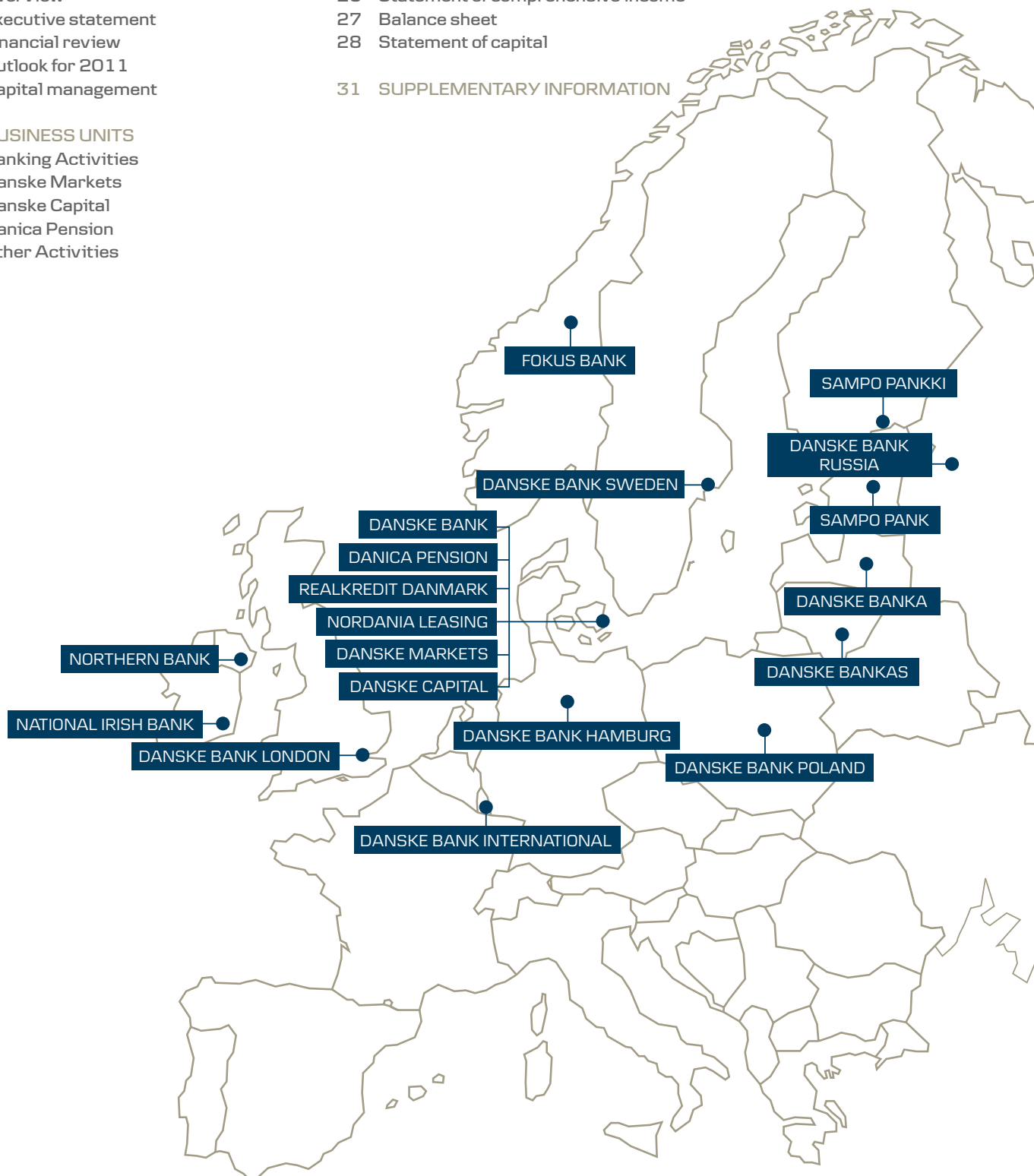
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OPERATIONS IN 15 COUNTRIES / 670 BRANCHES / 5 MILLION CUSTOMERS / 21,522 EMPLOYEES

*Financial results 2010 is a translation of the original document in the Danish language (Årsregnskabsmeddelelse 2010). In case of discrepancies, the Danish version prevails.*

## FINANCIAL HIGHLIGHTS

INCOME STATEMENT (DKK millions)	Index					Pro forma	
	2010	2009	10/09	2008	2007	2006	2006
Net interest income	23,843	27,524	87	27,005	24,391	22,610	19,501
Net fee income	8,510	7,678	111	8,110	9,166	8,877	7,301
Net trading income	7,921	18,244	43	6,076	7,378	7,280	6,631
Other income	3,857	3,083	125	3,585	3,010	2,952	2,698
Net income from insurance business	2,146	2,810	76	-1,733	1,118	1,355	1,355
Total income	46,277	59,339	78	43,043	45,063	43,074	37,486
Expenses	26,010	28,907	90	28,726	25,070	22,640	19,485
Profit before loan impairment charges	20,267	30,432	67	14,317	19,993	20,434	18,001
Loan impairment charges	13,817	25,677	54	12,088	687	-484	-496
Profit before tax	6,450	4,755	136	2,229	19,306	20,918	18,497
Tax	2,786	3,042	92	1,193	4,436	5,549	4,952
Net profit for the year	3,664	1,713	214	1,036	14,870	15,369	13,545
Attributable to non-controlling interests	3	-14	-	25	57	79	-12

### BALANCE SHEET (AT 31 DECEMBER) (DKK millions)

Due from credit institutions and central banks	228,100	202,356	113	215,823	345,959	278,817	275,268
Loans and advances	1,679,965	1,669,552	101	1,785,323	1,700,999	1,519,554	1,362,351
Repo loans	168,481	146,063	115	233,971	287,223	294,555	294,555
Trading portfolio assets	641,993	620,052	104	860,788	652,137	504,308	490,954
Investment securities	118,556	118,979	100	140,793	37,651	28,970	26,338
Assets under insurance contracts	217,515	196,944	110	181,259	190,223	194,302	194,302
Other assets	159,276	144,531	110	126,017	135,338	117,529	95,593
<b>Total assets</b>	<b>3,213,886</b>	<b>3,098,477</b>	<b>104</b>	<b>3,543,974</b>	<b>3,349,530</b>	<b>2,938,035</b>	<b>2,739,361</b>
Due to credit institutions and central banks	317,988	311,169	102	562,726	677,355	569,142	564,549
Deposits	800,613	803,932	100	800,297	798,274	693,142	598,899
Repo deposits	60,440	55,648	109	74,393	125,721	104,044	104,044
Bonds issued by Realkredit Danmark	555,486	517,055	107	479,534	518,693	484,217	484,217
Other issued bonds	450,219	514,601	87	526,606	402,391	365,761	293,736
Trading portfolio liabilities	478,386	380,567	126	623,290	331,547	240,304	236,524
Liabilities under insurance contracts	238,132	223,876	106	210,988	213,419	215,793	215,793
Other liabilities	130,544	110,968	118	110,033	118,750	114,135	97,476
Subordinated debt	77,336	80,002	97	57,860	59,025	56,325	48,951
Shareholders' equity	104,742	100,659	104	98,247	104,355	95,172	95,172
<b>Total liabilities and equity</b>	<b>3,213,886</b>	<b>3,098,477</b>	<b>104</b>	<b>3,543,974</b>	<b>3,349,530</b>	<b>2,938,035</b>	<b>2,739,361</b>

### RATIOS AND KEY FIGURES

Earnings per share (DKK)	5.3	2.5		1.5	21.7	-	21.5
Diluted earnings per share (DKK)	5.3	2.5		1.5	21.6	-	21.4
Return on average shareholders' equity (%)	3.6	1.7		1.0	15.1	-	17.5
Cost/income ratio (%)	56.2	48.7		66.7	55.6	-	52.0
Total capital ratio (%)	17.7	17.8		13.0	9.3	-	11.4
Tier 1 capital ratio (%)	14.8	14.1		9.2	6.4	-	8.6
Share price (end of year) (DKK)	143.0	118.0		52.0	199.8	-	250.0
Book value per share (DKK)	151.4	145.8		142.4	152.7	-	139.1
Full-time-equivalent staff (end of year)	21,522	22,093		23,624	23,632	-	19,253

Figures for 2007 and pro forma figures for 2006 include the Sampo Bank group as of February. As of 2008, the total capital and tier 1 capital ratios are calculated in accordance with the Capital Requirements Directive.

## OVERVIEW

### The year 2010

The Danske Bank Group achieved a pre-tax profit for 2010 of DKK 6.5 billion. The net profit was DKK 3.7 billion. The result was better than expected at the beginning of the year.

- Income amounted to DKK 46.3 billion, down 22%, mainly because net interest and net trading income fell. Fee income rose primarily because of higher asset management fees.
- Expenses declined 10%. Excluding goodwill impairment charges and the Danish state guarantee commission, they declined 3%, in line with expectations.
- Loan impairment charges declined almost 50% to DKK 13.8 billion.
  - Impairment charges fell mainly because of lower charges at the Danish and Baltic units. The difficult market conditions in Ireland persisted.
  - Small and medium-sized enterprises accounted for DKK 7.6 billion of impairment charges and Bank Package I for DKK 1.4 billion.
- Total assets rose DKK 115 billion, or 4%, owing mainly to an increase in trading portfolio assets and assets relating to insurance contracts.
  - Lending remained at the 2009 level. Lending as a percentage of deposits and bonds issued by Realkredit Danmark fell to 110% from 111% at the end of 2009.
- At 31 December 2010, the tier 1 capital and total capital ratios were solid at 14.8% and 17.7%, respectively, against 14.1% and 17.8% at 31 December 2009.
- The liquidity position remains very sound.
  - In 2010, the Group issued DKK 22 billion worth of bonds with maturities of up to five years. The Group also issued covered bonds with maturities from seven to 15 years worth a total of DKK 30 billion.
- The Board of Directors is recommending that no dividend be paid for 2010.

### Fourth quarter in comparison with third quarter 2010

At DKK 1.1 billion, net profit rose 21% and was in line with expectations.

- The expiry of Bank Package I in itself lifted net profit for the fourth quarter by DKK 1.1 billion because of the discontinuation of the guarantee commission and impairment charges to cover the losses of distressed banks. The expiry thus did not affect the Group's access to funding.
- Excluding the state guarantee commission, expenses rose 14% because of seasonal fluctuations, higher marketing costs and IT investments.
- Loan impairment charges stood at DKK 3.0 billion.

### Outlook for 2011

Despite indications that growth rates in the Western world will be moderate, the global economic recovery is expected to continue in 2011. Macroeconomic indicators offer hope that the business environment will gradually improve over the coming year.

- The Group plans to raise about DKK 20 billion of new share capital in the first half of 2011 and has requested permission from the Danish government to prepay the state hybrid capital. Combined, these changes will give the Group a capital position that places it among the best capitalised banks in Europe, in terms of quality as well as size.
- The banking units are likely to see stable activity, while the trend in earnings at capital market units will depend on financial market trends.
- The Group will continue to focus on tight cost control.
- The Group expects the decline in loan impairment charges to continue, although charges will remain high in Ireland.
- There is only a modest need for funding in 2011.

## EXECUTIVE STATEMENT

The year 2010 was yet another challenging year for the financial sector, Danske Bank and our customers.

The Group achieved a net profit of DKK 3.7 billion in 2010. We consider the result acceptable given the market conditions. Still, it is far below the level of earnings that a bank of our size should deliver to its shareholders.

