Interim report – first nine months 2023

Danske Bank Group

Danske Bank

Contents

Financial highlights – Danske Bank Group

Income statement (DKK millions)	Q1-Q3 2023	Q1-Q3 2022*	Index 23/22	Q3 2023	Q2 2023	Index Q3/Q2	Q3 2022*	Index 23/22	Full year 2022*
Net interest income	25,866	17,666	146	9,326	8,516	110	6,297	148	25,108
Net fee income	8,560	9,536	90	2,867	2,739	105	2,999	96	12,590
Net trading income	2,946	879	-	174	1,160	15	558	31	1,875
Net income from insurance business	922	-241	-	233	192	121	-139	-	280
Other income	324	1,203	27	431	-431	-	244	177	1,936
Total income	38,618	29,042	133	13,031	12,176	107	9,959	131	41,789
Operating expenses	18,822	19,570	96	6,204	6,338	98	6,777	92	26,478
of which resolution fund, bank tax etc.	741	728	102	245	243	101	237	103	962
of which impairment charges, other intangible assets	-	24	-	-	-	-	-	-	24
Provision for Estonia matter	-	14,000	-	-	-	-	14,000	-	13,800
Impairment charges on goodwill	-	1,627	-	-	-	-	1,627	-	1,627
Profit before loan impairment charges	19,796	-6,155	-	6,827	5,838	117	-12,445	-	-116
Loan impairment charges	294	794	37	322	-175	-	368	88	1,568
Profit before tax, core	19,502	-6,949	-	6,505	6,013	108	-12,813	-	-1,684
Profit before tax, Non-core	-55	-10	-	-30	5	-	-28	107	-13
Profit before tax	19,447	-6,959	-	6,475	6,018	108	-12,841	-	-1,697
Tax	3,950	2,177	181	1,156	1,007	115	834	139	2,883
Net profit	**15,497**	**-9,136**	**-**	**5,319**	**5,011**	**106**	**-13,674**	**-**	**-4,580**
Net profit before goodwill impairment charges and provision for Estonia matter	15,497	6,491	239	5,319	5,011	106	1,953	272	10,848
Attributable to additional tier 1 etc.	-	86	-	-	-	-	-	-	86
Balance sheet (end of period)									
Due from credit institutions and central banks	295,739	256,257	115	295,739	251,568	118	256,257	115	191,828
Repo loans	285,269	283,801	101	285,269	259,077	110	283,801	101	247,752
Loans	1,743,662	1,824,278	96	1,743,662	1,752,598	99	1,824,278	96	1,803,955
Trading portfolio assets	602,915	784,553	77	602,915	559,305	108	784,553	77	638,799
Investment securities	279,514	280,626	100	279,514	287,966	97	280,626	100	287,078
Assets under insurance contracts	506,426	805,863	63	506,426	502,546	101	805,863	63	502,995
Other assets (including Non-core)	115,674	111,924	103	115,674	118,546	98	111,924	103	118,149
Total assets	**3,829,199**	**4,347,301**	**88**	**3,829,199**	**3,731,608**	**103**	**4,347,301**	**88**	**3,790,556**
Due to credit institutions and central banks	68,821	104,668	66	68,821	71,592	96	104,668	66	91,159
Repo deposits	212,442	204,229	104	212,442	238,059	89	204,229	104	137,920
Deposits	1,123,448	1,187,316	95	1,123,448	1,092,945	103	1,187,316	95	1,169,879
Bonds issued by Realkredit Danmark	716,009	701,316	102	716,009	712,186	101	701,316	102	711,773
Other issued bonds	346,872	317,045	109	346,872	308,444	112	317,045	109	298,068
Trading portfolio liabilities	529,337	716,470	74	529,337	480,024	110	716,470	74	554,321
Liabilities under insurance contracts	487,225	769,757	63	487,225	486,606	100	769,757	63	488,891
Other liabilities (including Non-core)	137,352	150,520	91	137,352	134,766	102	150,520	91	139,918
Subordinated debt	39,053	40,008	98	39,053	38,338	102	40,008	98	38,350
Shareholders' equity	168,642	155,972	108	168,642	168,648	100	155,972	108	160,278
Total liabilities and equity	**3,829,199**	**4,347,301**	**88**	**3,829,199**	**3,731,608**	**103**	**4,347,301**	**88**	**3,790,556**
Ratios and key figures									
Dividend per share (DKK)	7	-		-	7		-		-
Earnings per share (DKK)	18.0	-10.7		6.2	5.8		-15.9		-5.4
Return on avg. shareholders' equity (% p.a.)	12.5	-7.3		12.6	12.0		-33.5		-2.8
Adj. return on avg. shareholders' equity (% p.a.)**	12.5	5.1		12.6	12.0		4.8		6.5
Net interest income as % p.a. of loans and deposits	1.19	0.78		1.31	1.18		0.83		0.83
Cost/income ratio (C/I), (%)	48.7	121.2		47.6	52.1		225.0		100.3
Adj. cost/income ratio (C/I), (%)**	48.7	67.4		47.6	52.1		68.0		63.4
Total capital ratio (%)	23.2	21.3		23.2	22.4		21.3		22.1
Common equity tier 1 capital ratio (%)	18.8	16.9		18.8	18.1		16.9		17.8
Share price (end of period) (DKK)	164.4	94.8		164.4	166.0		94.8		137.3
Book value per share (DKK)	196.4	181.9		196.4	196.4		181.9		186.7
Full-time-equivalent staff (end of period)	20,097	21,528	93	20,097	21,339	94	21,528	93	21,022

The financial highlights represent alternative performance measures that are non-IFRS measures. Note G3 provides an explanation of differences in the presentation between IFRS and the financial highlights. For a description of the alternative performance measures used and definition of ratios, see Definition of Alternative Performance Measures on page 30.

**Comparative information for financial highlights has been restated as explained in note G3.*

***Adjusted return on average shareholders' equity and Adjusted cost/income ratio exclude the effect of the provision for Estonia matter and the impairment charges on goodwill. See Definition of Alternative Performance Measures for more detail.*

Executive summary

During the first nine months of 2023, geopolitical tension and uncertainty increased even more. Despite this challenging operating environment, we note that macroeconomic sentiment, especially in Denmark, has improved recently. The inflationary pressure has eased, and the labour markets in the Nordic countries are resilient. Nevertheless, activity in the housing markets remained subdued, which had a negative effect on credit demand and customer-driven activity at our banking operations. Although macroeconomic sentiment has improved, and the credit quality of our portfolio is strong, we are mindful that the macroeconomic outlook remains uncertain, and the full effects of the new interest rate environment have yet to be seen. Also, we start to see slight credit deterioration in the economic sectors first affected by the interest rate increases. We therefore remain prudent, with significant buffers in place.

Against this backdrop, we continued to help our customers navigate the environment in the third quarter on the basis of our strong balance sheet, while also delivering on our strategic ambitions. The financial results for the third quarter and the first nine months of 2023 as a whole were driven primarily by higher net interest income, which was in line with our full-year outlook, due to the improved interest rate environment. We want to ensure that our offerings are attractive and competitive for our customers and therefore now offer positive interest rates on salary and budget accounts and have continuously raised interest rates on several of our savings account types. Fee income was higher in the third quarter than in the second quarter, benefiting from improved customer activity in the capital markets and stable investment activity, although activity in the housing markets relative to peak levels had a negative effect on lending fees. Income from insurance business was closer to a normalised level in the third quarter, and net trading income was lower, impacted by a one-off item and due to seasonality at Large Corporates & Institutions in the third quarter. Despite the inflationary environment, we were able to keep costs under control as operating expenses decreased 4% in the first nine months relative to the same period last year and 2% from the second to the third quarter of 2023 (not including one-off items).

In summary, this enabled us to achieve a strong return on equity of 12.5% and a net profit of DKK 15.5 billion for the first nine months of 2023.

Our solid financial results, well-capitalised balance sheet and good funding position with a strong deposit base continued to allow us to help our customers and other stakeholders navigate the new normal of macroeconomic uncertainty and higher rates. Fitch Ratings upgraded Danske Bank to A+ on the basis of our strong capitalisation and the expected completion of our remediation and financial crime prevention projects.

We are in the process of finalising our execution of the Better Bank strategy that we launched in the third quarter of 2019. Essentially, the Better Bank strategy has enabled us to improve Danske Bank since 2019 to the benefit of all stakeholders as we have delivered on the four strategic promises that we made in 2019, namely that we would ensure attractive solutions for customers, that we cared about and would develop our employees, that we contribute to society, and that we deliver strong returns to our investors. All four pillars have been solidified over the last four years, and we are in the process of finalising our execution of the Better Bank strategy. Therefore, in the Annual Report 2023, we will provide a more detailed update.

In the period since the launch of the Better Bank strategy, we have made major changes that have transformed our financial crime prevention setup. We have made significant progress in relation to our financial crime remediation plan and we are over 90% complete. The aim of the plan has been to design and implement effective controls which comply with applicable regulatory requirements and manage our financial crime risk within our risk tolerance. We remain committed to completing the plan by our target date of 31 December 2023.

As we approach completion of the plan, we are subjecting it to closure validation work. This work is currently being performed. There is a possibility that a small number of remaining items on the plan may not be closed out by December 2023. Danske Bank will prioritise these and seek to close them as soon as possible.

To strengthen our position further and unleash Danske Bank's full potential, we announced our new Forward '28 strategy in June. The new strategy will take effect from 2024 following the conclusion of the Better Bank strategy period that ends at year-end 2023. With Forward '28, we set our strategic direction towards 2028 and have set new financial targets for 2026, reflecting our ambition to deliver a solid return on equity of 13% with a CET1 capital ratio of above 16%.

Sustainability is a core part of our strategy, and in the third quarter of 2023, our progress in this area continued. Through an analysis of portfolio data, Danske Bank has obtained an initial understanding of the drivers and sectors in its lending and investment portfolios that potentially have a negative impact on nature and biodiversity. The findings will lay the foundation for future engagement with customers and investee companies.

Danske Bank and Realkredit Danmark also ramped up ESG efforts in the property sector with a new reporting tool intended to make ESG reporting easier for real estate companies. Furthermore, Danske Bank received an 'A' score in Position Green's annual assessment of 300 companies' ESG reporting in Denmark, Norway and Sweden.

Capital and funding
Danske Bank's underlying business is strong, our treasury asset and liability management is prudent, and our capital and liquidity positions continue to be strong with significant buffers well above the regulatory requirements. At the end of September 2023, our liquidity coverage ratio stood at 173% (30 September 2022: 159%), with an LCR reserve of DKK 604 billion (31 December 2022: DKK 570 billion), and our net stable funding ratio stood at 127%.

Total deposits were up 3% from the preceding quarter, with the increase driven by deposit inflows stemming from our competitive savings products, such as Danske Toprente.

Financials
Danske Bank delivered a net profit of DKK 15,497 million in the first nine months of 2023 (Q1-Q3 2022: a loss of DKK 9,136 million). The result for the first nine months of 2022 was affected by the additional provision for the Estonia matter of DKK 14,000 million and the goodwill impairment charge of DKK 1,627 million. Excluding the additional provision for the Estonia matter and the goodwill impairment charge, net profit amounted to DKK 6,491 million in the first nine months of 2022.

Net interest income showed a strong development due to repricing actions and income from deposits driven by the positive interest rate environment. We aim to always offer our customers an attractive value proposition at competitive prices and took several pricing actions in the third quarter, lifting interest rates on both transaction accounts and savings accounts across the markets in which we operate.

Net fee income was higher in the third quarter than in the second quarter because of increased capital markets activity, stable investment activity and improving, though still low, housing market activity towards the end of the quarter. Net fee income in the first nine months was lower than in the same period last year due mainly to the slowdown in the housing market and lower fees from assets under management.

Net trading income rose, with the increase driven by the fixed income strategy implemented at Large Corporates & Institutions towards the end of 2022. In the third quarter, net trading income was negatively affected by the reclassification through profit and loss of the loss on a CET1 FX hedge related to the sale of our personal customer business in Norway of DKK 786 million.

Net income from insurance business recovered from the level in the first nine months of 2022 due primarily to the more positive developments in the financial markets in 2023 and amounted to DKK 922 million. Net income was negatively affected by a provision of DKK 250 million for possible compensation to customers in relation to an omission to provide advice concerning indexation of the state pension age.

Other income benefited from a one-off gain of DKK 104 million related to the sale of Danske IT in India, which was, however, more than offset by a provision for prudent valuation and expected transaction costs, amounting to DKK 693 million, related to the agreement to sell our personal customer business in Norway.

Operating expenses were lower than in the first nine months of 2022 as underlying expenses developed according to plan and are on track to meet our full-year guidance. The trend in expenses also benefited from exchange rate developments, which were partly offset by inflation, though. Furthermore, the corresponding period in 2022 was affected by a provision of DKK 600 million related to the debt collection case.

The number of FTEs decreased by 1,242 from the level in the second quarter due mainly to staff in Danske IT India being transferred to InfoSys in September.

Credit quality was strong overall with a low level of loan impairments. We are starting to see some deterioration in credit quality for large customers in specific sectors that is driven by single names. We monitor certain sectors, such as commercial real estate, prudently and have made sufficient post-model adjustments to cover the increasing risks.

Changes to the Executive Leadership Team
On 1 August 2023, Joachim Alpen joined Danske Bank as new Head of Large Corporates & Institutions and member of Danske Bank's Executive Leadership Team.

Danske IT in India
We have entered into a strategic partnership with Infosys. The partnership supports us in the digital and technology transformation we have undertaken to be a leading bank in a digital age.

Dividend for 2023
In connection with the interim report for the first half-year, we paid an interim dividend of DKK 7 per share, corresponding to 59% of net profit for the period, to our shareholders.

Danske Bank's dividend policy remains unchanged, targeting a dividend payout of 40-60% of net profit. Danske Bank has strong capital and liquidity positions, and the Board of Directors remains committed to our capital distribution policy.

Outlook for 2023

The outlook for 2023 is narrowed as we now expect net profit for 2023 to be in the range of DKK 19.5-20.5 billion, including different one-off items recognised during the first nine months of 2023.

We expect net interest income to continue to grow on the basis of the announced central bank rate hikes and our continued efforts to drive commercial momentum.

Net fee income is expected to be below the level in 2022.

Net trading income is expected to be at a normalised level including the release of a loss from Other comprehensive income on the CET1 FX hedge attributable related to the sale of our personal customer business in Norway.

Income from insurance business is expected to be lower than the normalised level due to negative valuation effects, higher claims and a provision for potential customer compensation.

We maintain our outlook for operating expenses in 2023 to be in the range of DKK 25-25.5 billion, reflecting the effect of our continued focus on cost management and despite the inflationary pressure. The outlook includes continually elevated remediation costs for approximately DKK 1.1 billion, including the impact of the new Danish bank tax.

We expect loan impairment charges of up to DKK 1 billion due to continually strong credit quality, recoveries in the first half of the year, a few single-names and a lower-than-expected impact in the first nine months of the year from model-driven charges related to the weaker macroeconomic outlook.

The outlook is as usual subject to uncertainty and depends on financial market conditions.

Financial review

Q1-Q3 2023 vs Q1-Q3 2022

Net profit increased to DKK 15,497 million (Q1-Q3 2022: a loss of DKK 9,136 million) as a result of significant increases in net interest income, net trading income and income from insurance business. Net profit also benefited from a decline in loan impairment charges and stable operating expenses. The result for the first nine months of 2022 was affected by the additional provision for the Estonia matter of DKK 14,000 million and the goodwill impairment charge of DKK 1,627 million. Excluding the additional provision for the Estonia matter and the goodwill impairment charge, net profit amounted to DKK 6,491 million in the first nine months of 2022.

Income

Net interest income increased to DKK 25,866 million (Q1-Q3 2022: DKK 17,666 million) and developed in line with our full-year outlook. The increase was due primarily to repricing actions and income from deposits driven by the rise in market rates. A one-off interest compensation of DKK 307 million related to a final tax decision by the tax authorities regarding tax paid in previous years also contributed to the increase.

Net fee income was down and stood at DKK 8,560 million (Q1-Q3 2022: DKK 9,536 million). Service fees increased due to repricing actions and the transfer of customers to a subscription fee service model implemented in mid-2022. The increase in service fees was offset by a decline in fees from new lending related to our commercial real estate business that was caused by the general slowdown in the housing market combined with customers switching from mortgage loans to bank loans. The latter resulted in fee income accruing over the expected maturity of the loan instead of at origination. Fees from assets under management and fees on advisory services were also lower.

Net trading income increased to DKK 2,946 million (Q1-Q3 2022: DKK 879 million), with the increase driven by the fixed income strategy implemented at Large Corporates & Institutions towards the end of 2022, which has resulted in a more stable income generated on the basis of solid customer activity and with very limited drawdowns despite the challenging market environment. The reclassification through profit and loss of the loss of DKK 786 million on a CET1 FX hedge following the announcement of the sale of our personal customer business in Norway had a negative effect on net trading income but a positive effect on Other comprehensive income.

Net income from insurance business recovered and amounted to DKK 922 million (Q1-Q3 2022: loss of DKK 241 million) due primarily to more positive developments in the financial markets in 2023 than the year before. The increase was driven mainly by positive investment results on insurance products where Danica Pension has the investment risk and positive investment returns on Danica Pension's equity capital. A provision of DKK 250 million for possible compensation to customers in relation to an omission to provide advice concerning indexation of the state pension age had a negative effect on income. Danica Pension continued to see a rise in new health and accident claims, which resulted in a decrease in the insurance service result.

Other income amounted to DKK 324 million (Q1-Q3 2022: DKK 1,203 million). Other income benefited from a one-off gain of DKK 104 million on the sale of Danske IT in India, which was, however, more than offset by a provision for prudent valuation and expected transaction costs, amounting to DKK 693 million, related to the agreement to sell our personal customer business in Norway. Furthermore, in the first nine months of 2022, Other income saw a positive effect from a one-off gain of DKK 421 million on the sale of our activities in Luxembourg.

Operating expenses

Operating expenses amounted to DKK 18,822 million (Q1-Q3 2022: DKK 19,570 million) as underlying expenses continued to develop according to plan. Furthermore, the first nine months of 2022 were affected by a provision of DKK 600 million related to the debt collection case. Operating expenses benefited from exchange rate developments, but this positive effect was partly offset by inflation.

The Resolution fund, bank tax etc. item continued to increase and stood at DKK 741 million (Q1-Q3 2022: DKK 728 million).

Provision for the Estonia matter

In the third quarter of 2022, an additional provision of DKK 14,000 million was made. In addition to this, a provision of DKK 1,500 million was booked in 2018. No provision for the Estonia matter has been made in 2023.

Impairment charge on goodwill

In the third quarter of 2022, goodwill in Danica Pension amounting to DKK 1,627 million was assessed to be impaired and was written off due to increasing discount rates and the current turbulence in the financial markets. No impairment charge on goodwill has been made in 2023.

Loan impairment charges

Loan impairments in core business segments remained low overall in the first nine months of 2023, amounting to a net charge of DKK 294 million (Q1-Q3 2022: DKK 794 million). The first nine months of 2022 were affected by a provision of DKK 650 million related to the debt collection case.

Impairments reflect successful restructuring activities and continued post-pandemic recoveries, contributing to overall stable credit quality. The macroeconomic situation, mainly in terms of declining property prices and interest rate hikes, continues to impact impairments, and the macroeconomic landscape remains uncertain and develops at a fast pace. We continue to apply significant post-model adjustments related to the macroeconomic uncertainty and remain watchful of any possible credit deterioration.

Loan impairment charges

	Q1-Q3 2023		Q1-Q3 2022	
(DKK millions)	Charges	% of net credit exposure[1]	Charges	% of net credit exposure[1]
Personal Customers	333	0.05	334	0.05
Business Customers	246	0.05	-90	-0.02
Large Corporates & Institutions	-163	-0.06	-155	-0.07
Northern Ireland	-119	-0.29	36	0.09
Group Functions	-4	-0.25	669	23.16
Total core	**294**	**0.02**	**794**	**0.06**

[1] *Defined as net credit exposure from lending activities in core segments, excluding exposure related to credit institutions and central banks and loan commitments.*

Personal Customers saw impairment charges comparable to those in the first nine months of 2022. Charges for the first nine months of 2023 were driven by a combination of updated macroeconomic scenarios and falling property prices. Underlying credit quality remained stable.

Business Customers had higher impairment charges than in the first nine months of 2022, while Large Corporates & Institutions continued to see a net reversal owing to successful restructuring within the shipping, oil and gas sectors and post-pandemic recoveries resulting in a decline in charges made against facilities to individual customers.

A low GDP, rising interest rates and downward pressure on property prices remained the primary factors behind the macroeconomic scenarios. The scenario weights were updated from the end of 2022 and were as follows: The base-case scenario has a probability of 60% (2022: 70%), the upside scenario has a probability of 20% (2022: 10%) and the downside scenario has a probability of 20% (2022: 20%).

Tax

The tax expense of DKK 3,950 million (Q1-Q3 2022: DKK 2,177 million) corresponds to an effective tax rate of 20.3%. The effective tax rate in the first nine months of 2023 saw a positive effect from a payment of DKK 670 million from the tax authorities, booked in the third quarter, due to a correction of tax paid in previous years on certain financial assets and liabilities measured at amortised cost and from the reversal of a provision of DKK 576 million following a final decision from the tax authorities regarding the exit from the international joint taxation scheme in 2019. This more than offset the increase in the tax rate applicable to financial institutions to 25.2% in 2023 from 22% in 2022. Excluding the additional provision for the Estonia matter and the goodwill impairment charge, the effective tax rate was 25.1% in the first nine months of 2022.

DKK 5,319 million

Net profit

for the third quarter of 2023

Q3 2023 vs Q2 2023

Net profit increased to DKK 5,319 million (Q2 2023: DKK 5,011 million). Increases in net interest income, in net income from insurance business and in other income had a positive effect on the result.

- **Net interest income** increased to DKK 9,326 million (Q2 2023: DKK 8,516 million), driven by increased margins on deposits as a consequence of rising market rates and repricing actions. Furthermore, the increase was due to one-off income of DKK 307 million concerning interest related to a final decision by the tax authorities regarding tax paid in previous years.
- **Net fee income** amounted to DKK 2,867 million (Q2 2023: DKK 2,739 million) as income from capital markets advisory services increased due to an activity uptick in the third quarter, and fees from Asset Management also rose, driven by an increase in assets under management. Furthermore, service fees and refinancing and loan establishment fees were higher due to an increase in customer activity.
- **Net trading income** decreased to DKK 174 million (Q2 2023: DKK 1,160 million) due primarily to the negative effect of the reclassification through profit and loss of the loss of DKK 786 million on a CET1 FX hedge following the announcement of the sale of our personal customer business in Norway, which, however, had a positive effect on Other comprehensive income. The second quarter was furthermore affected by the sale of shares taken over in connection with a loan. The sale resulted in a gain of DKK 327 million.
- **Net income from insurance business** increased to DKK 233 million (Q2 2023: DKK 192 million). The insurance service result decreased DKK 59 million as a result of a rise in new health and accident claims. The net financial result increased due to a positive development in investment results on insurance products where Danica Pension has the investment risk. The third quarter of 2023 also included the provision of DKK 250 million for possible compensation to customers.
- **Other income** increased to DKK 431 million (Q2 2023: a loss of DKK 431 million) due mainly to a one-off gain of DKK 104 million related to the sale of Danske IT in India. The second quarter was affected by a provision related to prudent valuation and expected transaction costs, amounting to DKK 693 million, related to the agreement to sell our personal customer business in Norway.
- **Operating expenses** amounted to DKK 6,204 million (Q2 2023: DKK 6,338 million) and were flat relative to the second quarter.
- **Loan impairment charges** for core business segments amounted to DKK 322 million in the third quarter (Q2 2023: a net reversal of DKK 175 million). Impairment charges were driven by single-name exposures, while overall credit quality remained resilient.
- **Tax** amounted to DKK 1,156 million (Q2 2023: DKK 1,007 million). The effective tax rate was 17.9% (Q2 2023: 16.7%) and saw a positive effect from a payment of DKK 670 million from the tax authorities due to a correction of tax paid in previous years on certain financial assets and liabilities measured at amortised cost.

Lending and deposits
Lending stood at DKK 1,744 billion (end-2022: DKK 1,804 billion). Mortgage lending at nominal value at Realkredit Danmark amounted to DKK 808 billion (end-2022: DKK 802 billion). Lending volumes in Sweden and Norway saw a negative effect from the depreciation of the currencies.

At Large Corporates & Institutions, we saw a decrease in lending volumes in General Banking of 5% from the level at the end of 2022 as the operating environment and capital markets conditions have improved during 2023. Market shares in cash management increased as new house bank mandates were added in all Nordic countries. Relative to the level at the end of 2022, total lending decreased 7% due mainly to a decrease in lending volumes in Norway as a result of the depreciation of the Norwegian krone.

Despite a positive inflow of bank lending volumes in Finland and Norway, lending volumes at Business Customers were at the same level as at the end of 2022.

At Personal Customers, we saw an increase in bank lending volumes in Denmark of 8%. The general slowdown on the housing market had a negative effect on mortgage volumes in all four Nordic countries. Total lending across markets decreased 5% from the level at the end of 2022 due mainly to the depreciation of the currencies in Sweden and Norway.

In Denmark, new gross lending, excluding repo loans, amounted to DKK 84.8 billion. Lending to personal customers accounted for DKK 19.2 billion of this amount.

Deposits amounted to DKK 1,123 billion at the end of September 2023 (end-2022: DKK 1,170 billion). Deposit volumes in Sweden and Norway decreased due mainly to the depreciation of the currencies.

Deposit volumes at Personal Customers in Denmark increased 5% from the level at the end of 2022, driven primarily by the new savings products launched in the first quarter of 2023. Total deposit volumes decreased 1% from the level at the end of 2022 due mainly to the depreciation of the currencies in Sweden and Norway and the announcement of Danske Bank exiting the personal customer market in Norway.

At Business Banking, deposit volumes were negatively affected by our decision to reduce deposits in the public sector in Norway. Combined with the depreciation of the currencies in Sweden and Norway, total deposit volumes decreased 7% from the level at the end of 2022.

Credit exposure
Credit exposure from lending activities in core business segments increased to DKK 2,557 billion (end-2022: DKK 2,513 billion). The increase was driven by higher deposits with central banks, while the decrease in exposure at Personal Customers Norway and Sweden was caused mainly by weaker NOK and SEK exchange rates.

Risk Management 2022, section 3, which is available at danskebank.com/ir, provides details on Danske Bank's credit risks.

Credit quality
Credit quality remained strong in the first nine months of 2023 for all business units. However, we remain vigilant for any possible deterioration related to the uncertainty mentioned in the loan impairment charges section above.

Stage 3 loans in core segments (DKK millions)	30 Sep. 2023	31 Dec. 2022
Gross exposure	35,736	32,132
Allowance account	8,673	8,251
Net exposure	**27,064**	**23,881**
Collateral (after haircut)	**22,953**	**22,442**
Stage 3 coverage ratio (%)	68	85

The stage 3 coverage ratio is calculated as allowance account stage 3 exposures relative to gross stage 3 net of collateral (after haircuts).

Total gross credit exposure in stage 3 increased to DKK 35.7 billion, driven by single-name exposures (end-2022: DKK 32.1 billion), corresponding to 1.4% of total gross exposure. Stage 3 exposure was concentrated on personal customers, shipping, oil and gas, commercial property and agriculture, which combined accounted for 62% of total gross exposure in stage 3.

The stage 3 coverage ratio declined to a more normalised level relative to the high coverage ratio at the end of 2022, with the development driven mainly by single-name exposures.

Total gross exposure in stage 2 has decreased DKK 29.0 billion since the end of 2022, primarily in the business and personal customers segments, due mainly to portfolio developments.

The allowance account amounted to 1.08% (end-2022: 1.02%) of credit exposure.

