Interim report – first half 2022

Danske Bank Group

Danske Bank

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Financial highlights – Danske Bank Group

Income statement (DKK millions)	First half 2022	First half 2021	Index 22/21	Q2 2022	Q1 2022	Index Q2/Q1	Q2 2021	Index 22/21	Full year 2021
Net interest income	11,440	10,965	104	5,810	5,630	103	5,515	105	22,049
Net fee income	6,537	6,595	99	3,157	3,379	93	3,193	99	13,525
Net trading income	175	2,291	8	-390	565	-	1,025	-	4,126
Net income from insurance business	-38	982	-	-122	84	-	491	-	2,088
Other income	959	457	210	291	669	43	262	111	797
Total income	19,073	21,291	90	8,746	10,327	85	10,486	83	42,584
Operating expenses	12,793	12,770	100	6,421	6,371	101	6,497	99	25,663
of which resolution fund, bank tax etc.	491	359	137	250	240	104	198	126	687
of which impairment charges, other intangible assets	24	-	-	24	-	-	-	-	36
Profit before loan impairment charges	6,280	8,521	74	2,325	3,955	59	3,989	58	16,921
Loan impairment charges	426	737	58	192	234	82	240	80	348
Profit before tax, core	5,854	7,783	75	2,133	3,721	57	3,750	57	16,573
Profit before tax, Non-core	17	17	100	31	-14	-	-3	-	-2
Profit before tax	5,871	7,801	75	2,164	3,707	58	3,747	58	16,571
Tax	1,320	1,869	71	458	862	53	955	48	3,651
Net profit	**4,551**	**5,932**	**77**	**1,705**	**2,845**	**60**	**2,792**	**61**	**12,920**
Attributable to additional tier 1 etc.	86	231	37	5	81	6	117	4	451

Balance sheet (end of period) (DKK millions)	First half 2022	First half 2021	Index 22/21	Q2 2022	Q1 2022	Index Q2/Q1	Q2 2021	Index 22/21	Full year 2021
Due from credit institutions and central banks	245,632	335,557	73	245,632	282,777	87	335,557	73	320,042
Repo loans	280,561	236,761	118	280,561	259,145	108	236,761	118	253,954
Loans	1,819,297	1,809,805	101	1,819,297	1,843,815	99	1,809,805	101	1,834,372
Trading portfolio assets	661,318	612,527	108	661,318	616,570	107	612,527	108	509,589
Investment securities	307,005	304,812	101	307,005	306,538	100	304,812	101	303,425
Assets under insurance contracts	637,475	532,154	120	637,475	591,837	108	532,154	120	547,806
Total assets in Non-core	1,956	1,783	110	1,956	2,078	94	1,783	110	2,027
Other assets	120,749	141,634	85	120,749	150,193	80	141,634	85	164,620
Total assets	**4,073,992**	**3,975,032**	**102**	**4,073,992**	**4,052,954**	**101**	**3,975,032**	**102**	**3,935,834**
Due to credit institutions and central banks	102,772	111,438	92	102,772	108,268	95	111,438	92	101,786
Repo deposits	217,035	267,557	81	217,035	235,731	92	267,557	81	193,391
Deposits	1,155,841	1,197,910	96	1,155,841	1,176,842	98	1,197,910	96	1,167,638
Bonds issued by Realkredit Danmark	697,698	760,452	92	697,698	738,609	94	760,452	92	770,661
Other issued bonds	307,773	338,123	91	307,773	320,386	96	338,123	91	355,757
Trading portfolio liabilities	590,249	373,364	158	590,249	477,005	124	373,364	158	374,958
Liabilities under insurance contracts	659,747	573,849	115	659,747	625,953	105	573,849	115	588,736
Total liabilities in Non-core	2,539	2,504	101	2,539	2,547	100	2,504	101	2,529
Other liabilities	129,440	137,838	94	129,440	151,184	86	137,838	94	164,354
Subordinated debt	39,503	38,836	102	39,503	38,917	102	38,836	102	39,321
Additional tier 1	-	8,548	-	-	5,736	-	8,548	-	5,497
Shareholders' equity	171,394	164,613	104	171,394	171,776	100	164,613	104	171,207
Total liabilities and equity	**4,073,992**	**3,975,032**	**102**	**4,073,992**	**4,052,954**	**101**	**3,975,032**	**102**	**3,935,834**

Ratios and key figures	First half 2022	First half 2021	Index 22/21	Q2 2022	Q1 2022	Index Q2/Q1	Q2 2021	Index 22/21	Full year 2021
Dividend per share (DKK)	-	-		-	-		-		2.0
Earnings per share (DKK)	5.2	6.7		2.0	3.2		3.1		14.6
Return on avg. shareholders' equity (% p.a.)	5.2	7.0		4.0	6.4		6.6		7.6
Net interest income as % p.a. of loans and deposits	0.76	0.72		0.77	0.75		0.73		0.73
Cost/income ratio (C/I), (%)	67.1	60.0		73.4	61.7		62.0		60.3
Total capital ratio (%)	21.3	23.3		21.3	21.7		23.3		22.4
Common equity tier 1 capital ratio (%)	17.1	18.0		17.1	17.6		18.0		17.7
Share price (end of period) (DKK)	100.3	110.4		100.3	112.6		110.4		113.0
Book value per share (DKK)	201	193		201	202		193		201
Full-time-equivalent staff (end of period)	21,663	21,926	99	21,663	21,854	99	21,926	99	21,754

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 33.

Executive summary

The first half of 2022 was characterised by significant geopolitical events and a more uncertain environment, as the Russian invasion of Ukraine and the accompanying effects on already challenged supply lines and energy prices added to the existing inflationary pressure. This means that the remarkable recovery seen since the reopening of economies last year has been replaced by a weaker macroeconomic outlook, fuelled by central bank rate hikes. We note, however, that the Nordic economies currently experience high activity levels and tight labour markets, which provide a solid cushion against the impact of a generally weaker economic outlook.

Despite the uncertain macroeconomic environment, we continued to deliver on our strategy execution and to support customers effectively. Therefore, in the first half of 2022, we saw commercial momentum with higher volumes, improved market shares in key segments and resilient income streams from core banking activities owing to our diversified and more efficient business model. Further, our sound credit quality and strong market position enable us to adapt to the changes in the operating environment and continue to support customers in navigating the uncertainties. Nevertheless, the significant magnitude and pace of interest rate changes during the second quarter led to difficult market conditions for our fixed income business but also for certain investment products at Danica Pension.

As a bank and part of the global financial system, we have a key role in enforcing the economic pressure on Russia, and across the organisation, we have been implementing all required sanctions, and we have also supported our customers in their efforts to respond to the sanctions.

Strategy execution update

We see continued progress on our strategy execution towards becoming a better bank for all our stakeholders and setting up the bank for beyond 2023. The focus is on our core business with a clear aspiration to be the leading retail bank in Denmark, a true challenger bank for retail customers in the other Nordic countries, as well as a leading corporate and institutional bank across the Nordic countries. As steps towards fulfilling these aspirations, we implemented a new commercial organisation to accelerate execution, we continued to see improvement in customer satisfaction in our home markets, and on 1 July, we announced that Danica Pension had finalised the sale of its pension activities in Norway.

During the first half of this year, we continued to deliver solid progress on our sustainability agenda, accelerating the integration of sustainability into our day-to-day business and using the power of finance to create sustainable progress, thereby progressing well with all of our sustainable finance targets, despite challenging market conditions. Furthermore, we were pleased to be Joint Lead Manager for a EUR 6 billion 20-year NextGenerationEU green bond issue, and we continued to be ranked number one among Nordic banks according to the Bloomberg League tables for arrangers of both sustainability-linked loans and sustainable bonds. In March, we started offering home loans for energy improvements with an attractive annual variable interest rate to our personal customers in Denmark, and in June, we joined the Partnership for Biodiversity Accounting Financials to enable us to steer our investments and business lending in a more biodiversity-friendly direction.

Executive Leadership Team update

Our new commercial organisation took effect in May, splitting Personal & Business Customers into two units; Personal Customers headed by Christian Bornfeld and Business Customers headed by Johanna Norberg. In addition, Philippe Vollot decided to leave Danske Bank with effect from 2 June 2022. In the Executive Leadership Team, Head of Personal Customers Christian Bornfeld assumed responsibility for the Financial Crime Prevention and Financial Crime Risk units, while Chief Risk Officer Magnus Agustsson has on an interim basis taken over the responsibility for Group Compliance.

Financials

Danske Bank posted a net profit of DKK 4.6 billion for the first half of 2022, against DKK 5.9 billion for the same period in 2021. The return on shareholders' equity was 5.2%, against 7.0% in the first half of 2021.

Our core banking activities continued to deliver good commercial progress with solid business lending growth and deposit repricing leading to higher net interest income. Net fee income was resilient, as high customer activity supported activity-related fees and everyday banking fees at Large Corporates & Institutions, while capital markets activity was subdued. Trading income was negatively impacted by extraordinarily high volatility and lower liquidity in the Nordic fixed income markets, which created a challenging operating environment for providing market-making services that led to negative trading income in our fixed income business at Large Corporates & Institutions. Our currency franchise, on the other hand, continued to see good demand from customers. Income from insurance business was also negatively affected by the financial market turmoil in the first half of 2022, however, some of the effect was offset by the gain of DKK 415 million on the sale of Danica Norway.

Two years into the Better Bank transformation, we have laid the tracks for a profitable growth journey in the years ahead, becoming even more efficient and focused in our activities. We thus saw lower underlying costs in the first half of 2022 than in the same period last year, but total expenses are higher, driven by elevated remediation costs related to the debt collection case and costs related to the Estonia matter. The number of FTEs also continued to fall and stood at 21,663 in the second quarter of 2022, against 22,582 at its peak in the third quarter of 2020.

The deteriorating macroeconomic outlook and geopolitical uncertainty have not affected credit quality, and loan impairment charges continued to be low, underpinning the strong credit quality. However, we have updated the macroeconomic scenarios, leading to a limited increase in model-driven loan impairments due to a worsened outlook and continued geopolitical uncertainty. Our commercial property exposure is managed through prudent underwriting standards and a well-defined risk appetite with low exposure to property development activity. Total post-model adjustments of DKK 6.0 billion are in place to cover macroeconomic uncertainty, with a specific post-model adjustment of DKK 1.4 billion in place for the Commercial Real Estate exposure at Business Customers.

Capital and funding
For the first half of 2022, our total capital position was 21.3% and our CET1 capital ratio was 17.1%.

The Group had issued covered bonds of DKK 10.6 billion, senior debt of DKK 1.4 billion and non-preferred senior debt of DKK 20.1 billion, bringing total long-term wholesale funding to DKK 32.1 billion by the end of June 2022.

Dividend and Estonia matter
To ensure prudent capital management with a high degree of flexibility in light of the Estonia matter, the general meeting on 17 March 2022 adopted the proposal for an initial dividend payment of DKK 2 per share that was paid out in March. The remaining DKK 5.5 per share was intended to be paid out in three tranches following the publication of the interim reports in 2022, subject to a decision by the Board of Directors.

Danske Bank is in continued discussions with US and Danish authorities on the resolution of the Estonia matter. Consequently, the Board of Directors has decided that Danske Bank will not pay out dividends for 2021 in connection with the announcement of the interim report for the first half of 2022.

Danske Bank is not yet able to reliably estimate the timing, form of resolution or amount of a potential settlement or fines, which is likely to be material, and will not comment on discussions with authorities.

Outlook
On 10 July 2022, we changed the outlook for 2022 to a net profit in the range of DKK 10-12 billion from DKK 13-15 billion as communicated earlier in the year.

For 2022, we expect full-year income from core banking activities to be above the level in 2021, as higher net interest income driven by good economic activity will more than offset lower capital markets and investment-related fee income. We expect net income from insurance business and trading activities in the second half of 2022 to be below normalised levels and remain subject to financial markets conditions.

On the basis of the continually elevated costs for remediation of our legacy cases, our full-year cost guidance is around DKK 25.5 billion, while impairments are expected to be below the normalised level.

We maintain our ambition for a return on shareholders' equity of 8.5-9% in 2023.

The outlook is subject to uncertainty and depends on economic conditions and does not include any effects of a potential settlement of the Estonia matter in 2022 or from alternative approaches to accelerate the final resolution of the debt collection case.