The Group's business units generally improved their performance, though.

After the extreme financial crisis at the end of 2008 and the beginning of 2009, we saw economic recovery in most markets in 2010. But there were great differences in the strength of the recovery in the various national economies.

The recovery was generally stronger than had been expected at the beginning of 2010, and growth estimates for Denmark also rose during the year. A number of countries in Europe are struggling with large budget deficits, however. The Irish economy in particular was very weak in 2010, and the government had to inject capital into some banks.

The public budget deficits, the weak economies and the turbulence in the capital markets necessitated rescue packages for Greece and Ireland. Other indebted EU countries also face fiscal tightening and growth rates that are likely to be weak in the near future. The Group's home markets are expecting economic growth, but it will generally be modest.

In the autumn of 2010, the Danish financial sector monitored the Danish liquidity market carefully upon the expiry of Bank Package I. The expiry of the state guarantee had no adverse effect on the Group's liquidity position, but it reduces expenses markedly. The costs of participation in Bank Package I totalled DKK 8.3 billion for the period from the fourth quarter of 2008 through the third quarter of 2010.

A natural reaction to the financial crisis is a demand for tighter and better regulation of the financial sector. This is a topic that will be high on the agenda in 2011

and onwards. In 2010, the Basel Committee announced new increases in capital requirements (Basel III). With its solid liquidity and capital positions, Danske Bank is well prepared to meet the requirements. Nonetheless, the Group continues its efforts to optimise its liquidity and capital structure.

Danske Bank's image in Denmark came under pressure both during and after the financial crisis. In the course of 2010, our position recovered, and customer satisfaction surveys also showed healthy improvement.

On the basis of our good advisory services and product range and our motivated and highly qualified staff, we expect customer satisfaction to improve further in 2011.

In early 2009, the Group launched its Future Programme, which focuses on efficiency, cost savings and optimising customer contacts. The programme has streamlined the Group's distribution channels, resulting in a satisfactory trend in expenses in 2010. Over a three-year period extending until the end of 2011, Danske Bank is investing as much as DKK 1 billion in technological improvements, including digital solutions to enhance usability and accessibility. Customers began taking advantage of some initiatives in 2010, and more are on the way. For example, we will introduce new online advisory services in the coming years.

The launch of the smartphone and tablet application in 2010 confirmed Danske Bank's ability to provide customers with fast and low-cost access to banking services. We are improving our eBanking service and other self-service products on an ongoing basis to give our customers a fast and easy overview of their finances, agreements and transactions. In 2011, the Group will continue to expand mobile banking services and the technological product range.

In 2010, our corporate customers got a new analytical tool called Danske Executive Navigator to help them manage cash flows in accordance with their business strategy. We are the only bank in Denmark to offer such a product. It is our ambition to make Danske

Bank the market leader in corporate banking through a sophisticated product range, a well-functioning trading platform and expert advisory services.

In the last quarter of 2010, we introduced Danske Bank CIB, Corporate and Institutional Banking, in our Nordic markets. We are thus strengthening the programme and the services we provide to large Nordic corporates.

As part of our better customer service initiative, we continue to develop credit tools that support even faster credit assessment and rating processes for both retail and corporate customers. Loan processing has become much simpler and more automated through the use of the electronic signature, which also enhances the customer experience.

The results of the annual employee opinion surveys showed that employee satisfaction was above the sector average, and the trend has been positive in recent years. We are grateful for the solid effort our staff make every day throughout the year.

With our global credit policy and continuing investments in staff training, we aim to lift both the credit skills of our staff and the credit quality of our customer base.

The Group's robust banking activities, tight cost control and strong focus on risk, liquidity and capital management provide a solid foundation that will enable us to meet the many challenges we will face in the years ahead.

Danske Bank's financial results for 2010 show progress, although our earnings are still not high enough in comparison with our ambitions and potential. But there is reason to be pleased with the developments, which show that the Group is on the right course. Moreover, recent economic developments offer hope that the business climate is gradually improving.

The Board of Directors is recommending that no dividend be paid for 2010. Danske Bank wants to prepay the hybrid capital raised from the Danish state, and plans to increase its share capital in the first half of 2011 by issuing new shares with proceeds of about DKK 20 billion. Dividend payments may again be made after the expiry of Bank Package I, and the Board of Directors aims to distribute up to one third of the net profit for the year in future.

#### **New times at the Danske Bank Group**

The Danske Bank Group has come through the financial crisis with positive figures, thanks to a robust and well-diversified business platform.

The fully underwritten capital increase is being arranged, and we have approached the Danish government with a request to prepay the state hybrid capital. The planned capital increase will make Danske Bank one of the best capitalised banks in the EU.

The Group is looking ahead after the financial crisis and is about to enter a new era of development and pursuit of attractive business opportunities.

The chairman of the Board of Directors, Alf Duch-Pedersen, has informed the Board that, against this background, he will resign at the coming general meeting. Alf Duch-Pedersen has served on the Board for 11 years, seven as chairman.

After the general meeting, the Board of Directors is expected to elect Vice Chairman Eivind Kolding new chairman.

Alf Duch-Pedersen  
Chairman of the  
Board of Directors

Peter Straarup  
Chief Executive Officer

## FINANCIAL REVIEW

INCOME STATEMENT (DKK millions)	2010	2009	Index 10/09	Q4	Q3	Q2	Q1
				2010	2010	2010	2010
Net interest income	23,843	27,524	87	6,069	5,840	5,927	6,007
Net fee income	8,510	7,678	111	2,325	2,069	2,068	2,048
Net trading income	7,921	18,244	43	795	1,930	2,817	2,379
Other income	3,857	3,083	125	1,013	703	1,091	1,050
Net income from insurance business	2,146	2,810	76	685	705	153	603
Total income	46,277	59,339	78	10,887	11,247	12,056	12,087
Expenses	26,010	28,907	90	6,457	6,294	6,836	6,423
Profit before loan impairment charges	20,267	30,432	67	4,430	4,953	5,220	5,664
Loan impairment charges	13,817	25,677	54	2,982	3,083	3,479	4,273
Profit before tax	6,450	4,755	136	1,448	1,870	1,741	1,391
Tax	2,786	3,042	92	377	983	804	622
Net profit for the year	3,664	1,713	214	1,071	887	937	769
Attributable to non-controlling interests	3	-14	-	3	-	-	-

### Financial results for the year

In 2010, the Danske Bank Group achieved a pre-tax profit of DKK 6.5 billion. The net profit was DKK 3.7 billion. The result was acceptable given the macroeconomic conditions.

The Group's earnings suffered under the difficult economic conditions, with the gradual recovery remaining fragile throughout the year. The Nordic economies are sound, however, with the lowest budget deficits in Europe in a period marred by high public debt in many countries. In the Group's home markets, the business environment improved slightly, although low interest rates continued to squeeze income.

The Group's main source of income – its banking activities – showed robust earnings before impairment charges. In Denmark, a decline in impairment charges supported a healthy rise in profit. The Group's activities in Sweden and Norway generated satisfactory results. At the units in Ireland and Northern Ireland, impairment charges remained high, though, and both units posted losses. Danske Markets achieved a satisfactory result in 2010, although lower than the exceptionally good result in 2009. Danske Capital's profit improved considerably, mainly through high performance-based fees and a rise in assets under management. Net income from insurance business amounted to DKK 2.1 billion in 2010, against DKK 2.8 billion in 2009, in part because a satisfactory return on investments made it possible to book the risk allowance and the shadow account balance.

### Income

At DKK 46.3 billion, total income declined 22% from the level in 2009, as the extraordinarily high net trading income from 2009 could not be repeated.

Net interest income amounted to DKK 23.8 billion, down 13% from the year-earlier level. Lower interest rates, narrowing deposit margins and rising funding costs all contributed to the decline. As forecast, net interest income declined at most banking units.

Interest rates in Denmark and the euro zone were low and squeezed income from deposits. In contrast, income at the Swedish banking units benefited from higher market rates. In Norway, net interest income declined because of narrower retail lending margins and slightly decreasing corporate lending.

CIBOR AND EURIBOR 3-MONTH SPREAD TO OIS  
(OIS = Overnight Index Swaps)



At DKK 8.5 billion, net fee income was up 11%. Stronger capital market activity was the main driver and benefited both the banking activities and Danske Capital. The item included the payment of a commission relating to government-guaranteed bonds of DKK 75 million for the fourth quarter of 2010.

Net trading income fell 57% from the extra-ordinarily high level in 2009 although there was strong activity in the bond and money markets in particular. The item included an unrealised capital gain of DKK 0.7 billion related to the merger of PBS Holding A/S and Nordito AS.

Other income was up DKK 0.8 billion owing primarily to a refund of excess VAT and financial services employer tax paid from 2001 to 2006.

Net income from insurance business amounted to DKK 2.1 billion in 2010, down 24% from DKK 2.8 billion in 2009.

#### Expenses

Expenses declined 10% from the 2009 level. Excluding goodwill impairment charges and the commission paid for the Danish state guarantee scheme, the decline was 3%.

The Group launched a number of group-wide initiatives to improve distribution channels and further streamline the organisation. It also invested in digital solutions to enhance usability and accessibility. To support these initiatives, the Group is undertaking an extraordinary, multi-year IT investment programme.

Expenses included a DKK 1.9 billion guarantee commission payable under the Danish state guarantee scheme (Bank Package I, which expired on 30 September 2010).

The cost/income ratio was 56.2%. Excluding expenses for Bank Package I and severance payments, the ratio was 51.7%.

ORDINARY EXPENSES (DKK billions)		
	2010	2009
Expenses	26.0	28.9
Goodwill impairment charges	-	1.5
Commission (Bank Package I)	1.9	2.5
Severance payments	0.2	0.7
Ordinary expenses	23.9	24.2
Cost/income ratio (%)	56.2	48.7
Ordinary expenses/income ratio (%)	51.7	40.8

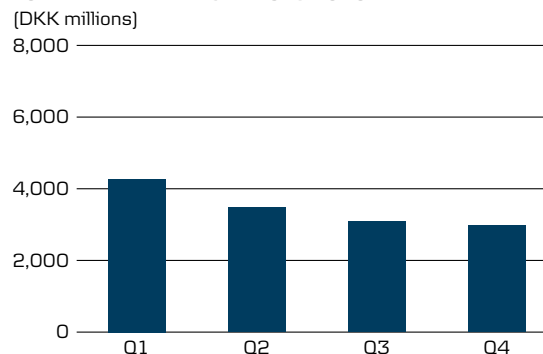
#### Loan impairment charges

Loan impairment charges amounted to DKK 13.8 billion, against DKK 25.7 billion in 2009.

Charges against facilities to retail customers amounted to DKK 3.5 billion, and charges against facilities to corporate customers to DKK 9.1 billion, with small and medium-sized enterprises accounting for DKK 7.6 billion. Charges against facilities to financial counterparties amounted to DKK 1.2 billion. Property financing accounted for 28% of total charges.

Loan impairment charges against facilities to customers in default accounted for DKK 9.0 billion, or 68% of the charges recognised for the year. The remainder was collective charges and charges for individual facilities to customers for which there is other evidence of financial difficulty.