Allowance account by business units	30 Sep. 2023		31 Dec. 2022	
(DKK millions)	Accum. impairm. charges	% of credit exposure[1]	Accum. impairm. charges	% of credit exposure[1]
Personal Customers	5,291	0.68	5,427	0.66
Business Customers	10,494	1.59	10,235	1.58
Large Corporates & Institutions	3,315	0.94	3,050	0.76
Northern Ireland	781	1.30	863	1.56
Group Functions	25	3.01	31	0.78
Total	**19,906**	**1.08**	**19,605**	**1.02**

[1] *Relating to lending activities in core segments.*

Interest rate risk in the banking book
Danske Bank is exposed to interest rate risk in the banking book resulting from providing the Group's core banking customers with conventional banking products and from the Group's funding and liquidity management activities at Group Treasury (for more details, please see section 5.3.3 of Risk Management 2022).

As part of managing the interest rate risk in the banking book, the Group holds high-rated bonds. To ensure aligned accounting treatment across the banking book, these bonds are held at amortised cost. As interest rates have risen, asset values in the banking book, including bonds held at amortised cost, have fallen. This should be seen in light of the significant increase in net interest income from deposits and the corresponding impact on liability values. The carrying amount and fair value of the Group's hold-to-collect bond instruments can be seen in note G12.

Funding and liquidity

In the third quarter of 2023, market sentiment continued to be influenced by the inflation outlook, central bank reactions as well as a continually tense geopolitical situation. The credit markets stayed active with stable investor appetite for Danske Bank issues.

At the end of September 2023, the Group had issued covered bonds of DKK 29 billion, preferred senior debt of DKK 39 billion and non-preferred senior debt of DKK 16 billion, thus bringing total long-term wholesale funding to DKK 84 billion.

Our strategy is to be a regular issuer in the EUR benchmark format and in the domestic USD market for senior and non-preferred senior bonds in the Rule 144A format. Our strategy of securing more funding directly in our main lending currencies, including NOK and SEK, remains in place. The benchmark issues are expected to be supplemented by private placements of bonds.

From time to time, we will make issues in GBP, JPY, CHF and other currencies when market conditions allow. Issuance plans for subordinated debt in either the additional tier 1 or tier 2 formats will depend on balance sheet growth and redemptions on the one hand and our capital targets on the other. Any issuance of subordinated debt may cover part of our funding need. Note G6 provides more information about bond issues in 2023.

Danske Bank's liquidity position remained robust. At the end of September 2023, our liquidity coverage ratio stood at 173% (31 December 2022: 151%), with an LCR reserve of DKK 604 billion (31 December 2022: DKK 570 billion), and our net stable funding ratio stood at 127%.

At 30 September 2023, the total nominal value of outstanding long-term funding, excluding debt issued by Realkredit Danmark, was DKK 360 billion (31 December 2022: DKK 357 billion).

Capital ratios and requirements

At the end of September 2023, the Group's total capital ratio was 23.2%, and its CET1 capital ratio was 18.8%, against 22.1% and 17.8%, respectively, at the end of 2022. The movement in the capital ratios in the first nine months of 2023 was driven by an increase in net profit after dividends, a decrease in the insurance deduction and a decrease in the REA. This was partly counterbalanced by a decline in the IFRS 9 add-back.

During the first nine months of 2023, the total REA decreased approximately DKK 17 billion due mainly to a decline in credit risk and market risk.

Danske Bank's capital management policies are based on the Internal Capital Adequacy Assessment Process (ICAAP). In this process, Danske Bank determines its solvency need ratio. The solvency need ratio consists of the 8% minimum capital requirement under Pillar I and an individual capital add-on under Pillar II.

Capital ratios and requirements

(% of the total REA)	30 Sept. 2023	Fully phased-in*
Capital ratios		
CET1 capital ratio	18.8	18.6
Total capital ratio	23.2	23.0
Capital requirements (incl. buffers)**		
CET1 requirement	14.3	14.3
- portion from countercyclical buffer	2.0	2.0
- portion from capital conservation buffer	2.5	2.5
- portion from Norwegian SyRB	0.5	0.5
- portion from SIFI buffer (O-SII)	3.0	3.0
Solvency need ratio	10.9	10.9
Total capital requirement	**18.9**	**18.9**
Buffer to requirement		
CET1 capital	4.5	4.3
Total capital	4.3	4.1

** Based on fully phased-in rules and requirements, including the fully phased-in impact of IFRS 9.*

*** The total capital requirement consists of the solvency need ratio and the combined buffer requirement. The fully phased-in countercyclical capital buffer is based on the buffer rates announced at the end of September 2023.*

At the end of September 2023, the Group's solvency need ratio was 10.9%, an increase of 0.3 percentage points from the level at the end of 2022.

A combined buffer requirement (CBR) applies to financial institutions in addition to the solvency need ratio. At the end of September 2023, the Group's CBR was 8.0%, an increase of 1.0 percentage points from the level at the end of 2022 due to increases in the national countercyclical buffer rates in Denmark, Norway and Sweden, and the reciprocation of the 4.5% Norwegian systemic risk buffer (SyRB) in Denmark, which took effect on 4 August 2023.

The calculation of the solvency need ratio and the combined capital buffer requirement is described in more detail in section 6 of Risk Management 2022, which is available at danskebank.com/ir.

Minimum requirement for own funds and eligible liabilities

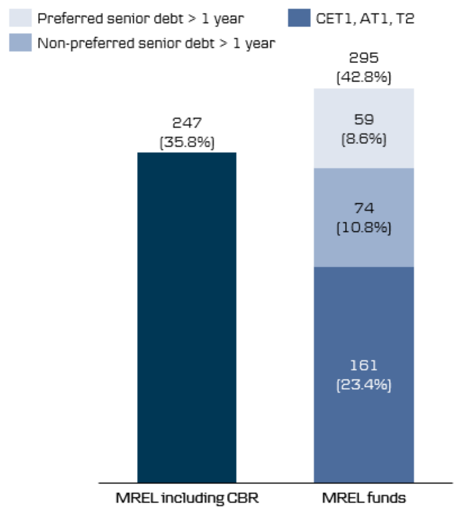
The Danish FSA sets the MREL at two times the solvency need plus one time the SIFI buffer, the capital conservation buffer and the systemic risk buffer. Furthermore, the CBR must be met in addition to the MREL. In the annual MREL decision from the Danish FSA, the (backward-looking) MREL was set at 26.7% of the total REA adjusted for Realkredit Danmark.

At the end of September 2023, the point-in-time requirement including the CBR was equivalent to DKK 247 billion, or 35.8% of the total REA adjusted for Realkredit Danmark. Taking the deduction of capital and debt buffer requirements for Realkredit Danmark into account, MREL-eligible liabilities amounted to DKK 295 billion. In addition, an MREL of 6% of the leverage ratio exposure (LRE) is in place. The LRE-based requirement equalled 23.0% of the total REA adjusted for Realkredit Danmark, making the REA-based requirement the binding constraint.

The Danish FSA has set the subordination requirement as the higher of 8% of total liabilities and own funds (TLOF) and two times the solvency need plus one time the CBR.

At the end of September 2023, the subordination requirement was equivalent to DKK 205 billion. The backward-looking subordination requirement, as set by the Danish FSA, was 28.5% of the total REA adjusted for Realkredit Danmark. MREL-eligible subordinated liabilities stood at DKK 236 billion.

MREL requirement and eligible funds; end-Q3 2023; DKK billions (% of total REA)



Note: The requirement and eligible funds are adjusted for Realkredit Danmark's capital and debt buffer requirements.

Leverage ratio

At the end of September 2023, the Group's leverage ratio was 5.1% under the transitional rules and 5.0% under the fully phased-in rules.

Capital targets and capital distribution

The CET1 capital ratio target of above 16% was re-affirmed at the Group's Investor Update on 7 June 2023 and ensures a sufficiently prudent buffer in relation to the capital requirement. Danske Bank fully meets this capital target.

The Board of Directors will continue to adapt the capital targets to regulatory developments in order to ensure a strong capital position.

Based on our strong performance in the first half of 2023 and our strong capital position, the Board of Directors approved an interim dividend of DKK 7 per share, corresponding to 59% of net profit for the first half of 2023. The dividend was paid out in July 2023.

Danske Bank's dividend policy remains unchanged, targeting a dividend of 40-60% of net profit.

Danske Bank has strong capital and liquidity positions, and the Board of Directors remains committed to our capital distribution policy.

The Supervisory Diamond

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

At the end of September 2023, Danske Bank was in compliance with all threshold values. A separate report is available at danskebank.com/ir.

Realkredit Danmark also complies with all threshold values.

New regulation

As part of the EU Banking Package 2021 and in order to implement Basel IV, the European Commission adopted proposals in October 2021. On 27 June 2023, the EU co-legislators reached a provisional political agreement on the proposals for implementing Basel IV.

On the basis of the Group's current and updated analysis of the EU Banking Package 2021, including the provisional agreement, the Group's current capital planning takes into account the expected REA impact of the initial implementation in 2025. The fully phased-in impact of the EU Banking Package on the Group depends on the final legal text, which is still outstanding. Taking into account the transitional arrangements with regard to the output floor, the Group currently expects the output floor to restrict the Group at the earliest in 2033, when the transitional arrangements are set to lapse.

On 3 October 2023, it was announced that the Danish Systemic Risk Council had recommended to the Danish minister for Industry, Business and Financial Affairs to activate a sector-specific Systemic Risk Buffer (SyRB) with a buffer rate of 7% for exposures to real estate companies in Denmark. The Danish government intends to follow the recommendation and activate the SyRB with effect from 30 June 2024. The formal government decision is, however, subject to approval from the Commission.

Credit ratings

On 15 September 2023, Fitch Ratings (Fitch) upgraded Danske Bank's issuer rating to A+ from A. The outlook is Stable. As a consequence, all debt ratings were raised one notch. The key drivers were the Group's capitalisation, improved earnings metrics and Fitch's view on the closure of the Estonia case. On 10 July 2023, Moody's Investors Service (Moody's) revised the outlook for the Danske Bank Group to Positive from Stable.

Danske Bank's credit ratings

	Fitch	Moody's	S&P
Counterparty rating	AA-	A1/P-1	AA-/A-1+
Deposits	AA-/F1+	A2/Positive /P-1	-
Preferred senior debt	AA-/F1+	A3/P-2	A+/A-1
Issuer rating	A+/F1	A3/P-2	A+/A-1
Outlook	Stable	Positive	Stable
Non-preferred senior debt	A+	Baa2	BBB+
Tier 2	A-	-	BBB
AT1	BBB	-	BB+

Environmental, Social and Governance (ESG) ratings

There were no ESG credit rating changes in the third quarter of 2023.

Danske Bank's ESG ratings	Score at 30 September 2023	Score at 30 June 2023
CDP Worldwide, UK	B	B
ISS ESG, USA	C+ Prime	C+ Prime
MSCI ESG Ratings, USA	BBB	BBB
Sustainalytics, USA	Medium Risk	Medium Risk
Moody's ESG Solutions, USA	60	60

Estonia matter

As announced on 13 December 2022, Danske Bank has reached final coordinated resolutions with the US Department of Justice (DoJ), the US Securities and Exchange Commission (SEC) and the Danish Special Crime Unit (SCU) following the investigations into failings and misconduct related to the non-resident portfolio at Danske Bank's former Estonia branch. The aggregate amounts payable to the US and Danish authorities were paid in January 2023. The coordinated resolutions marked the end of the criminal and regulatory investigations into Danske Bank by the authorities in Denmark and the United States.

As part of the Bank's agreement with DoJ, Danske Bank was placed on corporate probation for three years from 13 December 2022 until 13 December 2025, and Danske Bank is committed to continuing to improve its compliance programmes. Danske Bank has taken extensive remediation action to address those failings to prevent any similar occurrences, and the Bank remains in contact with DoJ as a matter of post-resolution obligations set forth in the agreement with DoJ.

The Bank remains subject to a criminal investigation by authorities in France and has posted bail in the amount of DKK 80 million. The Bank continues to cooperate with the authorities.

Civil claims

Danske Bank is subject to ongoing litigation in relation to the Estonia matter. This includes, inter alia, an action against Danske Bank (and other defendants) in the US and a number of court cases initiated against Danske Bank in Denmark. These civil claims were not included in the coordinated resolutions with DoJ, SEC and SCU. Danske Bank will continue to defend itself vigorously against these claims. The timing of completion of any such civil claims (pending or threatening) and their outcome are uncertain and could be material.

Update on the debt collection case

As announced on 31 August 2022, Danske Bank has chosen an accelerated solution for its debt collection customers, whereby approximately 90,000 debt collection customers in Denmark will have their debt to the bank set to zero, and Danske Bank will not collect this debt. In the fourth quarter of 2022, we began communicating to customers whose debt is set to zero and at present, nearly 90% of the debt in approximately 90,000 active customer cases has been set to zero.

Furthermore, Danske Bank has decided to pay compensation on the basis of a data-driven model to the customers who were at risk of having been subject to overcollection related to the issues in the historical debt collection systems.

The work involved in paying compensation to the debt collection customers who may have been subject to overcollection began earlier this year, and we expect the compensation payout to the majority of these customers to be completed by the end of 2023.

In the third quarter of 2022, operating expenses were impacted by a one-off amount of DKK 600 million, whereas write-downs of debt increased loan impairment charges by a one-off amount of DKK 650 million, which includes part of the compensation to customers. It was furthermore communicated that further sample checks related to the customer compensation model were needed, and this work has now resulted in us taking a more conservative approach, which is to the benefit of our debt collection customers. This approach impacted our operating expenses by a further DKK 310 million in the fourth quarter of 2022 to cover compensation to debt collection customers for potential overcollection of debt.

Danske Bank continues to have a dialogue with and report progress with the debt collection case to the impartial reviewers appointed by the Danish FSA.

Changes to the Executive Leadership Team

On 1 August 2023, Joachim Alpen joined Danske Bank as new Head of Large Corporates & Institutions and member of Danske Bank's Executive Leadership Team.

Personal customer business in Norway

Following the Forward '28 strategy announcement in June, Danske Bank has entered into an agreement to sell its personal customer business in Norway to Nordea. The sale of the personal customer business includes the management of 15 Danske Invest Horisont funds, which are primarily distributed to personal customers in Norway. The transaction is subject to regulatory approvals. Pending these approvals and preparation of the transfer of the customers, the transaction is expected to close in the fourth quarter of 2024.

Danske Bank enters into strategic partnership with Infosys

As part of our Forward '28 strategy, we announced our ambition to be a leading bank in a digital age. To support us in this digital and technology transformation, we have entered into a strategic partnership with Infosys, a global leader in digital services and consulting.

As at 1 September, Danske Bank has sold Danske IT, a wholly owned subsidiary of Danske Bank headquartered in Bengaluru, India, to Infosys. Danske IT covers IT development and operations for Danske Bank. As part of the sale, the 1,400 employees at Danske IT have transferred to Infosys, which employs more than 300,000 people globally.

Closing of the Remediation Office

In 2020, we established a Remediation Office, which was tasked with overseeing the remediation of legacy issues at Danske Bank that were characterised by having a high degree of complexity and a large time span. As these legacy issues have now either been or are well underway to being resolved, the Remediation Office will now close.

Business units

Our five commercial business units support our strategy for each customer segment.

Personal Customers

Our Personal Customers unit provides advisory services to personal customers and Private Banking customers in Denmark, Sweden, Norway and Finland. Our advisers and experts are there to help customers when and how it best suits the individual customer – at online meetings, via our websites or if so required over the phone or at a branch.
When our customers need to make important financial decisions about, for example, their home, investments or pension, we offer customised advice that is based on their current situation and needs. And with our intuitive digital solutions, we aim to make it as easy as possible for our customers to do most of their banking business whenever and wherever they want.

Business Customers

We offer our customers advice that adds value to their business, no matter whether the customer is a sole proprietor or an entity in a multinational group. Our strategic advisory services are always based on the needs of the business, for example in connection with growth, an acquisition, a change of ownership, strategic development or international expansion.
Our business customers have access to the market's most innovative digital solutions that make day-to-day banking easy and pave the way for new insights and opportunities.

Large Corporates & Institutions

Large Corporates & Institutions caters to the most complex financing and transaction needs of large corporate and institutional customers, and we help them to prosper and grow.
We offer expertise in financing, risk management, investments and financial advisory services, and our customers have access to our award-winning transaction banking solutions.
Thanks to our extensive network and our many years of experience, we serve as intermediary between issuers and investors with a view to creating financing and investment opportunities. Our goal is to be an inspirational partner that understands the customers' strategic agendas and offers tailored solutions to meet their needs.

Danica Pension

Danica Pension's strategy is based on our ambition to be our customers' financial security provider and thereby enhance customer satisfaction. We focus on proactively helping our customers – both personal and business customers – to ensure that they have the right pension, insurance and healthcare solutions, while we also generate attractive returns after costs and contribute to creating a more sustainable society.

Northern Ireland

Danske Bank is the leading bank in Northern Ireland, serving personal, business and corporate customers. The business is also a growing bank in targeted sectors across the rest of the United Kingdom. We support our customers through face-to-face, online and mobile solutions. Our focus in Northern Ireland is on remaining a stable, strong and risk-astute bank, consolidating our market-leading position alongside pursuing prudent low-cost growth opportunities in the rest of the UK.

Personal Customers

In the first nine months of 2023, Personal Customers saw an increase in net interest income of 77% from the same period last year, mainly as a result of repricing actions and higher income from deposits driven by market developments. Fee income decreased 18% from the same period last year, but customer activity picked up in the third quarter of 2023 relative to the preceding quarters, and this had a positive effect on especially service fees. Also, fees from loan establishment and remortgaging increased from the level in the preceding quarters, although the level for the first nine months was still significantly lower than in the first nine months of 2022.

Profit before tax amounted to DKK 6,167 million in the first nine months of 2023, an increase of 111% from the same period in 2022. The increase was driven by higher net interest income and lower operating expenses due to prudent cost controlling and fewer FTEs, while the expected transaction costs related to the sale of our personal customer portfolio in Norway had a negative effect on profit before tax. Credit quality remained solid, and loan impairment charges were flat relative to the year-earlier period.

Personal Customers (DKK millions)	Q1-Q3 2023	Q1-Q3 2022	Index 23/22	Q3 2023	Q2 2023	Index Q3/Q2	Q3 2022	Index 23/22	Full year 2022
Net interest income	10,686	6,039	177	3,669	3,611	102	2,168	169	8,778
Net fee income	3,020	3,662	82	998	950	105	1,108	90	4,730
Net trading income	256	343	75	85	86	99	123	69	444
Other income	-627	547	-	23	-670	-	39	59	987
Total income	13,335	10,592	126	4,775	3,977	120	3,438	139	14,939
Operating expenses	6,835	7,334	93	2,373	2,209	107	2,237	106	10,104
of which resolution fund, bank tax etc.	127	121	105	42	44	95	40	105	161
Profit before loan impairment charges	6,500	3,258	200	2,402	1,768	136	1,201	200	4,836
Loan impairment charges	333	334	100	-145	66	-	9	-	927
Profit before tax	**6,167**	**2,924**	**211**	**2,547**	**1,702**	**150**	**1,191**	**214**	**3,909**
Loans, excluding reverse transactions before impairments	764,753	803,452	95	764,753	767,784	100	803,452	95	805,120
Allowance account, loans	4,687	4,140	113	4,687	4,810	97	4,140	113	4,727
Deposits, excluding repo deposits	408,350	415,364	98	408,350	413,514	99	415,364	98	410,806
Covered bonds issued	615,878	603,569	102	615,878	607,405	101	603,569	102	612,997
Allocated capital (average)	29,474	31,091	95	29,274	29,439	99	30,934	95	30,898
Net interest income as % p.a. of loans and deposits	1.21	0.65	-	1.27	1.23	-	0.70	-	0.71
Profit before loan impairment charges as % p.a. of allocated capital	29.4	14.0	-	32.8	24.0	-	15.5	-	15.7
Profit before tax as % p.a. of allocated capital (avg.)	27.9	12.5	-	34.8	23.1	-	15.4	-	12.7
Cost/income ratio (%)	51.3	69.2	-	49.7	55.5	-	65.1	-	67.6
Full-time-equivalent staff	4,179	4,749	88	4,179	4,288	97	4,749	88	4,262

Fact Book Q3 2023 provides financial highlights at customer type level for Personal Customers. Fact Book Q3 2023 is available at danskebank.com/ir.

Business initiatives

In September 2023, the central banks across our core markets hiked rates again. We supported our customers in navigating the high market rate environment by offering specialist advice when they take important decisions, especially in relation to home financing and investments. Following the rise in the market rates, we announced that customers in both Denmark and Finland would receive a positive interest rate of 0.25% on transaction accounts with effect from October 2023 in Denmark and November 2023 in Finland.

Customer activity in the housing market picked up in the third quarter of 2023 but was still below the levels in the same period last year. Investment fees were likewise challenged due to lower investment appetite. Both elements were to a large extent driven by the higher market rate environment that entails an increase in the cost of living while also rendering deposit products and bonds more attractive.

To make it easier for our customers to start investing, customers in Denmark can now open a custody account via Danske Mobile Banking. This is an important lever for our relatively young investment solution, Danske Monthly Investment. Another important milestone in realising our ambition of increasing customer self-service options and providing a better customer experience was that it became possible for our customers in Norway and Finland to open additional savings accounts directly in the Mobile Banking app. This feature is expected to become available to customers in Sweden in the fourth quarter of 2023.

As announced in July 2023, we entered into an agreement to sell our personal customer business in Norway to Nordea. The work towards the expected closure of the transaction in the fourth quarter of 2024 is progressing as planned.

Q1-Q3 2023 vs Q1-Q3 2022

Profit before tax amounted to DKK 6,167 million (Q1-Q3 2022: DKK 2,924 million) and was driven by the effect of higher net interest income from deposits and lower operating expenses. This effect was, however, partly offset by a provision for prudent valuation and expected transaction costs related to the sale of our personal customer portfolio in Norway. The financial results were adversely affected by the depreciation of the Swedish krona and the Norwegian krone.

Net interest income increased to DKK 10,686 million (Q1-Q3 2022: DKK 6,039 million) due primarily to an increase in income from deposits driven by the rise in market rates and repricing actions. Some of the increase was offset by the allocation from Group Treasury to Personal Customers of the cost of hedging the interest rate risk related to deposits. Lending margins were under pressure from the rising market rates.

Deposit volumes in Denmark increased 3% from the level at the end of September 2022, driven primarily by the new savings products launched in the first quarter of 2023. Total deposit volumes decreased 2% from the level at the end of September 2022 due mainly to the depreciation of the currencies in Sweden and Norway and the announcement of Danske Bank exiting the personal customer market in Norway.

We saw a positive increase in bank lending volumes in Denmark of 8% from the level at the end of September 2022, driven by customers looking for a flexible way to finance their homes in an uncertain interest rate environment as well as for green car lending. The general slowdown on the housing market in 2023 had a negative effect on mortgage volumes in all four Nordic countries. The depreciation of the currencies in Norway and Sweden had a negative effect of DKK 12 billion. Total lending across markets decreased 5% from the level at the end of September 2022.

Net fee income decreased to DKK 3,020 million (Q1-Q3 2022: DKK 3,662 million), primarily as a result of lower activity but also of the divestment of MobilePay. Fee income from financing activity decreased due to lower customer activity in the wake of the general slowdown in the housing market combined with customers switching from mortgage loans to bank loans. The latter resulted in fee income accruing over the expected maturity of the loan instead of at origination. Income from investment fees decreased as a result of the uncertainty in the financial markets and customers shifting towards low-margin products, but still with an uplift in activity in 2023 from the level at the end of 2022.

Net trading income decreased to DKK 256 million (Q1-Q3 2022: DKK 343 million) due to lower customer activity.

Other income amounted to a negative DKK 627 million (Q1-Q3 2022: DKK 547 million). The decrease was due mainly to the decision to exit the market for personal customers in Norway, which resulted in a provision for prudent valuation and expected transaction costs of DKK 693 million, as well as the year-earlier period benefiting from a one-off gain of DKK 421 million on the sale of our customer portfolio in Luxembourg.

Operating expenses decreased to DKK 6,835 million (Q1-Q3 2022: DKK 7,334 million). The decrease was driven by fewer FTEs and the divestment of MobilePay as well as prudent cost control.

Credit quality remained solid for the first nine months of 2023. Loan impairment charges amounted to DKK 333 million (Q1-Q3 2022: DKK 334 million).

Credit exposure

Credit exposure decreased to DKK 842 billion at the end of September 2023 (end-2022: DKK 883 billion), driven mainly by lower exposure in Personal Customers Norway and Sweden due mainly to the depreciation of the Swedish krona and the Norwegian krone.

Q3 2023 vs Q2 2023

Profit before tax in the third quarter of 2023 increased to DKK 2,547 million (Q2 2023: DKK 1,702 million), driven partly by higher income from deposits and service fees. In addition, the second quarter was affected by the provision for prudent valuation and expected transaction costs related to the sale of the personal customer business in Norway.

- **Net interest income** increased 2%, driven by higher margins on deposits as a consequence of rising market rates and repricing actions. Some of the effect was offset by an adjustment of the interest-bearing capital costs, which added pressure on the lending margins.
- **Net fee income** increased 5% from the preceding quarter, driven by higher service fees and higher refinancing and loan establishment fees due to higher customer activity. Investment fees decreased 8% from the preceding quarter but were still higher than at the end of 2022, thus continuing the positive trend in 2023.
- **Other income** increased to DKK 23 million due mainly to the provision in the second quarter for prudent valuation and expected transaction costs, amounting to DKK 693 million, related to the agreement to sell our personal customer business in Norway.
- **Operating expenses** increased 7% due to seasonality in IT expenses.
- The third quarter of 2023 saw **loan impairment reversals** of DKK 145 million (Q2 2023: DKK 66 million). Reversals were driven by improved collateral values and updated macroeconomic scenarios.
- **Credit exposure** decreased to DKK 842 billion in the third quarter (Q2 2023: DKK 849 billion) due mainly to a decrease in exposure in Personal Customers Norway and Global Private Banking.
- Total **lending volumes** were on par with the preceding quarter though there was a decrease in local currency in Sweden, Norway and Finland due to the slowdown in the housing markets and the announcement of Danske Bank exiting the personal customer market in Norway.
- **Deposit volumes** decreased 1%, primarily in Denmark due to seasonality and the announcement of Danske Bank exiting the personal customer market in Norway.

DKK 2,547 million

Profit before tax

for the third quarter of 2023

Business Customers

Business Customers continued to see good momentum due to rising market rates as well as repricing activities that had a positive effect on total income for the first nine months of 2023. The sale of used assets in our leasing company also contributed to the positive development. On the downside, fee income continued to be under pressure due to subdued customer activity, which affected activity-driven fees and fees from new lending. We continued to support our customers with expert financial advisory services tailored to their needs.

In the first nine months of 2023, profit before tax amounted to DKK 7,091 million, an improvement of 42% from the level in the same period in 2022.

Business Customers (DKK millions)	Q1-Q3 2023	Q1-Q3 2022	Index 23/22	Q3 2023	Q2 2023	Index Q3/Q2	Q3 2022	Index 23/22	Full year 2022
Net interest income	8,605	6,476	133	2,742	2,936	93	2,392	115	9,175
Net fee income	1,281	1,353	95	387	438	88	448	86	1,825
Net trading income	363	372	98	102	139	73	129	79	517
Other income	796	632	126	259	250	104	201	129	847
Total income	11,045	8,833	125	3,491	3,763	93	3,170	110	12,364
Operating expenses	3,708	3,919	95	1,253	1,209	104	1,254	100	5,356
of which resolution fund, bank tax etc.	191	168	114	64	65	98	56	114	224
Profit before loan impairment charges	7,337	4,914	149	2,237	2,554	88	1,917	117	7,008
Loan impairment charges	246	-90	-	104	-7	-	-289	-	578
Profit before tax	**7,091**	**5,004**	**142**	**2,133**	**2,561**	**83**	**2,205**	**97**	**6,430**
Loans, excluding reverse transactions before impairments	639,620	625,945	102	639,620	633,909	101	625,945	102	639,557
Allowance account, loans	9,166	8,274	111	9,166	9,012	102	8,274	111	8,938
Deposits, excluding repo deposits	264,033	287,523	92	264,033	261,293	101	287,523	92	285,177
Covered bonds issued	358,685	336,593	107	358,685	352,061	102	336,593	107	344,445
Allocated capital (average)	39,455	39,723	99	39,450	39,525	100	39,439	100	39,623
Net interest income as % p.a. of loans and deposits	1.27	0.93	-	1.23	1.30	-	1.03	-	0.99
Profit before loan impairment charges as % p.a. of allocated capital	24.8	16.5	-	22.7	25.8	-	19.4	-	17.7
Profit before tax as % p.a. of allocated capital (avg.)	24.0	16.8	-	21.6	25.9	-	22.4	-	16.2
Cost/income ratio (%)	33.6	44.4	-	35.9	32.1	-	39.6	-	43.3
Full-time-equivalent staff	1,652	1,689	98	1,652	1,677	99	1,689	98	1,635

Fact Book Q3 2023 provides financial highlights at customer type level for Business Customers. Fact Book Q3 2023 is available at danskebank.com/ir.