Strategy execution

Over the course of the first half of the year, we kept up the momentum with the execution of our transformation while also navigating a challenging environment. Being at the mid-point of the penultimate year of the current strategy cycle, we see continued progress on our journey towards becoming a better bank for all our stakeholders and setting up the bank for beyond 2023.

We continue to strengthen our business and operating model, underpinned by clear guiding principles: our universal bank value proposition and service model help us contribute to the development of the societies we are part of and meet our customers' needs, but we must adjust our risk profile, simplify our business and sharpen our focus. To achieve our ambitions, we focus on our core business with a clear aspiration to be the leading retail bank in Denmark and a true challenger bank for the retail segment in the other Nordic countries, as well as a leading bank for the business, corporate and institutional segments across the Nordic countries.

Despite the need to drive down costs, tackle headwinds from externalities, address legacy infrastructure and remediation issues as well as invest in concurrent transformation, the core banking business remains robust, and we remain committed to our stakeholder targets and have an unwavering belief in our potential. Despite considerable macroeconomic uncertainty and volatility in the financial markets during the first half of 2022, we continued to progress towards realising our Better Bank ambitions for 2023 with good momentum and decisive action taken to strengthen the foundation of the business.

In May, we launched our new commercial organisation, which now encompasses dedicated business units for both personal customers and business customers. The new setup enables us to become even more customer-centric and to cater for the different priorities of each segment. It further increases our commercial momentum by strengthening segment-specific value chains throughout the organisation, with the aim of accelerating the execution of our commercial plans.

At the same time, we continued to see evidence that customers perceive our business transformation favourably. For instance, the satisfaction scores of personal customers in Finland reached an all-time high in the first quarter, and the downward trend in Sweden stopped. Satisfaction among personal customers in key segments in Denmark is on the rise, too. At the same time, our large corporate and institutional customers continue to rate our offering and customer-centric service model highly.

The engagement of our employees continues to grow, showing strong support for our agenda to become a Better Bank and aim of jointly creating a positive impact. The most recent engagement survey confirmed yet another uptick of engagement of four percentage points from the level a year ago to 75, and we are thus firmly on track towards our target of 77 at the end of next year. The results show that our employees care about Danske Bank becoming a great place to work, proving to us with comfort that we are progressing in the right direction, for example when permanently implementing flexible ways of working as part of our Working@Danske programme. The same applies to our work on leadership development, a key driver of engagement, as we continue to engage with the entire organisation to bring our Purpose and Culture Commitments to life. We are working directly with the various leadership groups across the organisation on their individual and collective leadership journeys to convert awareness to action and to increase visibility and commitment.

During the first half of this year, we continued to deliver solid progress with our sustainability agenda. The integration of sustainability into our daily business is accelerating, and we use the power of finance to create sustainable progress. Two very concrete outcomes of this work are the launch in March of energy improvement home loans for personal customers in Denmark with an attractive annual variable interest rate and our joining the Partnership for Biodiversity Accounting Financials in June to advance the measurement of the impact of business lending and investment on nature and ecosystems.

Our commitment to protecting society and the integrity of the financial markets also means that as a bank we have implemented all required sanctions. Our investment in strengthening our control environment in previous years is a strong enabler in this regard. We continue to be guided by the comprehensive plan we have outlined for regulatory compliance and the prevention of financial crime. Overall, our Compliance under Control agenda for 2023 is past the halfway point and on track to finish in time, as evidenced, for example, by the solutions we have implemented for transaction monitoring and trade and communication surveillance.

The second quarter of the year was characterised by an uncertain macroeconomic outlook, question marks pertaining to the resilience of economic growth, and rising volatility in the financial markets, which created a challenging operating environment for providing market-making services. Nevertheless, our core banking lines show continued commercial momentum and volume growth. The underlying cost base improved from the level last year. This is due, for example, to efficiency gains, which we are realising subsequent to the agile transformation of our development organisation. As of the second quarter of this year, the number of software deployments has grown by more than 60% against the number of deployments two years ago, while the number of employees in the development organisation has gone down. However, headline costs have increased, driven by remediation costs related to the debt collection case and the Estonia matter.

As we are approaching the last year of the current strategy cycle, our time horizon for planning expands. Moreover, we will remain highly focused on executing on our current transformation and commercial roadmaps to deliver on our stakeholder ambitions for 2023. Our business units play a vital role in delivering on our stakeholder ambitions, and we took additional steps to drive customer experience improvement, employee engagement, our contribution to society and the commercial momentum over the course of the first half of the year.

Personal Customers
Since the start of our transformation journey, we have taken considerable steps in our business in Denmark to stabilise our position and establish a strong foundation for continued change. We have stayed focused on the execution of initiatives related to home finance, attracting young customers, the strengthening of our retail investment offering and sustainability, while we have also taken key steps towards our future digital and differentiated service model. The commercial momentum gained from these initiatives is encouraging. And although the consideration of our brand is still impacted by our remediation cases, we are seeing the first signs of a turnaround to a positive trajectory. Meanwhile, we remain focused on commercial execution in our business in the Nordic countries, in particular on driving initiatives to grow lending in Sweden, to further differentiate service models and to accelerate process harmonisation across countries. The extension of our strong partnership with Akademikerne in Norway on the last day of the quarter will contribute to building momentum.

Digital convenience for consumers keeps rising across industries, fuelled by rapid technological change. We see this trend manifest itself in the financial industry, as digital customer journeys become more and more refined and our competitors keep raising the bar for the customer experience. Therefore, our current investment in closing the digital gaps in our internal processes and advancing key customer journeys will be a critical enabler in the future. Customer satisfaction among personal customers remains under pressure, and we are working hard to retain our strongholds within specialised advisory and digital convenience. At the same time, we have responded by improving our services and offerings to targeted segments and by leveraging the sustainability opportunity, and we are seeing green shoots in these areas.

Addressing the digital gaps and the need to strengthen value chains end-to-end are also at the centre of our work towards achieving a lower structural cost base and greater efficiency. Therefore, the momentum gained in our transformed agile development organisation is critical for us to be able to deliver on our digital transformation as well achieve a scalable model that fuels profitable growth. One tangible example of our efforts is the introduction of a new feature in Danske Mobile Banking that enables our personal and Private Banking customers to open a Danske Konto account directly in the Mobile Banking app. More than 14,000 customer accounts have been opened since the launch in February. And as recently as June, the Mobile Banking app was upgraded to allow customers to create, delete and edit regular transfers in the app. This feature has been very high on our customers' wish list.

Towards and beyond 2023 we will continue to drive our commercial momentum by focusing on our key commercial priorities: regaining a leading position in the mortgage market in Denmark, improving investment offerings and ensuring a scalable business model in the Nordic countries, taking Sweden as the starting point. The newly established Personal Customers business unit provides a great basis for sharpening our segmentation, value propositions and engagement model, and the possibility of sharpening the focus and thus accelerate execution.

Business Customers
The objective of the newly established Business Customers unit is to be the preferred bank for businesses with advanced needs and to offer an attractive value proposition to all businesses across the Nordic countries on the basis of a strong digital foundation. To meet this objective, we have identified must-win areas: growing our market share, prioritising pricing and capital productivity and establishing a cost-efficient service model.

Our market share across the Nordic countries has been on a small but steady growth path throughout the year, except in Norway, where increased competition in the large real estate area affects our growth negatively.

Pricing and capital productivity improvement has been highly prioritised, and we have repriced products and services to align our pricing with the market. Further, we have strengthened our pricing capabilities to enable swift repricing in anticipation of a changing interest rate environment. At the same time, initiatives to improve capital use have shown great results, and we are performing above our 2022 ambitions. In addition, efforts to increase the intensity of our individual customer relationships, primarily through cross sales, have also been successful, and ancillary income has seen an increase. A concrete cross-sale example is the launch of the GreenFleet70 car leasing solution in the market in Denmark.

The focal point of our attention is, however, the establishment of a new cost-efficient service model. With the new service model, customers with more simple needs will be empowered to use digital self-service more, while we target our advisory services at customers with more complex needs. To be better suited for the new service model, we have reorganised the entire Business Customers organisation. For instance, we have adjusted the customer portfolios of virtually all advisers to better match the new segmentation. The new organisation will enable us to realise our ambition of having a digital-first approach for everyday banking products and services while at the same time meeting the more advanced needs of our customers. In order to be more cost efficient in the future, we will shift our focus from implementation of the service model towards harmonising processes and ways of working within the organisation to be more homogenous across all market areas and realise our Better Bank ambitions. Our commitment to strengthening our culture engagement is bearing fruit, as we see increasing scores in our internal engagement survey for the Business Customers area.

Strengthening our digital value propositions is a key enabler for the digital-first approach. At the beginning of the year, we therefore released Marketplace for our small business customers in Sweden on our financial platform District. Marketplace ensures that more than 60,000 customers are now able to order the ten most popular products in District digitally. We see that of the most ordered products, 16% were ordered through Marketplace. Some 53% of all visitors are returning, and 34% of all buyers that have bought their first product come back and order an additional product. In the coming quarters, the focus will be on raising the adoption rate and preparing the launch for our customers in Denmark.

Furthermore, we have focused our Nordic commercial real estate strategy. The strategy clearly delineates target customer segments and market areas to optimise the utilisation of capital, and implementation will continue in the year to come. We have managed our risk profile in the commercial real estate segment conservatively, seeing relative growth in the residential segment of the market and optimising rather than growing our exposure.

When looking ahead, we see great growth potential in the Business Customers area, both in Denmark but also in Sweden and Norway. We also see a need for increased interaction and collaboration between the Business Customers unit and our other business units. In the months to come, we intend to make several digital releases, such as a digital overdraft solution, a District Light version that targets customers with less complex needs and a mobile solution for District. Towards 2023, our efforts will focus on closing digitals gaps but also on launching new solutions for our customers.

Large Corporates & Institutions

Large Corporates & Institutions is on a continuous growth journey to lift income and profit. Despite the currently challenging environment and turbulent times, we managed to continue supporting our customers during the first half of 2022, while also expanding our offerings, for example within sustainable finance and by adding and strengthening digital value propositions.

In September 2021, we communicated our updated commercial ambitions. We want to positively contribute to the Group's return on equity by i) developing and strengthening our position as a leading Nordic wholesale bank, including increasing our footprint in Sweden, ii) accelerating our ESG agenda, and iii) ensuring efficient use of capital, among other things by further developing our capital-light business. Today, we are well on track and, despite challenging times, remain positive in our outlook.

We are ranked in the top two in customer satisfaction across the Nordic countries on the basis of an aggregated ranking in the annual reviews conducted by Prospera, the independent market research company in the Nordic market. In 2022, we have maintained our strong position within day-to-day banking services as reflected in number one positions in the Nordic aggregated Prospera reports across cash management, foreign exchange and interest rate swaps.

During the first half of 2022, we continued to execute on our sustainability strategy, for example by joining the Partnership for Biodiversity Accounting Financials. It is our ambition to integrate sustainability into everything we do – across products and advisory services – and to use the power of finance to support our customers with their sustainable transition. Within investments, we have established a sustainable investment house view model that will be applied across our products within responsible investments to meet the upcoming MiFID II rule changes and improve our customer offering. We also continue to be ranked number one among Nordic banks according to the Bloomberg League tables for arrangers of both sustainability-linked loans and sustainable bonds in terms of volumes supported.

In the first half of 2022, we repriced our corporate daily banking services, leading to increase in margins and deposit fees, adding to our ambitions of efficient use of capital. Further, we have successfully repriced several corporate everyday banking services, which has had a positive impact on margins and on overall net interest income and contributed to strong growth in corporate everyday banking fees. Finally, we continued to onboard new customers in Sweden, a cornerstone in strengthening our position outside Denmark.

We also continued the work to make everyday banking easy and safe for our customers, and in the first half of 2022, we took a big step towards creating a digital environment around customer offerings that are characterised by physical documents and manual processes. We have rolled out new digitally-born products and enhanced the functionality of existing products. This includes, but is not limited to, the partnership with one-point-of-contact payment solution AltaPay, the full launch in Norway of credit intelligence service Axeptia, the launch of District Marketplace and a new digital self-service solution for all Swedish customers, which is expected to be rolled out in Denmark in the second half 2022. Finally, we have accelerated the collaboration with payroll, HR and expense management provider Zenegy.