#### LOAN IMPAIRMENT CHARGES 2010





**LOAN IMPAIRMENT CHARGES**

(DKK millions)	2010	2009
Banking Activities Denmark	7,485	10,049
Banking Activities Finland	277	1,723
Banking Activities Sweden	169	509
Banking Activities Norway	42	676
Banking Activities Northern Ireland	1,247	1,399
Banking Activities Ireland	4,969	5,238
Banking Activities Baltics	207	2,725
Other Banking Activities	25	167
Danske Markets	-617	3,237
Danske Capital	13	-46
<b>Total</b>	<b>13,817</b>	<b>25,677</b>

Loan impairment charges at Banking Activities Denmark totalled DKK 7.5 billion, against DKK 10.0 billion in 2009. They related mainly to small and medium-sized enterprises, including durable goods and agricultural producers, and to the Group's share of the financial sector's first tranche to cover the losses of distressed banks under Bank Package I. Charges against facilities to retail customers totalled DKK 2.0 billion, against DKK 2.3 billion in 2009. The charges equalled 0.4% of lending and guarantees to retail customers.

Loan impairment charges showed a declining trend and are low at the units in Finland, Sweden, Norway and the Baltic countries. Charges at these units totalled DKK 0.7 billion, against DKK 5.6 billion in 2009.

At Banking Activities Northern Ireland, charges fell and totalled DKK 1.2 billion, against DKK 1.4 billion in 2009. The charges related mainly to property finance facilities. In the second half of 2010, Northern Ireland was adversely affected by impending public spending cuts and uncertainty about the trend in unemployment.

At Banking Activities Ireland, charges totalled DKK 5.0 billion, against DKK 5.2 billion in 2009. The property sector accounted for most of the charges as the commercial property segment experienced severe problems. Because of the uncertainty surrounding the Irish economy, charges may remain high.

Danske Markets reversed impairment charges of DKK 0.6 billion relating to financial customers. In 2009, such charges totalled DKK 3.2 billion.

Actual losses, which related mainly to Irish and Danish corporate customers, rose and totalled DKK 8.9 billion, against DKK 5.3 billion in 2009. The rise was expected since impairment charges were high in 2008 and 2009. Some 92% of the losses were covered by impairment charges at 1 January 2010.

**Tax**

Tax on the profit for the year amounted to DKK 2.8 billion. The tax charge is high relative to the pre-tax profit because of profits in countries with higher tax rates than Denmark and because losses in Ireland are not capitalised. The tax value of losses is booked and capitalised only if it is likely in the future that the Group will book a taxable income that can absorb the tax-loss carryforwards.

**Fourth quarter against third quarter 2010**

The net profit for the period rose 21% over the level in the third quarter, with the expiry of Bank Package I contributing DKK 1.1 billion.

Net interest income rose 4% from the level in the third quarter, benefiting from rising market rates in Sweden, returns on liquidity from mortgage payments to Real-kredit Danmark and improved deposit margins. In addition, one-off interest on excess VAT paid from 2001 to 2006 was booked in the fourth quarter.

Net fee income rose 12%, mainly because of high performance-based fees at Danske Capital. The item included the payment of a commission relating to government-guaranteed bonds of DKK 75 million for the fourth quarter of 2010.

Net trading income fell 59% from the third-quarter level, mainly because market uncertainty led to risk profile adjustments. Risk-taking was particularly modest in the fourth quarter of the year.

Other income rose because of a refund of excess VAT paid from 2001 to 2006.

Net income from insurance business amounted to DKK 0.7 billion in the fourth quarter, down 3% from the third quarter. The return on investments enabled the Group to book the fourth-quarter risk allowance and the 2008 shadow account balance.

Excluding the guarantee commission paid to the Danish state, expenses rose 14% over the third-quarter figure. Normal seasonal fluctuations, IT investments and marketing costs all contributed to the rise.

Loan impairment charges stood at DKK 3.0 billion, down 3%. The charges recorded by the Group's banking units in Ireland and Northern Ireland remained high, particularly in the commercial property segment. Banking Activities Denmark continued to make substantial charges against facilities to small and medium-sized enterprises.

## BALANCE SHEET

LENDING (END OF PERIOD) (DKK millions)	2010	2009	Index 10/09	Q4 2010	Q3 2010	Q2 2010	Q1 2010
Banking Activities Denmark	997,446	1,005,751	99	997,446	1,007,939	1,012,924	1,005,514
Other, Denmark	47,407	46,420	102	47,407	40,468	42,983	36,643
<b>Total Denmark</b>	<b>1,044,853</b>	<b>1,052,171</b>	<b>99</b>	<b>1,044,853</b>	<b>1,048,407</b>	<b>1,055,907</b>	<b>1,042,157</b>
Banking Activities Finland	158,393	157,810	100	158,393	158,715	159,001	156,970
Banking Activities Sweden	192,049	167,461	115	192,049	188,043	180,934	175,356
Banking Activities Norway	160,452	150,702	106	160,452	157,424	159,607	155,703
Banking Activities Northern Ireland	52,130	51,510	101	52,130	54,032	54,934	50,030
Banking Activities Ireland	70,233	76,601	92	70,233	72,740	74,573	75,599
Banking Activities Baltics	23,833	26,816	89	23,833	24,736	25,379	26,142
Other, international	17,671	20,790	85	17,671	18,212	19,200	21,454
<b>Total international</b>	<b>674,761</b>	<b>651,690</b>	<b>104</b>	<b>674,761</b>	<b>673,902</b>	<b>673,628</b>	<b>661,254</b>
Allowance account	39,649	34,309	116	39,649	42,209	40,903	37,643
<b>Total lending</b>	<b>1,679,965</b>	<b>1,669,552</b>	<b>101</b>	<b>1,679,965</b>	<b>1,680,100</b>	<b>1,688,632</b>	<b>1,665,768</b>

### DEPOSITS AND BONDS ISSUED BY REALKREDIT DANMARK (END OF PERIOD)

(DKK millions)	2010	2009	Index	Q4 2010	Q3 2010	Q2 2010	Q1 2010
Banking Activities Denmark	312,505	317,080	99	312,505	319,073	332,737	328,153
Other, Denmark	98,872	150,036	66	98,872	73,700	74,722	89,022
<b>Total Denmark</b>	<b>411,377</b>	<b>467,116</b>	<b>88</b>	<b>411,377</b>	<b>392,773</b>	<b>407,459</b>	<b>417,175</b>
Banking Activities Finland	104,976	96,005	109	104,976	108,934	109,324	99,003
Banking Activities Sweden	88,089	74,263	119	88,089	79,231	74,973	76,791
Banking Activities Norway	72,059	62,709	115	72,059	69,953	68,105	65,201
Banking Activities Northern Ireland	53,166	45,914	116	53,166	50,367	50,118	44,807
Banking Activities Ireland	39,416	30,805	128	39,416	31,685	31,289	32,385
Banking Activities Baltics	20,521	17,073	120	20,521	19,420	19,247	17,818
Other, international	11,009	10,047	110	11,009	11,151	11,004	10,352
<b>Total international</b>	<b>389,236</b>	<b>336,816</b>	<b>116</b>	<b>389,236</b>	<b>370,741</b>	<b>364,060</b>	<b>346,357</b>
<b>Total deposits</b>	<b>800,613</b>	<b>803,932</b>	<b>100</b>	<b>800,613</b>	<b>763,514</b>	<b>771,519</b>	<b>763,532</b>
Bonds issued by Realkredit Danmark	555,486	517,055	107	555,486	563,519	555,829	550,303
Own holdings of Realkredit Danmark bonds	172,643	183,270	94	172,643	160,056	159,466	158,066
<b>Total Realkredit Danmark bonds</b>	<b>728,129</b>	<b>700,325</b>	<b>104</b>	<b>728,129</b>	<b>723,575</b>	<b>715,295</b>	<b>708,369</b>
<b>Deposits and bonds issued by Realkredit Danmark</b>	<b>1,528,742</b>	<b>1,504,257</b>	<b>102</b>	<b>1,528,742</b>	<b>1,487,089</b>	<b>1,486,814</b>	<b>1,471,901</b>
Lending as % of deposits and bonds issued by Realkredit Danmark	110	111		110	113	114	113

### Loan portfolio

Total lending matched the level at the end of 2009, with retail lending rising 3% and corporate lending falling 2%.

In Denmark, new lending, excluding repo loans, amounted to DKK 54.4 billion. This amount included lending to retail customers of DKK 28.4 billion. Net new mortgage lending accounted for DKK 12.8 billion of the retail figure.

Lending equalled 110% of the total amount of deposits and bonds issued by Realkredit Danmark, against 111% at the end of 2009.

### Deposits and bonds issued by Realkredit Danmark

Total deposits matched the year-earlier level despite an increase in deposits at the banking units. Short-term deposits placed with Danske Markets by institutional investors declined because these investors lowered their gearing. Deposits at the banking units rose 7%, with both corporate and retail deposits contributing to the increase.

Deposits at Banking Activities Denmark were on a par with the 2009 figure, as a fall in deposits made by large corporate customers offset a rise in retail deposits.

Excluding exchange rate effects, deposits at the units outside Denmark rose 10% over the level at the end of 2009.

The market value of mortgage bonds issued to fund loans provided by Realkredit Danmark, including the Group's own holdings, rose 4% from the end-2009 level and stood at DKK 728 billion.

### Credit exposure

At 31 December 2010, total credit exposure amounted to DKK 3,402 billion, against DKK 3,284 billion at the end of 2009. Some DKK 2,363 billion derived from Danish and international lending activities, and DKK 761 billion from trading and investment activities, against DKK 2,301 billion and DKK 740 billion in 2009.

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

**Credit exposure from lending activities**

Retail customers accounted for 37% of credit exposure from lending activities, corporate customers for 38%, and financial counterparties for 19%. Of the corporate exposure, small and medium-sized enterprises accounted for 68%.

Danish customers, excluding financial counterparties, accounted for 57% of credit exposure from lending activities. Nordic region customers combined accounted for 82%, with 36 percentage points relating to Realkredit Danmark loans.

CREDIT EXPOSURE FROM LENDING ACTIVITIES (DKK millions)	31 Dec. 2010	Share of total (%)	31 Dec. 2009	Share of total (%)
Banking Act. Denmark	1,071,229	45	1,109,062	48
Banking Act. Finland	194,101	8	193,155	9
Banking Act. Sweden	248,372	11	210,138	9
Banking Act. Norway	197,295	8	186,538	8
Banking Act. Northern Ireland	51,872	2	50,843	2
Banking Act. Ireland	62,678	3	72,942	3
Banking Act. Baltics	25,314	1	29,149	1
Other Banking Act.	63,473	3	50,391	2
Danske Markets	439,065	19	386,587	17
Danske Capital	10,057	0	12,615	1
<b>Total</b>	<b>2,363,456</b>	<b>100</b>	<b>2,301,420</b>	<b>100</b>

Large exposures are defined as exposures amounting to at least 10% of the capital base. Danish legislation on large exposures was amended on 31 December 2010. The most important change is that exposures to credit institutions must in future carry a 100% weighting rather than a reduced weighting. According to transitional provisions applicable until 31 December 2012, institutions may apply a reduction in weighting of 80% to exposures to credit institutions that originated no later than 31 December 2009.

As a result of the amendments, the number of exposures that exceeded 10% of the capital base was four at the end of 2010, against two under the old rules.

**Retail customers**

Measured in Danish kroner, credit exposure to retail customers amounted to DKK 873 billion in 2010, up 3%.

Credit quality in Denmark was stable, with stronger demand for home financing in particular. In Sweden,

Norway and Finland, demand for home financing was also healthy. In contrast, rising unemployment, rising interest rates and lower disposable incomes had an adverse effect on credit quality in Ireland and Northern Ireland.

Overall, 93% of retail loan applications were approved in 2010, against 92% the year before.