Business initiatives

The general economy continued to improve through the first nine months of 2023. Inflation has stabilised across all areas, and the central banks estimate that the latest market rate hike in September 2023 will be the last of many. Despite the more stable economy, customer activity was still subdued relative to the year-earlier period. We continued to support our customers across segments and to focus on providing the best possible advice tailored to their needs.

We continued to prioritise the digital agenda with the aim of further improving the customer experience. In mid-August, our partnerships with Zenegy and Axeptia were launched in District Marketplace for our business customers in Denmark. Zenegy provides solutions within payroll administration and HR, while Axeptia is a fintech company that provides credit intelligence. We continued to see an increase in the number of products ordered digitally through District Marketplace.

The commercial real estate sector continued to be affected by rising market rates and widening credit spreads, but our commercial property portfolio remained stable. The commercial real estate portfolio is well diversified across the four Nordic markets, and the overall exposure is stable with a small increase in the third quarter. We maintained a strong focus on helping our customers mitigate the risk and by supporting them on ESG investments.

Danske Bank and Realkredit Danmark have taken the first steps towards differentiating the terms and conditions we offer on the basis of the energy efficiency of the property. Alongside this work, we have joined forces with some of the leading real estate players to create a unified ESG reporting tool, so it will become easy for real estate companies to use the same definitions and principles when it comes to sustainability reporting.

Q1-Q3 2023 vs Q1-Q3 2022

Profit before tax amounted to DKK 7,091 million (Q1-Q3 2022: DKK 5,004 million). The increase was driven by income from deposits as a result of repricing actions and rising market rates, increased sales of used leasing assets as well as lower operating expenses. The financial performance was adversely affected by the depreciation of currencies.

Net interest income increased 33%, driven by higher income on deposits following repricing actions and market rate developments. Some of the effect was offset by the allocation from Group Treasury to Business Customers of the cost of hedging the interest rate risk related to deposits. Lending margins continued to be under pressure as a result of the rising market rates.

Deposit volumes were negatively affected by our decision to reduce deposits in the public sector in Norway. Combined with the depreciation of the currencies in Sweden and Norway, total deposit volumes thus decreased 8% from the level at the end of September 2022.

Total lending volumes increased slightly from the level at the end of September 2022, with the increase driven primarily by mortgage lending in Denmark where the nominal value of lending increased 4% driven by our commercial real estate business. Despite a positive inflow of bank lending volumes in Finland and Norway, bank lending volumes decreased 1%, primarily because of the depreciation of currencies.

Net fee income decreased to DKK 1,281 million (Q1-Q3 2022: DKK 1,353 million). Service fees increased due to repricing actions as well as the transfer of customers to a subscription fee service model implemented in mid-2022. The increase in service fees was, however, offset by a decline in fees from new lending related to our commercial real estate business that was caused by the slowdown in the housing market.

Net trading income decreased to DKK 363 million (Q1-Q3 2022: DKK 372 million) due to more normalised levels for FX trading than in the same period last year, when trading income was extraordinarily high on the back of high customer activity and larger spreads.

Operating expenses amounted to DKK 3,708 million, a decrease of 5% from the same period last year. The decrease was driven by lower remediation costs.

Credit quality remained solid in the first nine months of 2023. Loan impairment charges amounted to DKK 246 million (Q1-Q3 2022: net reversal of DKK 90 million).

Credit exposure

Credit exposure decreased to DKK 734 billion at the end of September 2023 (end-2022: DKK 745 billion), primarily as a result of lower exposure to the Private housing co-ops and non-profit associations industry.

Q3 2023 vs Q2 2023

Profit before tax decreased to DKK 2,133 million in the third quarter of 2023 (Q2 2023: DKK 2,561 million). The decrease was due mostly to lower income, higher operating expenses and loan impairment charges.

- **Net interest income** decreased to DKK 2,742 million (Q2 2023: DKK 2,936 million). The decline was due mainly to income from lending combined with an adjustment of the interest-bearing capital costs, which affected lending margins.
- **Net fee income** decreased 12%, primarily because of a fall in fees from new lending due to the slowdown in the housing market and in income from service fees.
- **Net trading income** decreased to DKK 102 million (Q2 2023: DKK 139 million) due to accounting-related adjustments in Sweden.
- **Other income** increased 4% due to increased sales of assets in our leasing operations.
- **Operating expenses** increased 4%. The increase was due primarily to seasonality in IT expenses.
- **Deposit volumes** increased 1% due to a positive inflow of volumes in Sweden and appreciation of currencies. Part of the increase was offset by an outflow of volumes in the public sector in Finland.
- **Lending volumes** increased 1%, driven by higher mortgage lending in Denmark due to conversion of construction loans to mortgage loans, an inflow of bank lending volumes in Sweden and Norway and appreciation of currencies.
- The third quarter of 2023 saw **loan impairment charges** of DKK 104 million (Q2 2023: net reversals of DKK 7 million). Credit exposure was stable at DKK 734 billion in the third quarter of 2023 (Q2 2023: DKK 736 billion) due primarily to lower exposure to the Private housing and Utilities and infrastructure industries. The decrease was partially offset by an increase in our exposure to the Commercial property industry.

DKK 2,133 million

Profit before tax

for the third quarter of 2023

Large Corporates & Institutions

During the first nine months of 2023, risks related to predominantly central bank rates and inflation continued to weigh on the economic outlook. In the face of uncertainty, we remained fully committed to supporting our customers with advisory services and solutions to navigate the intricate financial landscape. We continued to see positive underlying business momentum, backed by our strong balance sheet, as well as signs of improved activity in the capital markets. In addition, a further inflow of new customers in Sweden and an increasing market share within cash management services continued to provide net interest income tailwinds, and net interest income rose 28% from the same period in 2022. Furthermore, we continued to be a trusted adviser for our customers in sustainable finance solutions, where we maintained our leading market position in sustainable bonds and sustainability-linked loans.

Profit before tax amounted to DKK 6,653 million, an increase of 66% from the same period last year, driven primarily by higher net interest income and net trading income.

Large Corporates & Institutions (DKK millions)	Q1-Q3 2023	Q1-Q3 2022	Index 23/22	Q3 2023	Q2 2023	Index Q3/Q2	Q3 2022	Index 23/22	Full year 2022
Net interest income	5,142	4,015	128	1,728	1,741	99	1,404	123	5,605
Net fee income	4,057	4,296	94	1,416	1,290	110	1,364	104	5,732
Net trading income	2,552	622	-	592	754	79	596	99	1,489
Other income	12	2	-	-	6	-	-	-	2
Total income	**11,763**	**8,936**	**132**	**3,736**	**3,790**	**99**	**3,364**	**111**	**12,828**
Operating expenses	5,273	5,090	104	1,730	1,791	97	1,599	108	6,966
of which resolution fund, bank tax etc.	368	379	97	123	122	101	125	98	504
Profit before loan impairment charges	6,491	3,846	169	2,006	1,999	100	1,765	114	5,861
Loan impairment charges	-163	-155	105	359	-130	-	-11	-	-774
Profit before tax	**6,653**	**4,001**	**166**	**1,647**	**2,129**	**77**	**1,775**	**93**	**6,635**
Loans, excluding reverse trans. before impairments	298,655	354,247	84	298,655	311,833	96	354,247	84	322,539
of which loans in General Banking	267,546	293,947	91	267,546	279,489	96	293,947	91	281,266
Allowance account, loans (incl. credit institutions)	1,799	2,134	84	1,799	1,898	95	2,134	84	2,048
Deposits, excluding repo deposits	362,049	399,252	91	362,049	325,772	111	399,252	91	389,486
of which deposits in General Banking	297,585	333,514	89	297,585	270,837	110	333,514	89	336,580
Covered bonds issued	29,391	24,035	122	29,391	29,287	100	24,035	122	27,495
Allocated capital (average)	40,312	42,246	95	40,597	40,449	100	41,958	97	42,138
Net interest income as % p.a. of loans and deposits	1.04	0.79	-	1.09	1.06	-	0.79	-	0.81
Profit before loan impairment charges as % p.a. of allocated capital	21.5	12.1	-	19.8	19.8	-	16.8	-	13.9
Profit before tax as % p.a. of allocated capital (avg.)	22.0	12.6	-	16.2	21.1	-	16.9	-	15.7
Cost/income ratio (%)	44.8	57.0	-	46.3	47.3	-	47.5	-	54.3
Full-time-equivalent staff	2,098	2,109	99	2,098	2,103	100	2,109	99	2,054

Total income (DKK millions)									
General Banking	6,222	4,989	125	2,068	2,099	99	1,719	120	6,936
Markets	3,183	1,305	244	821	945	87	728	113	2,387
of which xVA*	-55	-172	32	-16	-1	-	-73	22	-48
Asset Management	1,556	1,762	88	558	510	109	611	91	2,313
of which performance fees	34	143	24	21	2	-	57	37	174
Investment Banking & Securities (IBS)	802	879	91	289	236	122	306	94	1,193
Total income	**11,763**	**8,936**	**132**	**3,736**	**3,790**	**99**	**3,364**	**111**	**12,828**

**The xVA acronym covers Credit (CVA), Debit (DVA), Funding (FVA) and Collateral (ColVA) Valuation Adjustments to the fair value of the derivatives portfolio. Danske Bank has a centralised xVA desk responsible for quantifying, managing and hedging xVA risks. The PnL result of the xVA desk is thus the combined effect of the net xVA position and funding and collateral costs of the trading book.*

Assets under management (DKK millions)	Q1-Q3 2023	Q1-Q3 2022	Index 23/22	Q3 2023	Q2 2023	Index Q3/Q2	Q3 2022	Index 23/22	Full year 2022
Institutional clients*	387,268	361,185	107	387,268	382,518	101	361,185	107	366,005
Retail clients	310,657	299,193	104	310,657	312,695	99	299,193	104	300,848
Total assets under management**	**697,925**	**660,378**	**106**	**697,925**	**695,213**	**100**	**660,378**	**106**	**666,853**

** The split of assets under management between institutional and retail clients was adjusted in Q2 2023, and comparative information has been restated accordingly.*
*** Includes assets under management from Group entities.*

Business initiatives
During the third quarter, the capital markets became more constructive. As a result, the debt and equity capital markets started to see improved conditions, and we are pleased to have helped our customers capitalise on the opportunities this offered. In Debt Capital Markets, we saw a high volume of deals during the quarter, and we remained the leading Nordic bank in the European debt capital markets in terms of volumes supported. Notably, we acted as Joint Lead Manager on NIBE Industrier's SEK 4 billion bond issue – the largest unrated corporate bond issue in the Swedish market in over ten years. Furthermore, we supported S-Bank with their highly successful inaugural covered bond issue of EUR 500 million, which saw strong demand from Nordic investors.

In Equity Capital Markets, we saw increasing activity during the third quarter, and we were the leading ECM adviser in Denmark during the first nine months of 2023. As a highlight, we are proud to have acted as Sole Global Coordinator in raising DKK 9.2 billion in new shares in Coloplast, the largest primary bookbuild offering for a Nordic company in 15 years.

We continued to deliver on our sustainability-related ambitions and proved our strong position in sustainable finance during the period by maintaining our Nordic lead position in the Bloomberg League Tables for both sustainable bonds and sustainability-linked loans. We are proud to further develop the market, and in the third quarter, we acted as framework structuring adviser and arranged inaugural sustainable bond issues for Lamor Corp Oyj, Elkem ASA and Wienerberger AG. On the loan side, we acted as Joint Sustainability Coordinator in increasing Public Property Invest's Term Loan Facility, which now totals NOK 3.3 billion – the largest facility of this type among Norwegian real estate companies to date. Furthermore, we assisted Copenhagen Infrastructure Partners with EUR 1 billion in green fund financing for their CI V flagship fund, which is set to become the largest fund globally dedicated to renewable energy infrastructure investments.

We continue to develop and strengthen our sustainable finance offering, and in the third quarter, we launched new investment products featuring different sustainability aspects. Nordic Sustainable Focus is an equity fund that invests at least 75% of its assets in sustainable investments in the Nordic region, as defined by our proprietary SDG model. We also launched an alternative Global Future fund that promotes expected positive climate impacts by investing, directly or indirectly, in companies producing or developing renewable energy solutions or otherwise having activities that contribute to the reduction of greenhouse gas emissions.

Q1-Q3 2023 vs Q1-Q3 2022
Profit before tax increased to DKK 6,653 million (Q1-Q3 2022: DKK 4,001 million), driven by higher net trading income and higher net interest income.

Net interest income increased to DKK 5,142 million (Q1-Q3 2022: DKK 4,015 million) as a result of higher deposit margins. Lending volumes in General Banking decreased 5% from the level at the end of 2022 as the operating environment and capital market conditions improved during 2023. We continued to execute on our strategic ambition to grow our business in Sweden, and we are thrilled to have welcomed more new large corporate customers, after reaching our ambition of 40 new customers for the full year already in the second quarter of 2023. Furthermore, we increased our market share in cash management by adding new house bank mandates in all of the Nordic countries.

Net fee income decreased to DKK 4,057 million (Q1-Q3 2022: DKK 4,296 million), with the decline due primarily to lower fees from assets under management. Income in Asset Management was lower than the level recorded in the first nine months of 2022, mainly as a result of the lower level of assets under management at the beginning of 2023 due to declining asset prices and negative net sales in the second half of 2022 as well as lower performance fees. However, assets under management increased during the first nine months of 2023, partly on the back of recovering financial markets and a strong investment performance relative to both peers and benchmark, which should also support future sales. In addition, strong developments in the institutional segment contributed to positive net sales.

Net trading income increased to DKK 2,552 million (Q1-Q3 2022: DKK 622 million) as we saw an improved result in our fixed income business in the first nine months of 2023. In addition, the increase was driven by our fixed income strategy implemented towards the end of 2022, which resulted in more stable income that was generated on the basis of solid customer activity and with very limited drawdowns despite a challenging market environment.

Operating expenses increased and amounted to DKK 5,273 million (Q1-Q3 2022: DKK 5,090 million). The increase was the result of higher provisions for performance-based compensation, with the effect being slightly offset by lower underlying costs. The number of full-time equivalent staff decreased slightly to 2,098 (Q1-Q3 2022: 2,109).

Overall credit quality remained strong in the first nine months of 2023, however, with a slightly negative rating trend driven by a few, single-name exposures. Loan impairments for the first nine months of 2023 amounted to a net reversal of DKK 163 million (Q1-Q3 2022: a net reversal of DKK 155 million), driven by post-pandemic recoveries and successful restructuring within the shipping, oil and gas sectors.

Credit exposure
Net credit exposure from lending activities amounted to DKK 638 billion at the end of September 2023 (end-2022: DKK 648 billion), driven primarily by a decrease in exposure to the Utilities and infrastructure and Public institutions industries, partially countered by a positive development in exposure to the Financials industry. Furthermore, we have actively reduced net oil-related exposure (excluding oil majors) by 58% since the fourth quarter of 2019.

Q3 2023 vs Q2 2023

Profit before tax decreased to DKK 1,647 million (Q2 2023: DKK 2,129 million) due primarily to lower trading income and higher loan impairment charges in the third quarter.

- **Net interest income** decreased slightly to DKK 1,728 million (Q2 2023: DKK 1,741 million) as a result of lower lending volumes and margins, with the effect being partly offset by higher deposit margins.
- **Net fee income** increased and stood at DKK 1,416 million (Q2 2023: DKK 1,290 million), mainly as a result of higher income from capital markets advisory services due to an activity uptick in the third quarter as well as higher fees from Asset Management driven by an increase in assets under management.
- **Net trading income** decreased to DKK 592 million (Q2 2023: DKK 754 million) due primarily to seasonal effects from lower activity levels over the summer.
- **Operating expenses** decreased to DKK 1,730 million (Q2 2023: DKK 1,791 million), with the decrease driven primarily by lower underlying costs.
- **Loan impairment charges** amounted to DKK 359 million (Q2 2023: net reversal of DKK 130 million). The higher loan impairment charges were attributable to single-name exposures, while overall credit quality remained resilient.

DKK 1,647 million

Profit before tax
for the third quarter of 2023

Danica Pension

In the third quarter of 2023, the financial markets were relatively stable, with a slightly positive trend. The beginning of 2023 was characterised by a very strong development in especially the US tech index, and the latest quarter saw the remaining global markets having largely caught up. Despite an ongoing focus on the possibility of a recession, it did not materialise, and the negative impact from 2022 has been partly offset by the positive development in 2023.

Net income at Danica Pension amounted to DKK 922 million in the first nine months of 2023 and recovered from the level in the same period in 2022 as the net financial result improved due to the positive developments in the financial markets.

Danica Pension (DKK millions)	Q1-Q3 2023	Q1-Q3 2022	Index 23/22	Q3 2023	Q2 2023	Index Q3/Q2	Q3 2022	Index 23/22	Full year 2022
Insurance service result	609	1,024	59	175	234	75	320	55	1,895
Net financial result	243	-1,323	-	2	-47	-	-465	-	-1,679
Other income	69	-1,570	-	57	5	-	-1,621	-	-1,562
Net income before tax in Danica Pension	**922**	**-1,869**	**-**	**233**	**192**	**121**	**-1,766**	**-**	**-1,347**
Goodwill impairment	-	1,627	-	-	-	-	1,627	-	1,627
Net income from Danica Pension excl. goodwill	**922**	**-241**	**-**	**233**	**192**	**121**	**-139**	**-**	**280**
Liabilities under insurance contracts	506,094	799,837	63	506,094	500,555	101	799,837	63	507,146
Liabilities under pooled unit-linked investment contracts	20,784	18,362	113	20,784	20,850	100	18,362	113	20,469
Allocated capital (average)	19,644	20,764	95	19,825	19,586	101	20,136	98	20,326
Net income as % p.a. of allocated capital	6.3	-12.0	-	4.7	3.9	-	-35.1	-	-6.6
Solvency coverage ratio	213	196	-	213	191	-	196	-	187
Full-time-equivalent staff	905	872	-	905	898	-	872	-	881

Asset under management (DKK millions)									
Insurance	**412,451**	**392,631**	**105**	**412,451**	**418,185**	**99**	**392,631**	**105**	**403,789**

Danica Pension has changed the format of reporting to align with IFRS 17, which was implemented on 1 January 2023. Business unit reporting for Danica Pension has been changed accordingly, and comparative figures have been restated. See note G2 for more information.

Business initiatives

The third quarter of 2023 was characterised by relative stability and a positive trend in the global markets. The possibility and impact of a widespread recession have acted as a steady coolant of the global market temperature, but a global recession has yet to materialise.

The negative returns on our customers' pensions savings in 2022 have been counterbalanced by the positive development throughout the year that was driven mainly by equities.

In October 2023, Danica Pension launched two new health care initiatives aimed at families and people new to the job market, respectively. As a means to combating the increase in the number of people in Denmark who experience problems related to children and parenting, with the new offering, Danica customers will have the possibility of speaking to a family counsellor online. Young employees will gain the possibility of speaking to a job coach specialising in the challenges people face when they enter a workplace for the first time.

The "Become friends with your future self" marketing universe is the basis of a new marketing campaign that highlights the positive, future effects of taking care of your present self through our health services. By encouraging customers to contact an online doctor in the early phase of symptoms, we hope to prevent long-term illness of our customers. The campaign will run across all media channels.

Omission to provide advice concerning indexation of the state pension age

Danica Pension has informed 35,000 customers about an issue related to the indexation of the state pension age since 2015. In essence, we have found that we have omitted to provide advice to some of our customers about the impact that the indexation of the state pension age would have on their pension savings. Consequently, some customers may have received a lower return on their pension savings than they should have as the risk associated with the investment of their funds was reduced to match an earlier retirement date and was thus different from what we would recommend.

To cover the compensation expected to be paid to customers in this connection, we have set aside an amount of DKK 250 million.

Q1-Q3 2023 vs Q1-Q3 2022

Net income at Danica Pension amounted to DKK 922 million (Q1-Q3 2022: loss of DKK 241 million excl. goodwill impairments). The increase was due primarily to more positive developments in the financial markets in 2023 than in 2022. Net income for the first nine months of 2023 includes the effect of the above-mentioned provision of DKK 250 million for possible compensation to customers.

The insurance service result decreased to DKK 609 million (Q1-Q3 2022: DKK 1,024 million) as Danica Pension continued to see a rise in new health and accident claims, which, however, was also a general trend in society. The first nine months of 2022 benefited from a reduction of technical provisions related to the health and accident business.

The net financial result increased to DKK 243 million (Q1-Q3 2022: loss of DKK 1,323 million). The increase was driven mainly by positive investment results on insurance products where Danica Pension has the investment risk and positive investment returns on Danica Pension's equity capital. The net financial result for the first nine months of 2023 includes the effect of the above-mentioned provision of DKK 250 million.

Assets under management increased DKK 20 billion from the level at the end of September 2022 due mainly to the positive development in the financial markets in the first nine months of 2023.

Premiums increased 12% from the same period in 2022 following an increase in both single and regular premiums due to an inflow of new business customers.

Q3 2023 vs Q2 2023

Net income in Danica Pension increased to DKK 233 million (Q2 2023: DKK 192 million). The insurance service result decreased from the second-quarter 2023 result, while the net financial result and other income increased.

- **The insurance service result** saw a decrease of DKK 59 million caused by a rise in new health and accident claims.
- **The net financial result** increased in the third quarter and amounted to DKK 2 million (Q2 2023: loss of DKK 47 million) due to a positive development in investment results on insurance products where Danica Pension has the investment risk and increased investment returns on Danica Pension's equity capital. The third quarter of 2023 also included the provision of DKK 250 million for possible compensation to customers.
- **Other income** includes a reversal of provisions related to the sale of Danica Norway.
- **Total premiums** decreased 3% due primarily to a decrease in single premiums.
- **Assets under management** decreased DKK 6 billion due to the developments in the financial markets in the third quarter of 2023, which reduced assets under management related to conventional life insurance products.

DKK 233 million

Net income in Danica Pension

for the third quarter of 2023

Northern Ireland

Our focus in Northern Ireland is on remaining a stable, strong and risk-astute bank, consolidating our market-leading position alongside pursuing prudent low-cost growth opportunities in the rest of the UK. This is supported by a continually strong income and profitability performance, with profit before tax of DKK 1,469 million for the first nine months of 2023.

Northern Ireland (DKK millions)	Q1-Q3 2023	Q1-Q3 2022	Index 23/22	Q3 2023	Q2 2023	Index Q3/Q2	Q3 2022	Index 23/22	Full year 2022
Net interest income	1,888	1,332	142	652	637	102	508	128	1,900
Net fee income	248	248	100	80	85	94	84	95	335
Net trading income	198	-611	-	145	-61	-	-402	-	-342
Other income	13	18	72	3	5	60	3	100	21
Total income	2,346	986	238	880	665	132	194	-	1,914
Operating expenses	995	943	106	339	338	100	320	106	1,290
Profit before loan impairment charges	1,351	43	-	541	327	165	-126	-	623
Loan impairment charges	-119	36	-	13	-108	-	-2	-	168
Profit before tax	**1,469**	**7**	**-**	**528**	**435**	**121**	**-124**	**-**	**456**
Loans, excluding reverse transactions before impairments	59,353	54,478	109	59,353	57,064	104	54,478	109	53,761
Allowance account, loans	745	694	107	745	742	100	694	107	824
Deposits, excluding repo deposits	97,696	96,232	102	97,696	98,700	99	96,232	102	94,562
Allocated capital (average)*	6,466	6,069	107	7,177	6,376	113	6,081	118	6,080
Net interest income as % p.a. of loans and deposits	1.60	1.11		1.63	1.61		1.28		1.19
Profit before tax as % p.a. of allocated capital (avg.)	30.3	0.2		29.4	27.3		-8.2		7.5
Cost/income ratio (%)	42.4	95.6		38.5	50.8		164.9		67.4
Full-time-equivalent staff	1,261	1,271	99	1,261	1,285	98	1,271	99	1,288

** Allocated capital equals the legal entity's capital.*

Business initiatives

The strategy in Northern Ireland aligns with the Group's key focus areas, including digitisation, customer journeys, sustainability, and simplicity and efficiency, all underpinned by continually high levels of employee engagement.

Customer demand for residential mortgages remained resilient despite increasing UK interest rates, supporting continued growth in lending. Many customers appear to be anticipating the possibility of UK interest rates beginning to fall, and we have seen most new customers opt for a product with interest reset every two years, as opposed to every five years, which was more popular last year. Around half of new mortgage lending approved across the UK in the first nine months of 2023 was through our carbon neutral mortgage product.

We continued to enhance our day-to-day banking and savings product offerings. Customer deposits were broadly maintained at post-pandemic levels, with an increasing proportion of customers opting for term deposits.

While loan arrears levels continue to be low, we are mindful that cost-of-living challenges persist and continue to offer support and guidance to any customer who faces challenges.

We were also delighted during the third quarter to receive recognition awards from Business in the Community for being named Northern Ireland's best company for both Climate Action and Diversity & Inclusion.

Q1-Q3 2023 vs Q1-Q3 2022

Profit before tax increased to DKK 1,469 million (Q1-Q3 2022: DKK 7 million), with a strong underlying income performance based on lending growth and actions taken in response to higher UK interest rates supplemented by trading income.

Net interest income increased to DKK 1,888 million (Q1-Q3 2022: DKK 1,332 million), driven by growth in both personal and business lending (lending was 4% higher in local currency) and higher UK interest rates.

Net fee income was maintained at DKK 248 million (Q1-Q3 2022: DKK 248 million).

Net trading income reflects mark-to-market movements on the bank's hedging portfolio. The positive movements in the year to date reflect a combination of changing market expectations for UK interest rates and the remaining life cycle of the hedging portfolio. With market expectations continuing to fluctuate, trading income remains volatile. 2022 saw significant, adverse mark-to-market movements on the portfolio.

Operating expenses stood at DKK 995 million (Q1-Q3 2022: DKK 943 million), up 6% year-on-year, but less than the inflation rate, as a result of the bank's continued cost focus. Staff numbers were reduced quarter-on-quarter.

Loan impairment charges remained low overall, amounting to a net reversal in the first nine months of 2023. The loan portfolio remains strong, driven by a conservative risk appetite and astute handling of existing and new lending opportunities.

Q3 2023 vs Q2 2023

The third quarter of 2023 saw a profit before tax of DKK 528 million (Q2 2023: DKK 435 million).

- **Net interest income** increased to DKK 652 million (Q2 2023: DKK 637 million), reflecting growth in lending and pricing actions taken in response to higher UK interest rates.
- **Net fee income** amounted to DKK 80 million (Q2 2023: DKK 85 million), reflecting underlying activity levels.
- **Net trading income** of DKK 145 million (Q2 2023: a negative DKK 61 million) reflected mark-to-market movements on the hedging portfolio given ongoing market volatility.
- **Operating expenses** were broadly unchanged at DKK 339 million (Q2 2023: DKK 338 million).
- **Loan impairment charges** amounted to DKK 13 million in the quarter and remained low overall.

DKK 528 million

Profit before tax

for the third quarter of 2023

Non-core

Non-core mainly comprises legacy credit exposures as well as non-strategic private equity investments. The winding up of the Non-core activities is proceeding according to plan. Profit before tax in the first nine months of 2023 amounted to a loss of DKK 55 million, against a loss of DKK 10 million in the first nine months of 2022.