Sustainability

Climate change and the transition to a sustainable society constitute one of the major and most fundamental challenges facing our society over the coming decades. We have made a clear commitment to being a leading bank in the Nordic region in terms of sustainable finance, and we have already taken – and will continue to take – significant action in pursuit of our aspiration. Our clear goal and commitment is to achieve climate neutrality by 2050 through scientifically supported methodologies.

In January 2022, as the first Nordic bank to do so, we set concrete CO_2 reduction targets for selected sectors towards 2030 in relation to our lending, with the aim of achieving a net-zero loan portfolio by 2050 or sooner. The reduction targets were set for lending to the three most high-emitting sectors in our portfolio: shipping, energy utilities, and oil and gas exploration and production. Together, these sectors account for roughly two-thirds of our total financed emissions. As a bank, we are fully focused on offering our customers the best advisory services and attractive loan options to support the transition, and with these targets we and our customers are making a clear commitment to support the Paris Agreement. We will continue to report on details and progress with these targets.

In collaboration with a number of other banks, Danske Bank in February 2022 launched a set of new guidelines for sustainable shipping to help the industry transition to zero emissions by 2050. Shipping plays a crucial role in world trade, and the industry accounts for about 3% of the world's total CO_2 emissions. Therefore, it is essential to create solutions that can help the industry with the green transition.

In March, we launched home loans for energy improvements for our personal customers in Denmark with an attractive annual variable interest rate. The loan will make it even more attractive for homeowners to take out a loan for replacing gas or oil heating, for example, which will lead to lower energy costs and lower CO_2 emissions. The loan will also provide a basis for further dialogue with customers about their plans for energy improvements.

Danske Bank joined the Partnership for Biodiversity Accounting Financials (PBAF) in June 2022 as the first Nordic bank to do so. Our involvement in the partnership enables us to measure, and in the long term set concrete targets for, our impact on biodiversity. The biodiversity and climate crises are closely interconnected. The health and vitality of biodiversity and ecosystems rely on the effects of climate change being avoided, and healthy biodiversity and ecosystems have a crucial role to play in climate change mitigation and in achieving the goals of the Paris Agreement. As is the case for CO_2 emissions, we need to know what our impact is before we can set meaningful targets. The PBAF will provide us with tools and methodology that, in the long term, can steer our business lending and investments in a more biodiversity-friendly direction.

We are progressing well with all of our sustainable finance targets, despite challenging market conditions. With DKK 49 billion in arranged sustainable bonds in 2022, Danske Bank continued to be ranked number one among Nordic arrangers according to the Bloomberg Global League Tables for arrangers of both sustainability-linked loans and sustainable bonds. One example is our support of the EU's issuing of a EUR 6 billion green bond. The proceeds from the issue will be invested in a greener and more resilient Europe, which will move Europe one step closer to becoming the first climate-neutral continent in the world.

2023 Sustainable Finance Targets (DKK billions)	H1 2022	FY 2021
DKK 300 billion in sustainable financing	247	192
DKK 150 billion in funds that have sustainability objectives*	53.4	65
DKK 50 billion invested in the green transition by Danica Pension*	33.5	33.5

** Development reflects negative market conditions*

We have also seen continued progress with our 2023 targets for the strategic focus areas of financial confidence and entrepreneurship, where we now have supported 1.8 million people (up from 1.6 million at the end of 2021) with financial literacy tools and expertise and have supported 6,881 start-ups and scale-ups (up from 6,329 at the end of 2021) with growth and impact tools and services.

The gender balance at Danske Bank has improved at all levels as a result of our continued focus on ensuring inclusive processes and on tools to prevent the influence of biases and structural and cultural barriers on the ability of the underrepresented gender to advance. At both leadership and senior leadership levels, the gender balance has improved one percentage point in favour of women (for leadership positions up from 32% to 33%, and for senior leadership positions up from 38% to 39%).

In 2022, we updated our CO_2 emission reduction targets for our own operations from 10% to 40% by 2023 and 60% by 2030 (both against a 2019 baseline) to reflect increased ambitions. We are continuing to work on reducing our emissions through carbon footprint management and energy efficiency. We are also expanding our emissions reporting to increase transparency in scope 3, with the incorporation of emissions from waste and working from home in 2022 and supply chain emissions from 2023. (For more information about our CO2 emission reduction targets, please see page 39 of our Sustainability Report 2021).

Financial review

First half 2022 vs first half 2021
Net profit decreased to DKK 4,551 million (H1 2021: DKK 5,932 million). Higher net interest income and other income combined with lower loan impairments charges achieved on the basis of strong credit quality could not compensate for the effect of the market turmoil on net trading income and net income from insurance business.

Income
Net interest income increased to DKK 11,440 million (H1 2021: DKK 10,965 million). Net interest income saw a positive impact from higher lending volumes and deposit margins at the Business Customers and Large Corporates & Institutions units combined with higher UK interest rates and related pricing action in Northern Ireland.

Net fee income decreased slightly to DKK 6,537 million (H1 2021: DKK 6,595 million). We saw good remortgaging activity as a result of the rise in interest rate levels as well as increasing service fees resulting from the reopening of societies. Net fee income from everyday banking products sustained the positive trend seen in recent quarters. Investment fees decreased as a consequence of the challenged financial markets.

Net trading income decreased to DKK 175 million (H1 2021: DKK 2,291 million). Net trading income was negatively affected by the repricing in the fixed income markets that hit our market-making business in Danish and Swedish mortgages. Furthermore, we saw losses in our Debt Capital market business, whereas our currency franchise continued to see good demand from customers.

Net income from insurance business amounted to a negative DKK 38 million (H1 2021: DKK 982 million). Following the negative market developments in the first half of 2022, the result of the life insurance business decreased. The decrease was driven mainly by negative valuation adjustments of investment assets relating to life insurance products where Danica Pension has the investment risk, with the effect being partly offset by changes in life insurance provisions. The result of the health and accident business also decreased owing to a lower investment result that was caused by negative valuation adjustments of investment assets, with the effect being only partly offset by a decline in insurance provisions as well as the gain of DKK 415 million on the sale of Danica Norway. The underlying business is healthy, and in the first half of 2022, Danica Pension saw growth in premiums in Denmark of 6%, reflecting a strong position in the market. Moreover, Danica Pension saw a decline in claims in the health and accident business during the first half of 2022. Claims have fallen 25% from the level three years ago, and there has been a 10% increase in the number of people who return to work from the level one year ago.

Other income amounted to DKK 959 million (H1 2021: DKK 457 million). The increase was due partly to the sale of our activities in Luxembourg, which generated a one-off gain of DKK 421 million, but also to increased sales prices on assets in our leasing company.

Operating expenses
Operating expenses amounted to DKK 12,793 million (H1 2021: DKK 12,770 million). Underlying expenses continued to progress according to plan, which helped mitigate elevated remediation costs and costs related to the Estonia matter. Furthermore, the Resolution fund, bank tax etc. item increased DKK 132 million as a result of the Swedish bank tax that came into force on 1 January 2022.

Loan impairment charges
Due to strong credit quality, loan impairment charges in core activities were low in the first half of 2022, amounting to DKK 426 million (H1 2021: DKK 737 million).

Impairments mainly reflected macroeconomic uncertainty caused by the war in Ukraine, increased inflationary pressure and interest rate hikes, while COVID-19-related uncertainty decreased. Although the macroeconomic landscape remains uncertain with low predictability, the Group observed a positive underlying movement in the credit quality of individual customers across the core portfolio.

A review of post-model adjustments resulted in a new post-model adjustment of DKK 1.4 billion for 'Global tension' to address idiosyncratic risks in the portfolios stemming from rapid price increases on commodities due to the war in Ukraine. The changes in the first half of 2022 also led to an increase in post-model adjustments related to the property segment and process-related risks spread across industry portfolios and personal customers due to increasing interest rates and higher uncertainty. The post-model adjustment related to the oil and gas portfolio was reversed due to high energy prices and increasing activity levels. The COVID-19-related share of post-model adjustments was reduced in the first half of 2022. Furthermore, Personal Customers recognised a post-model adjustment of DKK 250 million relating to potentially lower debt collection recovery rates.

Personal Customers accounted for the main part of the loan impairment charges in the first half of 2022, followed by Business Customers. The charges for both areas are the result of the changes in macroeconomic scenarios to account for expectations of higher inflation and interest rate hikes as well as increased post-model adjustments. Impairment charges continued the trend from 2021 and returned to more normal levels, although on a quarterly basis, impairment charges were up due to macroeconomic uncertainty and the risks associated with the ongoing war in Ukraine.

In contrast to impairment charges in the first half of 2021, Large Corporates & Institutions saw a net loan impairment reversal in the first half of 2022 owing to improved credit quality, the resulting decline in charges made against facilities to individual customers, and a reversal of the post-model adjustment related to the oil and gas portfolio.

The effects of the new macroeconomic scenarios were driven primarily by rising interest rates and reinforced inflationary pressure as a result of rapid price increases on commodities such as energy, metals and agricultural produce. The scenario weights from the fourth quarter of 2021 were maintained in the first half of 2022 and were as follows: The base-case scenario has a probability of 70% (2021: 70%), the upside scenario has a probability of 10% (2021: 10%) and the downside scenario has a probability of 20% (2021: 20%). Base-case and upside scenarios were updated following the macroeconomic uncertainty. A severe recession scenario remains the Group's downside scenario.

Loan impairment charges

(DKK millions)	First half 2022 Charges	First half 2022 % of net credit exposure[1]	First half 2021 Charges	First half 2021 % of net credit exposure[1]
Personal Customers	325	0.07	16	0.00
Business Customers	198	0.06	534	0.16
Large Corporates & Institutions	-145	-0.09	252	0.17
Northern Ireland	38	0.14	-65	-0.25
Group Functions	10	0.50	-	-
Total core	**426**	**0.04**	**737**	**0.08**

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

DKK 1,705 million

Net profit

for the second quarter of 2022

Q2 2022 vs Q1 2022

Net profit decreased to DKK 1,705 million (Q1 2022: DKK 2,845 million), due mainly to lower income.

- **Net interest income** increased to DKK 5,810 million (Q1 2022: DKK 5,630 million), due mainly to lower margin pressure in Sweden and Norway and higher lending volumes and deposit margins at Large Corporates & Institutions. An increase in the number of interest days also had a positive impact on net interest income.

- **Net fee income** decreased to DKK 3,157 million (Q1 2022: DKK 3,379 million), driven by lower refinancing activity at Realkredit Danmark and as a result of continually low customer activity in the capital markets amid challenging market conditions.

- **Net trading income** decreased to a negative DKK 390 million (Q1 2022: DKK 565 million). The development was driven primarily by a substantial credit spread widening in the Danish and Swedish markets, which affected our market-making inventory. Secondly, we also saw a decrease in our Debt Capital market business.

- **Net income from insurance business** amounted to a negative DKK 122 million (Q1 2022: DKK 84 million) due to lower results of the life insurance business, mainly because of negative value adjustments of investment assets relating to life insurance products where Danica Pension has the investment risk. The result of the health and accident business in Danica Pension declined significantly in the second quarter of 2022 due to negative valuation adjustments of investment assets. The underlying business and risk result improved due to fewer claims. The investment result decreased significantly, due mainly to the negative developments in the financial markets. However, some of the effect was offset by the gain of DKK 415 million on the sale of Danica Norway.

- **Other income** amounted to DKK 291 million (Q1 2022: DKK 669 million). The decrease was due to the sale of our activities in Luxembourg generating a one-off gain of DKK 421 million in the first quarter.

- **Operating expenses** amounted to DKK 6,421 million (Q1 2022: DKK 6,371 million). The increase was due primarily to remediation costs and costs related to the Estonia matter.

- **Loan impairment charges** for core units amounted to DKK 192 million in the second quarter (Q1 2022: DKK 234 million). This mainly reflects macroeconomic uncertainty associated with the war in Ukraine as well as increasing inflationary pressure and interest rate hikes across the markets. On the other hand, credit quality continued to improve throughout the second quarter, resulting in impairment reversals relating to individual customer exposures.