At the end of 2010, the average loan-to-value (LTV) ratio of home loans was 67%, against 69% at the end of 2009.

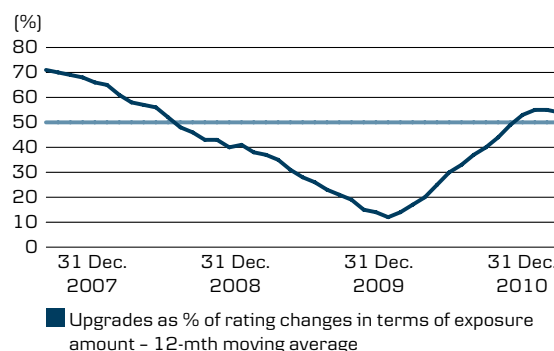
Accumulated impairment charges against retail facilities equalled 16% of total impairment charges, against 11% in 2009.

**Corporate customers**

Credit exposure to corporate customers fell to DKK 886 billion in 2010, down 2%, mainly because of the drop in demand in Denmark, including activity among small and medium-sized companies.

The chart shows the trend in corporate ratings. After a considerable deterioration of credit quality in 2009, 2010 saw a gradual improvement. The number of upgrades exceeded the number of downgrades in the second half of the year.

**CORPORATE RATING CHANGES**



Some 88% of corporate loan applications were approved during the year, against 87% in 2009.

At the end of 2010, credit exposure to the commercial property sector amounted to DKK 245 billion, or 10% of total credit exposure, against DKK 242 billion at the end of 2009. The slowdown has hit this sector hard, particularly in Denmark and Ireland. Vacancy rates remained high in Denmark because of the pre-crisis overheating of the construction sector. In Ireland, weak activity and liquidity shortages combined to cause a plunge in property prices. Exposure to the Irish commercial property market stood at DKK 15.6 billion at the end of 2010, with property developers accounting for DKK 4.8 billion.

Credit exposure to agricultural customers totalled DKK 69 billion, against DKK 71 billion at the end of 2009, with DKK 45 billion coming from loans provided by Realkredit Danmark. The Danish agricultural sector suffered particularly and saw lower earnings, high debt levels and falling property prices. Low interest rates offered some relief, however. The Group intensified its monitoring of this sector in Denmark. The average LTV ratio for agricultural properties mortgaged to Realkredit Danmark rose to 73%, against 64% at the end of 2009, because of falling asset values.

Accumulated impairment charges against corporate facilities amounted to 66% of total charges and equalled 3.6% of lending and guarantees to corporate customers, against 66% and 3.0%, respectively, in 2009.

#### Financial counterparties

Credit exposure to financial counterparties rose DKK 32 billion to DKK 442 billion at the end of the year. An increase in repo loans, particularly to banks, caused the rise.

In addition to exposure to financial counterparties, the Group increased its exposure to central and local governments and central banks.

The notes on risk management provide breakdowns of credit exposure from lending to financial customers and governments by country of residence and rating category.

Risk Management 2010, which is available at [www.danskebank.com/ir](http://www.danskebank.com/ir), provides additional information about credit exposure.

#### Allowance account

Accumulated impairment charges totalled DKK 43.8 billion, against DKK 37.1 billion at the end of 2009.

ALLOWANCE ACCOUNT (DKK millions)	31 Dec. 2010	31 Dec. 2009
Banking Activities Denmark	19,293	13,496
Banking Activities Finland	2,664	2,545
Banking Activities Sweden	1,253	1,182
Banking Activities Norway	1,512	1,404
Banking Activities Northern Ireland	3,078	2,006
Banking Activities Ireland	9,564	7,002
Banking Activities Baltics	2,892	2,985
Other Banking Activities	348	1,261
Danske Markets	2,954	4,917
Danske Capital	211	297
<b>Total</b>	<b>43,769</b>	<b>37,095</b>

Rating categories 11 and 10 comprise customers with individually impaired exposures.

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

EXPOSURE AT 31 DEC. 2010 (DKK billions)	Rating category	
	11	10
Credit exposure before impairment charges	58.2	44.9
Impairment charges	28.3	10.9
Credit exposure	29.9	34.0
Collateral value	24.3	21.4
Total unsecured exposure	5.6	12.6
Covered by impairment charges and collateral (%)	90.4	71.9

The credit exposure to customers in rating category 11 was DKK 29.9 billion, against DKK 30.6 billion at the end of 2009. The total unsecured exposure was DKK 5.6 billion. The Group expects bankruptcy dividends to cover the unsecured exposure.

Rating category 10 contains customers with impaired exposures that are not in default. These exposures exhibit financial difficulties that are very likely to lead to losses.

The credit exposure to customers in rating category 10 totalled DKK 34 billion, against DKK 24.8 billion at the end of 2009.

#### Trading and investment activities

Credit exposure from trading and investment activities rose from DKK 740 billion at the end of 2009 to DKK 761 billion at the end of 2010.

The key reason was an increase in the value of interest rate and currency contracts caused by lower interest rates and a stronger US dollar. The Group has made agreements with many of its counterparties to net positive and negative market values. Including the effect of this netting, the net exposure was limited and most of it was secured by collateral management agreements.

The value of the bond portfolio was DKK 422 billion, with DKK 89 billion recognised at fair value according to the rules for available-for-sale financial assets. Of the total bond portfolio, 97.4% was recognised at fair value and 2.6% at amortised cost. The Group has not reclassified bonds since 2008. The portfolio was at the same level as at the end of 2009.

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

BOND PORTFOLIO (%)	31 Dec. 2010	31 Dec. 2009
Government bonds and bonds guaranteed by central or local governments	29	25
Bonds issued by quasi-government institutions	2	1
Danish mortgage bonds	45	42
Swedish covered bonds	13	18
Other covered bonds	5	6
Short-dated bonds (CP etc.), primarily with banks	2	4
Corporate bonds	4	4
<b>Total holdings</b>	<b>100</b>	<b>100</b>
Available-for-sale bonds included in total holdings	21	22

The Group's holdings of government-guaranteed bonds consisted primarily of bonds issued by the Nordic countries, Germany, France, the UK and the US. Government bonds issued by Ireland, Portugal, Spain, Italy and Greece accounted for only 1.5% of the total bond exposure.

Some 2% of the portfolio is short-dated paper with a maximum maturity of one year, including commercial paper, issued mainly by banks in the Nordic countries. Of these bonds, 84% had an external investment grade rating, and of this percentage, 34% were rated AA- or higher.

Credit bonds accounted for around 4% of bond holdings and consisted of corporate bonds, including bonds issued by banks, and covered bonds not under public supervision. Of these bonds, 96% had an external investment grade rating, and of this percentage, 43% were rated AA- or higher.

In the first three quarters of the year, the value of the bond portfolio benefited from the general increase in the prices of Danish, Swedish and German bonds, which made up the largest part of the Group's exposure. The second quarter in particular saw a considerable widening of the credit spreads of southern European bonds that lifted demand for German and Scandinavian bonds and caused their spreads to narrow. The general rise in interest rates in the fourth quarter had an adverse effect on the gains of the preceding quarters. No issuers of bonds in the Group's portfolio defaulted on their payment obligations.

Market value adjustments were also affected by the negative trend in short-dated government bonds and

mortgage bonds issued to fund interest-reset loans that traded above their redemption prices. This effect was offset by higher yields, however.

At the end of 2010, the Group's total VaR, excluding the VaR of Danica Pension's insurance activities, was DKK 0.3 billion, the same as at the end of 2009.

### Solvency and capital

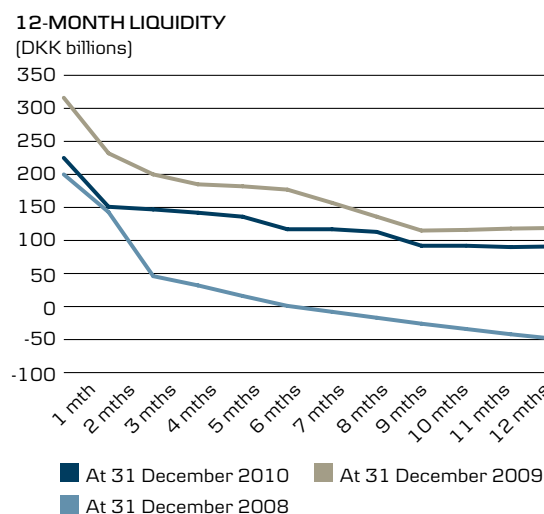
At the end of 2010, the total capital ratio was 17.7%, with 10.1 percentage points deriving from core tier 1 capital and 14.8 from tier 1 capital. Hybrid capital raised from the Danish state accounted for 3.1 percentage points of the total capital and tier 1 capital ratios. The value of risk-weighted assets rose over the end-2009 level because of stronger activity and reversals of impairment charges against facilities with especially high risk weightings. At 31 December 2009, the total capital and tier 1 capital ratios were 17.8% and 14.1%, respectively.

Under Danish law, the Group must publish its solvency need on a quarterly basis.

The capital management section provides additional details as does the Internal Capital Adequacy Assessment 2010 publication, available at [www.danskebank.com/ir](http://www.danskebank.com/ir).

### Funding and liquidity

The recovery in the international financial markets that began in 2009 continued in 2010. The Group's liquidity position remains very solid, and the Group can continue operations even if access to the capital markets is cut off for much more than 12 months, as illustrated by Moody's liquidity curve. The Group uses this curve as one of the elements of its liquidity management.



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

In the spring and summer of 2010, the financial markets exhibited high volatility because of the European debt crisis, but Scandinavian banks, including Danske Bank, were not adversely affected by these events.

In 2010, the Group issued DKK 22 billion worth of bonds with maturities of up to five years on the US and other markets.

The Group also issued covered bonds with maturities between seven and 15 years for an amount of DKK 30 billion, and there is still much unexploited potential in loans that can serve as collateral for covered bonds.

The Group has not issued government-guaranteed bonds since the summer of 2009.

In 2010, the Danish FSA introduced a new benchmark, the funding ratio, which is the ratio between lending and deposits, long-dated bonds and the like. According to FSA guidelines, the ratio should not exceed 100%. At the end of 2010, Danske Bank A/S's funding ratio was 70%.

### **Ratings**

Danske Bank retained its ratings in 2010.

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

Danish government-guaranteed bonds are rated AAA.

### **Expiry of the state guarantee**

Together with the majority of Danish banks, Danske Bank participated in the state guarantee scheme adopted by the Danish parliament on 10 October 2008 (Bank Package I). The scheme included an unconditional state guarantee for the obligations of Danish banks, except for subordinated debt. Under the guarantee, participating banks were obliged to pay a guarantee commission. The Group is of the opinion that Bank Package I was necessary to stabilise the markets.

In the autumn of 2010, the Danish financial sector monitored the Danish liquidity market carefully upon

the expiry of Bank Package I on 30 September. The expiry of the state guarantee had no effect on the Group's liquidity position.

The expiry of the state guarantee markedly reduced Danske Bank's expenses for its commitment to cover the losses of distressed banks. At the end of 2010, Danske Bank had recognised a charge of DKK 3.3 billion for its entire commitment under the first tranche.

Including the guarantee commission of DKK 5.0 billion, expenses for participation in Bank Package I totalled DKK 8.3 billion for the period extending from the fourth quarter of 2008 until the end of the third quarter of 2010.