Non-core (DKK millions)	Q1-Q3 2023	Q1-Q3 2022	Index 23/22	Q3 2023	Q2 2023	Index Q3/Q2	Q3 2022	Index 23/22	Full year 2022
Total income	-23	21	-	-22	16	-	1	-	23
Operating expenses	31	95	33	8	12	67	30	27	101
Profit before loan impairment charges	-55	-74	74	-30	4	-	-29	103	-78
Loan impairment charges	-	-63	-	-	-	-	-2	-	-66
Profit before tax	**-55**	**-10**	**-**	**-30**	**5**	**-**	**-28**	**107**	**-13**
Loans, excluding reverse transactions before impairments	1,541	1,235	125	1,541	1,145	135	1,235	125	1,207
Allowance account, loans	-	40	-	-	-	-	40	-	39
Deposits, excluding repo deposits	2,319	2,105	110	2,319	1,896	122	2,105	110	2,112
Allocated capital (average)	653	693	94	681	634	107	662	103	668
Net interest income as % p.a. of loans and deposits	-0.47	-0.18		-0.88	-0.24		-		-0.11
Profit before tax as % p.a. of allocated capital (avg.)	-11.2	-1.9		-17.6	3.2		-16.9		-1.9
Cost/income ratio (%)	-	-		-	-		-		-
Full-time-equivalent staff	12	36	33	12	12	100	36	33	25

Loan impairment charges (DKK millions)									
Non-core banking	-	-1	-	-	-	-	-	-	-1
Non-core conduits etc.	-	-63	-	-	-	-	-2	-	-64
Total	**-**	**-63**	**-**	**-**	**-**	**-**	**-2**	**-**	**-66**

Initiatives

The Non-core unit focuses on actively managing down legacy assets and portfolios by way of divestment, refinancing with other credit institutions or amortisation.

The winding up of the remaining Non-core activities is proceeding according to plan. Residual portfolios in Luxembourg and Lithuania have been fully exited, resulting in a steady decrease in operating expenses.

The closing of the subsidiary bank in Luxembourg is well underway, and the voluntary solvent liquidation of the company was completed according to plan in the third quarter of 2023.

Q1-Q3 2023 vs Q1-Q3 2022

Profit before tax amounted to a loss of DKK 55 million (Q1-Q3 2022: loss of DKK 10 million). Total income was affected by negative value adjustments of the non-strategic private equity investments, while the decrease in expenses reflects the general progress made with the winding-up activities across Non-core.

At the end of September 2023, total lending stood at DKK 1.5 billion.

Q3 2023 vs Q2 2023

The Non-core unit posted a loss before tax of DKK 30 million in the third quarter of 2023 (Q2 2023: profit of DKK 5 million).

- **Total income** amounted to a loss of DKK 22 million (Q2 2023: income of DKK 16 million). Total income in the third quarter of 2023 was affected by negative value adjustments of the non-strategic private equity investments.
- **Operating expenses** amounted to DKK 8 million (Q2 2023: DKK 12 million).
- **Total lending** amounted to DKK 1.5 billion (end of June 2023: DKK 1.1 billion).

DKK -30 million

Profit before tax

for the third quarter of 2023

Group Functions

Group Functions includes Group Treasury, Technology & Services and other Group functions. In addition, Group Functions includes eliminations.

In the first nine months of 2023, the loss before tax decreased to DKK 2,800 million from a loss of DKK 17,016 million in the first nine months of 2022. Net interest income decreased to a net expense of DKK 455 million due to higher interest rate risk management costs and lower bond portfolio income at Group Treasury. Net trading income was impacted by the release from Other comprehensive income of a loss of DKK 786 million on a NOK structural CET1 FX branch hedge following the announcement of the exit from the personal customer market in Norway. The third quarter of 2022 was affected by the provision for the Estonia matter of DKK 14,000 million and the provision of DKK 1,250 million related to the compensation of debt collection customers for potential overcollection of debt.

Group Functions (DKK millions)	Q1-Q3 2023	Q1-Q3 2022	Index 23/22	Q3 2023	Q2 2023	Index Q3/Q2	Q3 2022	Index 23/22	Full year 2022
Net interest income	-455	-195	233	536	-409	-	-176	-	-350
Net fee income	-46	-24	192	-14	-24	58	-4	-	-32
Net trading income	-423	152	-	-750	243	-	112	-	-232
Other income	131	4	-	145	-21	-	-	-	78
Total income	-793	-63	-	-84	-211	40	-68	124	-536
Operating expenses	2,011	2,284	88	509	792	64	1,368	37	2,762
of which resolution fund, bank tax etc.	54	59	92	16	12	133	15	107	74
of which impairment charges, other intangible assets	-	24	-	-	-	-	-	-	24
Provision for Estonia matter	-	14,000	-	-	-	-	14,000	-	13,800
Profit before loan impairment charges	-2,804	-16,347	17	-592	-1,002	59	-15,436	4	-17,098
Loan impairment charges	-4	669	-	-9	4	-	659	-	669
Profit before tax	**-2,800**	**-17,016**	**16**	**-583**	**-1,006**	**58**	**-16,094**	**4**	**-17,767**
Full-time-equivalent staff	9,989	10,802	92	9,989	11,077	90	10,802	92	10,878

Profit before tax (DKK millions)	Q1-Q3 2023	Q1-Q3 2022	Index 23/22	Q3 2023	Q2 2023	Index Q3/Q2	Q3 2022	Index 23/22	Full year 2022
Group Treasury	-1,053	-340	-	-490	22	-	-214	229	-933
Own shares and issues	61	306	20	60	-97	-	207	29	71
Additional tier 1 capital	-1	88	-	1	-1	-	2	50	89
Group support functions	-1,808	-17,069	11	-154	-930	17	-16,089	1	-16,993
Total Group Functions	**-2,800**	**-17,016**	**16**	**-583**	**-1,006**	**58**	**-16,094**	**4**	**-17,767**

Comparative information for Group Functions has been restated as explained in note G2.

Initiatives

Group Functions supports, among others, the business units by allocating capital, interest-bearing capital costs and long-term funding costs through Group Treasury's Internal Bank setup. Group Treasury also manages among others the Group's liquidity bond portfolio and the investment of shareholders' equity for Realkredit Danmark as well as the interest rate risk on the non-trading book. Operating expenses related to the sub-units within Group Functions are allocated to the business units. This is done to ensure cost efficiency throughout the Group.

Q1-Q3 2023 vs Q1-Q3 2022

Group Functions posted a loss before tax of DKK 2,800 million (Q1-Q3 2022: loss of DKK 17,016 million. Excluding the provision for the Estonia matter of DKK 14,000 million and provisions related to the compensation of debt collection customers of DKK 1,250 million, the loss amounted to DKK 1,766 million).

Net interest income decreased to a net expense of DKK 455 million (Q1-Q3 2022: net expense of DKK 195 million) due to an increase in interest rate risk management costs primarily related to the hedging of the interest rate risk related to deposits – which from 2023 is accounted for as net interest income instead of net trading income – and lower bond portfolio income. From May 2023, these costs were allocated to the business units as an internal deduction from deposit margins. Furthermore, an interest compensation of DKK 307 million from the tax authorities was booked in the third quarter due to a correction of tax paid in earlier years on certain financial assets and liabilities measured at amortised cost.

Net trading income decreased to a loss of DKK 423 million (Q1-Q3 2022: DKK 152 million) due to the release from Other comprehensive income of a loss of DKK 786 million on a NOK structural CET1 FX branch hedge following the announcement of the exit from the personal customer market in Norway. The loss more than offset the gain of DKK 327 million on the sale of shares taken over in connection with a loan in the second quarter of 2023.

Other income increased to DKK 131 million (Q1-Q3 2022: DKK 4 million) due mainly to a gain on the sale of Danske IT in India to Infosys.

Operating expenses, after allocation to the business units, decreased from the level in the first nine months of 2022 and amounted to DKK 2,011 million (Q1-Q3 2022: DKK 2,284 million). Operating expenses in the third quarter of 2022 were affected by the decision to compensate debt collection customers for potential overcollection of debt, which led to a provision of DKK 600 million.

Loan impairment charges amounted to a net reversal of DKK 4 million (Q1-Q3 2022: DKK 669 million). Impairment charges in the third quarter of 2022 were affected by the decision to compensate debt collection customers for potential overcollection of debt, which led to a provision of DKK 650 million.

The number of full-time-equivalent staff decreased from 10,802 at the end of the third quarter of 2022 to 9,989 at the end of the third quarter as a result of the sale of Danske IT in India to Infosys.

Q3 2023 vs Q2 2023

Group Functions posted a loss before tax of DKK 583 million (Q2 2023: loss of DKK 1,006 million). Net interest income improved, driven by increased Internal Bank cost allocation to the business units and one-off interest income of DKK 307 million on a tax payment. Net trading income was impacted by the release of a loss of DKK 786 million from Other comprehensive income.

- **Net interest income** improved to a net income of DKK 536 million (Q2 2023: net expense of DKK 409 million) due primarily to increased Internal Bank interest-bearing capital cost allocation to the business units. Furthermore, an interest compensation of DKK 307 million from the tax authorities was booked due to a correction of taxes for earlier years on certain financial assets and liabilities measured at amortised cost.

- **Net trading income** decreased to a loss of DKK 750 million (Q2 2023: DKK 243 million). Net trading income was impacted by the release of a loss from Other comprehensive income of DKK 786 million on a NOK structural CET1 FX branch hedge following the announcement of the exit from the personal customer market in Norway. Net trading income in the second quarter was affected by a gain of DKK 327 million on the sale of shares taken over in connection with a loan.

- **Other income** amounted to DKK 145 million (Q2 2023: a negative DKK 21 million) due mainly to a gain on the sale of Danske IT in India to Infosys.

- **Operating expenses,** after allocation to the business units, amounted to DKK 509 million (Q2 2023: DKK 792 million).

- **Loan impairment charges** amounted to a net reversal of DKK 9 million (Q2 2023: DKK 4 million).

DKK -583 million

Profit before tax

for the third quarter of 2023

Definition of alternative performance measures

Danske Bank's management believes that the alternative performance measures (APMs) used in the Management's report provide valuable information to readers of the financial statements. The APMs provide a more consistent basis for comparing the results of financial periods and for assessing the performance of the Group and each individual business unit. They are also an important aspect of the way in which Danske Bank's management defines operating targets and monitors performance.

Throughout the Management's report, performance is assessed on the basis of the financial highlights and segment reporting, which represent the financial information regularly provided to management. The differences between the financial highlights and the IFRS financial statements relate to certain changes in the presentation. Net profit is the same in the financial highlights and in the IFRS income statement. Notes G1 and G3 to the financial statements describe the differences between the financial highlights and the IFRS financial statements, and each line item in the financial highlights is reconciled with the consolidated financial statements prepared under IFRS.

Definitions of additional ratios presented on page 3 and in other sections of the Management's report:

Ratios and key figures	**Definition**
Dividend per share (DKK)	The dividend per share proposed in the annual report and paid to shareholders in the subsequent year, and any interim dividends that are approved during the year by the Board of Directors.
Return on average shareholders' equity (% p.a.)	Net profit as disclosed in the financial highlights divided by the average of the quarterly average shareholders' equity (beginning and end of each quarter) within the year. Net profit and shareholders' equity are stated as if the equity-accounted additional tier 1 capital was classified as a liability. In the numerator, net profit is reduced by interest expenses of DKK 0 million (full-year 2022: DKK 86 million). The denominator represents equity, excluding additional tier 1 capital and other non-controlling interests equal to an increase in the average of the quarterly average equity of DKK 1,434 million (2022: reduction of 2,340 million) compared to a simple average of total equity (beginning and end of the period).
Adjusted return on average shareholders' equity (% p.a.)	Net profit, excluding the provision for the Estonia matter and the goodwill impairment charge, divided by the average of the quarterly average shareholders' equity (beginning and end of each quarter) within the year. The numerator and denominator are adjusted as per Return on average shareholders' equity above.
Net interest income as % p.a. of loans and deposits	Net interest income in the financial highlights divided by the daily average of the sum of loans and deposits. If the ratio was calculated applying the sum of loans and deposits at the end of the period, the ratio for 2023 would be 1.20% (2022: 0.84%) due to the daily average of the sum of loans and deposits being DKK 26.3 billion higher (2022: DKK 39.9 billion higher) than if calculating the ratio by applying the end-of-period sum of loans and deposits. The purpose of the ratio is to show whether the growth in net interest income follows the growth in loans and deposits. The daily average is a more faithful representation of the growth in loans and deposits.
Cost/income ratio (C/I), (%)	Operating expenses and provision for Estonia matter and impairment charges on goodwill divided by total income. All amounts are from the financial highlights.
Adjusted cost/income ratio (%)	Operating expenses divided by total income. All amounts are from the financial highlights.
Book value per share	Shareholders' equity (that is, excluding equity-accounted additional tier 1 capital) divided by the number of shares outstanding at the end of the period.
Loan impairment charges as % of net credit exposure	This ratio is calculated on the basis of loan impairment charges and loans and guarantees in core segments. The numerator is the loan impairment charges of DKK 294 million (2022: DKK 1,568 million) from the financial highlights annualised. The denominator is the sum of Loans at amortised cost of DKK 1,081.7 billion (2022: DKK 1,026.1 billion), Loans at fair value of DKK 724.1 billion (2022: DKK 809.9 billion) and guarantees of DKK 81.4 billion (2022: DKK 81.0 billion) at the beginning of the year, as disclosed in the column "Lending activities – core" in the "Breakdown of credit exposure" table in the notes to the financial statements. The ratio is calculated for each business unit.
Allowance account as % of net credit exposure	This ratio is calculated on the basis of the allowance account and loans and guarantees in core segments. The numerator is the allowance account of DKK 19.9 billion (2022: DKK 19.6 billion) at the end of the period, as disclosed in the "Allowance account in core activities broken down by segment" table in the notes to the financial statements. The denominator is the sum of Loans at amortised cost of DKK 900.8 billion (2022: DKK 1,081.7 billion), Loans at fair value of DKK 726.4 billion (2022: DKK 724.1 billion) and guarantees of DKK 81.9 billion (2022: DKK 81.4 billion) at the end of the period, as disclosed in the column "Lending activities – core" in the "Breakdown of credit exposure" table in the notes to the financial statements. The ratio is calculated for each business unit.

Financial statements

Income statement – Danske Bank Group

Note	(DKK millions)	Q1-Q3 2023	Q1-Q3 2022*	Q3 2023	Q3 2022*	Full year 2022*
G4	Interest income calculated using the effective interest method**	43,553	20,376	15,942	7,865	31,697
G4	Other interest income	13,812	13,562	5,118	4,317	18,288
G4	Interest expense**	33,420	15,353	11,710	6,023	24,634
	Net interest income from banking activities	23,945	18,584	9,350	6,158	25,351
G4	Fee income	11,737	13,147	4,002	4,095	17,305
G4	Fee expenses	3,236	3,663	1,173	1,133	4,824
	Net fee income	8,501	9,484	2,829	2,962	12,481
	Net trading income or loss	4,954	15	179	727	1,581
	Insurance revenue	4,198	3,599	1,436	1,015	5,126
	Insurance service expenses	3,551	2,540	1,253	683	3,188
	Net return on investments backing insurance liabilities	9,193	-70,188	-3,833	-11,767	-60,302
	Net finance income or expense from insurance	-8,949	68,450	3,835	11,303	58,208
	Other insurance related income	31	23	49	-6	21
	Net insurance result	922	-656	233	-139	-135
G4	Gain or loss on sale of disposal groups	-590	836	103	-	1,420
G4	Other income	3,399	3,579	1,163	1,163	4,785
G4	Total other income	2,809	4,415	1,266	1,163	6,206
	Total income	**41,131**	**31,842**	**13,858**	**10,871**	**45,484**
	Operating expenses	21,390	22,444	7,061	7,718	30,251
G8,G10	Provision for Estonia matter	-	14,000	-	14,000	13,800
	Impairment charges on goodwill	-	1,627	-	1,627	1,627
	Profit before loan impairment charges	19,741	-6,229	6,797	-12,475	-195
G5	Loan impairment charges	294	730	322	366	1,502
	Profit before tax	19,447	-6,959	6,475	-12,841	-1,697
	Tax	3,950	2,177	1,156	834	2,883
	Net profit	**15,497**	**-9,136**	**5,319**	**-13,674**	**-4,580**
	Portion attributable to					
	Shareholders of Danske Bank A/S (the Parent Company)	15,497	-9,222	5,319	-13,674	-4,666
	Additional Tier 1 capital holders	-	86	-	-	86
	Net profit	**15,497**	**-9,136**	**5,319**	**-13,674**	**-4,580**
	Earnings per share (DKK)	18.0	-10.7	6.2	-15.9	-5.4
	Diluted earnings per share (DKK)	18.0	-10.7	6.2	-15.9	-5.4

* Comparative information has been restated, as described in note G2(a).
** Q3 2023 is affected by adjustments made for Q1 – Q2 2023 between Interest income calculated using the effective interest method and Interest expense.

Statement of comprehensive income – Danske Bank Group

(DKK millions)	Q1-Q3 2023	Q1-Q3 2022**	Q3 2023	Q3 2022**	Full year 2022**
Net profit	15,497	-9,136	5,319	-13,674	-4,580
Other comprehensive income					
Remeasurement of defined benefit pension plans	-1,019	-615	-905	-189	-968
Tax*	-259	-104	-244	-28	-179
Items that will not be reclassified to profit or loss	**-760**	**-511**	**-661**	**-162**	**-789**
Items that are or may be reclassified subsequently to profit or loss					
Translation of units outside Denmark	-2,794	-3,820	1,738	-1,207	-4,481
Hedging of units outside Denmark	1,313	2,101	-947	677	2,463
Reclassified to the income statement on disposal of units outside Denmark***	806	-	806	-	-
Unrealised value adjustments of bonds at fair value (OCI)	105	-2,028	166	-705	-1,546
Realised value adjustments of bonds at fair value (OCI)	19	-12	33	-32	-14
Tax*	-101	-752	438	-268	-674
Items that are or may be reclassified subsequently to profit or loss	**-449**	**-3,008**	**1,358**	**-999**	**-2,904**
Total other comprehensive income	**-1,209**	**-3,519**	**697**	**-1,160**	**-3,693**
Total comprehensive income	**14,287**	**-12,655**	**6,016**	**-14,835**	**-8,273**
Portion attributable to					
Shareholders of Danske Bank A/S (the Parent Company)	14,287	-12,741	6,016	-14,835	-8,359
Additional Tier 1 capital holders	-	86	-	-	86
Total comprehensive income	**14,287**	**-12,655**	**6,016**	**-14,835**	**-8,273**

* A positive amount is a tax expense, and a negative amount is a tax income.

** Comparative information has been restated, as described in note G2(a).

*** Reclassified to the income statement on disposal of units outside Denmark includes a reduction in the structural FX hedge. See note G9.

Balance sheet – Danske Bank Group

Note	(DKK millions)	30 September 2023	31 December 2022*	30 September 2022*
	Assets			
	Cash in hand and demand deposits with central banks	272,280	175,052	200,515
	Due from credit institutions and central banks	134,158	60,786	133,692
	Trading portfolio assets	602,915	638,799	784,555
	Investment securities	279,830	287,423	280,967
	Loans at amortised cost	902,384	1,082,818	1,120,703
	Loans at fair value	905,580	932,677	916,854
	Assets under pooled schemes and unit-linked investment contracts	66,847	66,739	63,753
	Assets under insurance contracts	506,426	502,995	805,863
G7	Assets held for sale	118,408	350	248
	Intangible assets	6,069	6,045	6,273
	Tax assets	3,930	5,199	5,531
G8	Other assets	30,371	31,673	28,346
	Total assets	**3,829,199**	**3,790,556**	**4,347,301**
	Liabilities			
	Due to credit institutions and central banks	172,183	138,777	184,281
	Trading portfolio liabilities	529,337	554,321	716,472
	Deposits	1,202,929	1,262,293	1,314,036
G6	Issued bonds at fair value	726,799	723,923	704,187
G6	Issued bonds at amortised cost	224,102	192,682	206,469
	Deposits under pooled schemes and unit-linked investment contracts	67,410	66,725	64,521
	Liabilities under insurance contracts	487,225	488,891	769,757
G7	Liabilities in disposal groups held for sale	57,750	-	-
	Tax liabilities	3,009	2,103	2,056
G8	Other liabilities	64,613	68,978	81,836
G6	Non-preferred senior bonds	86,147	93,235	107,706
G6	Subordinated debt	39,053	38,350	40,008
	Total liabilities	**3,660,557**	**3,630,278**	**4,191,329**
	Equity			
	Share capital	8,622	8,622	8,622
G9	Foreign currency translation reserve	-3,305	-2,630	-2,331
	Reserve for bonds at fair value (OCI)	-1,402	-1,526	-2,006
	Retained earnings	164,726	155,812	151,687
	Total equity	168,642	160,278	155,972
	Total liabilities and equity	**3,829,199**	**3,790,556**	**4,347,301**

* Comparative information has been restated, as described in note G2(a).

Statement of capital – Danske Bank Group

Changes in equity

(DKK millions)	Shareholders of Danske Bank A/S (the Parent Company) Share capital	Foreign currency translation reserve	Reserve for bonds at fair value (OCI)	Retained earnings	Proposed dividends	Total	Additional tier 1 capital	Total
Total equity as at 1 January 2023	8,622	-2,630	-1,526	155,852	-	160,318	-	160,318
Effect of changes in accounting policy*	-	-	-	-40	-	-40	-	-40
Restated total equity as at 1 January 2023	8,622	-2,630	-1,526	155,812	-	160,278	-	160,278
Net profit	-	-	-	15,497	-	15,497	-	15,497
Other comprehensive income								
Remeasurement of defined benefit pension plans	-	-	-	-1,019	-	-1,019	-	-1,019
Translation of units outside Denmark	-	-2,794	-	-	-	-2,794	-	-2,794
Hedging of units outside Denmark	-	1,313	-	-	-	1,313	-	1,313
Reclassification on disposal of units outside Denmark	-	806	-	-	-	806	-	806
Unrealised value adjustments	-	-	105	-	-	105	-	105
Realised value adjustments	-	-	19	-	-	19	-	19
Tax	-	-	-	361	-	361	-	361
Total other comprehensive income	**-**	**-675**	**124**	**-659**	-	-1,209	**-**	**-1,209**
Total comprehensive income	**-**	**-675**	**124**	**14,838**	-	14,287	**-**	**14,287**
Transactions with owners								
Dividends paid**	-	-	-	-6,011	-	-6,011	-	-6,011
Acquisition of own shares and additional tier 1 capital	-	-	-	-17,349	-	-17,349	-	-17,349
Sale of own shares and additional tier 1 capital	-	-	-	17,437	-	17,437	-	17,437
Total equity as at 30 September 2023	**8,622**	**-3,305**	**-1,402**	**164,726**	**-**	**168,642**	**-**	**168,642**
Total equity as at 1 January 2022	8,622	-612	34	161,439	1,724	171,207	5,497	176,704
Effect of changes in accounting policy*	-	-	-	-707	-	-707	-	-707
Restated total equity as at 1 January 2022	8,622	-612	34	160,732	1,724	170,500	5,497	175,997
Net profit	-	-	-	-9,222	-	-9,222	86	-9,136
Other comprehensive income								
Remeasurement of defined benefit pension plans	-	-	-	-615	-	-615	-	-615
Translation of units outside Denmark	-	-3,820	-	-	-	-3,820	-	-3,820
Hedging of units outside Denmark	-	2,101	-	-	-	2,101	-	2,101
Unrealised value adjustments	-	-	-2,028	-	-	-2,028	-	-2,028
Realised value adjustments	-	-	-12	-	-	-12	-	-12
Tax	-	-	-	856	-	856	-	856
Total other comprehensive income	-	**-1,719**	**-2,040**	**241**	-	**-3,519**	-	**-3,519**
Total comprehensive income	**-**	**-1,719**	**-2,040**	**-8,982**	**-**	**-12,741**	**86**	**-12,655**
Transactions with owners								
Paid interest on additional tier 1 capital	-	-	-	-	-	-	-164	-164
Dividends paid**	-	-	-	19	-1,724	-1,705	-	-1,705
Redemption of additional tier 1 capital	-	-	-	-	-	-	-5,419	-5,419
Acquisition of own shares and additional tier 1 capital	-	-	-	-12,992	-	-12,992	-	-12,992
Sale of own shares and additional tier 1 capital	-	-	-	12,933	-	12,933	-	12,933
Tax	-	-	-	-23	-	-23	-	-23
Total equity as at 30 September 2022	**8,622**	**-2,331**	**-2,006**	**151,687**	**-**	**155,972**	**-**	**155,972**

* See note G2(a) for details on changes in accounting policy.

** Dividends paid is net of dividends on own shares.

Dividend

As announced in Interim report – first half 2023, the Board of Directors approved an interim dividend of DKK 7 per share, which was paid out in July 2023.

Statement of capital – Danske Bank Group

(DKK)	30 September 2023	31 December 2022*
Share capital	8,621,846,210	8,621,846,210
Number of shares	862,184,621	862,184,621
Number of shares outstanding	858,851,911	858,392,752
Average number of shares outstanding for the period	858,652,772	858,331,842
Average number of shares outstanding, including dilutive shares, for the period	859,913,271	859,511,104

* Comparative information has been restated, as described in note G2(a).

Total capital and total capital ratio

(DKK millions)	30 September 2023	31 December 2022*
Total equity	168,642	160,318
Revaluation of domicile property at fair value	216	217
Tax effect of revaluation of domicile property at fair value	-28	-28
Total equity calculated in accordance with the rules of the Danish FSA	168,829	160,506
Common equity tier 1 capital instruments	168,829	160,506
Adjustment to eligible capital instruments	-689	-222
IFRS 9 reversal due to transitional rules	1,859	3,063
Prudent valuation	-957	-1,338
Prudential filters	-434	-567
Expected/proposed dividends	-3,263	-
Intangible assets of banking operations	-5,594	-5,529
Minimum Loss Coverage for Non-Performing Exposures	-1,120	-500
Deferred tax on intangible assets	291	242
Deferred tax assets that rely on future profitability, excluding temporary differences	-441	-352
Defined benefit pension plan assets	-982	-1,424
Statutory deduction for insurance subsidiaries	-2,912	-4,683
Common equity tier 1 capital	**154,586**	**149,197**
Additional tier 1 capital instruments	14,909	15,300
Tier 1 capital	**169,496**	**164,497**
Tier 2 capital instruments	20,846	20,765
Total capital	**190,342**	**185,261**
Total risk exposure amount	**820,923**	**838,193**
Common equity tier 1 capital ratio (%)	18.8%	17.8%
Tier 1 capital ratio (%)	20.6%	19.6%
Total capital ratio (%)	23.2%	22.1%

* Comparative information has not been restated. See note G2(a) for more detail.

Total capital and the total risk exposure amount are calculated in accordance with the rules applicable under the Capital Requirements Regulation (CRR), taking transitional rules into account as stipulated by the Danish Financial Supervisory Authority.

In terms of the transitional arrangements for the impact of IFRS 9 on regulatory capital, the Group applies the so-called dynamic approach in accordance with the CRR.

The Internal Capital Adequacy Assessment Report provides more details about the Group's solvency need.
The report is available at danskebank.com/investorrelations/reports.

Cash flow statement – Danske Bank Group

(DKK millions)	Q1-Q3 2023	Q1-Q3 2022*	Full Year 2022*
Cash flow from operations			
Profit before tax	19,447	-6,959	-1,697
Tax paid	-1,908	-3,779	-3,025
Adjustment for non-cash operating items	8,592	19,736	21,459
Cash flow from operations before changes in operating capital	**26,131**	**8,998**	**16,737**
Changes in operating capital			
Amounts due to/from credit institutions and central banks	27,632	8,965	-35,969
Trading portfolio	10,899	66,384	49,989
Acquisition/sale of own shares and additional tier 1 capital	88	-59	-249
Investment securities	7,593	-26	-6,481
Loans at amortised cost and fair value	89,154	13,616	34,905
Deposits	-27,446	22,006	-29,737
Issued bonds at amortised cost and fair value	60,316	-152,097	-150,465
Assets/liabilities under insurance contracts	-5,129	-5,354	16,156
Other assets/liabilities	-10,567	14,871	-4,243
Cash flow from operations	**178,671**	**-22,696**	**-109,357**
Cash flow from investing activities			
Sale of businesses	45	1,314	2,032
Acquisition of intangible assets	-391	-637	-560
Acquisition of tangible assets	-721	-233	-826
Sale of tangible assets	5	3	4
Cash flow from investing activities	**-1,062**	**447**	**650**
Cash flow from financing activities			
Issue of non-preferred senior bonds	16,101	20,052	20,052
Redemption of non-preferred senior bonds	-23,377	-20,438	-30,590
Dividends paid	-6,011	-1,705	-1,705
Redemption of equity accounted additional tier 1 capital	-	-5,419	-5,419
Paid interest on equity accounted additional tier 1 capital	-	-164	-164
Principal portion of lessee lease payments	-450	-464	-611
Cash flow from financing activities	**-13,737**	**-8,137**	**-18,437**
Cash and cash equivalents as at 1 January	232,531	362,997	362,997
Foreign currency translation	954	-2,280	-3,322
Change in cash and cash equivalents	163,872	-30,386	-127,144
Cash and cash equivalents, end of period	**397,357**	**330,331**	**232,531**
Cash and cash equivalents, end of period			
Cash in hand	6,275	6,231	6,630
Demand deposits with central banks	266,005	194,285	168,422
Amounts due from credit institutions and central banks within three months	125,077	129,815	57,479
Total	**397,357**	**330,331**	**232,531**

* Comparative information has been restated, as described in note G2(a).