Lending and deposits

Lending stood at DKK 1,819 billion (end-2021: DKK 1,834 billion). Excluding the changes in the fair value of Danish mortage loans following the increases in interest rate levels, lending increased 3% from the level at the end of 2021 to DKK 1,884 billion. Mortgage lending at nominal value at Realkredit Danmark stood at DKK 804 billion (end-2021: DKK 808 billion).

The increase in lending at Large Corporates & Institutions was driven partly by higher volumes in Denmark and Sweden, reflecting our strategic ambition to grow the number of core customer relationships in Sweden. At Business Customers, lending in our asset finance activities was on par with the level at the end of 2021, but lending in the commercial real estate area decreased. At Personal Customers, lending decreased due to a negative market value adjustment of mortgage loans as a result of the higher interest rate level.

Bank lending to both households and businesses increased from the end of 2021 due to higher customer activity, despite a negative currency effect of 2%. In Denmark, we have seen an upward trend in bank lending market shares over the past year.

Deposits amounted to DKK 1,156 billion and were down 1% from the level at the end of 2021. Deposits continued to be affected by low consumer spending, direct government support to customers and business customers having secured backup liquidity.

In Denmark, new gross lending, excluding repo loans, amounted to DKK 59.1 billion. Lending to personal customers accounted for DKK 16.8 billion of this amount.

In Denmark, our market shares of bank lending, excluding repo loans, to both households and corporationes, increased by 0.46 percentage points to 19.03% and 0.24 percentage points to 22.29%, respectively. The market share in Denmark, including mortgage lending, decreased, however, to 24.5% at the end of May 2022 (end-2021: 24.8%). In Sweden, our market share of lending (at end-May 2022) increased from 5.13% to 5.47%, driven by corporate lending, and in Finland and Norway, we maintained our market share of lending at the end-2021 level.

Our market shares of deposits increased in Finland from the end-2021 level. In Denmark, our market share of deposits decreased to 28.7% at the end of May 2022 (end-2021: 29.1%). In Sweden and Norway, our market share of deposits was also lower than at the end of 2021.

Credit exposure and credit quality

Credit exposure from lending activities in core segments decreased to DKK 2,600 billion (end-2021: DKK 2,716 billion), as higher activity among corporate and institutional customers was more than offset by lower exposure to personal and business customers in Denmark, as a result of the net negative effect of fair value adjustments, and by lower deposits with central banks. However, in local currency, credit exposure increased among personal and business customers in both Sweden and Norway. Credit exposure directly related to customers in or from Russia and Ukraine is very limited and amounted to less than DKK 0.1 billion at 30 June 2022.

Risk Management 2021, 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 half of 2022, with a positive underlying trend. However, we remain vigilant for any possible deterioration related to the above-mentioned risk.

Large Corporates & Institutions has actively reduced its net oil-related exposure (excluding oil majors) by 55% since the end of 2019.

Stage 3 loans in core segments

(DKK millions)	30 June 2022	31 Dec. 2021
Gross exposure	34,933	46,012
Allowance account	9,930	12,397
Net exposure	**25,003**	**33,615**
Collateral (after haircut)	**22,706**	**30,143**
Stage 3 coverage ratio (%)	81	78

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 (non-performing loans) was DKK 34.9 billion, corresponding to 1.3% of total gross credit exposure. Stage 3 exposure was concentrated on personal customers, shipping, oil and gas, commercial property and agriculture, which combined accounted for 71% of total gross exposure in stage 3. The development in stage 3 exposure since the end of 2021 was impacted primarily by the technical implementation of the new definition of default that is now aligned with EBA requirements and write-offs.

Accumulated impairment charges decreased to 1.03% (end-2021: 1.15%) of lending and guarantees due to the lower allowance account.

Allowance account by business units (DKK millions)	30 June 2022 Accum. impairm. charges	% of credit exposure[1]	31 Dec. 2021 Accum. impairm. charges	% of credit exposure[1]
Personal Customers	5,831	0.69	5,654	0.64
Business Customers	9,772	1.50	10,186	1.54
Large Corporates & Institutions	3,385	0.94	5,227	1.84
Northern Ireland	760	1.29	850	1.44
Group Functions	24	0.93	17	0.36
Total	**19,772**	**1.03**	**21,935**	**1.15**

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

Capital ratios and requirements

At the end of June 2022, the Group's total capital ratio was 21.3%, and its CET1 capital ratio was 17.1%, against 22.4% and 17.7%, respectively, at the end of 2021. The movement in the capital ratios in the first half of 2022 was driven by an increase in the capital deduction for Danica Pension and a decline in the IFRS 9 add-back, which was partly countered by realised net profit. The total capital ratio was further affected by the redemption of additional tier 1 capital instruments of EUR 750 million in April 2022.

During the first half of 2022, the total REA saw a slight increase of DKK 1.5 billion. This minor movement was attributable to increased REA for market risk associated with the high volatility in the financial markets, partially countered by a decrease in REA for credit 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.

At the end of June 2022, the Group's solvency need ratio was 11.4%, largely unchanged from the level at the end of 2021.

The solvency need still includes the DKK 10 billion required under the orders issued by the Danish FSA in 2018 as a consequence of the Estonia matter. The amount is covered by common equity tier 1 (CET1) capital, as ordered by the Danish FSA.

A combined buffer requirement (CBR) applies to financial institutions in addition to the solvency need ratio. At the end of June 2022, the Group's CBR was 5.7%, a minor increase of 0.1 percentage points from the level at the end of 2021 due to the increase of the Norwegian countercyclical buffer rate from 1.0% to 1.5%.

Announced increases of the national countercyclical buffer rates in Denmark, Norway and Sweden will increase the Group's CBR by 1.8 percentage points. Consequently, the fully phased-in countercyclical buffer requirement will be 2.0%, bringing the fully phased-in CET1 requirement to 14.4%. This is a 0.5 percentage points increase from the level at the end of 2021, which is largely driven by the announced increase of the Danish countercyclical buffer from 2.0% to 2.5%, effective from 31 March 2023, and the Swedish decision to raise the countercyclical buffer rate to 2.0%, entering into force on 22 June 2023.

Capital ratios and requirements (% of the total REA)	30 June 2022	Fully phased-in*
Capital ratios		
CET1 capital ratio	17.1	16.9
Total capital ratio	21.3	21.1
Capital requirements (incl. buffers)**		
CET1 requirement	12.6	14.4
- portion from countercyclical buffer	0.2	2.0
- portion from capital conservation buffer	2.5	2.5
- portion from SIFI buffer	3.0	3.0
Solvency need ratio	11.4	11.4
Total capital requirement	**17.1**	**18.9**
Excess capital		
CET1 capital	4.5	2.5
Total capital	4.3	2.2

** 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 June 2022.*

The calculation of the solvency need ratio and the combined capital buffer requirement is described in more detail in section 6 of Risk Management 2021, which is available at danskebank.com/ir.

Minimum requirement for own funds and eligible liabilities

On 20 December 2021, the Group received the Danish FSA's annual decision, effective from 1 January 2022, on the minimum requirement for own funds and eligible liabilities (MREL) based on data from the fourth quarter of 2020.

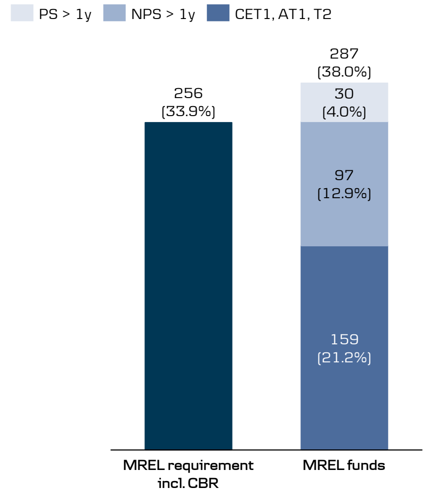
The requirement is set at two times the solvency need and one time the SIFI buffer and the capital conservation buffer (CBR). Further, the CBR must be met in addition to the MREL. At the end of June 2022, the point-in-time requirement including the CBR was equivalent to DKK 256 billion, or 33.9% of the REA adjusted for Realkredit Danmark. At the end of June 2022, the backward-looking MREL, set by the Danish FSA, was 29.6% of the 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 287 billion.

The transition to the full MREL has been relatively shorter for the Group than for its peers. In combination with a relatively high Danish MREL, this has meant that the Group has issued a significant amount of non-preferred senior debt over the past couple of years.

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

At the end of June 2022, the point in time subordination requirement was equivalent to DKK 214 billion. The backward-looking subordination requirement at the end of June 2022, set by the Danish FSA, was 29.7% of the REA adjusted for Realkredit Danmark. MREL-eligible subordinated liabilities amounted to DKK 257 billion.

Point-in-time MREL requirement and eligible funds; Q2 2022; DKK billion (% of REA)



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

Leverage ratio
At the end of June 2022, the Group's leverage ratio was 4.7% under both the transitional rules and the fully-phased in rules.

Capital targets
The CET1 capital ratio target was kept at above 16% in the short term to ensure a sufficiently prudent buffer in relation to the capital requirement. The total capital target was kept at above 20%. Danske Bank fully meets these capital targets.

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

Capital distribution policy
To ensure prudent capital management with a high degree of flexibility in light of the Estonia matter, the general meeting on 17 March 2022 adopted the proposal for an initial dividend payment of DKK 2 per share that was paid out in March. The remaining DKK 5.5 per share was intended to be paid out in three tranches following the publication of the interim reports in 2022, subject to a decision by the Board of Directors.

On 28 April 2022, the Board of Directors decided that Danske Bank would not pay out dividends in connection with the interim report for the first quarter of 2022, as Danske Bank had entered into initial discussions with U.S. and Danish authorities on the resolution of the Estonia matter. These discussions have not been concluded, and, consequently, the Board of Directors has decided that Danske Bank will not pay out dividends for 2021 in connection with the announcement of the interim report for the first half of 2022.

Danske Bank is not yet able to reliably estimate the timing, form of resolution or amount of a potential settlement or fines, which is likely to be material, and will not comment on discussions with authorities.

Danske Bank's general dividend policy remains unchanged, and it is our ambition to pay out 40-60% of net profit for the year.

Danske Bank has strong capital and liquidity positions, and the Board of Directors remains committed to returning excess capital to shareholders.

Funding and liquidity
During the second quarter of 2022, credit spreads widened significantly on the back of equity and rates volatility following high inflation prints, increasingly hawkish central banks and a tense geopolitical situation.

At the end of June 2022, the Group had issued covered bonds of DKK 10.6 billion, senior debt of DKK 1.4 billion and non-preferred senior debt of DKK 20.1 billion, bringing total long-term wholesale funding to DKK 32.1 billion.

We plan for regular issues in the EUR benchmark format in covered bonds, senior and non-preferred senior bonds as well as issues 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 the 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 side 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 2022.

Danske Bank's liquidity position remained robust. Stress tests show that we have a sufficient liquidity buffer well beyond 12 months. At the end of June 2022, our liquidity coverage ratio stood at 155% (31 December 2021: 164%), with an LCR reserve of DKK 591 billion (31 December 2021: DKK 687 billion).

The requirement for the net stable funding ratio forms an integral part of our funding planning, and we are already comfortably adhering to the requirement.

At 30 June 2022, the total nominal value of outstanding long-term funding, excluding equity-accounted additional tier 1 capital and debt issued by Realkredit Danmark, was DKK 367 billion (31 December 2021: DKK 381 billion).

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 June 2022, 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 to amend, inter alia, Regulation (EU) No 575/2013 (CRR) and Directive 2013/36/EU (CRD). The proposals include some adjustments to the Basel IV standard, and the output floor is subject to a transitional arrangement that means that the output floor must be fully implemented by 1 January 2030.

In order to estimate any effects that the finally adopted regulation and directive may have on the Group, the Group continuously monitors the legislative negotiations and conducts impact assessments. On the basis of the Group's current and updated analysis of the EU Banking Package 2021, the Group's current capital planning takes into account the expected REA impact of the initial implementation expected in 2025. The fully phased-in impact of the EU Banking Package 2021 on the Group depends on the final outcome of the EU legislative process, including the calibration of the output floor. Taking into account the proposed 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.

The outcome of the EU legislative negotiations on the proposals is uncertain and may result in further adjustments as the EU negotiations progress.

Credit ratings

There were no credit rating changes in the second quarter of 2022.