Danske Bank is still committed to paying a guarantee commission for government-guaranteed bond issues. Danske Bank issued government-guaranteed bonds worth DKK 37 billion, and the quarterly commission payable from 1 October 2010 and until the guarantee expires in mid-2012 totals around DKK 75 million.

### **Ireland**

At the end of 2009, the Group began reorganising its activities in Ireland in accordance with its strategy of cost cutting, intense monitoring of the credit portfolio and development of business relations with selected customer segments. Since the beginning of 2010, National Irish Bank has reduced the number of branches by 30 to 28 and the number of staff by 143.

The Group's exposure to Irish government bonds is negligible, amounting to DKK 2.4 billion at the end of 2010.

At the end of 2010, loans and advances provided by National Irish Bank accounted for 3.6% of the Group total. Impairment charges have been very high at National Irish Bank for the past two years. The severely troubled Irish commercial property market affected the property sector as a whole, and this sector accounted for most of the charges.

In 2010, the state-owned National Asset Management Agency (NAMA) took over high-risk property loans from Irish banks, and its treatment of these loans will determine price trends in the Irish property market. The Group does not participate in NAMA and does not expect to recognise additional impairment charges because of it. But the uncertainty related to the Irish economy means that charges may remain high for some time.



### Digital solutions

Throughout 2009 and 2010, the Group worked in several areas to become a better bank for customers, employees, shareholders and other stakeholders alike. The Group launched a number of group-wide initiatives to improve distribution channels and further strengthen the organisation, investing in digital solutions to enhance user friendliness and accessibility.

For example, in the autumn the Group was the first on the Danish market with a mobile banking application for smartphones and tablets. The application gives Danske Bank customers a quick, easy and low-cost way to view account balances, make transfers, pay bills and get directions to the nearest ATM or branch. In addition, increased digitalisation will free more advisory resources for proactive customer contact.

The application was launched in Denmark, Norway, Finland and Northern Ireland, and by the end of 2010, it had been downloaded more than 150,000 times. The first quarter of 2011 will see the launch of the application in Sweden, and the Group will expand its mobile banking services and continue the technological product development in 2011.

### Outlook for 2011

Despite indications that growth rates in the Western world will be moderate, the global economic recovery is expected to continue in 2011. Macroeconomic indicators offer hope that the business environment will gradually improve over the coming year. The economic recovery remains fragile, though.

Danish GDP growth is forecast to be 1.9% in 2011. Norwegian growth is estimated to show a healthy improvement to a rate of 3.4%. Although Sweden and Finland are likely to see economic growth of 2.6% and 2.8%, respectively, the pace will be slower than in 2010.

Growth rates in the Baltic countries – Estonia, Latvia and Lithuania – are expected to rise above the 2010 levels. In contrast, the outlook for Ireland is uncertain, although Irish growth is currently expected to be weak.

Interest rates are set to remain low also in 2011. The European Central Bank is expected to tighten its liquidity policy gradually in the course of 2011, however. This should bring slightly higher interest rates towards the end of the year.

If interest rates do remain relatively low, property prices in Denmark are likely to be stable in 2011. A rise in property prices is forecast for Norway and

Finland. Swedish property prices are expected to be unchanged, while those in Ireland and Northern Ireland are likely to fall.

Expenses will be lower than in 2010 despite significant IT investments. The expiry of Bank Package I supports this development. The Group will continue to focus on tight cost control.

The combination of persistently low interest rates, the trend in property prices and a stable unemployment rate gives grounds for some optimism and expectations of better retail and corporate credit quality in 2011.

The Irish economy will continue to face structural challenges, and because of the economic climate, the level of future loan impairment charges remains uncertain. In Denmark, the expiry of the state guarantee will reduce impairment charges because of the discontinuation of charges to cover the losses of distressed banks in Denmark. Danske Bank must cover around one third of any loss incurred by the Danish Guarantee Fund, however. The Group expects loan impairment charges to be lower than in 2010.

The performance of market-related activities – in Danske Markets, Danske Capital and Danica Pension – will depend greatly on trends in the financial markets, including the level of securities prices at the end of the year. Danica Pension's result is forecast to be lower than in 2010.

The Group plans to raise about DKK 20 billion of new share capital in the first half of 2011 and has requested permission from the Danish government to prepay the state hybrid capital.

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

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

## CAPITAL MANAGEMENT

The Group's capital management policies and practices support its business strategy and ensure that it is sufficiently capitalised to withstand severe macroeconomic downturns. The policies and practices also ensure compliance with regulatory capital requirements and support the Group's credit rating.

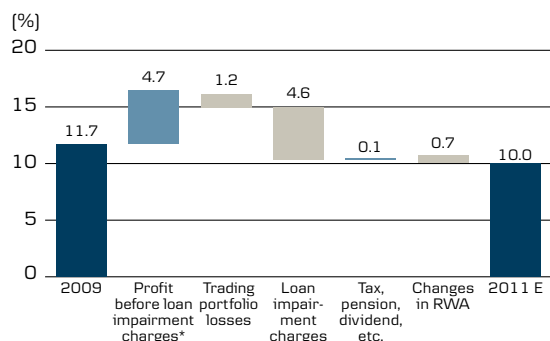
In addition to shareholder's equity, the Group's capital base consists of hybrid capital and tier 2 capital. The capital base amounted to DKK 150 billion at the end of 2010.

CAPITAL BASE (DKK billions)	2010	2009
Core tier 1 capital	85	79
Hybrid capital, less statutory deductions	40	39
Tier 2 capital, less statutory deductions	25	30
Capital base	150	148

At the end of 2010, the Group's solvency need – that is, a capital base adequate to cover its risks – amounted to DKK 90 billion, or 10.7% of risk-weighted assets. Since the actual capital base stood at DKK 149.7 billion and the total capital ratio at 17.7%, the Group had a massive capital buffer of DKK 59.7 billion at the end of 2010.

In 2010, Danske Bank took part in stress tests initiated by the Committee of European Banking Supervisors (CEBS) in cooperation with the Danish FSA. These stress tests were based on end-2009 data and two-year scenarios, and more than 90 banks participated in the exercise. Danske Bank performed well on the tests, even in the most severe scenario, "Adverse scenario after sovereign shock", and ranked in the top quarter of the banks tested. The results confirmed the Group's strong financial position.

EFFECT ON TIER 1 CAPITAL RATIO IN THE CEBS'S MOST SEVERE SCENARIO: "SOVEREIGN SHOCK"



\* Excluding trading portfolio losses. Tier 1 capital ratio calculated in accordance with Basel II transitional rules.

In 2008, the Group suspended its capital targets because of increased macroeconomic uncertainty and expectations of stricter quantitative and qualitative capital requirements.

The Group bases its total capital need on an assessment of the capital requirements under the current capital adequacy and transitional rules and on a critical assessment of the effects of future regulation, including CRD IV.

The Group aspires to improve its credit ratings, which are important for its access to liquidity and the pricing of its long-term funding.

The Group uses the following criteria when determining its capital structure:

- Capital requirements under the CRD and current transitional rules
- Draft minimum regulatory capital requirements
- Rating target
- Expected growth and earnings
- Dividend policy
- Stress tests

To strengthen its capital base and meet customer demand for credit, Danske Bank raised hybrid capital of DKK 24 billion from the Danish state in May 2009, with an option for redemption from 2014 onwards. At the same time, Realkredit Danmark raised hybrid capital of DKK 2 billion, with an option for redemption from 2012 onwards.

Future capital regulation will increase the qualitative requirements for Danske Bank's capital base. To meet these requirements, the Board of Directors finds it appropriate to increase Danske Bank's share capital, in accordance with Article 6 of the Articles of Association, through a fully underwritten rights issue with proceeds of about DKK 20 billion. The intention is to carry out the capital increase in the first half of 2011 to soon bring Danske Bank's share capital up to the level deemed necessary by management in view of market variability and future regulation. At the same time, the Group will also seek to prepay the hybrid capital raised from the Danish state.

The Group has therefore approached the Danish government with a request for permission to repay the Danske Bank loan in May 2012. The Group has also requested cancellation of the option to convert loan capital into shares.



Repayment of hybrid capital and the rights issue will increase the Group's core tier 1 capital ratio from the current 10.1% to about 12.5% (calculated on the basis of end-2010 figures). The Group's tier 1 capital ratio will decrease from the current 14.8% to about 14.1% (calculated on the basis of end-2010 figures), with nearly 90% deriving from shareholders' equity. On balance, the changes will strengthen the Group's capital position and, in both qualitative and quantitative terms, make Danske Bank one of the best capitalised banks in Europe.

**ICAAP**

The Group's capital management policies and practices are based on an internal capital adequacy assessment process (ICAAP). In this process, the Group regularly identifies its risks and determines its capital need.

The regulatory framework for the Group's capital management is rooted in the Capital Requirements Directive (CRD). The CRD comprises three pillars based on Basel II guidelines:

- Pillar I contains a set of rules for calculating the capital requirement (8% of risk-weighted assets for credit risk, market risk and operational risk).
- Pillar II describes the framework for the ICAAP and the dialogue with the FSA. The ICAAP determines the solvency need (see below).
- Pillar III deals with market discipline and sets forth disclosure requirements for risk and capital management. The Group complies with the Pillar III disclosure requirements through its publication of Risk Management 2010, available at [www.danskebank.com/ir](http://www.danskebank.com/ir).

While Pillar I calculates risks and capital requirements on the basis of uniform rules for all credit institutions, the ICAAP in Pillar II takes into account the individual characteristics of a given institution and covers all relevant risk types, including risks not addressed under Pillar I. Pillar II also includes the supervisory review and evaluation process (SREP), which is a dialogue between the FSA and a credit institution about the outcome and conclusions of its ICAAP, including the institution's solvency need.

As part of the ICAAP, management identifies the risks to which the Group is exposed for the purpose of assessing its risk profile. The Group also determines the risks to be covered by capital and thus to be included in the determination of its solvency need. In addition, the ICAAP involves capital planning to ensure that the Group is sufficiently capitalised for the years ahead. One of the planning tools is stress testing.

**Solvency need**

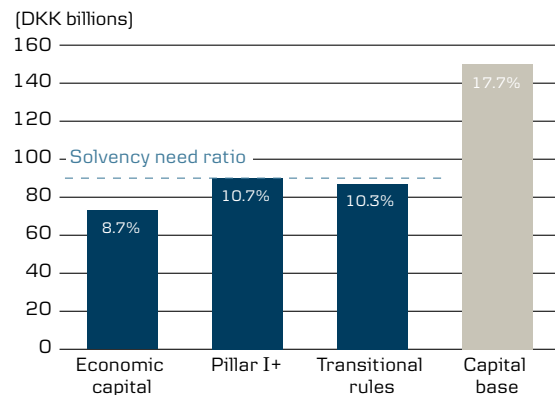
The Group calculates its solvency need on the basis of a number of factors, including the highest of the following requirements:

- The capital requirement according to the Group's internal model for economic capital.
- The capital requirement under Pillar I plus a supplement to address risks that are not covered by Pillar I, such as pension risk, business risk and other current risks (Pillar I+).
- The capital requirement under the Basel II transitional rules, which are in force until the end of 2011.

Both the Pillar I+ requirement and economic capital are supplemented by add-ons to reflect any uncertainty about the risk models, and the capital level is subject to ongoing qualitative adequacy assessments.

At the end of 2010, the Group's solvency need was DKK 90.0 billion. The actual capital base thus included a massive capital buffer of DKK 59.7 billion at 31 December 2010.