Notes – Danske Bank Group

G1. Significant accounting policies and estimates

(a) General

The report has been prepared in accordance with IAS 34, Interim Financial Reporting, as adopted by the EU, and additional Danish disclosure requirements for listed financial companies. The report is condensed and should be read in conjunction with the Group's Annual Report 2022.

On 1 January 2023, the Group implemented a new standard, IFRS 17, and the amendments to IAS 1, IAS 8 and IAS 12. Further information on the changes to accounting policies and presentation in 2023 can be found in note G2(a). Except for these changes, the Group has not changed its significant accounting policies from those applied in Annual Report 2022. Annual Report 2022 provides a full description of the significant accounting policies.

Financial statement figures are stated in Danish kroner and whole millions, unless otherwise stated. As a result, rounding discrepancies may occur because totals have been rounded off and the underlying decimals are not presented to financial statement users. The interim report for the first nine months of 2023 has not been audited or reviewed.

(b) Significant accounting estimates and judgements

The preparation of financial information requires, in some cases, the use of judgements and estimates by management. This includes judgements made when applying accounting policies. The most significant judgements made when applying accounting policies relate to the classification of financial assets and financial liabilities under IFRS 9, especially related to the business model assessment, and the SPPI test (further explained in note G15 of the Annual Report 2022) and the designation of financial liabilities at fair value through profit or loss to eliminate or significantly reduce an accounting mismatch (further explained in note G16 of the Annual Report 2022). An overview of the classification and measurement basis for financial instruments can be found in note G1(c) of the Annual Report 2022.

The determination of the carrying amounts of some assets and liabilities requires the estimation of the effects of uncertain future events on those assets and liabilities. The estimates are based on premises that management finds reasonable, but which are inherently uncertain and unpredictable. The premises may be incomplete, unexpected future events or situations may occur, and other parties may arrive at other estimated values. In view of the inherent uncertainties and the high level of subjectivity and judgement involved in the recognition and measurement of the items listed below, it is possible that the outcomes in the next reporting period could differ from those on which management's estimates are based.

Measurement of expected credit losses on loans, financial guarantees and loan commitments, and bonds measured at amortised cost or fair value through other comprehensive income

The three-stage expected credit loss impairment model in IFRS 9 depends on whether the credit risk has increased significantly since initial recognition. If the credit risk has not increased significantly, the impairment charge equals the expected credit losses resulting from default events that are possible within the next 12 months (stage 1). If the credit risk has increased significantly, the loan is more than 30 days past due, or the loan is in default or otherwise impaired, the impairment charge equals the lifetime expected credit losses (stages 2 and 3). In determining the impairment for expected credit losses, management exercises judgement and uses estimates and assumptions as explained below.

The expected credit losses are calculated for all individual facilities as a function of probability of default (PD), exposure at default (EAD) and loss given default (LGD) and incorporate forward-looking information. The estimation of expected credit losses involves forecasting future economic conditions over a number of years. Such forecasts are subject to management judgement and those judgements may be sources of measurement uncertainty that have significant risk of resulting in a material adjustment to a carrying amount in future periods. The incorporation of forward-looking elements reflects the expectations of the Group's senior management and involves the creation of scenarios (base case, upside and downside), including an assessment of the probability for each scenario. The purpose of using multiple scenarios is to model the non-linear impact of assumptions about macroeconomic factors on the expected credit losses. Note G13 provides information on the scenarios as at 30 September 2023.

Management applies judgement when determining the need for post-model adjustments. As at 30 September 2023, the post-model adjustments amounted to DKK 6.7 billion (31 December 2022: DKK 6.6 billion) which are predominantly linked to macroeconomic uncertainties related to inflation and increasing interest rates, and other sector-specific factors that ensure prudent coverage of expected credit losses for the Group's credit exposures. On the types of risks covered by post-model adjustments, more information can be found in note G13.

Note G15 of the Annual Report 2022 and the section on credit risk in note G13 in the Interim report – first nine months 2023 provide more details on expected credit losses. As at 30 September 2023, financial assets covered by the expected credit loss model accounted for about 53.3% of total assets (31 December 2022: 55.7%).

Notes – Danske Bank Group

G1. Significant accounting policies and estimates continued

(b) Significant accounting estimates continued

Fair value measurement of financial instruments

At the end of September 2023, no unusual challenges in obtaining reliable pricing apart from insignificant parts of the portfolio remained. The majority of valuation techniques continues to employ only observable market data, and there has been no significant increase in financial instruments measured on the basis of valuation techniques that are based on one or more significant unobservable inputs. The latter continues to include only unlisted shares, certain bonds and some long-dated derivatives for which there is no active market. On the derivatives portfolio, the Group makes fair value adjustments to cover changes in counterparty risk (CVA and DVA) and to cover expected funding costs (FVA and ColVA) on derivatives, bid-offer spreads on the net open position of the portfolio of assets and liabilities with offsetting market risk recognised at mid-market prices, and model risk on level 3 derivatives. As at 30 September 2023, the adjustments totalled DKK 0.1 billion (31 December 2022: DKK 0.2 billion), including the adjustment for credit risk on derivatives that are credit impaired. Note G12 of this report and note G33(a) of the Annual Report 2022 provides more details on the fair value measurement of financial instruments.

The Group uses derivatives to hedge the fixed interest rate on some financial assets and liabilities, thus converting the fixed interest rates on the financial instruments to variable interest rates by the use of swaps. The Group continues to monitor the ongoing Interest Rate Benchmark Reform, which focuses on replacing existing benchmark interbank offered rates (IBORs) with alternative risk-free rates, to ensure continued compliance, including the potential need for cessation / transition work in the future. Following IASB's project 'Interest Rate Benchmark Reform' for the assessment of effectiveness of such hedges, it is assumed that the interest rate benchmark is not altered as a result of the reform. For further information, see note G12(d) of the Annual Report 2022.

Measurement of goodwill

Goodwill is tested for impairment once a year or more frequently if indications of impairment exist. Impairment testing requires management to estimate the present value of future cash flows. A number of factors affect the value of such cash flows, including discount rates, changes in the economic outlook, customer behaviour and competition. At 30 September 2023, goodwill amounted to DKK 4.4 billion (31 December 2022: DKK 4.4 billion).

In connection with the quarterly reporting, management performs an impairment review to assess whether there are indications that goodwill might be impaired. This includes a review of decline in income, increase in loan impairment charges, decline in the market value of assets under management, major restructurings, macroeconomic developments etc. No indications of impairment have been noted at the end of September 2023.

Goodwill mainly consists of DKK 2.1 billion (31 December 2022: DKK 2.1 billion) in Markets, DKK 1.8 billion (31 December 2022: DKK 1.8 billion) in Asset Management and DKK 0.5 billion (31 December 2022: DKK 0.5 billion) in General Banking (all part of the business segment Large Corporates & Institutions) showing significant amounts of excess value in the impairment tests in 2022.

Note G19 of the Annual Report 2022 provides more information about impairment testing and sensitivity to changes in assumptions.

Measurement of liabilities under insurance contracts

Liabilities under insurance contracts are measured using either the General Measurement Model (GMM), Variable Fee Approach (VFA) or Premium Allocation Approach (PAA). GMM and VFA both comprise fulfilment cash flows, which are estimates of the present value of future cash flows for insurance contracts, adjusted for time value of money and financial risks related to future cash flows, and a risk adjustment for non-financial risk. Such estimates include actuarial computations, that rely on a number of variables, including mortality and disability rates, as well as discount rates. Note G2 provides more information on the measurement of insurance liabilities.

Notes – Danske Bank Group

G2. Changes in accounting policies, financial highlights and segment reporting

(a) Changes to accounting policies and presentation during the year

On 1 January 2023, the Group implemented IFRS 17, and the amendments to IAS 1, IAS 8 and IAS 12. In addition, the Group has changed the presentation of the Income statement to include material line items as required by IFRS 17. At the same time, sub-totals for Net fee income, Net insurance result, Total other income and Total income have been included in the Income statement.

The sections below explain in further details the changes to accounting policies implemented.

IFRS 17, Insurance contracts

On 1 January 2023, the Group implemented IFRS 17, Insurance Contracts. Under IFRS 17, insurance contracts are contracts under which the Group accepts significant insurance risk from a policyholder, by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder. Insurance contracts with direct participation features are those which, at inception, (i) the contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items, (ii) the entity expects to pay to the policyholder an amount equal to a substantial share of the fair value returns on the underlying items, and (iii) the entity expects a substantial proportion of any change in the amounts to be paid to the policyholder to vary with the change in fair value of the underlying items.

In Danske Bank Group, insurance contracts are held by the wholly owned subsidiary Danica Pension (Danica).

Insurance contracts are divided into portfolios and groups. Each portfolio of insurance contracts are contracts that are subject to similar risks and are managed together. The Group has four portfolios of insurance contracts, based on an assessment of similar risks and whether they are managed together:

- an average-rate portfolio
- a unit-linked portfolio
- a portfolio of legacy life insurance product in run-off
- a portfolio containing health and accident insurance contracts.

Each portfolio of contracts is divided into (i) groups of contracts that are onerous at initial recognition (ii) groups of contracts that at initial recognition, have no significant possibility of becoming onerous subsequently, and (iii) groups of remaining contracts in the portfolio. Groups of insurance contracts issued are initially recognised from the earliest of the (i) the beginning of the coverage period of the group, (ii) the date when the first payment from a policyholder becomes due, or (iii) for a group of onerous contracts, when the group becomes onerous. Furthermore, each group is divided into annual cohorts so that each group only includes contracts issued no more than one year apart.

The Group measures insurance contracts using the General Measurement Model (GMM, or Building Block approach, BBA), Variable Fee Approach (VFA) or Premium Allocation Approach (PAA). Groups of insurance contracts under GMM or VFA are initially measured as the total of fulfilment cash flows (which comprise estimated future cash flows, an adjustment for time value of money and financial risks related to future cash flows, and a risk adjustment for non-financial risk) and contractual service margin (CSM; unearned profit that will be recognised as the Group provides insurance contract services). An insurance contract is onerous at the date of initial recognition if the fulfilment cash flows, any previously recognised insurance acquisition cash flows and any cash flows arising from the contract at the date of initial recognition are in total a net outflow. The loss from onerous insurance contracts is recognised immediately in profit or loss, and no CSM is recognised on the balance sheet on initial recognition.

At each reporting date, the group of insurance contracts is subsequently measured as the sum of the liability for remaining coverage (comprising fulfilment cash flows relating to future service and CSM) and liability for incurred claims (comprising fulfilment cash flows relating to past service).

VFA is applied to the majority of insurance contracts, since they meet the definition of insurance contracts with direct participation features. Legacy life insurance products in run-off are measured using BBA.

Health and accident insurance contracts are measured under PAA, which means the liability for remaining coverage is measured on initial recognition at premiums received less any acquisition cash flows paid and any amounts arising from the derecognition of insurance acquisition cash flows asset. The Group will apply the annual cohort exemption from the EU to the average-rate portfolio.

IFRS 17 has not changed the method of discounting cash flows for insurance contracts, and the Group will continue to apply the European Insurance and Occupational Pension Authority (EIOPA) yield curve including a volatility adjustment.

The risk adjustment for non-financial risk under IFRS 17 corresponds to the risk margin under IFRS 4. However, changes in the risk adjustment are recognised either in the Income statement or in the CSM, whereas changes in the risk margin under IFRS 4 were recognised only in the Income statement.

Notes – Danske Bank Group

G2. Changes in accounting policies, financial highlights and segment reporting continued

The key impacts of the implementation of IFRS 17 are:

- Life insurance products and Health and Accident products have been disaggregated, as they are subject to different risks and therefore cannot be managed together under IFRS 17. This has resulted in a decrease of DKK 1.4 billion in the Group's equity as at 1 January 2022
- Premiums are no longer recognised in profit or loss at their due dates. Instead, the CSM is recognised in insurance revenue as services are provided over the expected coverage period of the group of insurance contracts.
- Benefits are no longer recognised in profit or loss when paid. Instead, insurance service expenses are recognised when incurred, comprising incurred claims and other incurred insurance expenses.
- Changes in insurance obligations during the year due to additional provisions for benefit guarantees and the tax on pension returns are no longer under Net trading income or loss.
- The return on assets earmarked for insurance contracts is no longer carried under Net interest income and Net trading income or loss. This is now presented as Net return on investments backing insurance liabilities.
- The Group has simplified its reporting of Danica, and now reports the majority of Danica's assets and liabilities under Assets under insurance contracts and Liabilities under insurance contracts respectively in the Balance sheet. Previously, an allocation of Danica's assets and liabilities (equating to Danica's equity) were consolidated on a line-by-line basis in the Balance sheet.
- The presentation of the Income statement has been changed from 2023: the line items Net premiums and Net insurance benefits are removed, and new lines in relation to insurance are added: Insurance revenue, Insurance service expenses, Net return on investments backing insurance liabilities, Net finance income or expense from insurance and Other insurance related income. The Income statement has thus been restated for 2022.

Changes in accounting policies as a result of IFRS 17 have been applied using the fair value approach, since the full retrospective approach is impracticable to apply due to relevant data not being available or high resource consumption.

In addition, the following changes have been made to accounting policies as a result of IFRS 17 implementation:

- When, and only when, the Group reacquires its own equity instruments (i.e. own shares) to be included in investment funds that provides investors with benefits determined by units in the fund, and for which financial liabilities are recognised for the amounts to be paid to those investors, IAS 32 has been amended with an optional election not to deduct these shares from equity, and account for them as financial assets held at fair value through profit or loss. The Group has applied this election to its own shares in Pooled schemes and Unit-linked investment contracts which meet the IAS 32 election criteria. The same election applies to the Group's own shares that are included as underlying items of direct participation contracts (Assets under insurance contracts).
- When, and only when the Group repurchases its own financial liabilities to be included in investment funds that provides investors with benefits determined by units in the fund, and for which financial liabilities are recognised for the amounts to be paid to those investors, or includes the own financial liabilities as underlying items of direct participating contracts, IFRS 9 has been amended with an optional election to not derecognise the financial liabilities, and to account for the repurchased instruments as financial assets held at fair value through profit or loss. The Group has applied this election to own bonds in Assets under insurance contracts which meet the IFRS 9 election criteria.

The impact of the changes in IAS 32 and IFRS 9 accounting policies resulted in an increase of DKK 0.7 billion in the Group's equity and the Group's assets as at 1 January 2022.

At the transition date of 1 January 2022, the Group:

- Identified, recognised and measured each group of insurance contracts and reinsurance contracts according to IFRS 17
- Derecognised previously reported balances that would not have existed if IFRS 17 had always been applied
- Reclassified Danica's assets and liabilities to Assets under insurance contracts and Liabilities under insurance contracts respectively where relevant
- Recognised own shares and own bonds as assets that were underlying items of direct participating contracts at fair value
- Recognised own shares that were reacquired to be held in investment funds on behalf of customers
- Recognised the resulting net differences in equity.

The DKK 1.4 billion decrease in the Group's equity from IFRS 17 implementation and DKK 0.7 billion increase from the IAS 32 and IFRS 9 accounting policy changes result in a net decrease in equity of DKK 0.7 billion as at 1 January 2022, which is presented in the Statement of changes in equity. The impact of these changes increases the Group's 2022 result by DKK 0.5 billion. The impact on the Group's equity as at 31 December 2022 is a net decrease of DKK 40 million, as result of the increase in the Group's 2022 result and the direct impact on equity from the change in treatment of own shares.

A reconciliation of balances between 31 December 2021 and 1 January 2022 is presented below, showing the impact of IFRS 17 (including the reclassification of Danica's assets and liabilities), the change in treatment of the Group's own shares, and the change in treatment of the Group's own bonds.

Ratios for regulatory requirements in 2022 have not been restated as a result of the changes described above. The overall impact on equity at 31 December 2022 of DKK 40 million is immaterial, and therefore the Group's total capital and capital ratios for 2022 will not be revised nor resubmitted to regulators, and remains as published in the Annual Report 2022.

Notes – Danske Bank Group

G2. Changes in accounting policies, financial highlights and segment reporting continued

Amendment to IAS 1, Presentation of financial statements

The amendment to IAS 1 requires disclosure of material accounting policy information, rather than significant accounting policies. Accounting policy information is considered to be material if users of the financial statements need it to understand other material information in the financial statements. If immaterial accounting policy information is disclosed, it should not obscure material accounting policy information.

The amendment has no impact on the financial statements.

Amendment to IAS 8, Accounting policies, changes in accounting estimates and errors

The amendments introduce a definition of accounting estimates – monetary amounts in financial statements that are subject to measurement uncertainty – and clarifies that a change in accounting estimate that results from new information or new developments is not the correction of an error. Similarly, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

The amendments have no impact on the financial statements.

Amendment to IAS 12, Income taxes

The first amendment to IAS 12 clarifies how entities should account for deferred tax on assets and liabilities arising from a single transaction such as leases and decommissioning obligations.

The main change is that the initial recognition exemption in IAS 12 does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition. The amendment has no impact on the financial statements.

The second amendment introduces an exception to the requirement of IAS 12 that an entity does not recognise and does not disclose information about deferred tax assets and liabilities related to the OECD Pillar Two income taxes. The amendment is not expected to have a material impact on the financial statements.

Notes – Danske Bank Group

G2. Changes in accounting policies, financial highlights and segment reporting continued

The table below shows a reconciliation of the Group's balances between 31 December 2021 and 1 January 2022, showing the impact of IFRS 17 (including the reclassification of Danica's assets and liabilities), the change in treatment of the Group's own shares, and the change in treatment of the Group's own bonds.

Effect of changes in accounting policy as at 1 January 2022

(DKK millions)	31 December 2021	IFRS 17	Remeasurements IAS 32 – own shares	Remeasurements IFRS 9 – own bonds	1 January 2022
Assets					
Cash in hand and demand deposits with central banks	293,386	-	-	-	293,386
Due from credit institutions and central banks	71,156	-7	-	-	71,149
Trading portfolio assets	509,590	-164	-	-	509,426
Investment securities	303,777	-22,835	-	-	280,942
Loans at amortised cost	1,027,442	-	-	-	1,027,442
Loans at fair value	1,024,461	-	-	-	1,024,461
Assets under pooled schemes and unit-linked investment contracts	76,654	-	151	-	76,805
Assets under insurance contracts	547,806	29,731	507	44,590	622,634
Assets held for sale	28,800	-	-	-	28,800
Intangible assets	8,819	-2,628	-	-	6,191
Tax assets	4,510	-	-	-	4,510
Other assets	39,433	-4,097	-	-	35,336
Total assets	**3,935,834**	**-**	**658**	**44,590**	**3,981,082**
Liabilities					
Due to credit institutions and central banks	172,976	-	-	-	172,976
Trading portfolio liabilities	374,959	-	-	-	374,959
Deposits	1,292,030	-	-	-	1,292,030
Issued bonds at fair value	794,909	-	-	44,426	839,335
Issued bonds at amortised cost	223,854	-	-	-	223,854
Deposits under pooled schemes and unit-linked investment contracts	76,982	-	-	-	76,982
Liabilities under insurance contracts	588,736	2,247	-	-	590,983
Liabilities in disposal groups held for sale	29,577	-	-	-	29,577
Tax liabilities	1,864	-460	-	-	1,404
Other liabilities	56,268	-422	-	164	56,010
Non-preferred senior bonds	107,654	-	-	-	107,654
Subordinated debt	39,321	-	-	-	39,321
Total liabilities	**3,759,130**	**1,365**	**-**	**44,590**	**3,805,085**
Equity					
Share capital	8,622	-	-	-	8,622
Foreign currency translation reserve	-612	-	-	-	-612
Reserve for bonds at fair value (OCI)	34	-	-	-	34
Retained earnings	161,439	-1,365	658	-	160,732
Proposed dividends	1,724	-	-	-	1,724
Shareholders of Danske Bank A/S (the Parent Company)	171,207	-1,365	658	-	170,500
Additional tier 1 capital holders	5,497	-	-	-	5,497
Total equity	**176,704**	**-1,365**	**658**	**-**	**175,997**
Total liabilities and equity	**3,935,834**	**-**	**658**	**44,590**	**3,981,082**

Notes – Danske Bank Group

G2. Changes in accounting policies, financial highlights and segment reporting continued

b) Changes in financial highlights and segment reporting

On 1 January 2023, the Group implemented IFRS 17, Insurance contracts, resulting in the restatement of 2022. See note G2(a) for details of the changes in accounting policy. At the same time, the Group has simplified its reporting of Danica Pension, by stopping the allocation of Danica's equity to Group Treasury (within Group Functions). The table below shows the restated amounts in the financial highlights and segment reporting for first nine months of 2022:

Changes in financial highlights and segment reporting – first nine months of 2022 restated

(DKK millions)	Financial Highlights first nine months 2022	Implemen-tation of IFRS 17	Elimination of own shares	Elimination of own bonds	Adjusted Financial Highlights
Net interest income	17,746	-80	-	-	17,666
Net fee income	9,536	-	-	-	9,536
Net trading income	679	332	-132	-	879
Net income from insurance business	-323	81	-	-	-241
Other income	1,203	-	-	-	1,203
Total income	28,840	333	-132	-	29,042
Operating expenses	19,570	-	-	-	19,570
of which resolution fund, bank tax etc,	728	-	-	-	728
of which impairment charges, other intangible assets	24	-	-	-	24
Provision for Estonia matter	14,000	-	-	-	14,000
Goodwill impairment charges	1,627	-	-	-	1,627
Profit before loan impairment charges	-6,357	333	-132	-	-6,155
Loan impairment charges	794	-	-	-	794
Profit before tax (core)	-7,151	333	-132	-	-6,949
Profit before tax, Non-core	-10	-	-	-	-10
Profit before tax	**-7,161**	**333**	**-132**	**-**	**-6,959**
Loans, excluding reverse transactions	1,824,278	-	-	-	1,824,278
Other assets (including Non-core)	2,487,899	-	711	34,413	2,523,023
Total assets	**4,312,177**	**-**	**711**	**34,413**	**4,347,301**
Deposits, excluding repo deposits	1,187,316	-	-	-	1,187,316
Other liabilities (including Non-core)	2,968,472	1,128	-	34,413	3,004,013
Allocated capital	156,389	-1,128	711	-	155,972
Total liabilities and equity	**4,312,177**	**-**	**711**	**34,413**	**4,347,301**
Profit before tax as % p,a, of allocated capital (avg,)	-5.6	-	-	-	-5.6
Cost/income ratio (%)	122.0	-	-	-	121.2
Adjusted cost/income ratio (%)	-	-	-	-	67.4
Full-time-equivalent staff, end of period	21,528	-	-	-	21,528

Notes – Danske Bank Group

G3. Business segments

a) Business model and business segmentation

The Group's commercial activities are organised in five reporting business units:

- Personal Customers, which serves personal customers across all markets
- Business Customers, which serves small and medium-sized business customers across all markets, and includes the Group's Asset Finance operations
- Large Corporates & Institutions, which serves large corporates and institutional customers across all Nordic markets
- Danica Pension, which specialises in pension schemes, life insurance policies and health insurance policies in Denmark
- Northern Ireland, which serves retail and commercial customers through a network of branches and business centres in Northern Ireland alongside digital channels.

Besides the five commercial business units, the Group's reportable segments under IFRS 8 include Non-core and Group Functions.

Business segments
first nine months 2023

(DKK millions)	Personal Customers	Business Customers	Large Corporates & Institutions	Danica Pension	Northern Ireland	Non-core	Group Functions	Eliminations	Financial highlights	Reclassification	IFRS financial statements
Net interest income	10,686	8,605	5,142	-	1,888	-	-324	-131	25,866	-1,921	23,945
Net fee income	3,020	1,281	4,057	-	248	-	-186	140	8,560	-58	8,501
Net trading income	256	363	2,552	-	198	-	-404	-19	2,946	2,008	4,954
Net income from insurance business*	-	-	-	922	-	-	-	-	922	-	922
Other income**	-627	796	12	-	13	-	2,246	-2,116	324	2,485	2,809
Total income	13,335	11,045	11,763	922	2,346	-	1,332	-2,125	38,618	2,513	41,131
Operating expenses	6,835	3,708	5,273	-	995	-	4,075	-2,064	18,822	2,568	21,390
of which resolution fund, bank tax etc,	127	191	368	-	-	-	54	-	741	-741	-
Profit before loan impairment charges	6,500	7,337	6,491	922	1,351	-	-2,743	-61	19,796	-55	19,741
Loan impairment charges	333	246	-163	-	-119	-	-4	-	294	-	294
Profit before tax, core	6,167	7,091	6,653	922	1,469	-	-2,739	-61	19,502	-55	19,447
Profit before tax, Non-core	-	-	-	-	-	-55	-	-	-55	55	-
Profit before tax	**6,167**	**7,091**	**6,653**	**922**	**1,469**	**-55**	**-2,739**	**-61**	**19,447**	**-**	**19,447**
Loans, excluding reverse transactions	760,066	630,455	296,855	-	58,608	-	25,703	-28,025	1,743,662	1,541	1,745,203
Other assets (including Non-core)	347,099	189,239	3,807,369	551,834	65,479	1,892	4,507,885	-7,385,261	2,085,537	-1,541	2,083,996
Total assets	**1,107,165**	**819,693**	**4,104,224**	**551,834**	**124,087**	**1,892**	**4,533,589**	**-7,413,286**	**3,829,199**	**-**	**3,829,199**
Deposits, excluding repo deposits	408,350	264,033	362,049	-	97,696	-	1,253	-9,934	1,123,448	2,319	1,125,767
Other liabilities (including Non-core)	669,903	516,339	3,701,948	551,834	20,817	2,762	4,476,858	-7,403,352	2,537,110	-2,319	2,534,791
Allocated capital	28,912	39,321	40,227	-	5,574	-	54,607	-	168,642	-	168,642
Total liabilities and equity	**1,107,165**	**819,693**	**4,104,224**	**551,834**	**124,087**	**2,762**	**4,532,719**	**-7,413,286**	**3,829,199**	**-**	**3,829,199**
Profit before tax as % p,a, of allocated capital (avg,)	27.9	24.0	22.0	6.3	30.3	-	-10.5	-	15.8	-	15.8
Cost/income ratio (%)	51.3	33.6	44.8	-	42.4	-	-	-	48.7	-	52.0
Full-time-equivalent staff, end of period	4,179	1,652	2,098	905	1,261	12	9,989	-	20,097	-	20,097

* Net income from insurance business in the financial highlights is equivalent to Net insurance result in the IFRS financial statements.