Danske Bank's credit ratings

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

Environmental, Social and Governance (ESG) ratings

On 16 June 2022, ISS ESG raised its rating to 'C+ Prime' from 'C Prime' after reassessing its 'Staff and Suppliers', 'Environmental Management', 'Products and Services' and 'Eco-efficiency' rating factors.

ESG rating agency	Score at 30 June 2022	Score at 31 March 2022
CDP Worldwide, UK	B	B
ISS ESG, USA	C+ Prime	C Prime
MSCI ESG Ratings, USA	BBB	BBB
Sustainalytics, USA	Medium Risk	Medium Risk
Vigeo Eiris, France	61	61

Estonia matter

Investigation

Danske Bank is in continued discussions with US and Danish Authorities on the resolution of the Estonia matter.

Danske Bank is not yet able to reliably estimate the timing, form of resolution or amount of a potential settlement or fines, which is likely to be material, and will not comment on discussions with authorities.

Danske Bank continues to cooperate with various authorities regarding the terminated non-resident portfolio at Danske Bank's former branch in Estonia. This includes criminal and regulatory investigations by authorities in Estonia, Denmark, France and the US.

Danske Bank reports to, responds to and cooperates with various authorities, including the Danish Special Crime Unit (SCU) (formerly the Danish State Prosecutor for Serious Economic and International Crime), the U.S. Department of Justice (DOJ) and the U.S. Securities and Exchange Commission (SEC), in relation to the Estonia matter.

The internal investigation work that was planned for completion in 2020 has been finalised, and Danske Bank has reported the findings to the relevant authorities investigating Danske Bank. We continue to fully cooperate and will provide the authorities with further information if and when requested.

Civil claims

Danske Bank is also subject to ongoing litigation in relation to the Estonia matter. This includes, inter alia, an action against Danske Bank and Danske Markets, Inc. (and other defendants) in the United States District Court for the Eastern District of New York and a number of court cases initiated against Danske Bank in Denmark. Danske Bank intends to defend itself against the various claims. The timing of completion of any such lawsuits (pending or threatening) and their outcome are uncertain and could be material.

Update on the debt collection case

In our efforts to become a better bank, we have in recent years systematically improved compliance, risk and control capabilities and processes and sought to foster a culture under which potential issues are raised and addressed.

In connection with this work, several issues have been identified. These include the debt collection issues. At the end of October 2021, we had reviewed all of the 197,000 customer cases in our debt collection systems for which there is a risk of overcollection as a result of the data errors originally identified. The review has shown that actual overcollection has taken place for approximately 7,800 of these customers.

As we have communicated on an ongoing basis, our investigation of the data errors originally identified has also uncovered a number of potential additional issues that we are still investigating, which means that the number of customers who are expected to be eligible for compensation is increasing. Furthermore, we are now exploring new approaches in order to accelerate the timeline in which we will be able to provide clarity for debt collection customers. We will continue to update affected customers and other stakeholders on our progress on the debt collection matter.

We welcome the continued impartial investigation and will continue the cooperation with the Danish FSA.

Market monitoring

In June 2020, the Danish FSA filed a criminal complaint against Danske Bank A/S for violation of the Market Abuse Regulation on account of inadequate market monitoring and market manipulation in respect of self-matching trades, and on 25 June 2021, Danske Bank was preliminarily charged with this alleged violation. Danske Bank has a dialogue with and cooperates with the SCU, but cannot comment further as long as the SCU is investigating the case.

Changes to the Executive Leadership Team

On 2 June 2022, it was announced that Philippe Vollot had decided to resign from his position as Chief Administrative Officer (CAO) of Danske Bank, and the CAO area was closed down.

In the Executive Leadership Team, Head of Personal Customers Christian Bornfeld has assumed responsibility for Danske Bank's Financial Crime Prevention and Financial Crime Risk units working with financial crime prevention across the organisation, while Chief Risk Officer Magnus Agustsson has on an interim basis taken over the responsibility for Group Compliance.

Changes to segment reporting in 2022

As announced in January 2022, we implemented the new organisation in May 2022 and split the former Personal & Business Customers unit into two units. Our commercial activities are now organised in three units, each focusing on a customer segment: Personal Customers, Business Customers and Large Corporates & Institutions.

Danske Bank merges MobilePay with other mobile payment providers

At the end of June 2021, Danske Bank A/S announced that it had entered into an agreement with OP Financial Group in Finland and the consortium of banks behind Vipps in Norway to merge the three mobile payment providers MobilePay, Vipps and Pivo. The merger is conditional on approval by the relevant authorities, including the European Commission. Final approval is expected in the second half of 2022. The expected one-off gain on the transaction is approximately DKK 400-500 million.

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. Danske Bank was delighted to win the 2021 Business in the Community "Environmental Leadership" award and is seen as one of the leading companies in the country when it comes to sustainability, diversity and being responsible.

Personal Customers

Personal Customers continued to see progress and commercial momentum. Customer activity remained high, with higher interest rates driving high remortgaging activity in Denmark. However, inflation rates, higher energy prices and the war in Ukraine continue to impact the financial markets. This adversely affected assets under management and investment income, and resulted in a general slowdown in new lending as a result of a more subdued housing market.

Profit before tax in the first half of 2022 amounted to DKK 1,732 million, a decrease of 7% from the level in the same period in 2021. This was due to higher loan impairment charges driven by macroeconomic developments, especially inflation. Total income increased 8% due to a one-off gain on the sale of the customer portfolio in Luxembourg as well as increased fee and trading income from higher customer activity following the reopening of societies, whereas the first half of 2021 was affected by lockdowns.

Personal Customers (DKK millions)	First half 2022	First half 2021	Index 22/21	Q2 2022	Q1 2022	Index Q2/Q1	Q2 2021	Index 22/21	Full year 2021
Net interest income	3,871	3,902	99	1,935	1,936	100	1,963	99	7,876
Net fee income	2,555	2,444	105	1,219	1,335	91	1,116	109	4,903
Net trading income	220	135	163	116	105	110	70	166	322
Other income	508	114	-	45	463	10	56	80	211
Total income	7,154	6,595	108	3,315	3,839	86	3,204	103	13,311
Operating expenses	5,097	4,713	108	2,530	2,567	99	2,354	107	10,109
of which resolution fund, bank tax etc.	81	55	147	41	40	103	25	164	117
Profit before loan impairment charges	2,057	1,882	109	785	1,273	62	850	92	3,202
Loan impairment charges	325	16	-	327	-2	-	-179	-	60
Profit before tax	**1,732**	**1,866**	**93**	**458**	**1,274**	**36**	**1,029**	**45**	**3,142**
Loans, excluding reverse transactions before impairments	830,890	875,553	95	830,890	864,272	96	875,553	95	883,166
Allowance account, loans	5,233	5,175	101	5,233	4,903	107	5,175	101	5,087
Deposits, excluding repo deposits	420,252	413,213	102	420,252	410,363	102	413,213	102	407,904
Covered bonds issued	607,496	668,561	91	607,496	643,149	94	668,561	91	663,096
Allocated capital (average)	31,170	34,166	91	30,881	31,463	98	33,721	92	32,980
Net interest income as % p.a. of loans and deposits	0.62	0.62	-	0.62	0.62	-	0.62	-	0.62
Profit before loan impairment charges as % p.a. of allocated capital	13.2	11.0	-	10.2	16.2	-	10.1	-	9.7
Profit before tax as % p.a. of allocated capital (avg.)	11.1	10.9	-	5.9	16.2	-	12.2	-	9.5
Cost/income ratio (%)	71.2	71.5	-	76.3	66.9	-	73.5	-	75.9
Full-time-equivalent staff	4,874	5,090	96	4,874	4,850	100	5,090	96	4,866

Assets under management (DKK millions)									
Assets under custody	**474,870**	**554,274**	**86**	**474,870**	**493,070**	**96**	**554,274**	**86**	**568,913**

Fact Book Q2 2022 provides financial highlights at customer type level for Personal Customers. Fact Book Q2 2022 is available at danskebank.com/ir.

Business initiatives

The home finance market had a good start to 2022, and the nominal value of our mortgage volumes increased 1% from the same period last year. Measured at fair value, though, the high interest rate levels drove the volume down.

At the end of the first half of 2022, the housing market in all of the markets in which we operate saw a general slowdown due to inflation, higher interest rates and new regulation. In Denmark, the increasing rates fuelled remortgaging activity among our customers.

The increase in inflation as well as the rise in energy prices and the war in Ukraine continued to impact the financial markets, and we saw customers derisking their portfolios and displaying generally less appetite for investment products.

We are helping our customers make their homes more energy efficient and thereby support their sustainability ambitions through favourable pricing.

Across our Nordic markets, partnerships continue to be a key lever of growth. We continued the good collaboration with Akava in Finland and SACO/TCO in Sweden, and in Norway, we extended our agreement with Akademikerne in June 2022.

First half 2022 vs first half 2021

Profit before tax amounted to DKK 1,732 million (H1 2021: DKK 1,866 million). The decrease was driven by higher loan impairment charges. Total income increased due to a one-off gain on the sale of the customer portfolio in Luxembourg and higher fees resulting from the reopening of societies following the COVID-19 pandemic lockdowns.

Net interest income decreased slightly, due primarily to the sale of our customer portfolio in Luxembourg. Furthermore, the funding value of deposits in Denmark continued to decline, and our repricing initiatives are only partly mitigating the effect. We also saw continued margin pressure on lending and an adverse interest rate environment across the Nordic countries.

Total lending decreased 5% due to negative market value adjustments of mortgage loans caused by the higher interest rate level. Bank lending volumes in the Nordic markets increased 1% due to higher customer activity, despite a negative currency effect of 2%. In Denmark, we have seen an upward trend in bank lending market shares over the past year. Deposit volumes increased due to cautious investment strategies among our customers as a result of the distressed financial markets. Mortgage lending to Personal Customers at nominal value at Realkredit Danmark has increased 1% over the last year.

Net fee income stood at DKK 2,555 million, an increase of 5% (H1 2021: DKK 2,444 million). This was driven by an increase in service fees resulting from the reopening of societies as well as good remortgaging activity as a result of the rise in interest rate levels. Investment fees decreased as a consequence of the challenged financial markets. The discontinuation of the customer portfolio in Luxembourg had a negative effect on fee income of DKK 72 million.

Net trading income increased to DKK 220 million (H1 2021: DKK 135 million) due to foreign exchange activity driven by the reopening of societies following the corona pandemic.

Other income amounted to DKK 508 million (H1 2021: DKK 114 million). The increase was due primarily to a one-off gain on the sale of our customer portfolio in Luxembourg of DKK 421 million.

Operating expenses increased 8%. We continued to see a decrease in transformation costs related to the implementation of the Better Bank plan, however, the new bank tax in Sweden as well as increased compliance costs more than offset the decrease.

In the first half of 2022, loan impairment charges amounted to DKK 325 million (H1 2021: DKK 16 million). The increase in charges was driven mainly by changes in the macroeconomic outlook, rising interest rates and inflation, as well as changes in post-model adjustments. A post-model adjustment of DKK 250 million relating to potentially lower debt collection recovery rates was made.

The number of full-time-equivalent staff has decreased by more than 200 since the end of the first half of 2021 due to continued efficiency efforts.

Q2 2022 vs Q1 2022

Profit before tax in the second quarter decreased to DKK 458 million, driven primarily by the one-off gain on the sale of the customer portfolio in Luxembourg in the first quarter and lower fees in the second quarter.

- **Net interest income** was on par with the first quarter and stood at DKK 1,935 million (Q1 2022: DKK 1,936 million).
- **Net fee income** decreased 9%, driven by lower refinancing and remortgaging activity after high activity in the first quarter of 2022.
- **Operating expenses** decreased 1% and stood at DKK 2,530 million (Q1 2022: DKK 2,567 million).
- The second quarter of 2022 saw **loan impairment charges** of DKK 327 million (Q1 2022: a net reversal of DKK 2 million). The increase in loan impairment charges was attributable to changes in macroeconomic scenarios as well as changes in post-model adjustments. A post-model adjustment of DKK 250 million relating to potentially lower debt collection recovery rates was made.
- **Lending** volumes decreased 4%, mainly as a result of negative value adjustments of mortgage loans at Realkredit Danmark.
- **Deposit** volumes increased 2% due to customers derisking their portfolio.