**CAPITAL REQUIREMENTS**



The calculation of the solvency need for the Danske Bank Group and Danske Bank A/S is described in more detail in Risk Management 2010 and Internal Capital Adequacy Assessment 2010, both available at [www.danskebank.com/ir](http://www.danskebank.com/ir). Risk Management 2010 also provides details on the management of credit risk, market risk and liquidity risk.

## Stress testing

The Group uses macroeconomic stress tests in the ICAAP to project its capital need and capital levels under various unfavourable scenarios. Stress tests are an important means of analysing the Group's risk profile since they give management a better understanding of how portfolios are affected by macroeconomic changes, including the effects of negative events on the Group's capital. The tests ensure that the Group fulfils the regulatory capital requirements.

### DANSKE BANK'S MAIN STRESS TEST SCENARIOS

Scenario	Description
Mild recession	A geopolitical crisis dampens global demand temporarily. This scenario assumes a small economic contraction in the first year followed by a recovery. In the subsequent years, growth will be lower than assumed in the base case scenario.
Severe recession	The scenario assumes a deep international recession with a significant slump in global trade, which entails lower export demand. Domestic investment, consumption and house prices fall. Central banks around the world adopt a more expansionary monetary policy stance, and interest rates fall.
Regulatory scenarios	Danish FSA: Base case + two stress test scenarios. CEBS: Base case + two stress test scenarios.

Risk Management 2010, which is available at [www.danskebank.com/ir](http://www.danskebank.com/ir), provides more information about stress testing.

**BUSINESS UNITS**

<b>BANKING ACTIVITIES DENMARK</b> (DKK millions)	2010	2009	Index 10/09	Q4 2010	Q3 2010	Q2 2010	Q1 2010
Net interest income	13,381	16,124	83	3,366	3,292	3,302	3,421
Net fee income	3,931	3,658	107	961	1,011	973	986
Net trading income	508	539	94	85	168	159	96
Other income	448	956	47	101	103	120	124
<b>Total income</b>	<b>18,268</b>	<b>21,277</b>	<b>86</b>	<b>4,513</b>	<b>4,574</b>	<b>4,554</b>	<b>4,627</b>
State guarantee commission (Bank Package I)	1,875	2,500	75	-	625	625	625
Other expenses	8,997	9,950	90	2,430	2,119	2,284	2,164
<b>Expenses</b>	<b>10,872</b>	<b>12,450</b>	<b>87</b>	<b>2,430</b>	<b>2,744</b>	<b>2,909</b>	<b>2,789</b>
Profit before loan impairment charges	7,396	8,827	84	2,083	1,830	1,645	1,838
Impairment charges under the state guarantee	1,393	1,612	86	-	466	464	463
Other loan impairment charges	6,092	8,437	72	1,157	877	1,731	2,327
<b>Loan impairment charges</b>	<b>7,485</b>	<b>10,049</b>	<b>74</b>	<b>1,157</b>	<b>1,343</b>	<b>2,195</b>	<b>2,790</b>
Profit before tax	-89	-1,222	-	926	487	-550	-952
Loans and advances (end of period)	997,446	1,005,751	99	997,446	1,007,939	1,012,924	1,005,514
Allowance account, total (end of period)	19,293	13,496	143	19,293	19,304	18,563	16,662
Deposits (end of period)	312,505	317,080	99	312,505	319,073	332,737	328,153
Bonds issued by Realkredit Danmark (end of period)	728,129	700,325	104	728,129	723,575	715,295	708,369
Allocated capital (avg.)	37,383	38,475	97	37,329	37,576	37,452	37,169
Profit before loan impairment charges as % of allocated capital	19.8	22.9		22.3	19.5	17.6	19.8
Pre-tax profit as % of allocated capital (ROE)	-0.2	-3.2		9.9	5.2	-5.9	-10.2
Cost/income ratio (%)	59.5	58.5		53.8	60.0	63.9	60.3

At 1 January 2010, operating leases were transferred from Danske Leasing to Nordania Leasing as part of an organisational restructuring. This caused a transfer of income and expenses of DKK 600 million on an annual basis from Banking Activities Denmark to Other Banking Activities. Comparative figures for 2009 have not been restated.

<b>BANKING ACTIVITIES FINLAND</b> (DKK millions)	2010	2009	Index 10/09	Q4 2010	Q3 2010	Q2 2010	Q1 2010
Net interest income	2,324	3,015	77	585	585	584	570
Net fee income	1,155	1,110	104	292	278	306	279
Net trading income	82	71	115	22	19	21	20
Other income	373	381	98	120	83	82	88
<b>Total income</b>	<b>3,934</b>	<b>4,577</b>	<b>86</b>	<b>1,019</b>	<b>965</b>	<b>993</b>	<b>957</b>
Expenses	3,383	3,390	100	955	770	840	818
Profit before loan impairment charges	551	1,187	46	64	195	153	139
Loan impairment charges	277	1,723	16	1	87	64	125
Profit before tax	274	-536	-	63	108	89	14
Profit before tax in local currency (EUR)	37	-72	-	9	14	12	2
Loans and advances (end of period)	158,393	157,810	100	158,393	158,715	159,001	156,970
Allowance account, total (end of period)	2,664	2,545	105	2,664	2,674	2,607	2,580
Deposits (end of period)	104,976	96,005	109	104,976	108,934	109,324	99,003
Allocated capital (avg.)	6,644	7,404	90	6,589	6,583	6,650	6,758
Profit before loan impairment charges as % of allocated capital	8.3	16.0		3.9	11.8	9.2	8.2
Pre-tax profit as % of allocated capital (ROE)	4.1	-7.2		3.8	6.6	5.4	0.8
Cost/income ratio (%)	86.0	74.1		93.7	79.8	84.6	85.5

<b>BANKING ACTIVITIES SWEDEN</b> (DKK millions)	2010	2009	Index 10/09	Q4 2010	Q3 2010	Q2 2010	Q1 2010
Net interest income	2,364	1,997	118	654	614	558	538
Net fee income	721	642	112	206	160	188	167
Net trading income	120	86	140	34	27	27	32
Other income	49	51	96	10	13	15	11
<b>Total income</b>	<b>3,254</b>	<b>2,776</b>	<b>117</b>	<b>904</b>	<b>814</b>	<b>788</b>	<b>748</b>
Goodwill impairment charges	-	16	-	-	-	-	-
Other expenses	1,614	1,497	108	453	388	401	372
<b>Expenses</b>	<b>1,614</b>	<b>1,513</b>	<b>107</b>	<b>453</b>	<b>388</b>	<b>401</b>	<b>372</b>
Profit before loan impairment charges	1,640	1,263	130	451	426	387	376
Loan impairment charges	169	509	33	52	24	-10	103
<b>Profit before tax</b>	<b>1,471</b>	<b>754</b>	<b>195</b>	<b>399</b>	<b>402</b>	<b>397</b>	<b>273</b>
Profit before tax in local currency (SEK)	1,875	1,055	178	495	504	512	364
Loans and advances (end of period)	192,049	167,461	115	192,049	188,043	180,934	175,356
Allowance account, total (end of period)	1,253	1,182	106	1,253	1,388	1,331	1,324
Deposits (end of period)	88,089	74,263	119	88,089	79,231	74,973	76,791
Allocated capital (avg.)	8,335	8,231	101	8,691	8,505	8,227	7,908
Profit before loan impairment charges as % of allocated capital	19.7	15.3		20.8	20.0	18.8	19.0
Pre-tax profit as % of allocated capital (ROE)	17.6	9.2		18.4	18.9	19.3	13.8
Cost/income ratio (%)	49.6	54.5		50.1	47.7	50.9	49.7

<b>BANKING ACTIVITIES NORWAY</b> (DKK millions)	2010	2009	Index 10/09	Q4 2010	Q3 2010	Q2 2010	Q1 2010
Net interest income	2,378	2,666	89	614	593	582	589
Net fee income	362	342	106	83	90	100	89
Net trading income	137	158	87	36	35	34	32
Other income	563	454	124	145	141	155	122
<b>Total income</b>	<b>3,440</b>	<b>3,620</b>	<b>95</b>	<b>878</b>	<b>859</b>	<b>871</b>	<b>832</b>
Expenses	1,908	1,807	106	491	464	494	459
Profit before loan impairment charges	1,532	1,813	85	387	395	377	373
Loan impairment charges	42	676	6	18	-11	3	32
<b>Profit before tax</b>	<b>1,490</b>	<b>1,137</b>	<b>131</b>	<b>369</b>	<b>406</b>	<b>374</b>	<b>341</b>
Profit before tax in local currency (NOK)	1,600	1,324	121	396	435	398	371
Loans and advances (end of period)	160,452	150,702	106	160,452	157,424	159,607	155,703
Allowance account, total (end of period)	1,512	1,404	108	1,512	1,503	1,518	1,492
Deposits (end of period)	72,059	62,709	115	72,059	69,953	68,105	65,201
Allocated capital (avg.)	7,705	7,668	100	7,627	7,883	7,746	7,562
Profit before loan impairment charges as % of allocated capital	19.9	23.6		20.3	20.0	19.5	19.7
Pre-tax profit as % of allocated capital (ROE)	19.3	14.8		19.4	20.6	19.3	18.0
Cost/income ratio (%)	55.5	49.9		55.9	54.0	56.7	55.2

<b>BANKING ACTIVITIES NORTHERN IRELAND</b> (DKK millions)	2010	2009	Index 10/09	Q4 2010	Q3 2010	Q2 2010	Q1 2010
Net interest income	1,188	1,315	90	289	297	306	296
Net fee income	306	296	103	74	82	77	73
Net trading income	85	72	118	21	23	23	18
Other income	18	12	150	3	2	3	10
<b>Total income</b>	<b>1,597</b>	<b>1,695</b>	<b>94</b>	<b>387</b>	<b>404</b>	<b>409</b>	<b>397</b>
Expenses	1,183	1,126	105	316	279	326	262
Profit before loan impairment charges	414	569	73	71	125	83	135
Loan impairment charges	1,247	1,399	89	464	409	254	120
Profit before tax	-833	-830	-	-393	-284	-171	15
Profit before tax in local currency (GBP)	-95	-100	-	-45	-33	-19	2
Loans and advances (end of period)	52,130	51,510	101	52,130	54,032	54,934	50,030
Allowance account, total (end of period)	3,078	2,006	153	3,078	2,839	2,545	2,141
Deposits (end of period)	53,166	45,914	116	53,166	50,367	50,118	44,807
Allocated capital (avg.)	1,888	1,951	97	1,852	1,930	1,878	1,894
Profit before loan impairment charges as % of allocated capital	21.9	29.2		15.3	25.9	17.7	28.5
Pre-tax profit as % of allocated capital (ROE)	-44.1	-42.5		-84.9	-58.9	-36.4	3.2
Cost/income ratio (%)	74.1	66.4		81.7	69.1	79.7	66.0