**Other income in the financial highlights is equivalent to Total other income in the IFRS financial statements.

Notes – Danske Bank Group

G3. Business segments continued

Business segments
First nine months 2022

(DKK millions)	Personal Customers	Business Customers	Large Corporates & Institutions	Danica Pension*	Northern Ireland	Non-core	Group Functions*	Eliminations*	Financial highlights*	Reclassification*	IFRS financial statements*
Net interest income	6,039	6,476	4,015	-	1,332	-	-128	-67	17,666	918	18,584
Net fee income	3,662	1,353	4,296	-	248	-	-39	15	9,536	-52	9,484
Net trading income	343	372	622	-	-611	-	151	1	879	-863	15
Net income from insurance business**	-	-	-	-241	-	-	-	-	-241	-415	-656
Other income***	547	632	2	-	18	-	1,990	-1,986	1,203	3,212	4,415
Total income	10,592	8,833	8,936	-241	986	-	1,974	-2,037	29,042	2,800	31,842
Operating expenses	7,334	3,919	5,090	-	943	1	4,327	-2,043	19,570	2,874	22,444
of which resolution fund, bank tax etc,	121	168	379	-	-	-	59	-	728	-728	-
of which impairment charges, other intangible assets	-	-	-	-	-	-	24	-	24	-24	-
Provision for Estonia matter	-	-	-	-	-	-	14,000	-	14,000	-	14,000
Goodwill impairment charges	-	-	-	1,627	-	-	-	-	1,627	-	1,627
Profit before loan impairment charges	3,258	4,914	3,846	-1,869	43	-	-16,353	6	-6,155	-74	-6,229
Loan impairment charges	334	-90	-155	-	36	-	669	-	794	-63	730
Profit before tax, core	2,924	5,004	4,001	-1,869	7	-	-17,022	6	-6,949	-10	-6,959
Profit before tax, Non-core	-	-	-	-	-	-10	-	-	-10	10	-
Profit before tax	**2,924**	**5,004**	**4,001**	**-1,869**	**7**	**-10**	**-17,022**	**6**	**-6,959**	**-**	**-6,959**
Loans, excluding reverse transactions	799,312	617,671	352,114	-	53,784	-	30,583	-29,185	1,824,278	1,196	1,825,474
Other assets (including Non-core)	318,519	200,037	4,281,630	840,782	59,999	1,786	4,520,736	-7,700,467	2,523,023	-1,196	2,521,827
Total assets	**1,117,831**	**817,708**	**4,633,743**	**840,782**	**113,783**	**1,786**	**4,551,319**	**-7,729,652**	**4,347,301**	**-**	**4,347,301**
Deposits, excluding repo deposits	415,364	287,523	399,252	-	96,232	-	2,041	-13,096	1,187,316	2,105	1,189,421
Other liabilities (including Non-core)	671,426	490,701	4,193,469	820,963	12,338	2,446	4,529,939	-7,717,267	3,004,013	-2,105	3,001,909
Allocated capital	31,042	39,485	41,023	19,819	5,213	-	18,680	711	155,972	-	155,972
Total liabilities and equity	**1,117,831**	**817,708**	**4,633,743**	**840,782**	**113,783**	**2,446**	**4,550,660**	**-7,729,652**	**4,347,301**	**-**	**4,347,301**
Profit before tax as % p,a, of allocated capital (avg,)	12.5	16.8	12.6	-12.0	0.2	-	-72.1	-	-5.6	-	-5.6
Cost/income ratio (%)	69.2	44.4	57.0	-	95.6	-	-	-	121.2	-	119.6
Full-time-equivalent staff, end of period	4,749	1,689	2,109	872	1,271	36	10,802	-	21,528	-	21,528

* Comparative information has been restated, as described in note G2(a) and G2(b).

** Net income from insurance business in the financial highlights is equivalent to Net insurance result in the IFRS financial statements.

*** Other income in the financial statements is equivalent to Total other income in the IFRS financial statements.

Notes – Danske Bank Group

G3. Business model and business segmentation continued

(b) Reconciliation of the financial highlights and segment reporting to the IFRS financial statements

The 'Reclassification' column in the tables above shows the reconciliation between the presentation in the financial highlights and segment reporting and the presentation in the IFRS financial statements. The policies for the reclassifications between the financial highlights and the IFRS financial statements are disclosed on page 85 in Annual Report 2022. Net income from insurance business is presented before elimination of intra-group transactions. The decomposition of the reclassification between the IFRS income statement and Financial highlights is shown in the tables below.

Reclassification first nine months 2023

(DKK millions)	IFRS financial statements	Operating leases	Markets, Investment Banking & Securities and Group Treasury	Danica Pension	Non-core	Total reclassifica-tion	Financial highlights
Net interest income	23,945	-	1,909	-	12	1,921	25,866
Net fee income	8,501	-	58	-	-	58	8,560
Net trading income	4,954	-	-2,019	-	12	-2,008	2,946
Net income from insurance business*	922	-	-	-	-	-	922
Other income**	2,809	-2,537	52	-	-	-2,485	324
Total income	41,131	-2,537	-	-	23	-2,513	38,618
Operating expenses	21,390	-2,537	-	-	-31	-2,568	18,822
Profit before loan impairment charges	19,741	-	-	-	55	55	19,796
Loan impairment charges	294	-	-	-	-	-	294
Profit before tax, core	19,447	-	-	-	55	55	19,502
Profit before tax, Non-core	-	-	-	-	-55	-55	-55
Profit before tax	**19,447**	**-**	**-**	**-**	**-**	**-**	**19,447**

* Net income from insurance business in the financial highlights is equivalent to Net insurance result in the IFRS financial statements.

** Other income in the financial highlights is equivalent to Total other income in the IFRS financial statements.

Reclassification first nine months 2022

(DKK millions)	IFRS financial statements*	Operating leases	Markets, Investment Banking & Securities and Group Treasury	Danica Pension*	Non-core	Total reclassi-fication*	Financial highlights*
Net interest income	18,584	-	-923	-	5	-918	17,666
Net fee income	9,484	-	57	-	-5	52	9,536
Net trading income	15	-	875	-	-12	863	879
Net income from insurance business**	-656	-	-	415	-	415	-241
Other income***	4,415	-2,779	-8	-415	-9	-3,212	1,203
Total income	31,842	-2,779	-	-	-21	-2,800	29,042
Operating expenses	22,444	-2,779	-	-	-95	-2,874	19,570
Provision for Estonia matter	14,000	-	-	-	-	-	14,000
Goodwill impairment charges	1,627	-	-	-	-	-	1,627
Profit before loan impairment charges	-6,229	-	-	-	74	74	-6,155
Loan impairment charges	730	-	-	-	63	63	794
Profit before tax, core	-6,959	-	-	-	10	10	-6,949
Profit before tax, Non-core	-	-	-	-	-10	-10	-10
Profit before tax	**-6,959**	**-**	**-**	**-**	**-**	**-**	**-6,959**

* Comparative information has been restated, as described in note G2(a) and G2(b).

** Net income from insurance business in the financial highlights is equivalent to Net insurance result in the IFRS financial statements.

*** Other income in the financial highlights is equivalent to Total other income in the IFRS financial statements.

Notes – Danske Bank Group

G4. Income

(a) Interest income and interest expense

Negative interest income during first nine months of 2023 amounted to DKK 2 million (30 September 2022: DKK 1,289 million). Negative interest expenses amounted to DKK 5 million (30 September 2022: DKK 2,742 million). In the income statement, negative interest income is recognised as interest expenses and negative interest expenses are recognised as interest income.

(b) Fee income

Note G6 of the Annual Report 2022 provides additional information on the Group's accounting policy for fee income, including the description by fee type.

Fee income Q3 2023

(DKK millions)	Financial highlights - net fee income	Reclassifications	IFRS - net fee income	Fee expense	IFRS - gross fee income
Investment	3,136	517	3,653	2,385	6,037
Activity-driven fees	2,911	-174	2,737	748	3,485
Lending and Guarantees	1,588	414	2,001	103	2,104
Capital markets	925	-815	110	-	110
Total	**8,560**	**-58**	**8,501**	**3,236**	**11,737**

Fee income Q3 2022

(DKK millions)	Financial highlights - net fee income	Reclassifications	IFRS - net fee income	Fee expense	IFRS - gross fee income
Investment*	3,715	427	4,143	2,593	6,736
Money transfers, account fee, cash management and other fees	2,869	-181	2,688	985	3,673
Lending and Guarantees	2,065	399	2,464	86	2,549
Capital markets	886	-697	189	-	189
Total	**9,536**	**-52**	**9,484**	**3,663**	**13,147**

* Comparative information has been restated, as described in note G2(a) and G2(b).

(c) Gain or loss on sale of disposal groups

Gain or loss on sale of disposal groups for the nine months ending 30 September 2023 includes a loss of DKK 0.7 billion in relation to the prudent valuation and expected costs directly attributable to the sale of the personal customer business in Norway, as announced on 19 July 2023, and a gain of DKK 0.1 billion on the sale of Danske IT. See note G7 for more detail. During the first nine months of 2022, Gain or loss on sale of disposal groups included a gain of DKK 421 million on the sale of business activities in Luxembourg and a gain of DKK 415 million on the sale of Danica Pensjon forsikring AS (Danica Pension business segment in Norway).

(d) Other income

Other income amounted to DKK 3,399 million for the nine months ending 30 September 2023 (30 September 2022: DKK 3,579 million). Other income includes income from lease assets, investment property and real estate brokerage, and income from holdings in associates.

Notes – Danske Bank Group

G5. Loan impairment charges and reconciliation of total allowance account

Loan impairment charges include impairment charges for expected credit losses on loans, lease receivables, bonds at amortised cost and fair value through other comprehensive income, certain loan commitments and financial guarantee contracts as well as fair value adjustments of the credit risk on loans measured at fair value.

Loan impairment charges

(DKK millions)	30 September 2023	30 September 2022
ECL on new assets	2,201	3,442
ECL on assets derecognised	-2,160	-5,169
Impact of net remeasurement of ECL (incl. changes in models)	682	1,321
Write-offs charged directly to income statement	467	1,510
Received on claims previously written off	-676	-189
Interest income, effective interest method	-220	-186
Total	**294**	**730**

Reconciliation of total allowance account

(DKK millions)	Stage 1	Stage 2	Stage 3	Total
ECL allowance account as at 1 January 2022	2,717	6,807	13,223	22,746
Transferred to stage 1 during the period	1,094	-1,023	-71	-
Transferred to stage 2 during the period	-332	709	-376	-
Transferred to stage 3 during the period	-20	-555	575	-
ECL on new assets	703	1,228	1,511	3,442
ECL on assets derecognised	-653	-1,048	-3,468	-5,169
Impact of net remeasurement of ECL (incl, changes in models)	-493	1,066	748	1,321
Write-offs debited to the allowance account	-	-2	-3,594	-3,596
Foreign exchange adjustments	-38	-80	139	22
Other changes	-16	-	64	49
ECL allowance account as at 30 September 2022	**2,961**	**7,102**	**8,751**	**18,814**
ECL allowance account as at 1 January 2023	**3,273**	**8,082**	**8,290**	**19,645**
Transferred to stage 1 during the period	2,023	-1,924	-99	-
Transferred to stage 2 during the period	-198	487	-289	-
Transferred to stage 3 during the period	-19	-355	374	-
ECL on new assets	492	843	867	2,201
ECL on assets derecognised	-391	-957	-811	-2,160
Impact of net remeasurement of ECL (incl, changes in models)	-1,781	1,779	685	682
Write-offs debited to the allowance account	-2	-	-318	-320
Foreign exchange adjustments	-29	-85	-37	-152
Other changes	-1	-1	12	11
ECL allowance account as at 30 September 2023	**3,366**	**7,868**	**8,673**	**19,907**

The movements on the allowance account are determined by comparing the classification and amount in the balance sheet at the beginning and the end of the period. For further information on the decomposition of the allowance account on facilities in stages 1-3 under IFRS 9, see note G13.

Notes – Danske Bank Group

G6. Issued bonds, subordinated debt and additional tier 1 capital

Issued bonds at fair value

(DKK millions)	30 September 2023	31 December 2022*
Bonds issued by Realkredit Danmark (covered bonds)	716,009	711,773
Commercial papers and certificates of deposits	8,364	9,119
Structured retail notes	2,426	3,032
Issued bonds at fair value, total	**726,799**	**723,923**

* Comparative information has been restated, as described in note G2(a).

Issued bonds at amortised cost

(DKK millions)	30 September 2023	31 December 2022
Commercial papers and certificates of deposits	21,040	-
Preferred senior bonds*	71,931	48,356
Covered bonds	129,197	140,829
Structured retail notes*	1,935	3,498
Issued bonds at amortised cost, total	**224,102**	**192,682**
Non-preferred senior bonds	**86,147**	**93,235**

* DKK 3,498 million of Structured retail notes that were included in Preferred senior bonds as at 31 December 2022 is now presented in a separate line.

Further information on issued bonds at fair value through profit or loss can be found in note G16 of the Annual Report 2022. The issuance and redemption of bonds (including commercial papers and certificates of deposits at fair value) during the year are presented in the tables below.

Nominal value (DKK millions)	1 January 2023	Issued	Redeemed**	Foreign currency translation	30 September 2023
Commercial papers and certificate of deposits	9,128	53,570	31,436	-1,860	29,401
Preferred senior bonds*	59,348	38,700	18,120	-153	79,775
Covered bonds	156,740	28,900	35,030	-4,805	145,806
Non-preferred senior bonds	100,586	16,146	23,380	340	93,691
Other issued bonds	**325,801**	**137,316**	**107,966**	**-6,478**	**348,674**

* Preferred senior bonds includes structured retail notes.

** Redeemed covered bonds includes DKK 25.8 billion of covered bonds reclassified to Liabilities in disposal groups held for sale during the third quarter of 2023. See note G7 for more detail.

Nominal value (DKK millions)	1 January 2022	Issued	Redeemed	Foreign currency translation	31 December 2022
Commercial papers and certificate of deposits	23,712	13,445	26,709	-1,321	9,128
Preferred senior bonds*	67,724	1,400	14,630	4,854	59,348
Covered bonds	165,067	39,600	39,605	-8,322	156,740
Non-preferred senior bonds	108,104	20,100	30,530	2,913	100,586
Other issued bonds	**364,607**	**74,545**	**111,475**	**-1,876**	**325,801**

* Preferred senior bonds includes structured retail notes.

Subordinated debt and additional tier 1 capital

As at 30 September 2023, the nominal value of subordinated debt, including liability accounted additional tier 1 capital, amounted to DKK 40,719 million (31 December 2022: DKK 40,514 million). During the nine months ended 30 September 2023, the Group did not issue or redeem any additional tier 1 or tier 2 capital instruments. During 2022, the Group redeemed EUR 750 million of additional tier 1 capital accounted for as equity.

For the additional tier 1 capital, Danske Bank A/S may, at its sole discretion, omit interest payments to bondholders. Any interest payments are paid out of distributable items, which primarily consist of retained earnings in Danske Bank A/S and Danske Bank Group (see section 6.4.3 of Risk Management 2022 for further information). As at 30 September 2023, distributable items for Danske Bank A/S amounted to DKK 130.2 billion (31 December 2022: DKK 126.7 billion). The additional tier 1 capital will be temporarily written down or converted into a variable number of ordinary shares, depending on the terms of each issued bond, if the common equity tier 1 capital ratio falls below 7% for Danske Bank A/S or Danske Bank Group. As at 30 September 2023 the common equity tier 1 capital ratio was 22.0% (31 December 2022: 20.3%) for Danske Bank A/S. The ratios for the Danske Bank Group are disclosed in the Statement of capital.

Notes – Danske Bank Group

G7. Assets held for sale and Liabilities in disposal groups held for sale

Assets held for sale and Liabilities in disposal groups held for sale include assets and liabilities that fall under IFRS 5.

(DKK millions)	30 September 2023	31 December 2022
Assets held for sale		
Loans held for sale	118,084	-
Other	324	350
Total	**118,408**	**350**
Liabilities in disposal groups		
Deposits held for sale	31,917	-
Issued bonds at amortised cost	25,834	-
Total	**57,750**	**-**

As announced in July 2023, Danske Bank has entered into an agreement to sell our personal customer business Norway. The sale will include loans, deposits and issued bonds at amortised cost. On reclassification to held for sale, a loss of DKK 0.7 billion was recognised in relation to prudent valuattion and expected costs directly attributable to the sale, and is included in Gain or loss on sale of disposal groups.

In June 2023, Danske Bank also announced that it will sell Danske IT, a fully-owned subsidiary of Danske Bank, to Infosys. The sale, which included approximately DKK 0.3 billion of assets and DKK 0.2 billion of liabilities, settled in the third quarter of 2023.

Assets held for sale also includes lease assets (where the Group acts as a lessor) put up for sale at the end of the lease and properties taken over by the Group under non-performing loan agreements. The Group expects to sell the properties through a real estate agent within 12 months from the date of acquisition. The properties comprise properties in Denmark and in other countries.

G8. Other assets and Other liabilities

(A) Other assets and other liabilities (DKK millions)	30 September 2023	31 December 2022
Other assets*		
Accrued interest and commissions due	8.297	2.256
Prepayments, accruals and other amounts due	8.795	17.048
Defined benefit pension plan, net assets	934	1.486
Investment property	158	146
Tangible assets	7.468	7.586
Right of use lease assets	4.147	2.615
Holdings in associates	573	536
Total	**30.371**	**31.673**
Other liabilities*		
Sundry creditors	37.777	35.823
Estonia settlement	-	15.300
Accrued interest and commissions due	15.585	7.634
Defined benefit pension plans, net liabilities	332	366
Other staff commitments	1.000	1.804
Lease liabilities	4.078	2.743
Loan commitments and guarantees etc.	3.125	2.627
Reserves subject to a reimbursement obligation	4	4
Provisions, including litigations	2.711	2.676
Total	**64.613**	**68.978**

* Comparative information has been restated, as described in note G2(a).

In the table above, Provisions, including litigations at as 30 September 2023 includes customer relations (DKK 1.9 billion), regulatory and legal proceedings (DKK 0.1 billion), restructuring costs (DKK 0.1 billion) and other provisions (DKK 0.6 billion).

Notes – Danske Bank Group

G9. Foreign currency translation reserve

The Group has granted loans to its branches in Sweden, Norway and Finland in the currency of the foreign unit for a total of DKK 37,425 million (31 December 2022: DKK 34,573 million). The loans are part of the net investment in those units and the foreign currency gains/losses on these loans are recognised in Other comprehensive income. The funding of the loans is partly done in DKK in order to create a so-called structural FX hedge position in accordance with banking regulations, i.e. to reduce the impact on capital ratios resulting from changes in the risk exposure amount due to changes in currency rates. The Group's net investment in its subsidiaries Danske Hypotek AB (Sweden) and Danske Mortgage Bank Plc (Finland) is included in the structural FX hedge position to extend the hedge to the risk exposure amount measured by currency for EUR, NOK and SEK across the entire Group balance sheet, although with constraints to the size of the loans to the foreign branches and the net investments in the foreign subsidiaries. This strategy of partly hedging the sensitivity to capital ratios from volatility in foreign currency rates, increases the volatility in Other comprehensive income and the Foreign currency translation reserve in equity under IFRS since it decreases the hedge of the currency risk on the net investments in those units. As at 30 September 2023, the structural FX hedge position totalled DKK 36,464 million (31 December 2022: DKK 41,350 million), and a loss of DKK 1.397 million has been recognised in Other comprehensive income during the first nine months of 2023 due to a weakening of both the NOK and the SEK against the DKK throughout the first nine months of 2023, of which, a loss of DKK 786 million has been realised and reclassified from Other comprehensive income to the Income statement. This is due to an adjustment made for the structural FX hedge position held in NOK, to reflect the reduction in long term risk exposure amount (REA) in NOK coming from the announced sale of personal customer business in Norway. For comparison, a loss of DKK 1,771 million was recognised in Other comprehensive income during the first nine months of 2022 due mainly to a weakening of both the NOK and the SEK against the DKK.

Notes – Danske Bank Group

G10. Guarantees, commitments and contingent liabilities

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

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

(a) Guarantees (DKK millions)	30 September 2023	31 December 2022
Financial guarantees	5,235	5,512
Other guarantees	76,701	75,884
Total	**81,937**	**81,396**

(b) Commitments (DKK millions)	30 September 2023	31 December 2022
Loan commitments shorter than 1 year	219,276	236,062
Loan commitments longer than 1 year	211,300	199,888
Other unutilised commitments	16,149	15,196
Total	**446,725**	**451,146**

In addition to credit exposure from lending activities, loan offers made and uncommitted lines of credit granted by the Group amounted to DKK 209 billion (31 December 2022: DKK 216 billion). These items are included in the calculation of the total risk exposure amount in accordance with the CRR.

(c) Regulatory and legal proceedings

Estonia matter

As announced on 13 December 2022, Danske Bank has reached final coordinated resolutions with the US Department of Justice (DoJ), the US Securities and Exchange Commission (SEC) and the Danish Special Crime Unit (SCU) following the investigations into failings and misconduct related to the non-resident portfolio at Danske Bank's former Estonia branch. The aggregate amounts payable to the US and Danish authorities were paid in January 2023. The coordinated resolutions marked the end of the criminal and regulatory investigations into Danske Bank by the authorities in Denmark and the United States.

As part of the Bank's agreement with DoJ, Danske Bank was placed on corporate probation for three years from 13 December 2022 until 13 December 2025 and Danske Bank committed to continue improving its compliance programs. Danske Bank has taken extensive remediation action to address those failings to prevent any similar occurrences, and Danske Bank remains in contact with DoJ as a matter of post-resolution obligations set forth in the agreement with DoJ.

Danske Bank remains subject to a criminal investigation by authorities in France and has posted bail in the amount of DKK 80 million. The Bank continues to cooperate with the authorities.

The civil claims filed against Danske Bank by institutional investors can be summarised to six case complexes with a current total claim amount of approximately DKK 12.8 billion. One of the case complexes has partly been referred to the Eastern High Court, while the remaining case complexes are stayed or pending before the Copenhagen City Court. The civil claims were not included in the coordinated resolutions with DoJ, SEC, and SCU. Danske Bank will continue to defend itself vigorously against these claims. The timing of completion of such civil claims (pending or threatening) and their outcome are uncertain and could be material.

Danske Bank has been procedurally notified in two claims filed against Thomas F. Borgen. Under Danish law, the purpose of a procedural notification is to make a formal reservation of rights to bring a potential claim against the notified party. The first case was dismissed in the first instance and subsequently appealed by the claimants. The original claim amount for both claims was approximately DKK 3.2 billion but has been reduced to approximately DKK 1.7 billion.

An action has been filed in the United States District Court for the Eastern District of New York against Danske Bank and others. The complaint sought unspecified punitive and compensatory damages. On 29 December 2022, the action was dismissed by the court and on 27 January 2023, the complainants filed an appeal of the dismissal. The timing of the completion of the lawsuit and the outcome are uncertain.

Other

Owing to its business volume, Danske Bank is continually a party to various other lawsuits and disputes, and has an ongoing dialogue with public authorities, such as the Danish FSA and the Danish Tax Agency on other matters. In general, Danske Bank does not expect the outcomes of any of these other pending lawsuits and disputes, or its dialogue with public authorities to have any material effect on its financial position. Provisions for litigations are included in Other liabilities, see note G8.

Notes – Danske Bank Group

G10. Guarantees, commitments and contingent liabilities continued

(d) Further explanation

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

The Group participates in the Danish Guarantee Fund and the Danish Resolution Fund. The funds' capital must amount to at least 0.8% and 1%, respectively, of the covered deposits of all Danish credit institutions by 31 December 2024. The Danish Guarantee Fund is currently fully funded, but if the fund subsequently does not have sufficient means to make the required payments, extraordinary contributions of up to 0.5% of the individual institution's covered deposits may be required. Extraordinary contributions above this percentage require the consent of the Danish FSA. The first contribution to the Danish Resolution Fund was made in December 2015. Danske Bank A/S and Realkredit Danmark A/S make contributions to the Resolution Fund on the basis of their size and risk relative to other credit institutions in Denmark. The contribution to the Danish Resolution Fund is recognised as operating expenses.

If the Resolution Fund does not have sufficient means to make the required payments, extraordinary contributions of up to three times the latest annual contributions may be required. In addition, Danish banks participate in the Danish Restructuring Fund, which reimburses creditors if the final dividend is lower than the interim dividend in respect of banks that were in distress before 1 June 2015. Similarly, Danish banks have made payment commitments totalling DKK 1 billion to cover losses incurred by the Danish Restructuring Fund for the withdrawal of distressed banks from data centres etc. Payments to the Danish Restructuring Fund are calculated on the basis of the individual credit institution's share of covered deposits relative to other credit institutions in Denmark. However, each institution's contribution to the Danish Restructuring Fund may not exceed 0.2% of its covered deposits.

The Group is a member of deposit guarantee schemes and other compensation schemes in Norway and the UK. As in Denmark, the contributions to the schemes in these countries are annual contributions combined with extraordinary contributions if the means of the schemes are not sufficient to cover the required payments.

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

With effect from 1 April 2022, Danske Bank A/S is no longer registered jointly with all significant Danish entities of Danske Bank Group for financial services employer tax and VAT, for which Danske Bank A/S and the entities had been jointly and severally liable.

Notes – Danske Bank Group

G11. Assets provided or received as collateral

As at 30 September 2023, the Group had deposited securities (including bonds issued by the Group) worth DKK 13.3 billion as collateral with Danish and international clearing centres and other institutions (31 December 2022: DKK 30.6 billion).

As at 30 September 2023, the Group had provided cash and securities (including bonds issued by the Group) worth DKK 78.2 billion as collateral for derivatives transactions (31 December 2022: DKK 90.4 billion).

As at 30 September 2023, the Group had registered assets (including bonds and shares issued by the Group) under insurance contracts and unit-linked investment contracts worth DKK 429.5 billion (31 December 2022: DKK 417.5 billion) as collateral for policyholders' savings of DKK 412.4 billion (31 December 2022: DKK 404.6 billion).

As at 30 September 2023, the Group had registered loans at fair value and securities (including bonds issued by the Group) worth a total of DKK 731.4 billion (31 December 2022: DKK 728.6 billion) as collateral for bonds issued by Realkredit Danmark. Similarly, the Group had registered loans and other assets worth DKK 308.4 billion (31 December 2022: DKK 306.3 billion) as collateral for covered bonds issued under Danish, Finnish and Swedish law.

The table below shows assets provided as collateral for liabilities or contingent liabilities. Assets provided as collateral under repo transactions are shown separately whereas the types explained above are included in the column 'Other'.

	30 September 2023			31 December 2022		
(DKK millions)	Repo	Other	Total	Repo	Other	Total
Due from credit institutions	-	28,516	28,516	-	22,917	22,917
Trading and investment securities	189,065	51,231	240,297	139,807	72,697	212,504
Loans at fair value	-	726,380	726,380	-	724,051	724,051
Loans at amortised cost	-	320,157	320,157	-	328,800	328,800
Assets under insurance contracts and unit-linked investment contracts	-	405,141	405,141	-	347,673	347,673
Other assets	-	-	-	-	93	93
Total	189,065	1,531,426	1,720,491	139,807	1,496,231	1,636,038
Own issued bonds	30,360	29,166	59,525	31,064	76,754	107,818
Total, including own issued bonds	**219,425**	**1,560,591**	**1,780,016**	**170,871**	**1,572,985**	**1,743,856**

Securities provided as collateral under agreements that entitle the counterparty to sell the securities or provide them as collateral for other loans amounted to DKK 189.1 billion as at 30 September 2023 (31 December 2022: DKK 139.8 billion).

As at 30 September 2023, the Group had received securities worth DKK 338.2 billion (31 December 2022: DKK 303.8 billion) as collateral for reverse repo transactions, securities lending, derivatives transactions and other transactions entered into on the standard terms for such transactions. As the party receiving the collateral, the Group is entitled in most cases to sell the securities or provide the securities as collateral for other loans in exchange for returning similar securities to the counterparty at the expiry of the transactions. As at 30 September 2023, the Group had sold securities or provided securities as collateral worth DKK 131.2 billion (31 December 2022: DKK 119.2 billion).

The Group also receives many other types of assets as collateral in connection with its ordinary lending activities. The Group has not received the ownership of these assets. Note G41 of the Annual Report 2022 provide more details on assets received as collateral in connection with ordinary lending activities.