DKK 458 million

Profit before tax

for the second quarter of 2022

Business Customers

In the first half of 2022, Business Customers continued the good traction from the beginning of the year. Customer activity was supported by the reopening of the markets and societies in the Nordic countries following the discontinuation of COVID-19 restrictions. Lockdown in China, however, impacted the global supply of new assets but fuelled income from the sale of existing assets in our leasing company. The rising inflation and interest rate levels continue to put pressure on the financial markets and create uncertainty for our customers. We are supporting our customers with help and guidance, and combined with the new service model that was implemented towards the end of last year, this means that we are now even better equipped to match our customers' needs.

Profit before tax in the first half of 2022 amounted to DKK 2,799 million, an improvement of 36% from the first half of 2021. This was driven primarily by repricing initiatives for deposits as a result of the negative interest rates as well as higher income resulting from the reopening of societies following the COVID-19 pandemic, combined with lower loan impairment charges.

Business Customers (DKK millions)	First half 2022	First half 2021	Index 22/21	Q2 2022	Q1 2022	Index Q2/Q1	Q2 2021	Index 22/21	Full year 2021
Net interest income	4,083	3,864	106	2,110	1,973	107	1,924	110	7,788
Net fee income	906	823	110	426	480	89	401	106	1,613
Net trading income	243	177	137	134	109	123	92	146	351
Other income	431	298	145	231	199	116	161	143	580
Total income	5,663	5,162	110	2,902	2,761	105	2,578	113	10,333
Operating expenses	2,665	2,575	103	1,352	1,314	103	1,296	104	5,144
of which resolution fund, bank tax etc.	112	88	127	54	58	93	49	110	173
Profit before loan impairment charges	2,997	2,587	116	1,550	1,447	107	1,281	121	5,189
Loan impairment charges	198	534	37	86	112	77	294	29	426
Profit before tax	**2,799**	**2,053**	**136**	**1,464**	**1,335**	**110**	**987**	**148**	**4,763**
Loans, excluding reverse transactions before impairments	634,239	653,391	97	634,239	648,224	98	653,391	97	652,955
Allowance account, loans	8,474	9,260	92	8,474	8,556	99	9,260	92	9,059
Deposits, excluding repo deposits	290,934	289,253	101	290,934	290,063	100	289,253	101	292,530
Covered bonds issued	348,195	377,130	92	348,195	365,357	95	377,130	92	377,388
Allocated capital (average)	39,869	39,991	100	39,417	40,325	98	41,571	95	40,881
Net interest income as % p.a. of loans and deposits	0.88	0.83	-	0.91	0.85	-	0.83	-	0.83
Profit before loan impairment charges as % p.a. of allocated capital	15.0	12.9	-	15.7	14.4	-	12.3	-	12.7
Profit before tax as % p.a. of allocated capital (avg.)	14.0	10.3	-	14.9	13.2	-	9.5	-	11.7
Cost/income ratio (%)	47.1	49.9	-	46.6	47.6	-	50.3	-	49.8
Full-time-equivalent staff	1,696	1,736	98	1,696	1,678	101	1,736	98	1,699

Assets under management (DKK millions)									
Assets under custody	**143,138**	**118,376**	**121**	**143,138**	**162,648**	**88**	**118,376**	**121**	**144,832**

Fact Book Q2 2022 provides financial highlights at customer type level for Business Customers. Fact Book Q2 2022 is available at danskebank.com/ir.

Business initiatives

The reopening of societies in the Nordic countries has had a positive effect on customer activity. We saw increases both for transactional services and in currency exchange activity. The lockdown in China affected the sale of new assets, however, income from the sale of existing assets in our leasing company increased.

The repayment of the Danish government COVID-19 support loans began in the second quarter of 2022. The majority of our customers were able to repay their loans with limited use of our favourable COVID-19 loans. This signals that our customers are resilient even in turbulent times.

The rising inflation and interest rate levels combined with the increase in energy prices have created renewed uncertainty for our customers. As a consequence, we have strengthened our green product offering and launched green loans for all business customers within electric transportation and energy (solar and wind).

First half 2022 vs first half 2021

Profit before tax amounted to DKK 2,799 million (H1 2021: DKK 2,053 million). The increase was driven primarily by repricing initiatives for deposits, as well as higher income from the reopening of societies following the COVID-19 pandemic, combined with lower loan impairment charges.

Net interest income increased 6% following the repricing of deposits, which, due to the negative interest levels, have a very low funding value. Furthermore, we saw increased activity among our customers, leading to an increase in bank lending volumes of 2%. Total lending volumes decreased 3% due to negative market value adjustments of loans at Realkredit Danmark, driven by the higher interest rate levels. The increase in nominal volume at Realkredit Danmark was 1%.

Net fee income stood at DKK 906 million, an increase of 10% (H1 2021: DKK 823 million). This increase was driven by higher service fees as well as high remortgaging and refinancing activity as a result of the higher interest rate levels.

Net trading income increased to DKK 243 million (H1 2021: DKK 177 million), driven by increased foreign exchange activity as a result of the reopening of societies.

Other income amounted to DKK 431 million (H1 2021: DKK 298 million). The increase was due to higher sales prices for assets in our leasing company.

Operating expenses increased 3%. We continue to see a decrease in transformation costs related to the implementation of the Better Bank plan, however, the new bank tax in Sweden as well as increased regulatory costs more than offset the decrease.

In the first half of 2022, loan impairment charges amounted to DKK 198 million (H1 2021: DKK 534 million). Impairments thus continued the trend from 2021 and returned to a more normal level. The impairment charges for the first half of 2022 were driven mainly by changes in the macroeconomic outlook due to the ongoing war in Ukraine as well as by changes in post-model adjustments and a slight deterioration in credit quality.

The number of full-time-equivalent staff has decreased by 40 since the first half of 2021 due to continued efficiency efforts.

Q2 2022 vs Q1 2022

Profit before tax in the second quarter increased to DKK 1,464 million, driven by increased net interest income and lower loan impairment charges.

- **Net interest income** increased 7% and stood at DKK 2,110 million (Q1 2022: DKK 1,973 million) due to lower margin pressure in Sweden and Norway.
- **Net fee income** decreased 11%, driven by lower refinancing activity than in the preceding quarter.
- **Operating expenses** increased 3%. We continue to see a decrease in costs related to the Better Bank plan implementation, however, the increase in costs for compliance and financial crime prevention more than offset the decrease.
- The second quarter of 2022 saw **loan impairment charges** of DKK 86 million (Q1 2022: DKK 112 million). The charges were attributable to changes in the macroeconomic outlook as well as increased post-model adjustments.
- **Lending** volumes decreased 2%, mainly as a result of negative value adjustments of mortgage loans at Realkredit Danmark as a consequence of the higher interest rate levels.

DKK 1,464 million

Profit before tax

for the second quarter of 2022

Large Corporates & Institutions

In the first half of 2022, the operating environment became increasingly challenging as rising inflation caused central banks to tighten monetary policy more and sooner than expected. Combined with an uncertain economic outlook, the demand for credit and risk hedging increased, and we supported our customers with almost DKK 40 billion in additional lending. This demonstrates the value of our diversified business model, as higher net interest income helps mitigate the effect of lower net fee income from capital markets activities. The large repricing on the financial markets also led to extraordinarily high volatility and low liquidity in the Nordic fixed income markets, creating a challenging environment for providing market-making services and managing the risk held to support our debt capital markets franchise. We have continued to support our customers but saw negative trading income in the second quarter as a result of losses in Rates & Credit. Notwithstanding the negative macroeconomic impact, we continue to see a positive underlying momentum, as illustrated by high growth in everyday banking fees, by our leading position in sustainable finance and by the inflow of new customers in Sweden.

Profit before tax in the first half of 2022 was DKK 2,226 million, a decline from the same period last year as a result of significantly lower net trading income following losses in Rates & Credit in the second quarter.

Large Corporates & Institutions (DKK millions)	First half 2022	First half 2021	Index 22/21	Q2 2022	Q1 2022	Index Q2/Q1	Q2 2021	Index 22/21	Full year 2021
Net interest income	2,611	2,392	109	1,328	1,284	103	1,177	113	4,732
Net fee income	2,932	3,220	91	1,419	1,514	94	1,621	88	6,777
Net trading income	27	1,852	1	-710	737	-	749	-	3,137
Other income	2	2	100	1	1	100	1	100	5
Total income	5,572	7,466	75	2,037	3,535	58	3,548	57	14,650
Operating expenses	3,491	3,751	93	1,747	1,744	100	1,900	92	7,025
of which resolution fund, bank tax etc.	254	192	132	138	116	119	117	118	360
Profit before loan impairment charges	2,081	3,715	56	290	1,791	16	1,648	18	7,625
Loan impairment charges	-145	252	-	-233	88	-	183	-	-13
Profit before tax	**2,226**	**3,463**	**64**	**523**	**1,703**	**31**	**1,465**	**36**	**7,638**
Loans, excluding reverse trans. before impairments	311,269	240,407	129	311,269	291,266	107	240,407	129	264,824
of which loans in General Banking	270,910	218,520	124	270,910	243,461	111	218,520	124	232,890
Allowance account, loans (incl. credit institutions)	1,231	4,197	29	1,231	2,562	48	4,197	29	4,363
Deposits, excluding repo deposits	352,697	403,958	87	352,697	381,753	92	403,958	87	383,547
of which deposits in General Banking	302,542	358,474	84	302,542	333,948	91	358,474	84	340,477
Covered bonds issued	24,217	21,682	112	24,217	25,424	95	21,682	112	26,055
Allocated capital (average)	42,393	44,786	95	43,864	40,906	107	45,003	97	43,591
Net interest income as % p.a. of loans and deposits	0.80	0.70	-	0.80	0.79	-	0.69	-	0.73
Profit before loan impairment charges as % p.a. of allocated capital	9.8	16.6	-	2.6	17.5	-	14.6	-	17.5
Profit before tax as % p.a. of allocated capital (avg.)	10.5	15.5	-	4.8	16.7	-	13.0	-	17.5
Cost/income ratio (%)	62.7	50.2	-	85.8	49.3	-	53.6	-	48.0
Full-time-equivalent staff	2,097	2,565	82	2,097	2,226	94	2,565	82	2,684

Total income (DKK millions)	First half 2022	First half 2021	Index 22/21	Q2 2022	Q1 2022	Index Q2/Q1	Q2 2021	Index 22/21	Full year 2021
General Banking	3,270	3,113	105	1,645	1,625	101	1,549	106	6,203
Markets	577	2,218	26	-313	891	-	1,029	-	3,909
of which xVA*	-99	94	-	30	-130	-	-	-	104
Asset Management	1,151	1,104	104	573	577	99	550	104	2,653
of which performance fees	86	55	156	66	20	-	31	213	385
Investment Banking & Securities (IBS)	574	1,031	56	132	442	30	421	31	1,886
Total income	**5,572**	**7,466**	**75**	**2,037**	**3,535**	**58**	**3,548**	**57**	**14,650**

**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)	First half 2022	First half 2021	Index 22/21	Q2 2022	Q1 2022	Index Q2/Q1	Q2 2021	Index 22/21	Full year 2021
Institutional clients	432,201	481,278	90	432,201	469,299	92	481,278	90	487,560
Retail clients	272,053	307,797	88	272,053	301,546	90	307,797	88	325,025
Total assets under management[1]	**704,254**	**789,075**	**89**	**704,254**	**770,846**	**91**	**789,075**	**89**	**812,585**

[1] Includes assets under management from Group entities.

Business initiatives

The global macroeconomic and geopolitical tension created a challenging operating environment for corporates and institutions across the Nordic countries. The Russian invasion of Ukraine and the continued rise in inflation have increased the uncertainty and operational complexity for our customers, who have faced higher input prices, continued supply chain challenges, declining asset prices on the financial markets, and uncertainty about whether the economic slowdown will turn into a recession.

As a result, we saw an increase in demand for credit and risk hedging, while customer activity within capital markets slowed. Especially within Equity Capital Markets (ECM), the level of activity was low, with transactions being postponed and cancelled. Despite the fall in customer activity in the first half of 2022, we maintained our strong market position in the debt capital markets as the leading Nordic bank in terms of supported volumes in the European issuance league table.