<b>BANKING ACTIVITIES IRELAND</b> (DKK millions)	2010	2009	Index 10/09	Q4 2010	Q3 2010	Q2 2010	Q1 2010
Net interest income	1,067	1,140	94	258	261	274	274
Net fee income	96	126	76	16	25	29	26
Net trading income	37	49	76	7	8	11	11
Other income	8	10	80	3	2	2	1
<b>Total income</b>	<b>1,208</b>	<b>1,325</b>	<b>91</b>	<b>284</b>	<b>296</b>	<b>316</b>	<b>312</b>
Expenses	844	1,010	84	189	218	222	215
Profit before loan impairment charges	364	315	116	95	78	94	97
Loan impairment charges	4,969	5,238	95	1,213	1,020	1,647	1,089
Profit before tax	-4,605	-4,923	-	-1,118	-942	-1,553	-992
Profit before tax in local currency (EUR)	-618	-661	-	-150	-126	-209	-133
Loans and advances (end of period)	70,233	76,601	92	70,233	72,740	74,573	75,599
Allowance account, total (end of period)	9,564	7,002	137	9,564	10,744	9,741	8,093
Deposits (end of period)	39,416	30,805	128	39,416	31,685	31,289	32,385
Allocated capital (avg.)	2,796	3,209	87	2,647	2,747	2,853	2,941
Profit before loan impairment charges as % of allocated capital	13.0	9.8		14.4	11.4	13.2	13.2
Pre-tax profit as % of allocated capital (ROE)	-164.7	-153.4		-168.9	-137.2	-217.7	-134.9
Cost/income ratio (%)	69.9	76.2		66.5	73.6	70.3	68.9

<b>BANKING ACTIVITIES BALTICS</b> (DKK millions)	2010	2009	Index 10/09	Q4 2010	Q3 2010	Q2 2010	Q1 2010
Net interest income	503	488	103	127	127	127	122
Net fee income	155	136	114	40	39	36	40
Net trading income	98	116	84	23	25	24	26
Other income	9	22	41	1	2	2	4
<b>Total income</b>	<b>765</b>	<b>762</b>	<b>100</b>	<b>191</b>	<b>193</b>	<b>189</b>	<b>192</b>
Goodwill impairment charges	-	1,417	-	-	-	-	-
Other expenses	353	388	91	94	84	88	87
<b>Expenses</b>	<b>353</b>	<b>1,805</b>	<b>20</b>	<b>94</b>	<b>84</b>	<b>88</b>	<b>87</b>
Profit before loan impairment charges	412	-1,043	-	97	109	101	105
Loan impairment charges	207	2,725	8	36	-18	51	138
<b>Profit before tax</b>	<b>205</b>	<b>-3,768</b>	<b>-</b>	<b>61</b>	<b>127</b>	<b>50</b>	<b>-33</b>
Loans and advances (end of period)	23,833	26,816	89	23,833	24,736	25,379	26,142
Allowance acc., total (end of period)	2,892	2,985	97	2,892	3,034	3,101	3,092
Deposits (end of period)	20,521	17,073	120	20,521	19,420	19,247	17,818
Allocated capital (avg.)	1,149	1,362	84	1,092	1,143	1,182	1,179
Profit before loan impairment charges as % of allocated capital	35.9	-76.6		35.5	38.2	34.2	35.6
Pre-tax profit, % of alloc. cap. (ROE)	17.8	-276.7		22.3	44.5	16.9	-11.2
Cost/income ratio, excluding goodwill impairment charges (%)	46.1	50.9		49.2	43.5	46.6	45.3

**PROFIT BEFORE LOAN AND GOODWILL IMPAIRMENT CHARGES**  
(DKK millions)

Estonia	302	308	98	72	81	80	69
Latvia	-4	45	-	1	-1	-6	2
Lithuania	114	21	-	24	29	27	34
<b>Total Banking Activities Baltics</b>	<b>412</b>	<b>374</b>	<b>110</b>	<b>97</b>	<b>109</b>	<b>101</b>	<b>105</b>

**OTHER BANKING ACTIVITIES**  
(DKK millions)

	2010	2009	Index 10/09	Q4 2010	Q3 2010	Q2 2010	Q1 2010
Net interest income	336	357	94	83	85	78	90
Net fee income	114	109	105	31	30	26	27
Net trading income	33	24	138	11	8	7	7
Other income	1,592	872	183	374	354	469	395
<b>Total income</b>	<b>2,075</b>	<b>1,362</b>	<b>152</b>	<b>499</b>	<b>477</b>	<b>580</b>	<b>519</b>
Goodwill impairment charges	-	25	-	-	-	-	-
Other expenses	1,683	1,087	155	395	380	478	430
<b>Expenses</b>	<b>1,683</b>	<b>1,112</b>	<b>151</b>	<b>395</b>	<b>380</b>	<b>478</b>	<b>430</b>
Profit before loan impairment charges	392	250	157	104	97	102	89
Loan impairment charges	25	167	15	-34	12	77	-30
<b>Profit before tax</b>	<b>367</b>	<b>83</b>	<b>-</b>	<b>138</b>	<b>85</b>	<b>25</b>	<b>119</b>
Loans and advances (end of period)	16,126	17,606	92	16,126	17,026	18,191	18,835
Allowance acc., total (end of period)	348	1,261	28	348	402	414	344
Deposits (end of period)	5,413	4,291	126	5,413	5,356	4,803	4,847
Allocated capital (avg.)	1,494	1,883	79	1,284	1,332	1,380	1,988
Profit before loan impairment charges as % of allocated capital	26.2	13.3		32.4	29.1	29.6	17.9
Pre-tax profit, % of alloc. cap. (ROE)	24.6	4.4		43.0	25.5	7.2	23.9
Cost/income ratio (%)	81.1	81.6		79.2	79.7	82.4	82.9

**PROFIT BEFORE TAX**  
(DKK millions)

Nordania Leasing	20	-136	-	14	-	19	-13
Other non-Danish banking activities	347	219	158	124	85	6	132
<b>Total Other Banking Activities</b>	<b>367</b>	<b>83</b>	<b>-</b>	<b>138</b>	<b>85</b>	<b>25</b>	<b>119</b>

At 1 January 2010, operating leases were transferred from Danske Leasing to Nordania Leasing as part of an organisational restructuring. This caused a transfer of income and expenses of DKK 600 million on an annual basis from Banking Activities Denmark to Other Banking Activities. Comparative figures for 2009 have not been restated.

<b>DANSKE MARKETS</b> (DKK millions)	2010	2009	Index 10/09	Q4 2010	Q3 2010	Q2 2010	Q1 2010
Total income	6,873	17,238	40	636	1,573	2,457	2,207
Expenses	2,780	2,886	96	703	664	721	692
Profit before loan impairment charges	4,093	14,352	29	-67	909	1,736	1,515
Loan impairment charges	-617	3,237	-	66	221	-807	-97
Profit before tax	4,710	11,115	42	-133	688	2,543	1,612
Due from credit institutions and repo loans (end of period)	396,581	348,419	114	396,581	384,467	410,062	410,675
Loans and advances (end of period)	48,665	47,069	103	48,665	40,847	52,281	44,674
Allowance account, total (end of period)	2,954	4,917	60	2,954	4,202	4,544	4,872
Net trading and investment portfolio (end of period)	351,018	466,504	75	351,018	344,655	374,449	399,641
Deposits (end of period)	102,777	151,613	68	102,777	81,491	79,604	96,939
Allocated capital (avg.)	4,966	4,244	117	5,385	5,599	5,066	3,788
Profit before loan impairment charges as % of allocated capital	82.4	-		-5.0	64.9	137.1	160.0
Pre-tax profit as % of allocated capital (ROE)	94.8	261.9		-9.9	49.2	200.8	170.2
Cost/income ratio (%)	40.4	16.7		110.5	42.2	29.3	31.4

**TOTAL INCOME**  
(DKK millions)

Trading activities	5,812	16,929	34	714	1,420	1,665	2,013
Group Treasury	715	123	-	-195	99	692	119
Institutional banking	346	186	186	117	54	100	75
Total Danske Markets	6,873	17,238	40	636	1,573	2,457	2,207

**DANSKE CAPITAL**  
(DKK millions)

	2010	2009	Index 10/09	Q4 2010	Q3 2010	Q2 2010	Q1 2010
Net interest income	120	298	40	26	25	32	37
Net fee income	1,707	1,297	132	633	360	349	365
Other income	46	133	35	15	10	9	12
Total income	1,873	1,728	108	674	395	390	414
Expenses	1,040	1,014	103	338	222	242	238
Profit before loan impairment charges	833	714	117	336	173	148	176
Loan impairment charges	13	-46	-	9	-4	5	3
Profit before tax	820	760	108	327	177	143	173
Loans and advances (end of period)	6,450	9,993	65	6,450	6,195	6,378	8,472
Allowance account, total (end of period)	211	297	71	211	293	295	290
Deposits (end of period)	5,869	6,235	94	5,869	6,073	6,540	5,774
Allocated capital (avg.)	291	374	78	250	277	317	323
Cost/income ratio (%)	55.5	58.7		50.1	56.2	62.1	57.5
Assets under management (DKK billions)	602	548	110	602	590	558	561

<b>DANICA PENSION</b> (DKK millions)	2010	2009	Index 10/09	Q4 2010	Q3 2010	Q2 2010	Q1 2010
Share of technical provisions	1,126	1,087	104	289	282	279	276
Unit-linked business	327	151	217	118	72	63	74
Health and accident business	81	-97	-	96	-3	17	-29
Return on investments	799	1,383	58	-29	308	102	418
Financing result	-130	-247	-	-32	-31	-31	-36
Special allotment	-641	-40	-	-341	-100	-100	-100
Change in shadow account	584	573	102	584	177	-177	-
<b>Net income from insurance business</b>	<b>2,146</b>	<b>2,810</b>	<b>76</b>	<b>685</b>	<b>705</b>	<b>153</b>	<b>603</b>
Premiums, insurance contracts	18,371	17,152	107	4,842	4,638	4,107	4,784
Premiums, investment contracts	5,778	3,279	176	1,578	910	1,600	1,690
Provisions, insurance contracts	233,062	222,377	105	233,062	237,997	230,268	227,834
Provisions, investment contracts	22,397	15,032	149	22,397	20,315	18,595	17,830
Customer funds, investment assets							
Danica Traditional	188,057	181,288	104	188,057	197,663	192,331	183,461
Danica Balance	21,752	13,638	159	21,752	19,161	16,444	15,747
Danica Link	44,509	32,800	136	44,509	41,032	38,327	37,131
Allocated capital (avg.)	5,732	5,731	100	6,085	5,865	5,566	5,411
Net income as % of allocated capital	37.4	49.0		45.0	48.1	11.0	44.6
<b>OTHER ACTIVITIES</b> (DKK millions)			Index 10/09	Q4 2010	Q3 2010	Q2 2010	Q1 2010
Net interest income	182	124	147	67	-39	84	70
Net fee income	-37	-38	-	-11	-6	-16	-4
Net trading income	-91	-168	-	-95	36	48	-80
Other income	790	251	-	256	1	240	293
<b>Total income</b>	<b>844</b>	<b>169</b>	<b>-</b>	<b>217</b>	<b>-8</b>	<b>356</b>	<b>279</b>
Expenses	350	794	44	93	81	115	61
Profit before loan impairment charges	494	-625	-	124	-89	241	218
Loan impairment charges	-	-	-	-	-	-	-
<b>Profit before tax</b>	<b>494</b>	<b>-625</b>	<b>-</b>	<b>124</b>	<b>-89</b>	<b>241</b>	<b>218</b>
<b>PROFIT BEFORE TAX</b> (DKK millions)							
Real property	283	-36	-	32	42	121	88
Own shares	-84	-324	-	-103	32	51	-64
Other, including Group support functions	295	-265	-	195	-163	69	194
<b>Total Other Activities</b>	<b>494</b>	<b>-625</b>	<b>-</b>	<b>124</b>	<b>-89</b>	<b>241</b>	<b>218</b>