Notes – Danske Bank Group

G12. Fair value information for financial instruments

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

	30 September 2023		31 December 2022*	
(DKK millions)	Instruments held at Fair value	Instruments held at Amortised cost	Instruments held at Fair value	Instruments held at Amortised cost
Financial assets				
Cash in hand and demand deposits with central banks	-	272,280	-	175,052
Due from credit institutions and central banks	99,786	34,372	38,147	22,639
Trading portfolio assets	602,915	-	638,799	-
Investment securities held at amortised cost	-	156,274	-	151,573
Investment securities held at fair value	123,557	-	135,850	-
Loans at amortised cost	-	902,384	-	1,082,818
Loans at fair value	905,580	-	932,677	-
Assets under pooled schemes and unit-linked investment contracts	66,847	-	66,739	-
Assets under insurance contracts	457,658	-	465,720	-
Loans held for sale	-	118,084	-	-
Total	**2,256,343**	**1,483,394**	**2,277,932**	**1,432,082**
Financial liabilities				
Due to credit institutions and central banks	106,754	65,429	52,252	86,525
Trading portfolio liabilities	529,337	-	554,321	-
Deposits	120,602	1,082,327	97,917	1,164,375
Issued bonds at fair value	726,799	-	723,923	-
Issued bonds at amortised cost	-	224,102	-	192,682
Deposits under pooled schemes and unit-linked investment contracts	67,410	-	66,725	-
Liabilities held for sale	-	57,750	-	-
Non-preferred senior bonds	-	86,147	-	93,235
Subordinated debt	-	39,053	-	38,350
Loan commitments and guarantees	-	3,125	-	2,627
Total	**1,550,902**	**1,557,933**	**1,495,138**	**1,577,795**

* Comparative information has been restated, as described in note G2(a).

Liabilities under insurance contracts are measured using the General Measurement Model, Variable Fee Approach or Premium Allocation Approach as defined by IFRS 17. Liabilities under insurance contracts are therefore not included in the table above.

Investment securities at fair value includes bonds measured at fair value through other comprehensive income, see the table on bonds in note G13. All other financial assets in the column 'Fair value' are mandatorily measured at fair value through profit or loss under IFRS 9. Except for trading portfolio liabilities, all other financial liabilities at fair value are measured at fair value through profit or loss using the fair value option.

Financial instruments at fair value

Note G33(a) of the Annual Report 2022 provides more information about fair value calculation methods for financial instruments.

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

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

Notes – Danske Bank Group

G12. Fair value information for financial instruments continued

Financial instruments at amortised cost

The liquidity portfolio managed by Group Treasury includes different portfolios with different business models (see note G13 in Annual Report 2022 for further description of business models). Bonds held within a business model for the purpose of collecting contractual cash flows (hold to collect) and with cash flows that are solely payments of principal and interest on the principal amount outstanding are measured at amortised cost. For bonds classified as hold-to-collect, amortised cost exceeded fair value as at 30 September 2023 with DKK 11,357 million (31 December 2022: DKK 11,758 million). This portfolio mainly contains Danish mortgage bonds and central and local government bonds and has a weighted average rating factor of 4,8 following Moody's numerical rating factor to scale, which corresponds to a strong Aa1 rating. The interest rate risk duration for the portfolio is 3.3 years. Without any reinvestments, respectively 15%, 65% and 20% of this portfolio will reach maturity within a period of 1 year, between 1 to 5 years, and after 5 years. The difference between amortised cost and fair value will reduce along with time to maturity of the bonds running off. Note G13 and G33 (b) in Annual Report 2022 provides information on the business models and the difference between the carrying amount and the fair value of financial instruments recognised at amortised cost, respectively

Notes – Danske Bank Group

G12. Fair value information for financial instruments continued

(DKK millions)	Quoted prices	Observable input	Non-observable input	Total
30 September 2023				
Financial assets				
Due from credit institutions and central banks	-	99.786	-	99.786
Derivatives	6.457	411.736	1.257	419.450
Trading portfolio bonds	159.392	13.611	-	173.003
Trading portfolio shares	10.379	-	83	10.462
Investment securities, bonds	95.296	27.771	-	123.067
Investment securities, shares	-	-	489	489
Loans at fair value	-	905.580	-	905.580
Assets under pooled schemes and unit-linked investment contracts	66.847	-	-	66.847
Assets under insurance contracts, bonds	169.012	30.860	2.756	202.628
Assets under insurance contracts, shares	143.055	5.142	35.125	183.322
Assets under insurance contracts, derivatives	1.940	68.917	851	71.708
Total	**652.378**	**1.563.403**	**40.561**	**2.256.343**
Financial liabilities				
Due to credit institutions and central banks	-	106.754	-	106.754
Derivatives	7.321	389.846	988	398.155
Obligations to repurchase securities	127.587	3.541	55	131.183
Deposits	-	120.602	-	120.602
Issued bonds at fair value	726.799	-	-	726.799
Deposits under pooled schemes and unit-linked investment contracts	-	67.410	-	67.410
Total	**861.707**	**688.153**	**1.043**	**1.550.902**

(DKK millions)	Quoted prices	Observable input	Non-observable input	Total
31 December 2022*				
Financial assets				
Due from credit institutions and central banks	-	38,147	-	38,147
Derivatives	6,942	421,917	1,263	430,123
Trading portfolio bonds	183,205	17,190	-	200,395
Trading portfolio shares	8,198	-	83	8,281
Investment securities, bonds	97,209	37,454	-	134,663
Investment securities, shares	-	-	1,187	1,187
Loans at fair value	-	932,677	-	932,677
Assets under pooled schemes and unit-linked investment contracts	66,739	-	-	66,739
Assets under insurance contracts, bonds	188,260	23,834	3,369	215,463
Assets under insurance contracts, shares	124,338	4,788	47,045	176,171
Assets under insurance contracts, derivatives	817	72,406	863	74,086
Total	**675,708**	**1,548,413**	**53,810**	**2,277,932**
Financial liabilities				
Due to credit institutions and central banks	-	52,252	-	52,252
Derivatives	4,967	429,138	1,036	435,141
Obligations to repurchase securities	113,830	5,327	23	119,180
Deposits	-	97,917	-	97,917
Issued bonds at fair value	723,923	-	-	723,923
Deposits under pooled schemes and unit-linked investment contracts	-	66,725	-	66,725
Total	**842,721**	**651,358**	**1,059**	**1,495,138**

* Comparative information has been restated, as described in note G2(a).

Notes – Danske Bank Group

G12. Fair value information for financial instruments continued

Financial instruments valued on the basis of non-observable input

The tables below shows financial instruments valued on the basis of non-observable input.

(DKK millions)	Carrying amount	Sensitivity (change in fair value) Increase	Decrease	Gains/losses for the period Realised	Unrealised
30 September 2023					
Unlisted shares					
allocated to insurance contract policyholders	35,125	-	-	1,293	-824
other	517	52	52	274	-89
Illiquid bonds	2,756	56	56	1	-172
Derivatives, net fair value	1,120	-	-	-	188
31 December 2022					
Unlisted shares					
allocated to insurance contract policyholders	47,045	-	-	6,423	-706
other	1,247	125	125	175	-31
Illiquid bonds	3,369	67	67	-128	-61
Derivatives, net fair value	1,090	-	-	-	-420

For unlisted shares allocated to insurance contract policyholders, the policyholders assume most of the risk on the shares. Therefore, changes in the fair value of those shares will only to a limited extent affect the Group's net profit. The Group's remaining portfolio of unlisted shares consists primarily of banking-related investments and holdings in private equity funds. The sensitivity of the fair value measurement to changes in the unobservable input disclosed in the table is calculated as a 10% increase or 10% decrease in fair value. Under current market conditions, a 10% decrease in the fair value is considered to be below a possible alternative estimate of the fair value at the end of the period. The unrealised adjustments in the nine month period ended 30 September 2023 were attributable to various unlisted shares.

The estimated fair value of illiquid bonds depends significantly on the estimated credit spread. In the table, the sensitivity of the fair value measurement to changes in non-observable input is calculated as a 50bps widening or narrowing of the credit spread.

A substantial number of derivatives valued on the basis of non-observable input are hedged by similar derivatives or are used for hedging the credit risk on bonds also valued on the basis of non-observable input. Changing one or more of the non-observable inputs to reflect reasonable, possible alternative assumptions would not change the fair value of the derivatives significantly above what is already covered by the reserve related to fair value adjustment for model risk.

Shares, bonds and derivatives valued on the basis of non-observable input

Reconciliation from beginning to end of period	30 September 2023			31 December 2022		
(DKK millions)	Shares	Bonds	Derivatives	Shares	Bonds	Derivatives
Fair value at 1 January	48,292	3,369	1,090	46,573	5,300	2,504
Value adjustment through profit or loss	654	-171	188	5,861	-189	-420
Acquisitions	2,049	95	45	20,800	107	186
Sale and redemption	-15,353	-537	-274	-24,942	-1,849	-42
Transferred from quoted prices and observable input	-	-	-3	-	-	-
Transferred to quoted prices and observable input	-	-	74	-	-	-1,136
Fair value end of period	**35,643**	**2,756**	**1,120**	**48,292**	**3,369**	**1,090**

The value adjustment through profit or loss is recognised under Net trading income or loss. The transfer of derivatives to the Observable input category consists primarily of maturity reductions, implying that the yield curves have become observable.

Notes – Danske Bank Group

G13. Risk management notes

The consolidated financial statements for 2022 provide a detailed description of the Group's risk management practices.

Breakdown of credit exposure

(DKK billions)		Lending activities				
30 September 2023	Total	Core	Non-core	Counterparty credit risk	Trading and investment securities	Customer-funded investments
Balance sheet items						
Demand deposits with central banks	266.0	266.0	-	-	-	-
Due from credit institutions and central banks	134.2	34.4	-	99.8	-	-
Trading portfolio assets	602.9	-	-	419.4	183.5	-
Investment securities	279.8	-	-	-	279.8	-
Loans at amortised cost	902.4	900.8	1.5	-	-	-
Loans at fair value	905.6	726.4	-	179.2	-	-
Assets under pooled schemes and unit-linked investment contracts	66.8	-	-	-	-	66.8
Assets under insurance contracts	506.4	-	-	-	-	506.4
Assets held for sale	118.1	118.1	-	-	-	-
Off-balance-sheet items						
Guarantees	81.9	81.9	-	-	-	-
Loan commitments shorter than 1 year	219.3	218.3	0.9	-	-	-
Loan commitments longer than 1 year	211.3	211.3	-	-	-	-
Other unutilised commitments	16.1	-	-	-	0.1	16.1
Total	**4,310.9**	**2,557.3**	**2.5**	**698.4**	**463.4**	**589.3**
31 December 2022*						
Balance sheet items						
Demand deposits with central banks	168.4	168.4	-	-	-	-
Due from credit institutions and central banks	60.8	22.7	-	38.1	-	-
Trading portfolio assets	638.8	-	-	430.1	208.7	-
Investment securities	287.5	-	-	-	287.5	-
Loans at amortised cost	1,082.8	1,081.7	1.2	-	-	-
Loans at fair value	932.7	724.1	-	208.6	-	-
Assets under pooled schemes and unit-linked investment contracts	66.7	-	-	-	-	66.7
Assets under insurance contracts	503.0	-	-	-	-	503.0
Assets held for sale	-	-	-	-	-	-
Off-balance-sheet items						
Guarantees	81.4	81.4	-	-	-	-
Loan commitments shorter than 1 year	236.1	234.8	1.3	-	-	-
Loan commitments longer than 1 year	199.9	199.9	-	-	-	-
Other unutilised commitments	15.2	-	-	-	0.1	15.1
Total	**4,273.2**	**2,512.8**	**2.5**	**676.9**	**496.2**	**584.8**

* Comparative information has been restated, as described in note G2(a).

In addition to credit exposure from lending activities, Danske Bank had made uncommitted loan offers and granted uncommitted lines of credit of DKK 209 billion at 30 September 2023 (31 December 2022: DKK 216 billion). These items are included in the calculation of the total risk exposure amount in accordance with the Capital Requirements Directive.

Notes – Danske Bank Group

Credit exposure

Credit exposure from core lending activities

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

The Group's definition of default for accounting aligns with the regulatory purposes. All exposures in stage 3 are considered default. This includes all non-performing loans. A small amount of credit exposure in stage 3 can be found outside default. This is due to impairment staging being updated monthly (after each month-end), whereas default is updated daily. For the same reason, some credit exposure in default is outside stage 3. The stage 3 coverage ratio is 68% (31 December 2022: 85%).

For further details about the Group's credit risk management and the use of information on expected credit losses for risk management purposes, see Risk Management 2022.

Credit portfolio in core activities broken down by rating category and stages

The table below breaks down the credit exposure by rating categories and stages. Further information on classification of customers can be found on page 173 in Annual report 2022.

30 September 2023	PD level		Gross exposure			Expected credit loss			Net exposure			Net exposure, ex collateral		
(DKK billions)	Upper	Lower	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
1	-	0.01	87.6	0.1	-	-	-	-	87.6	0.1	-	69.0	-	-
2	0.01	0.03	356.8	0.2	-	-	-	-	356.8	0.2	-	249.8	0.1	-
3	0.03	0.06	518.7	0.6	0.1	0.1	-	-	518.6	0.6	0.1	249.2	0.3	-
4	0.06	0.14	605.5	1.5	0.1	0.2	-	-	605.2	1.5	0.1	285.4	0.4	-
5	0.14	0.31	446.7	8.6	0.1	0.4	0.1	-	446.3	8.5	0.1	142.9	5.8	-
6	0.31	0.63	275.3	36.8	0.1	0.7	0.6	-	274.6	36.2	0.1	89.7	20.9	-
7	0.63	1.90	90.3	50.1	0.1	1.1	2.0	-	89.3	48.1	0.1	28.4	18.7	-
8	1.90	7.98	11.8	29.1	0.5	0.8	2.5	0.4	11.0	26.6	-	2.7	7.3	-
9	7.98	25.70	1.0	6.4	0.2	-	1.6	0.1	1.0	4.8	0.1	0.2	1.2	-
10	25.70	99.99	0.5	13.1	3.7	-	1.1	0.6	0.5	12.0	3.1	0.2	3.4	-
11 (default)	100.00	100.00	0.1	0.5	31.0	-	-	7.5	0.1	0.5	23.5	-	0.2	4.0
Total			**2,394.4**	**147.0**	**35.7**	**3.4**	**7.9**	**8.7**	**2,391.1**	**139.1**	**27.1**	**1,117.5**	**58.4**	**4.1**

31 December 2022	PD level		Gross exposure			Expected credit loss			Net exposure			Net exposure, ex collateral*		
(DKK billions)	Upper	Lower	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
1	-	0.01	135.9	0.1	-	-	-	-	135.9	0.1	-	115.2	-	-
2	0.01	0.03	233.5	0.2	-	-	-	-	233.5	0.2	-	116.8	0.1	-
3	0.03	0.06	540.9	0.8	-	0.1	-	-	540.8	0.8	-	262.9	0.3	-
4	0.06	0.14	630.6	1.9	-	0.6	-	-	630.0	1.9	-	298.0	0.9	-
5	0.14	0.31	463.1	14.0	-	0.4	0.1	-	462.7	13.9	-	148.1	7.7	-
6	0.31	0.63	235.8	54.3	-	0.5	0.9	0.1	235.3	53.3	-	76.1	21.4	-
7	0.63	1.90	75.5	59.5	-	0.9	2.6	-	74.6	56.9	-	24.2	20.7	-
8	1.90	7.98	7.3	29.9	-	0.4	2.8	-	6.8	27.0	-	1.7	4.3	-
9	7.98	25.70	0.9	3.1	0.1	-	0.7	-	0.9	2.4	0.1	0.2	0.2	0.1
10	25.70	99.99	0.6	12.0	0.2	-	0.9	0.1	0.6	11.1	0.1	0.3	2.1	-
11 (default)	100.00	100.00	0.2	0.4	31.6	0.3	-	8.1	-	0.4	23.5	-	0.1	1.3
Total			**2,324.2**	**176.0**	**32.1**	**3.3**	**8.1**	**8.3**	**2,321.0**	**168.0**	**23.9**	**1,043.5**	**58.0**	**1.4**

*Net exposure, ex collateral as at 31 December 2022 has been restated.

Notes – Danske Bank Group

Credit exposure continued

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

The table below breaks down credit exposure by industry. The industry segmentation is based on the classification principles of the Statistical Classification of Economic Activities in the European Community (NACE) standard that has been adapted to the Group's business risk approach used for the active management of the credit portfolio.

30 September 2023	Gross exposure			Expected credit loss			Net exposure			Net exposure, ex collateral		
(DKK billions)	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Public institutions	315.3	1.1	0.3	-	-	-	315.3	1.1	0.3	312.8	0.1	-
Financials	142.0	5.3	0.4	0.1	0.1	0.1	141.9	5.1	0.2	126.1	4.4	0.2
Agriculture	55.1	5.0	2.2	0.3	0.7	0.6	54.8	4.3	1.6	14.2	1.0	-
Automotive	24.4	2.7	0.2	-	0.1	0.1	24.4	2.6	0.1	19.3	1.5	-
Capital goods	87.9	12.0	1.4	0.1	0.3	0.5	87.8	11.7	0.9	79.2	10.0	0.5
Commercial property*	256.6	31.9	6.9	0.5	1.9	1.0	256.0	30.0	5.9	36.5	5.4	0.7
Construction and building materials	43.5	6.9	1.9	0.3	0.9	0.7	43.2	5.9	1.2	30.7	3.1	0.6
Consumer goods	68.1	8.3	1.2	-	0.4	0.4	68.1	7.8	0.8	55.0	5.5	0.2
Hotels, restaurants and leisure	11.9	2.4	0.7	-	0.1	0.2	11.9	2.3	0.5	2.9	0.8	0.1
Metals and mining	13.9	2.2	-	-	-	-	13.9	2.2	-	11.8	1.9	-
Other commercials	12.5	0.4	0.3	0.1	-	0.1	12.4	0.4	0.2	8.9	0.1	-
Pharma and medical devices	44.4	3.0	-	-	0.1	-	44.4	2.9	-	41.4	2.5	-
Private housing co-ops and non-profit associations	182.7	4.7	1.1	0.1	0.4	0.2	182.6	4.3	0.9	23.3	1.6	0.1
Pulp, paper and chemicals	43.5	4.0	0.7	-	0.1	0.2	43.4	3.9	0.5	32.8	2.9	0.2
Retailing	28.8	4.5	1.8	0.1	0.3	0.5	28.7	4.2	1.3	18.5	3.3	0.6
Services	60.2	8.3	0.6	0.2	0.3	0.3	60.0	8.1	0.3	49.7	6.6	-
Shipping, oil and gas	36.5	1.3	3.1	-	-	0.5	36.5	1.2	2.5	21.9	0.5	-
Social services	27.8	0.9	0.7	-	0.1	0.1	27.7	0.8	0.5	12.2	0.3	0.3
Telecom and media	22.0	1.2	2.0	-	0.1	0.5	22.0	1.2	1.5	16.8	0.9	0.5
Transportation	14.4	2.3	0.3	-	0.1	0.1	14.4	2.2	0.2	6.5	0.8	-
Utilities and infrastructure	82.5	1.2	-	-	-	-	82.5	1.2	-	60.7	1.0	-
Personal customers	820.5	37.5	10.0	1.4	1.7	2.5	819.1	35.8	7.5	136.5	4.1	-
Total	**2,394.4**	**147.0**	**35.7**	**3.4**	**7.9**	**8.7**	**2,391.1**	**139.1**	**27.1**	**1,117.5**	**58.4**	**4.1**

*As at 30 September 2023, DKK 136 billion of the net exposure in Commercial property is towards residential assets.

As at 30 September 2023, oil and gas exposures (within the Shipping, oil and gas industry) represent a gross exposure of DKK 18.5 billion (31 December 2022: DKK 19.3 billion) and expected credit losses of DKK 0.4 billion (31 December 2022: DKK 0.7 billion). Those exposures represent the majority of the exposures in stage 3 within the Shipping, oil and gas industry at the end of September 2023.

Notes – Danske Bank Group

Credit exposure continued

31 December 2022	Gross exposure			Expected credit loss			Net exposure			Net exposure, ex collateral*		
(DKK billions)	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Public institutions	225.8	1.3	-	-	-	-	225.8	1.3	-	223.1	-	-
Financials	116.6	3.9	0.3	0.1	0.2	0.1	116.5	3.7	0.2	104.0	2.7	0.1
Agriculture	54.9	5.9	2.9	0.2	0.9	0.8	54.6	5.1	2.1	14.1	0.8	-
Automotive	25.4	2.3	0.2	-	0.1	0.1	25.4	2.2	0.1	20.7	0.9	-
Capital goods	87.3	9.2	1.3	0.1	0.3	0.7	87.2	8.9	0.7	79.0	7.2	-
Commercial property	250.6	46.9	3.6	0.4	2.2	0.7	250.3	44.7	2.9	44.9	7.9	-
Construction and building materials	43.6	8.6	1.2	0.1	0.5	0.5	43.5	8.1	0.7	32.4	4.6	0.1
Consumer goods	72.4	7.6	0.9	0.1	0.4	0.2	72.3	7.2	0.6	57.1	5.2	0.3
Hotels, restaurants and leisure	10.3	4.2	1.0	-	0.1	0.3	10.3	4.0	0.8	5.1	0.8	0.1
Metals and mining	13.9	1.1	-	-	-	-	13.9	1.1	-	11.8	0.8	-
Other commercials	15.4	0.8	0.2	0.3	-	0.1	15.1	0.8	0.2	11.9	0.3	-
Pharma and medical devices	42.3	3.7	-	-	0.1	-	42.2	3.6	-	39.6	3.2	-
Private housing co-ops and non-profit associations	187.4	3.8	0.6	0.1	0.1	0.1	187.3	3.7	0.5	26.9	0.8	-
Pulp, paper and chemicals	47.5	3.9	0.3	-	0.1	0.1	47.5	3.8	0.1	35.8	2.7	-
Retailing	30.3	3.1	1.7	0.1	0.1	0.6	30.2	3.0	1.1	19.0	2.2	0.2
Services	59.7	6.8	0.8	0.3	0.2	0.3	59.4	6.6	0.4	49.1	4.8	0.1
Shipping, oil and gas	34.6	1.2	5.4	-	-	1.0	34.6	1.2	4.4	22.5	0.9	-
Social services	26.9	0.8	0.7	-	0.1	0.1	26.8	0.7	0.6	12.9	0.3	-
Telecom and media	23.1	1.0	0.2	-	-	0.1	23.1	0.9	0.1	17.8	0.6	-
Transportation	13.7	2.6	0.5	-	0.1	0.1	13.6	2.4	0.3	6.3	0.9	0.1
Utilities and infrastructure	103.4	4.3	-	0.1	0.2	-	103.2	4.1	-	80.4	3.6	-
Personal customers	839.3	52.8	10.3	1.2	2.0	2.3	838.1	50.8	8.0	129.2	7.0	-
Total	**2,324.2**	**176.0**	**32.1**	**3.3**	**8.1**	**8.3**	**2,321.0**	**168.0**	**23.9**	**1,043.5**	**58.0**	**1.4**

*Net exposure, ex collateral as at 31 December 2022 has been restated.

Collateral

The Group uses a number of measures to mitigate credit risk, including collateral, guarantees and covenants. The main method is obtaining collateral. In Annual Report 2022, a table showing collateral by type (after haircut) is included. The mitigating effect from collateral at the end of September 2023 can be found as the difference between the columns 'Net exposure' and 'Net exposure, ex collateral' and amounted to DKK 1,377.3 billion at 30 September 2023 (31 December 2022: DKK 1,409.9 billion).

Notes – Danske Bank Group

Credit exposure continued

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

30 September 2023	Gross exposure			Expected credit loss			Net exposure			Net exposure, ex collateral		
(DKK billions)	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Personal Customers												
Personal Customers Denmark	413.8	18.1	5.9	0.9	1.0	1.3	412.8	17.1	4.7	54.2	1.8	-
Personal Customers Nordic	315.1	12.8	2.9	0.3	0.5	0.8	314.8	12.3	2.0	70.0	1.3	-
Global Private Banking	75.1	3.2	0.6	-	0.1	0.2	75.1	3.0	0.4	16.2	1.0	-
Total Personal Customers	**804.1**	**34.1**	**9.5**	**1.3**	**1.7**	**2.3**	**802.8**	**32.5**	**7.1**	**140.5**	**4.1**	**-**
Business Customers												
Asset Finance	51.5	10.2	1.2	0.1	0.6	0.4	51.3	9.6	0.8	19.5	1.9	-
Business Customers	303.1	38.1	10.5	1.0	2.9	3.5	302.1	35.1	6.9	93.1	14.5	0.8
Commercial Real Estate	300.5	24.5	4.6	0.3	1.5	0.3	300.3	23.0	4.2	50.7	5.0	0.2
Business Customers Other	0.3	-	-	-	-	-	0.3	-	-	0.3	-	-
Total Business Customers	**655.4**	**72.8**	**16.2**	**1.4**	**5.0**	**4.2**	**654.0**	**67.8**	**12.0**	**163.6**	**21.4**	**0.9**
Large Corporates & Institutions	**596.8**	**35.8**	**8.2**	**0.4**	**1.1**	**1.7**	**596.4**	**34.7**	**6.5**	**516.4**	**32.2**	**2.9**
Northern Ireland	**93.9**	**4.1**	**1.8**	**0.3**	**0.1**	**0.4**	**93.7**	**4.0**	**1.4**	**53.0**	**0.7**	**0.2**
Group Functions	**244.1**	**0.1**	**-**	**-**	**-**	**-**	**244.1**	**0.1**	**-**	**244.0**	**0.1**	**-**
Total	**2,394.4**	**147.0**	**35.7**	**3.4**	**7.9**	**8.7**	**2,.391.1**	**139.1**	**27.1**	**1,117.5**	**58.4**	**4.1**

31 December 2022	Gross exposure			Expected credit loss			Net exposure			Net exposure, ex collateral*		
(DKK billions)	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Personal Customers**												
Personal Customers Denmark	404.3	25.5	6.1	0.9	1.4	1.2	403.3	24.0	4.9	45.8	2.2	-
Personal Customers Nordic	349.4	15.9	3.2	0.2	0.3	0.8	349.2	15.6	2.4	72.2	2.0	-
Global Private Banking	76.1	7.1	0.6	0.1	0.2	0.2	76.0	6.9	0.4	16.0	2.9	-
Total Personal Customers	**829.8**	**48.5**	**9.9**	**1.3**	**2.0**	**2.2**	**828.5**	**46.5**	**7.7**	**134.1**	**7.1**	**-**
Business Customers												
Asset Finance	47.6	12.9	1.2	0.1	0.5	0.3	47.4	12.4	0.8	18.6	2.4	-
Business Customers	324.0	56.4	11.1	0.9	3.9	3.5	323.1	52.5	7.5	119.7	17.8	1.0
Commercial Real Esate	279.1	22.1	1.3	0.2	0.6	0.3	278.9	21.5	1.0	43.4	3.9	0.2
Business Customers Other	0.1	-	-	-	-	-	0.1	-	-	0.1	-	-
Total Business Customers	**650.7**	**91.4**	**13.6**	**1.2**	**4.9**	**4.2**	**649.5**	**86.4**	**9.4**	**181.7**	**24.1**	**1.2**
Large Corporates & Institutions	**615.2**	**29.1**	**7.0**	**0.5**	**1.0**	**1.5**	**614.7**	**28.1**	**5.5**	**535.3**	**25.5**	**-**
Northern Ireland	**81.4**	**6.9**	**1.7**	**0.3**	**0.2**	**0.4**	**81.1**	**6.7**	**1.2**	**45.4**	**1.1**	**0.1**
Group Functions	**147.1**	**0.2**	**-**	**-**	**-**	**-**	**147.1**	**0.2**	**-**	**146.9**	**0.2**	**-**
Total	**2,324.2**	**176.0**	**32.1**	**3.3**	**8.1**	**8.3**	**2,321.0**	**168.0**	**23.9**	**1,043.5**	**58.0**	**1.4**

* Net exposure, ex collateral as at 31 December 2022 has been restated.

** Global Private Banking is a new sub-segment in Personal Customers in 2023. Comparatives have been reclassified from other sub-segments of Personal Customers.

Notes – Danske Bank Group

Credit exposure continued

Exposures subject to forbearance measures

The Group adopts forbearance plans to assist customers in financial difficulty. Concessions granted to customers include interest-reduction schedules, interest-only schedules, temporary payment holidays, term extensions, cancellation of outstanding fees, waiver of covenant enforcement and debt forgiveness. Forbearance plans must comply with the Group's Credit Policy. They are used as an instrument to retain long-term business relationships during economic downturns if there is a realistic possibility that the customer will be able to meet its obligations again, or are used for minimising losses in the event of default.