While capital markets were challenged, customer demand for bank credit increased. This illustrates the strength of our diversified business offering as it enables us to support our customers through changing operating environments. Lending growth was especially high in Sweden, our strategic growth market, and while customers are likely to draw less on their credit facilities when capital markets conditions improve, this does enable us to build even stronger customer relationships.

The sustainable finance market continued to grow in the first half of 2022, and we supported issuers and investors in a substantial number of transactions. For example, we are proud to have acted as sole Sustainability Coordinator, Documentation Agent, Bookrunner, Mandated Lead Arranger and Agent in connection with Chr. Hansen's EUR 900 million equivalent Term Loan and sustainability-linked Revolving Credit Facility. We also continued to be ranked number one among Nordic banks according to the Bloomberg League tables for arrangers of both sustainability-linked loans and sustainable bonds in terms of volumes supported in the first half of 2022.

First half 2022 vs first half 2021

Profit before tax declined to DKK 2,226 million (H1 2021: DKK 3,463 million) as a result of significantly lower net trading income.

Net interest income increased to DKK 2,611 million (H1 2021: DKK 2,392 million), as higher lending volumes and deposit margins more than compensated for the continued normalisation of deposit volumes.

Lending volumes in General Banking increased 24% from the level at the end of the first half of 2021, as we continued to support customers through the challenging operating environment. The increase in lending was especially high in Denmark and Sweden, where we have grown lending volumes by more than 30% over the past year.

The higher customer demand for credit was driven by a number of factors, including less attractive capital markets and a greater need for working capital as input and energy prices, for example, have increased, but it also reflects our strategic ambition to grow our franchise in especially Sweden. The increase in lending represents both new facilities and customers drawing more on existing facilities, implying that lending volumes could normalise when conditions in the capital markets improve.

Net fee income declined to DKK 2,932 million (H1 2021: DKK 3,220 million), as lower fee income from capital markets activities more than countered the positive development in everyday banking fees. The lower capital markets fee income reflects both income being very high in the first half of 2021 and customer activity slowing in especially the equity capital markets following the deteriorating macroeconomic environment.

Net fee income from everyday banking products sustained the positive trend seen in recent quarters as we continued to deliver on our strategic ambition, with fees from financing, money transfers, etc. increasing close to 10% from the same period last year. This reflects our strong position in everyday banking services such as foreign exchange and cash management where Danske Bank maintains number one positions across both products in the Nordic customer satisfaction surveys measured by Prospera, the independent market research company in the Nordic market.

Fee income in Asset Management increased slightly from the level in the first half of 2021 as higher performance fees mitigated the negative impact from the continued reduction in assets under management. The primary driver of performance fees in the first half of 2022 was fees received in Danske Private Equity. Assets under management declined 13% from the end-of-year level, as asset prices fell further in the second quarter, while net sales were positive in the first half, driven by the institutional segment.

Net trading income fell to DKK 27 million (H1 2021: DKK 1,852 million) as a result of losses in Rates & Credit. A negative value adjustment on a loan held for distribution in Investment Banking & Securities also contributed to the lower net trading income result.

The large repricing on the financial markets during the first half of 2022 led to extraordinarily high volatility, wider credit spreads and low liquidity in the Nordic fixed income markets. This is illustrated by the 2-year Swedish interest swap rate seeing the biggest increase in more than 20 years. While we continued to support our customers through this volatile period, the operating environment made it challenging for us to provide market-making services and manage the risk held to support our fixed income and leading debt capital markets franchise.

Operating expenses decreased DKK 260 million, mainly as a result of the changes to the allocation of costs between the business units implemented in the fourth quarter of 2021 as well as a lower provision for performance-based compensation. The Resolution fund, bank tax etc. item increased DKK 62 million as a result of the Swedish bank tax that came into force on 1 January 2022 and higher resolution fund costs in the second quarter.

The number of full-time equivalent staff fell to 2,097, as the 1st line Financial Crime Risk and Business Controls functions were moved from Large Corporates & Institutions to Group Functions and Personal Customers, respectively.

Overall credit quality remained strong. During the first half of 2022, the general rating trend was positive, and loan impairment charges amounted to a net reversal of DKK 145 million, against a charge of DKK 252 million in the first half of 2021. Since the fourth quarter of 2019, we have actively reduced net oil-related exposure (excluding oil majors) by 55%.

Q2 2022 vs Q1 2022

Profit before tax declined to DKK 523 million (Q1 2022: DKK 1,703 million) as a result of negative net trading income, with the effect being partly off-set by a reversal of loan impairment charges.

- **Net interest income** increased to DKK 1,328 million (Q1 2022: DKK 1,284 million), driven by higher lending volumes and deposit margins.
- **Net fee income** declined to DKK 1,419 million (Q1 2022: DKK 1,514 million) as a result of continually low customer activity in the capital markets amid challenging markets.
- **Net trading income** decreased to a negative DKK 710 million (Q1 2022: DKK 737 million) as a result of losses in Rates & Credits amid volatile markets with low liquidity and value adjustments in Investment Banking & Securities.
- **Operating expenses** were broadly unchanged as the effect of lower performance-based compensation was offset by higher resolution fund costs.
- **Loan impairment charges** amounted to a net reversal of DKK 233 million (Q1 2022: DKK 88 million). The reversal in the second quarter of 2022 was due to changes in post-model adjustments as well as improving credit quality.

DKK 523 million

Profit before tax

for the second quarter of 2022

Danica Pension

The turbulence in the financial markets during the first half of 2022, which was caused by the rise in inflation, the shortage of commodities and the rapidly rising interest rates, affected the financial performance of Danica Pension and thereby our customers' pension savings. The underlying business continued to develop positively, as more customers choose Danica Pension.

Net income from insurance business amounted to DKK -38 million in the first half of 2022, a decline from the level in the same period last year.

Danica Pension (DKK millions)	First half 2022	First half 2021	Index 22/21	Q2 2022	Q1 2022	Index Q2/Q1	Q2 2021	Index 22/21	Full year 2021
Result, life insurance	357	1,285	28	-101	458	-	547	-	2,724
Result, health and accident insurance	-764	-335	228	-417	-347	120	-91	-	-520
Return on investments, shareholders' equity etc.	207	68	-	318	-111	-	68	-	-20
Net income before tax in Danica Pension[1]	**-200**	**1,018**	-	**-200**	-	-	**524**	-	**2,184**
Included within Group Treasury[2]	162	-36	-	79	84	94	-33	-	-96
Net income from insurance business	**-38**	**982**	-	**-122**	**84**	-	**491**	-	**2,088**
Premiums, insurance contracts	18,799	17,832	105	8,697	10,102	86	9,233	94	37,617
Premiums, investment contracts	1,712	2,045	84	765	947	81	1,396	55	5,563
Provisions, insurance contracts	396,379	437,847	91	396,379	427,100	93	437,847	91	449,344
Provisions, investment contracts	18,566	34,731	53	18,566	20,130	92	34,731	53	20,847
Allocated capital (average)	20,311	13,481	151	20,915	19,701	106	13,133	159	12,918
Net income as % p.a. of allocated capital	-0.4	14.6	-	-2.3	1.7	-	15.0	-	16.2
Solvency coverage ratio	184	215	-	184	202	-	215	-	210
Full-time-equivalent staff	957	859	-	957	954	-	859	-	960

Asset under management									
Life insurance	399,328	463,722	86	399,328	426,691	94	463,722	86	462,930
Health and accident insurance	15,690	17,079	92	15,690	17,297	91	17,079	92	17,449
Total1	**415,018**	**480,802**	**86**	**415,018**	**443,987**	**93**	**480,802**	**86**	**480,379**

[1] *Figures are for the Danica Group.*

[2] *Includes the difference between the actual return on the investment of shareholders' equity (net of interest on subordinated debt) and the sum of interest on allocated capital and allocated capital and shareholder costs. Special allotments are also included (page 155 of Annual Report 2021 provides further information).*

Business initiatives

The rise in interest rates and inflation, which has led to global market turmoil, had a negative impact on the returns of many of our customers' pension savings in the second quarter of 2022, and assets under management decreased 7% as a result of the financial headwinds.

In the first half of 2022, Danica Pension saw growth in premiums in Denmark of 6%, reflecting a strong position in the market and the fact that more business customers choose Danica Pension. The strong position is due to a very attractive value proposition based on solid long-term investment returns, a strong advisory services platform, a leading portfolio of health solutions and a focus on sustainable investments.

It is Danica Pension's ambition that the early involvement of health personnel will reduce long-term illness and ultimately have a positive effect on our health and accident results, and the health package launched in 2021 continues to receive a very high satisfaction score from customers, and we see an increase in the use of the solution.

In April 2022, Danica Pension launched a 'Healthy Steps' tool for business customers. Businesses can receive concrete recommendations and tools for preventive activities by answering a few questions about the overall health status of their employees.

The ongoing refinement of the preventive efforts in our health insurance system have resulted in a much improved position for Danica Pension in relation to cover for loss of earning capacity, as we have seen a decrease in new claims throughout the past three calendar years. This decrease continued in the first half of 2022.

The sale of Danica Norway, made in line with our strategy, was approved by the Norwegian financial supervisory authority and the Norwegian Competition Authority. The transfer of the Norwegian business unit to the buyer Storebrand will allow us to focus even more on our customers in Denmark. The sale added a profit of DKK 415 million to the result for the first half of 2022.

First half 2022 vs first half 2021

Danica Pension was affected by the negative developments in the financial markets in the first half of 2022. The underlying business is still healthy, and in the first half of 2022, we saw a decline in claims in the health and accident business. Claims have fallen 25% from the level three years ago, and there has been a 10% increase in the number of people who return to work from the level one year ago.

Net income from insurance business decreased to DKK -38 million (H1 2021: DKK 982 million), due primarily to the negative developments in the financial markets. The profit of DKK 415 million on the sale of Danica Norway is included in the result for the first half of 2022.

The result of the life insurance business decreased to DKK 357 million (H1 2021: DKK 1,285 million). The decrease was driven mainly by negative valuation adjustments of investment assets relating to life insurance products where Danica Pension has the investment risk, with the effect being partly offset by changes in life insurance provisions. The result was, however, also affected by a change in accounting policies resulting in the change in the part of the profit margin that is used to cover expected future losses on the health and accident business now being presented as part of the life insurance business and not, as previously, as part of the health and accident business. This change caused a negative effect on the result of the life insurance business of DKK 332 billion and a positive effect on the health and accident business of the same amount.

The result of the health and accident business declined to a loss of DKK 764 million (H1 2021: a loss of DKK 335 million). The result benefited from the above-mentioned change in presentation. The underlying business and the risk result improved due to fewer claims and a reduction of technical provisions as a result of fewer claims. However, negative valuation adjustments of investment assets, the effect of which was partly offset by a decline in insurance provisions, caused a decrease in the investment result of DKK 808 million, from DKK 110 million in the first half of 2021 to a loss of DKK 698 million in the first half of 2022. The first half of 2021 included a provision for pension yield tax of DKK 200 million.

The return on investments allocated to shareholders' equity etc. increased DKK 139 million from the level in the first half of 2021. The return was affected by the profit of DKK 415 million on the sale of Danica Norway but also by negative valuation adjustments, leading to lower investment results on investment assets and liabilities allocated to shareholders' equity.

Total premiums increased 3%, driven mainly by an increase in regular premiums due to an inflow of new business customers in earlier periods.

Asset under management decreased DKK 66 billion, driven by the development in the financial markets and the sale of Danica Norway.

Q2 2022 vs Q1 2022

Net income from insurance business decreased to a loss of DKK 122 million (Q1 2022: DKK 84 million) due to lower results of the life insurance business and the health and accident business. The result benefited from the profit on the sale of Danica Norway.

- **The result of the life insurance business** decreased 78% due to negative valuation adjustments of life insurance products where Danica Pension has the investment risk, with the effect being partly offset by changes in life insurance provisions.
- **The result of the health and accident business** declined in the second quarter of 2022. The underlying business and risk result improved due to fewer claims, but the investment result decreased significantly due to negative valuation adjustments.
- **The return on investments allocated to shareholders' equity etc.** increased to DKK 318 million, due mainly to the profit of DKK 415 million on the sale of Danica Norway.
- **Total premiums** decreased 14%, mainly because of a decrease in single premiums.
- **Assets under management** decreased DKK 29 billion, due mainly to the negative developments in the financial markets.