## INCOME STATEMENT – DANSKE BANK GROUP

(DKK millions)	2010	2009
Interest income	79,625	112,326
Interest expense	43,642	64,784
Net interest income	35,983	47,542
Fee income	11,803	10,464
Fee expenses	3,714	3,222
Net trading income	5,984	14,101
Other income	4,798	3,919
Net premiums	18,253	17,051
Net insurance benefits	26,172	29,821
Income from associated undertakings	84	288
Profit on sale of associated and group undertakings	659	5
Staff costs and administrative expenses	24,014	24,915
Amortisation, depreciation and impairment charges	3,397	4,980
Profit before loan impairment charges	20,267	30,432
Loan impairment charges	13,817	25,677
Profit before tax	6,450	4,755
Tax	2,786	3,042
Net profit for the year	3,664	1,713
Portion attributable to shareholders of Danske Bank A/S (the Parent Company)	3,661	1,727
non-controlling interests	3	-14
Net profit for the year	3,664	1,713
Earnings per share (DKK)	5.3	2.5
Diluted earnings per share (DKK)	5.3	2.5
Proposed dividend per share (DKK)	-	-

## STATEMENT OF COMPREHENSIVE INCOME – DANSKE BANK GROUP

(DKK millions)	2010	2009
Net profit for the year	3,664	1,713
Other comprehensive income		
Translation of units outside Denmark	1,009	446
Hedging of units outside Denmark	-961	-340
Unrealised value adjustments of available-for-sale financial assets	-145	291
Realised value adjustments of available-for-sale financial assets	44	417
Tax on other comprehensive income	242	-119
Total other comprehensive income	189	695
Total comprehensive income for the year	3,853	2,408
Portion attributable to		
shareholders of Danske Bank A/S (the Parent Company)	3,850	2,422
non-controlling interests	3	-14
Total comprehensive income for the year	3,853	2,408

## BALANCE SHEET – DANSKE BANK GROUP

(DKK millions)	2010	2009
<b>ASSETS</b>		
Cash in hand and demand deposits with central banks	35,403	33,714
Due from credit institutions and central banks	228,100	202,356
Trading portfolio assets	641,993	620,052
Investment securities	118,556	118,979
Loans and advances at amortised cost	1,146,731	1,127,142
Loans at fair value	701,715	688,473
Assets under pooled schemes and unit-linked investment contracts	59,698	45,909
Assets under insurance contracts	217,515	196,944
Holdings in associated undertakings	1,040	1,086
Intangible assets	22,936	23,037
Investment property	4,799	4,948
Tangible assets	7,861	8,800
Current tax assets	1,404	2,274
Deferred tax assets	1,693	2,120
Other assets	24,442	22,643
<b>Total assets</b>	<b>3,213,886</b>	<b>3,098,477</b>
<b>LIABILITIES</b>		
Due to credit institutions and central banks	317,988	311,169
Trading portfolio liabilities	478,386	380,567
Deposits	861,053	859,580
Bonds issued by Realkredit Danmark	555,486	517,055
Deposits under pooled schemes and unit-linked investment contracts	67,277	53,133
Liabilities under insurance contracts	238,132	223,876
Other issued bonds	450,219	514,601
Current tax liabilities	858	1,197
Deferred tax liabilities	6,003	5,391
Other liabilities	56,406	51,247
Subordinated debt	77,336	80,002
<b>Total liabilities</b>	<b>3,109,144</b>	<b>2,997,818</b>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital	6,988	6,988
Foreign currency translation reserve	-136	-184
Reserve for available-for-sale financial assets	-1,330	-1,229
Retained earnings	99,205	95,084
Proposed dividends	-	-
Shareholders of Danske Bank A/S (the Parent Company)	104,727	100,659
Non-controlling interests	15	-
<b>Total shareholders' equity</b>	<b>104,742</b>	<b>100,659</b>
<b>Total liabilities and equity</b>	<b>3,213,886</b>	<b>3,098,477</b>

## STATEMENT OF CAPITAL – DANSKE BANK GROUP

(DKK millions)

Changes in shareholders' equity	Shareholders of Danske Bank A/S (the Parent Company)							Non-controlling interests	Total
	Share capital	Foreign currency translation reserve	Reserve for available-for-sale assets	Retained earnings	Proposed dividends	Total			
Shareholders' equity at 1 January 2010	6,988	-184	-1,229	95,084	-	100,659	-	100,659	
Net profit for the year	-	-	-	3,661	-	3,661	3	3,664	
Other comprehensive income									
Translation of units outside Denmark	-	1,009	-	-	-	1,009	-	1,009	
Hedging of units outside Denmark	-	-961	-	-	-	-961	-	-961	
Unrealised value adjustments of available-for-sale financial assets	-	-	-145	-	-	-145	-	-145	
Realised value adjustments of available-for-sale financial assets	-	-	44	-	-	44	-	44	
Tax on other comprehensive income	-	-	-	242	-	242	-	242	
Total other comprehensive income	-	48	-101	242	-	189	-	189	
Total comprehensive income for the year	-	48	-101	3,903	-	3,850	3	3,853	
Transactions with owners									
Dividends paid	-	-	-	-	-	-	-	-	
Acquisition of own shares	-	-	-	-19,195	-	-19,195	-	-19,195	
Sale of own shares	-	-	-	19,316	-	19,316	-	19,316	
Share-based payments	-	-	-	154	-	154	-	154	
Acquisition of non-controlling interests	-	-	-	-	-	-	12	12	
Tax on entries on shareholders' equity	-	-	-	-57	-	-57	-	-57	
Shareholders' equity at 31 December 2010	6,988	-136	-1,330	99,205	-	104,727	15	104,742	
Shareholders' equity at 1 January 2009	6,988	-290	-1,937	93,464	-	98,225	22	98,247	
Net profit for the year	-	-	-	1,727	-	1,727	-14	1,713	
Other comprehensive income									
Translation of units outside Denmark	-	446	-	-	-	446	-	446	
Hedging of units outside Denmark	-	-340	-	-	-	-340	-	-340	
Unrealised value adjustments of available-for-sale financial assets	-	-	291	-	-	291	-	291	
Realised value adjustments of available-for-sale financial assets	-	-	417	-	-	417	-	417	
Tax on other comprehensive income	-	-	-	-119	-	-119	-	-119	
Total other comprehensive income	-	106	708	-119	-	695	-	695	
Total comprehensive income for the year	-	106	708	1,608	-	2,422	-14	2,408	
Transactions with owners									
Dividends paid	-	-	-	-	-	-	-8	-8	
Acquisition of own shares	-	-	-	-17,358	-	-17,358	-	-17,358	
Sale of own shares	-	-	-	17,315	-	17,315	-	17,315	
Share-based payments	-	-	-	36	-	36	-	36	
Tax on entries on shareholders' equity	-	-	-	19	-	19	-	19	
Shareholders' equity at 31 December 2009	6,988	-184	-1,229	95,084	-	100,659	-	100,659	

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

**STATEMENT OF CAPITAL – DANSKE BANK GROUP**

(DKK millions)	2010	2009
<b>Earnings per share</b>		
Net profit for the year	3,661	1,727
Average number of shares outstanding	691,532,605	689,697,409
Number of dilutive shares issued for share-based payments	-	-
Average number of shares outstanding, including dilutive shares	691,532,605	689,697,409
Earnings per share (DKK)	5.3	2.5
Diluted earnings per share (DKK)	5.3	2.5

The share capital consists of shares of a nominal value of DKK 10 each. All shares carry the same rights; there is thus only one class of shares.

<b>Number of shares outstanding</b>		
Issued at 1 January and 31 December	698,804,276	698,804,276
Group holding of own shares	7,013,181	8,648,950
Shares outstanding at 31 December	691,791,095	690,155,326

<b>Holding of own shares</b>	Number 2010	Number 2009	Value 2010	Value 2009
Trading portfolio	3,364,430	3,831,953	481	452
Investment on behalf of customers	3,648,751	4,816,997	522	568
<b>Total</b>	<b>7,013,181</b>	<b>8,648,950</b>	<b>1,003</b>	<b>1,020</b>

	Trading portfolio	Investment on behalf of customers	Total 2010	Total 2009
Holding at 1 January	452	568	1,020	468
Acquisition of own shares	19,152	43	19,195	17,358
Sale of own shares	19,129	187	19,316	17,315
Value adjustment	6	98	104	509
<b>Holding at 31 December</b>	<b>481</b>	<b>522</b>	<b>1,003</b>	<b>1,020</b>

The Board of Directors is authorised to let Danske Bank acquire own shares up to a total nominal amount of 10% of Danske Bank's share capital. If shares are acquired for ownership, the acquisition price may not deviate by more than 10% from the quoted price at the time of acquisition.

The Group plans to raise about DKK 20 billion of new share capital in the first half of 2011 and has requested permission from the Danish government to prepay the state hybrid capital. The financial review contains additional information.

## STATEMENT OF CAPITAL – DANSKE BANK GROUP

(DKK millions)	2010	2009
<b>Capital base and total capital ratio</b>		
Shareholders' equity	104,742	100,659
Revaluation of domicile property	1,253	1,275
Pension obligations at fair value	-73	-1,155
Tax effect	2	262
Non-controlling interests	3,002	2,984
Shareholders' equity calculated in accordance with the rules of the Danish FSA	108,926	104,025
Proposed dividends	-	-
Intangible assets of banking operations	-22,666	-23,140
Deferred tax assets	-1,548	-2,223
Deferred tax on intangible assets	1,069	1,229
Revaluation of real property	-675	-753
Core tier 1 capital	85,106	79,138
Hybrid capital	42,208	41,099
Difference between expected losses and impairment charges	-	-
Statutory deduction for insurance subsidiaries	-2,422	-2,308
Other statutory deductions	-55	-
<b>Total tier 1 capital</b>	<b>124,837</b>	<b>117,929</b>
Subordinated debt, excluding hybrid capital	26,710	31,969
Hybrid capital	-	-
Revaluation of real property	675	753
Difference between expected losses and impairment charges	-	-
Statutory deduction for insurance subsidiaries	-2,422	-2,308
Other statutory deductions	-55	-
<b>Capital base</b>	<b>149,745</b>	<b>148,343</b>
Risk-weighted assets	844,209	834,242
Core tier 1 capital ratio (%)	10.1	9.5
Tier 1 capital ratio (%)	14.8	14.1
<b>Total capital ratio (%)</b>	<b>17.7</b>	<b>17.8</b>

## SUPPLEMENTARY INFORMATION

### Conference call

Danske Bank will hold a press conference and a conference call on 10 February 2011 upon the presentation of its annual report for 2010. The press conference is scheduled for 11.00am CET, and the conference call for 3.00pm CET. The conference call will be webcast live at [www.danskebank.com](http://www.danskebank.com).

### Financial calendar

29 March 2011	Annual general meeting
10 May 2011	Interim Report - First Quarter 2011
9 August 2011	Interim Report - First Half 2011
1 November 2011	Interim Report - First Nine Months 2011
9 February 2012	Annual Report 2011

### Contacts

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### Useful links

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

Danske Bank's audited Annual Report 2010 and online financial statements at [www.danskebank.com/onlinefinancialstatements](http://www.danskebank.com/onlinefinancialstatements) provide additional information.

*References to the planned share issue in this report do not constitute an offer to sell, or a solicitation of offers to purchase or subscribe for, securities in the United States. The securities referred to herein have not been, and will not be, registered under the Securities Act of 1933, as amended, and may not be offered, exercised or sold in the United States absent registration or an applicable exemption from registration requirements. The statements regarding the planned offering included herein are made pursuant to Rule 135c of the Securities Act of 1933, as amended.*