If it proves impossible to improve the customer's financial situation by forbearance measures, the Group will consider whether to subject the customer's assets to a forced sale or whether the assets could be realised later at higher net proceeds. At the end of the first nine months of 2023, the Group had recognised properties taken over in Denmark at a carrying amount of DKK 15 million (31 December 2022: DKK 4 million), and there were no properties taken over in other countries (31 December 2022: DKK 0 million). The properties are held for sale and included under Assets held for sale in the balance sheet.

The Group applies the European Banking Authority's (the EBA's) definition of loans subject to forbearance measures. The EBA definition states that a probation period of a minimum of two years must pass from the date when forborne exposures are considered to be performing again. Forbearance measures lead to changes in staging for impairment purposes, and impairments relating to forborne exposures are handled according to the principles described in note G15 in Annual Report 2022.

Exposures subject to forbearance measures

(DKK millions)	30 September 2023	31 December 2022
Stage 1	224	367
Stage 2	4,765	3,029
Stage 3	6,580	6,165
Total	**11,569**	**9,561**

Allowance account in core activities

(DKK millions)	Stage 1	Stage 2	Stage 3	Total
ECL allowance account as at 1 January 2022	2,733	6,804	12,397	21,935
Transferred to stage 1 during the period	1,087	-1,016	-71	-
Transferred to stage 2 during the period	-332	707	-375	-
Transferred to stage 3 during the period	-20	-551	571	-
ECL on new assets	703	1,228	1,511	3,442
ECL on assets derecognised	-646	-1,026	-3,386	-5,058
Impact of net remeasurement of ECL (incl. changes in models)	-512	1,068	755	1,312
Write-offs debited to the allowance account	-	-2	-2,775	-2,778
Foreign exchange adjustments	-38	-80	65	-53
Other changes	-14	-33	22	-25
ECL allowance account as at 30 September 2022	**2,961**	**7,100**	**8,713**	**18,774**
ECL allowance account as at 1 January 2023	**3,273**	**8,082**	**8,251**	**19,605**
Transferred to stage 1 during the period	2,023	-1,924	-99	-
Transferred to stage 2 during the period	-198	487	-289	-
Transferred to stage 3 during the period	-19	-355	374	-
ECL on new assets	492	843	867	2,201
ECL on assets derecognised	-391	-957	-807	-2,156
Impact of net remeasurement of ECL (incl. changes in models)	-1,781	1,779	720	717
Write-offs debited to the allowance account	-2	-	-318	-320
Foreign exchange adjustments	-29	-85	-37	-152
Other changes	-1	-1	12	11
ECL allowance account as at 30 September 2023	**3,366**	**7,868**	**8,673**	**19,906**

Notes – Danske Bank Group

Credit exposure continued

Allowance account in core activities broken down by segment

(DKK millions)	Personal Customers	Business Customers	Large Corporates & Institutions	Northern Ireland	Group Functions	Allowance account Total
ECL allowance account as at 1 January 2022	5,654	10,186	5,227	850	17	21,935
ECL on new assets	450	1,339	1,608	43	2	3,442
ECL on assets derecognised	-603	-1,613	-2,734	-104	-4	-5,058
Impact on remeasurement of ECL (incl. change in models)	265	260	660	108	19	1,312
Write-offs debited to allowance account	-928	-434	-1,295	-120	-	-2,778
Foreign currency translation	-27	-131	143	-38	-	-53
Other changes	15	-25	-13	-1	-1	-25
ECL allowance account as at 30 September 2022	**4,827**	**9,582**	**3,595**	**738**	**32**	**18,774**
ECL allowance account as at 1 January 2023	**5,427**	**10,235**	**3,050**	**863**	**31**	**19,605**
ECL on new assets	387	1,343	421	58	-7	2,201
ECL on assets derecognised	-547	-1,531	-41	-33	-4	-2,156
Impact on remeasurement of ECL (incl. change in models)	201	677	-47	-121	8	718
Write-offs debited to allowance account	-134	-142	-33	-11	-	-321
Foreign currency translation	-25	-109	-42	25	-1	-152
Other changes	-16	20	8	1	-2	11
ECL allowance account as at 30 September 2023	**5,291**	**10,494**	**3,315**	**781**	**25**	**19,906**

The method used for calculating expected credit losses is described in detail in note G15 of the Annual Report 2022.

Forward-looking information

The incorporation of forward-looking information reflects the expectations of the Group's senior management and involves both macroeconomic scenarios (base case, upside and downside scenarios), including an assessment of the probability for each scenario, and post-model adjustments. The purpose of using multiple scenarios is to model the non-linear impact of assumptions about macroeconomic factors on the expected credit losses. Post-model adjustments are used to capture specific risks which are not fully covered by the macroeconomic scenarios, as well as the process related risk, which could lead to an underestimation of the expected credit losses.

Macroeconomic scenarios

The forward-looking information is based on a three-year forecast period converging to steady state in year seven. That is, after the forecast period, the macroeconomic scenarios revert slowly towards a steady state.

The applied scenarios that drive the expected credit loss calculation in the first nine months of 2023 have been updated with the latest macroeconomic data. Compared to the end of 2022, the base case and upside scenarios have been revised to reflect expectations of higher inflation, declining house prices and interest rate hikes. The scenario weighting has been updated to increase the weight on the upside scenario to 20% (10% in 2022), by decreasing the weight on the base case scenario to 60% (70% in 2022). The weight on the downside scenario remains at 20% (20% in 2022) despite the use of a severe stagflation scenario.

The base case is an extension of the Group's official view of the Nordic economies (the Nordic Outlook report). At 30 September 2023, the base case scenario reflects an expectation of high inflation and high interest rates. This results in a slowdown in the Nordic economies with a weaker GDP growth. House prices are expected to stabilise in 2024.

The upside scenario represents a slightly better outlook than the base case scenario across the macroeconomic parameters. In this scenario, there is a consumer driven recovery which increases GDP and supports the property market. However inflation and interest rates remain elevated for longer.

In the fourth quarter of 2022, the downside scenario was changed to the severe recession with high interest rates scenario (reflecting a stagflation scenario) applied in the Group's ICAAP processes, and is similar in nature to regulatory stress tests. The severe recession scenario reflected negative growth, increasing interest rates, and falling property prices for a longer period. The change of the downside scenario was made to better capture the increasing risk from high interest rates and high inflation. A trigger of the economic setback could be continued macroeconomic worsening and challenges linked to high business costs while inflation remains elevated. This adversely impacts the labour market, results in higher and more persistent unemployment. This would lead to a severe slowdown in the economies in which the Group is represented.

The main macroeconomic parameters in the base case, upside and downside scenario entering the ECL calculation for the forecast horizon across the Group's Nordic markets are included below.

Notes – Danske Bank Group

Credit exposure continued

Denmark		Base-case			Downside			Upside	
30 September 2023	2023	2024	2025	2023	2024	2025	2023	2024	2025
GDP	1.7	1.2	1.5	-3.4	-2.0	-	1.8	2.7	1.7
Unemployment	2.9	3.2	3.5	6.3	7.5	7.9	2.9	2.8	2.8
Inflation	4.0	3.2	2.2	4.0	3.0	2.0	4.0	3.6	2.8
Property prices - Residential	-3.0	-	2.5	-19.7	-11.0	-6.0	-3.0	2.0	3.5
Interest rate - 3 month	4.0	3.3	2.3	5.4	6.4	3.9	4.3	4.4	3.8

Sweden		Base-case			Downside			Upside	
30 September 2023	2023	2024	2025	2023	2024	2025	2023	2024	2025
GDP	-0.2	1.7	1.8	-3.5	-3.4	-1.0	-0.1	3.1	2.1
Unemployment	7.5	7.8	7.5	9.4	10.3	10.7	7.5	7.5	7.0
Inflation	8.4	1.8	1.7	4.9	3.9	2.9	8.4	1.9	2.0
Property prices - Residential	-8.0	1.0	2.0	-22.0	-13.0	-7.0	-8.0	3.0	3.0
Interest rate - 3 month	4.0	3.0	2.3	5.7	5.7	3.7	4.5	4.5	3.8

Norway		Base-case			Downside			Upside	
30 September 2023	2023	2024	2025	2023	2024	2025	2023	2024	2025
GDP	1.2	1.4	1.5	-2.7	-1.1	0.6	1.3	2.8	1.8
Unemployment	1.9	2.3	2.5	5.5	6.4	6.5	1.9	2.0	2.0
Inflation	5.8	2.5	1.8	4.5	3.0	2.0	5.8	2.7	2.1
Property prices - Residential	-2.5	-1.0	4.0	-19.0	-13.0	-7.0	-2.5	-	5.0
Interest rate - 3 month	4.8	3.5	2.8	6.3	6.3	4.3	5.3	5.0	4.0

Finland		Base-case			Downside			Upside	
30 September 2023	2023	2024	2025	2023	2024	2025	2023	2024	2025
GDP	-0.2	0.8	1.3	-2.4	-2.0	-0.3	-0.1	1.8	1.6
Unemployment	7.2	7.0	6.6	9.9	10.9	10.9	7.2	6.8	6.3
Inflation	6.5	2.3	2.0	4.0	3.0	2.0	6.5	2.6	2.3
Property prices - Residential	-6.0	2.5	3.0	-14.2	-7.0	-5.0	-6.0	3.5	4.0
Interest rate - 3 month	4.0	3.4	2.5	5.1	5.1	3.1	4.3	4.5	4.0

Notes – Danske Bank Group

Credit exposure continued

At 31 December 2022, the following base case, upside and downside scenarios were used:

Denmark		Base-case			Downside			Upside	
31 December 2022	2023	2024	2025	2023	2024	2025	2023	2024	2025
GDP	-0.6	0.5	1.5	-3.7	-2.1	-	0.4	1.6	1.1
Unemployment	3.2	3.8	3.8	6.0	7.0	7.4	3.0	3.3	3.3
Inflation	4.9	2.5	1.8	4.0	3.0	2.0	4.0	1.9	1.9
Property prices - Residential	-5.9	-4.0	1.5	-19.7	-12.7	-8.0	-2.9	-2.0	2.5
Interest rate - 3 month	2.8	2.5	2.0	3.3	4.3	3.8	2.3	1.8	1.8

Sweden		Base-case			Downside			Upside	
31 December 2022	2023	2024	2025	2023	2024	2025	2023	2024	2025
GDP	-1.2	1.1	1.8	-3.8	-3.6	-1.0	-0.6	2.1	1.7
Unemployment	8.2	8.0	7.5	8.9	9.9	10.3	8.2	7.8	7.3
Inflation	6.2	1.5	1.7	4.9	3.9	2.9	5.4	0.9	1.3
Property prices - Residential	-8.0	-	2.0	-23.6	-14.6	-10.0	-5.0	2.0	3.0
Interest rate - 3 month	2.8	2.5	2.0	3.8	4.8	4.3	2.3	1.8	1.8

Norway		Base-case			Downside			Upside	
31 December 2022	2023	2024	2025	2023	2024	2025	2023	2024	2025
GDP	0.9	1.7	1.5	-2.9	-1.2	0.6	1.5	2.5	1.7
Unemployment	2.4	2.5	2.2	5.2	6.1	6.2	2.3	2.2	1.9
Inflation	3.4	1.8	2.0	4.5	3.0	2.0	2.4	1.3	1.9
Property prices - Residential	-2.1	2.0	2.5	-20.5	-14.5	-8.0	0.9	3.0	3.5
Interest rate - 3 month	3.1	2.9	2.4	4.4	5.4	4.9	2.6	2.1	2.1

Finland		Base-case			Downside			Upside	
31 December 2022	2023	2024	2025	2023	2024	2025	2023	2024	2025
GDP	-0.2	1.0	1.3	-2.7	-2.2	-0.3	0.5	2.0	1.3
Unemployment	7.3	7.4	7.0	9.4	10.4	10.4	7.3	7.3	6.9
Inflation	3.7	2.1	1.8	4.0	3.0	2.0	2.9	1.4	1.6
Property prices - Residential	-1.0	1.0	2.0	-14.2	-9.2	-5.0	1.0	2.0	3.0
Interest rate - 3 month	2.6	2.3	1.8	3.2	4.2	3.7	2.1	1.6	1.6

The base case scenario enters with a probability of 60% (31 December 2022: 70%), the upside scenario with a probability of 20% (31 December 2022: 10%) and the downside scenario with a probability of 20% (31 December 2022: 20%). On the basis of these assessments, the allowance account as at 30 September 2023 amounted to DKK 19.9 billion (31 December 2022: 19.6 billion). If the base case scenario was assigned a probability of 100%, the allowance account would decrease DKK 2.1 billion (31 December 2022: 2.1 billion). Compared to the base case scenario, the allowance account would increase DKK 10.5 billion (31 December 2022: 10.9 billion), if the downside scenario was assigned a probability of 100%. The increase reflects primarily the transfer of exposures from stage 1 to stage 2 and increased expected credit losses within stage 2. If instead the upside scenario was assigned a probability of 100%, the allowance account would decrease by DKK 0.1 billion (31 December 2022: 0.4 billion) compared to the base case scenario. It should be noted that the expected credit losses in the individual scenarios (i.e. without the weighting) do not represent forecasts of expected credit losses (ECL).

Notes – Danske Bank Group

Credit exposure continued

Post-model adjustments

Management applies judgement when determining the need for post-model adjustments. At 30 September 2023, the post-model adjustments amounted to DKK 6.7 billion (31 December 2022: 6.6 billion). The post-model adjustments primarily relate to the following types of risks:

- specific macroeconomic risks on certain industries not fully captured by the expected credit loss model, for instance the Agriculture industry. For such industries, supplementary calculations are made to ensure sufficient impairment coverage. This also includes post-model adjustments relating to secondary effects from the war in Ukraine or the macroeconomic uncertainty.
- non-linear downside risk, for instance on the property market in Copenhagen and other high growth areas for which the macroeconomic forecasts used in the models are based on the property market as a whole.
- portfolios where the credit risk assessment process has identified an underestimation of the expected credit losses.

Following the significant impact on the expected credit losses from post-model adjustments, the table below provides more information about the adjustments.

Post-model adjustments by type and mostly impacted industries

(DKK billions)	30 September 2023	31 December 2022
Coverage of individual industries and types		
Agriculture	0.8	0.8
Commercial Property	1.9	1.8
Construction and building materials	1.0	0.5
Personal customers (including other retail exposures)	1.6	1.4
Others*	1.4	2.1
Total	6.7	**6.6**

*No individual industry included in Others exceeds DKK 0.2 billion at 30 September 2023 (31 December 2022: DKK 0.3 billion).

In first nine months of 2023, the total balance of post-model adjustments displayed a very modest increase compared to the end of 2022.

The Group continues to have significant post-model adjustments related to the current macroeconomic uncertainties characterised by the slowing growth environment, labour shortages, interest rate hikes and inflation giving rise to a new set of challenges that affect economic and business activity. The post-model adjustments cut across industries that are sensitive to price rises on energy, e.g. agriculture and metals, and industries vulnerable to business cycles and increasing interest rates, which have been assessed for idiosyncratic risks to ensure a prudent coverage of expected credit loss in the Group's portfolios.

Notes – Danske Bank Group

Credit exposure from Non-core lending activities

Credit portfolio in non-core activities broken down by industry (NACE) and stages

30 September 2023	Gross exposure			Expected credit loss			Net exposure			Net exposure, ex collateral		
(DKK millions)	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Non-core banking	-	-	-	-	-	-	-	-	-	-	-	-
Non-core conduits etc.	2,481	-	-	-	-	-	2,480	-	-	-	-	-
Total	**2,481**	**-**	**-**	**-**	**-**	**-**	**2,480**	**-**	**-**	**-**	**-**	**-**

31 December 2022	Gross exposure			Expected credit loss			Net exposure			Net exposure, ex collateral		
(DKK millions)	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Non-core banking	1	-	-	-	-	-	1	-	-	-	-	-
Non-core conduits etc.	2,444	-	94	-	-	39	2,444	-	55	24	-	15
Total	**2,445**	**-**	**94**	**-**	**-**	**39**	**2,445**	**-**	**55**	**24**	**-**	**15**

Credit portfolio in non-core activities broken down by rating category and stages

30 September 2023	PD level		Gross exposure			Expected credit loss			Net exposure			Net exposure, ex collateral		
(DKK millions)	Upper	Lower	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
1	-	0.01	571	-	-	-	-	-	571	-	-	-	-	-
2	0.01	0.03	911	-	-	-	-	-	911	-	-	-	-	-
3	0.03	0.06	998	-	-	-	-	-	998	-	-	-	-	-
4	0.06	0.14	-	-	-	-	-	-	-	-	-	-	-	-
5	0.14	0.31	-	-	-	-	-	-	-	-	-	-	-	-
6	0.31	0.63	-	-	-	-	-	-	-	-	-	-	-	-
7	0.63	1.90	-	-	-	-	-	-	-	-	-	-	-	-
8	1.90	7.98	-	-	-	-	-	-	-	-	-	-	-	-
9	7.98	25.70	-	-	-	-	-	-	-	-	-	-	-	-
10	25.70	99.99	-	-	-	-	-	-	-	-	-	-	-	-
11 (default)	100.00	100.00	-	-	-	-	-	-	-	-	-	-	-	-
Total			**2,481**	**-**	**-**	**-**	**-**	**-**	**2,480**	**-**	**-**	**-**	**-**	**-**

31 December 2022	PD level		Gross exposure			Expected credit loss			Net exposure			Net exposure, ex collateral		
(DKK millions)	Upper	Lower	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
1	-	0.01	817	-	-	-	-	-	817	-	-	-	-	-
2	0.01	0.03	1,163	-	-	-	-	-	1,163	-	-	24	-	-
3	0.03	0.06	453	-	-	-	-	-	453	-	-	-	-	-
4	0.06	0.14	-	-	-	-	-	-	-	-	-	-	-	-
5	0.14	0.31	-	-	-	-	-	-	-	-	-	-	-	-
6	0.31	0.63	12	-	-	-	-	-	12	-	-	-	-	-
7	0.63	1.90	-	-	-	-	-	-	-	-	-	-	-	-
8	1.90	7.98	-	-	-	-	-	-	-	-	-	-	-	-
9	7.98	25.70	-	-	-	-	-	-	-	-	-	-	-	-
10	25.70	99.99	-	-	-	-	-	-	-	-	-	-	-	-
11 (default)	100.00	100.00	-	-	94	-	-	39	-	-	55	-	-	15
Total			**2,445**	**-**	**94**	**-**	**-**	**39**	**2,445**	**-**	**55**	**24**	**-**	**15**

Notes – Danske Bank Group

Counterparty credit risk and credit exposure from trading and investment securities

(DKK billions)	30 September 2023	31 December* 2022
Counterparty credit risk		
Derivatives with positive fair value	419.4	430.1
Reverse transactions and other loans at fair value**	279.0	246.8
Credit exposure from other trading and investment securities		
Bonds	452.3	486.7
Shares	11.0	10.2
Other unutilised commitments***	0.1	-
Total	**1,161.8**	**1,173.7**

*Comparative information has been restated, as described in note G2(a).

**Reverse transactions and other loans at fair value included as counterparty credit risk are loans at the trading units of Large Corporates & Institutions. These loans consist of reverse transactions of DKK 278.5 billion (31 December 2022: DKK 246.0 billion), of which DKK 99.3 billion relates to credit institutions and central banks (31 December 2022: DKK 37.4 billion), and other primarily short-term loans of DKK 0.5 billion (31 December 2022: DKK 0.8 billion), of which DKK 0.5 billion (31 December 2022: DKK 0.8 billion) relates to credit institutions and central banks.

***Other unutilised commitments comprise private equity investment commitments and other obligations.

Derivatives with positive fair value

(DKK millions)	30 September 2023	31 December 2022
Derivatives with positive fair value before netting	1,160,756	1,202,931
Netting (under accounting rules)	741,306	772,809
Carrying amount	419,450	430,123
Netting (under capital adequacy rules)	320,692	340,984
Net current exposure	98,758	89,139
Collateral	88,821	78,549
Net amount	**9,937**	**10,590**
Derivatives with positive fair value after netting for accounting purposes:		
Interest rate contracts	307,989	306,248
Currency contracts	110,630	122,848
Other contracts	832	1,027
Total	**419,450**	**430,123**

Bond portfolio

(DKK millions)	Central and local government bonds	Quasi-government bonds	Danish mortgage bonds	Swedish covered bonds	Other covered bonds	Corporate bonds	Total
30 September 2023							
Held-for-trading (FVPL)	98,914	2,225	21,556	38,257	6,170	5,881	173,003
Managed at fair value (FVPL)	1,806	281	15,559	956	282	-	18,884
Held to collect and sell (FVOCI)	20,054	3,738	50,913	4,655	23,273	1,550	104,183
Held to collect (AMC)	50,707	9,456	90,246	4,709	1,006	150	156,274
Total	**171,482**	**15,700**	**178,274**	**48,577**	**30,731**	**7,581**	**452,344**
31 December 2022*							
Held-for-trading (FVPL)	149,059	3,452	13,729	19,753	5,543	8,859	200,395
Managed at fair value (FVPL)	2,339	594	13,577	1,011	409	304	18,233
Held to collect and sell (FVOCI)	15,730	4,597	63,108	6,695	25,045	1,253	116,429
Held to collect (AMC)	53,681	9,292	81,991	5,599	1,011	-	151,573
Total	**220,809**	**17,935**	**172,405**	**33,057**	**32,007**	**10,417**	**486,630**

* Comparative information has been restated, as described in note G2(a).

At 30 September 2023, the Group had an additional bond portfolio, including bond-based unit trust certificates, worth DKK 202,628 million (31 December 2022: DKK 173,393 million) recognised as assets under insurance contracts and thus not included in the table above. The section on insurance risk in Annual Report 2022 provides more information. For bonds classified as hold-to-collect, amortised cost exceeded fair value as at 30 September 2023 and 31 December 2022, see note G12 for more information.

Notes – Danske Bank Group

Bond portfolio continued

Bond portfolio broken down by geographical area

(DKK millions)	Central and local government bonds	Quasi-government bonds	Danish mortgage bonds	Swedish covered bonds	Other covered bonds	Corporate bonds	Total
30 September 2023							
Denmark	29,488	-	178,274	-	-	851	208,613
Sweden	32,873	-	-	48,577	-	2,376	83,825
UK	10,607	388	-	-	2,781	1,230	15,005
Norway	3,389	-	-	-	26,053	1,196	30,638
USA	16,187	4,019	-	-	-	15	20,221
Spain	1,620	-	-	-	1	-	1,621
France	6,224	18	-	-	225	114	6,582
Luxembourg		5,459	-	-	-	122	5,582
Finland	10,374	3,379	-	-	690	603	15,046
Ireland	860	-	-	-	-	60	920
Italy	1,804	-	-	-	-	1	1,806
Portugal	4	-	-	-	-	-	4
Austria	3,062	-	-	-	63	178	3,303
Netherlands	2,877	2	-	-	15	671	3,566
Germany	50,690	-	-	-	304	79	51,073
Belgium	1,422	1,792	-	-	1	-	3,214
Other	-	643	-	-	598	86	1,327
Total	**171,482**	**15,700**	**178,274**	**48,577**	**30,731**	**7,581**	**452,344**
31 December 2022*							
Denmark	46,390	-	172,405	-	-	4,573	223,369
Sweden	77,432	-	-	33,057	-	2,628	113,117
UK	6,795	-	-	-	2,680	897	10,371
Norway	3,902	-	-	-	28,163	-	32,065
USA	16,534	4,361	-	-	-	-	20,895
Spain	2,372	-	-	-	1	-	2,372
France	11,163	17	-	-	229	96	11,505
Luxembourg	-	6,123	-	-	-	82	6,205
Finland	8,293	4,637	-	-	362	1,253	14,544
Ireland	1,120	-	-	-	-	26	1,145
Italy	1,322	-	-	-	-	2	1,324
Portugal	14	-	-	-	-	-	14
Austria	4,393	-	-	-	13	61	4,467
Netherlands	3,261	2	-	-	16	512	3,791
Germany	37,142	-	-	-	290	288	37,719
Belgium	676	2,195	-	-	1	-	2,872
Other	-	600	-	-	253	-	853
Total	**220,809**	**17,935**	**172,405**	**33,057**	**32,007**	**10,417**	**486,630**

* Comparative information has been restated, as described in note G2(a).

Notes – Danske Bank Group

Bond portfolio continued

Bond portfolio broken down by external ratings

(DKK millions)	Central and local government bonds	Quasi-government bonds	Danish mortgage bonds	Swedish covered bonds	Other covered bonds	Corporate bonds	Total
30 September 2023							
AAA	115,070	14,008	177,857	48,575	30,208	1,534	387,252
AA+	24,032	1,663	-	-	19	4	25,718
AA	12,114	-	-	1	411	752	13,279
AA-	16,837	29	-	-	-	283	17,150
A+	-	-	-	-	-	233	233
A	1,513	-	411	-	93	1,283	3,300
A-	-	-	-	-	-	309	309
BBB+	108	-	-	-	-	501	609
BBB	372	-	6	-	-	1,587	1,966
BBB-	1,435	-	-	-	-	488	1,923
BB+	-	-	-	-	-	139	139
BB	-	-	-	-	-	259	259
BB-	-	-	-	-	-	38	38
Sub. "investment-grade" or unrated	-	-	-	-	-	169	169
Total	**171,482**	**15,700**	**178,274**	**48,577**	**30,731**	**7,581**	**452,344**
31 December 2022*							
AAA	180,479	15,513	172,222	33,048	31,728	1,521	434,510
AA+	9,542	2,207	-	-	64	222	12,035
AA	19,234	215	-	10	117	1,292	20,868
AA-	6,727	-	-	-	-	27	6,754
A+	1,120	-	-	-	-	267	1,387
A	2,204	-	179	-	98	2,207	4,688
A-	-	-	-	-	-	368	368
BBB+	167	-	-	-	-	863	1,030
BBB	230	-	5	-	-	2,242	2,477
BBB-	1,106	-	-	-	-	336	1,443
BB+	-	-	-	-	-	650	650
BB	-	-	-	-	-	247	247
BB-	-	-	-	-	-	15	15
Sub. "investment-grade" or unrated	-	-	-	-	-	161	161
Total	**220,809**	**17,935**	**172,405**	**33,057**	**32,007**	**10,417**	**486,630**

* Comparative information has been restated, as described in note G2(a).

Statement by the management

The Board of Directors and the Executive Leadership Team (the management) have considered and approved Interim report – first nine months 2023 of the Danske Bank Group.

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

In our opinion, the interim financial statements give a true and fair view of the Group's assets, liabilities, total equity and financial position at 30 September 2023 and of the results of the Group's operations and the consolidated cash flows for the period starting on 1 January 2023 and ending on 30 September 2023. Moreover, in our opinion, the management's report includes a fair view of developments in the Group's operations and financial position and describes the significant risks and uncertainty factors that may affect the Group.

Copenhagen, 27 October 2023

Executive Leadership Team

Carsten Egeriis
CEO

Magnus Agustsson
Joachim Alpen
Christian Bornfeld

Karsten Breum
Stephan Engels
Johanna Norberg

Dorthe Tolborg
Frans Woelders

Board of Directors

Martin Blessing
Chairman

Jan Thorsgaard Nielsen
Vice Chairman

Lars-Erik Brenøe

Jacob Dahl
Raija-Leena Hankonen-Nybom
Allan Polack

Carol Sergeant
Helle Valentin

Bente Bang
Elected by the employees

Kirsten Ebbe Brich
Elected by the employees

Aleksandras Cicasovas
Elected by the employees

Louise Aggerstrøm Hansen
Elected by the employees

Supplementary information

Financial calendar

2 February 2024	Annual Report 2023
21 March 2024	Annual general meeting
3 May 2024	Interim report – first quarter 2024
19 July 2024	Interim report – first half 2024
31 October 2024	Interim report – first nine months 2024

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Realkredit Danmark	rd.dk
Danske Capital	danskecapital.com
Danica Pension	danicapension.dk

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