DKK -122 million

Net income from insurance business

for the second quarter of 2022

Northern Ireland

Underlying income performance was strong, and impairments remained low. UK central bank interest rates rose in the first half of 2022 in response to inflationary pressure, supporting an increase in net interest income. However, increasing market expectations of future UK rate hikes had a negative impact on trading income in the period.

Profit before tax in the first half of 2022 was DKK 131 million, a decline from the same period last year driven by a decline in net trading income.

Northern Ireland (DKK millions)	First half 2022	First half 2021	Index 22/21	Q2 2022	Q1 2022	Index Q2/Q1	Q2 2021	Index 22/21	Full year 2021
Net interest income	823	662	124	444	379	117	331	134	1,341
Net fee income	164	129	127	88	76	116	69	128	288
Net trading income	-209	-	-	-66	-143	46	21	-	-66
Other income	15	6	250	12	3	-	3	-	12
Total income	793	798	99	477	315	151	424	113	1,576
Operating expenses	623	570	109	315	308	102	294	107	1,317
Profit before loan impairment charges	169	228	74	162	7	-	129	126	259
Loan impairment charges	38	-65	-	19	19	100	-57	-	-127
Profit before tax	**131**	**293**	**45**	**143**	**-12**	**-**	**187**	**76**	**386**
Loans, excluding reverse transactions before impairments	58,313	58,364	100	58,313	56,234	104	58,364	100	55,848
Allowance account, loans	711	911	78	711	724	98	911	78	802
Deposits, excluding repo deposits	99,977	99,772	100	99,977	99,094	101	99,772	100	98,980
Allocated capital (average)*	6,063	6,616	92	6,020	6,106	99	6,715	90	6,713
Net interest income as % p.a. of loans and deposits	1.02	0.88		1.09	0.96		0.86		0.87
Profit before tax as % p.a. of allocated capital (avg.)	4.3	8.9		9.5	-0.8		11.1		5.8
Cost/income ratio (%)	78.6	71.4		66.0	97.8		69.3		83.6
Full-time-equivalent staff	1,256	1,324	95	1,256	1,257	100	1,324	95	1,268

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

Business initiatives

Our focus in Northern Ireland is to remain 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. Our ambition is to deliver a strong future for the bank as a more efficient, geographically diverse and digitally orientated business, achieving sustainable and responsible growth.

Activity levels and related fee income increased in the first half year. UK central bank interest rates rose during the period from 0.25% to 1.25% in response to inflationary pressures, supporting increased net interest income. Market expectations for further interest rate hikes had a negative effect on net trading income, reflecting primarily mark-to-market movements on the bank's hedging portfolio. These movements will reverse over the life of the portfolio.

UK inflation is at a multi-decade high. We expect UK central bank interest rates to rise again in the second half of 2022, with the Bank of England forecasting UK inflation as high as 11% in the months ahead. While we are currently seeing a gradual recovery from the pandemic and very low levels of loan arrears, the outlook for the UK economy remains uncertain, and we are ready to support any customers who encounter financial difficulties as a result of cost-of-living pressures.

The first six months saw healthy levels of lending in both the mortgage and small business segments. Lending to large businesses remained subdued, as many of these customers continue to carry excess liquidity.

We continue to work hard to enhance our reputation as a bank with strong digital credentials. In the second quarter, we became the first UK bank to create a digital solution that allows business customers to view all of their accounts and payments across multiple banks in one place. This is an open banking solution with excellent feedback to date on ease of use and efficiency benefits for customers' financial management.

We also remain focused on supporting the climate change agenda. In the second quarter, we entered into a partnership with the Woodland Trust, the UK's leading woodland conservation charity. The Woodland Carbon Scheme will see Danske Bank facilitate the planting of 20,000 trees across Northern Ireland to promote biodiversity and create wildlife habitats while offsetting our own carbon emissions.

First half 2022 vs first half 2021

Profit before tax decreased to DKK 131 million (H1 2021: DKK 293 million), with the difference driven by negative net trading income and impairment reversals in 2021. Net interest income and net fee income increased, reflecting higher interest rates and improved post-pandemic activity levels only partially offset by increased costs.

While balance sheet growth remained subdued, lending activity began to improve, with net interest income increasing 24% to DKK 823 million (H1 2021: DKK 662 million), driven by a combination of higher UK interest rates and pricing actions.

Net fee income grew 27% to DKK 164 million (H1 2021: DKK 129 million), as a result of improved post-pandemic activity levels and pricing actions.

Net trading income was negative in the first half of 2022 due to adverse mark-to-market movements on the hedging portfolio given increased market expectations of rising UK interest rates.

Operating expenses were up 9% and stood at DKK 623 million (H1 2021: DKK 570 million), reflecting normalised activity levels and increased costs for Group supplied services.

Loan impairment charges remained low, while the same period last year saw a net reversal.

Customer lending to large businesses remained subdued, but the effect of this was partially offset by increasing momentum in mortgage lending and continually strong demand from small businesses. Many customers have continued to delay investment decisions, with many continuing to hold additional liquidity.

Q2 2022 vs Q1 2022

In the second quarter, profit before tax increased to DKK 143 million (Q1 2022: loss of DKK 12 million), driven by improved net interest income and fee income combined with less negative trading income.

- **Net interest income** increased to DKK 444 million (Q1 2022: DKK 379 million), reflecting a combination of higher UK interest rates and pricing actions.
- **Net fee income** increased to DKK 88 million (Q1 2022: DKK 76 million), supported by improving post-pandemic commercial activity.
- **Net trading income** was negative in both quarters due to adverse mark-to-market movements on the hedging portfolio given increased expectations of rising UK interest rates.
- **Operating expenses** were broadly unchanged at DKK 315 million (Q1 2022: DKK 308 million).
- **Lending** activity improved slightly in the quarter, with a strong pipeline in residential mortgages.

DKK 143 million

Profit before tax

for the second quarter of 2022

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 half of 2022 was stable at DKK 17 million from the level in the first half of 2021. Lending decreased DKK 1.1 billion from the level at the end of June 2021, due primarily to divestment of a legacy exposure at Non-core.

Non-core (DKK millions)	First half 2022	First half 2021	Index 22/21	Q2 2022	Q1 2022	Index Q2/Q1	Q2 2021	Index 22/21	Full year 2021
Total income	21	-	-	7	14	50	4	175	25
Operating expenses	65	54	120	39	26	150	24	163	234
Profit before loan impairment charges	-44	-54	81	-32	-12	267	-19	168	-210
Loan impairment charges	-61	-72	85	-63	2	-	-17	-	-207
Profit before tax	**17**	**17**	**100**	**31**	**-14**	**-**	**-3**	**-**	**-2**
Loans, excluding reverse transactions before impairments	1,364	2,475	55	1,364	2,309	59	2,475	55	2,123
Allowance account, loans	47	793	6	47	875	5	793	6	811
Deposits, excluding repo deposits	2,174	2,169	100	2,174	2,198	99	2,169	100	2,191
Allocated capital (average)	804	973	83	683	736	93	856	80	872
Net interest income as % p.a. of loans and deposits	-0.27	0.49		-0.43	-0.11		0.40		0.38
Profit before tax as % p.a. of allocated capital (avg.)	4.2	3.5		18.2	-7.6		-1.4		-0.2
Cost/income ratio (%)	-	-		-	-		-		-
Full-time-equivalent staff	37	25	148	37	33	112	25	148	25

Loan impairment charges (DKK millions)	First half 2022	First half 2021	Index 22/21	Q2 2022	Q1 2022	Index Q2/Q1	Q2 2021	Index 22/21	Full year 2021
Non-core banking*	-	-119	-	-	-	-	-17	-	-254
Non-core conduits etc.	-61	47	-	-63	2	-	-	-	47
Total	**-61**	**-72**	**-**	**-63**	**2**	**-**	**-17**	**-**	**-207**

** Non-core banking encompasses the Group's activities in Lithuania, Non-core Ireland, Luxembourg and Germany.*

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.

In the second quarter of 2022, the Group's remaining activities in Germany were transferred to Non-core with very limited effect on lending and deposits.

The only portfolio remaining at the Lithuanian branch is a small portfolio of mainly leasing contracts with local customers. This portfolio will be fully amortised by the end of 2022.

First half 2022 vs first half 2021

Profit before tax was stable at DKK 17 million (H1 2021: DKK 17 million). An increase in total income was offset by an increase in operating expenses related to the winding-up of the activities in Germany and Luxembourg and by a decrease in loan impairment reversals driven by settlement of part of the exposure. The loan impairment reversals in the first half of 2021 related to the sale of a Latvian portfolio of commercial loans held by the Lithuanian branch.

At the end of June 2022, total lending decreased to DKK 1.4 billion. The decrease from the level at the end of June 2021 related to the sale of a legacy exposure at Non-core as well as divestment of portfolios in Lithuania and Ireland.

Q2 2022 vs Q1 2022

The Non-core unit posted a profit before tax of DKK 31 million in the second quarter of 2022 (Q1 2022: a loss of DKK 14 million) due to an improvement in loan impairment charges from a charge in the first quarter of 2022 to a net reversal in the second quarter. This was partly offset by an increase in operating expenses and a decrease in total income.

- **Total income** amounted to DKK 7 million (Q1 2022: DKK 14 million). The decrease was primarily the result of the first quarter benefiting from value adjustments relating to the Luxembourg portfolio.

- **Operating expenses** amounted to DKK 39 million (Q1 2022: DKK 26 million). The increase mainly reflects the transfer to Non-core of the remaining activities in Germany.

- **Loan impairment charges** amounted to a net reversal of DKK 63 million (Q1 2022: a charge of DKK 2 million). The improvement was driven by the closing of the sale of a legacy exposure at Non-core.

DKK 31 million

Profit before tax

for the second quarter of 2022

Group Functions

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

In the first half of 2022, the loss before tax decreased DKK 122 million from the level in the first half of 2021, due primarily to a decrease in net trading income.

Group Functions (DKK millions)	First half 2022	First half 2021	Index 22/21	Q2 2022	Q1 2022	Index Q2/Q1	Q2 2021	Index 22/21	Full year 2021
Net interest income	51	145	35	-7	58	-	120	-	312
Net fee income	-20	-21	95	6	-26	-	-13	-	-56
Net trading income	-105	127	-	137	-242	-	92	149	381
Other income	4	37	11	2	2	100	41	5	-10
Total income	-70	287	-	137	-207	-	241	57	627
Operating expenses	916	1,161	79	478	439	109	652	73	2,068
of which resolution fund, bank tax etc.	43	23	187	17	26	65	7	243	37
of which impairment charges, other intangible assets	24	-	-	24	-	-	-	-	36
Profit before loan impairment charges	-987	-874	113	-341	-646	53	-411	83	-1,442
Loan impairment charges	10	-	-	-7	17	-	-2	-	2
Profit before tax	**-996**	**-874**	**114**	**-333**	**-663**	**50**	**-409**	**81**	**-1,444**
Full-time-equivalent staff	10,746	10,327	104	10,746	10,856	99	10,327	104	10,252

Profit before tax (DKK millions)									
Group Treasury	-288	11	-	-103	-185	56	-184	-	599
Own shares and issues	186	-95	-	220	-34	-	80	275	-67
Additional tier 1 capital	86	232	37	5	81	6	117	4	451
Group support functions	-980	-1,022	96	-455	-525	87	-422	-	-2,427
Total Group Functions	**-996**	**-874**	**114**	**-333**	**-663**	**50**	**-409**	**81**	**-1,444**

Initiatives

Group Functions supports the business units by allocating capital, interest-bearing capital and long-term funding costs through the Group Treasury setup that is established to handle, for example, the pricing of funding. Group Treasury also manages the Group's liquidity bond portfolio and the investment of shareholders' equity for Danica Pension and Realkredit Danmark. 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.

First half 2022 vs first half 2021

Group Functions posted a loss before tax of DKK 996 million (H1 2021: a loss of DKK 874 million), due primarily to a decrease in net trading income.

Net interest income decreased to DKK 51 million (H1 2021: DKK 145 million), due primarily to the redemption of the Group's final equity-accounted additional tier 1 capital instrument, which reduced the income of Group Functions from the allocation of costs to the business units.

Net trading income decreased to a loss of DKK 105 million (H1 2021: DKK 127 million), as Group Treasury's fair value bond portfolios were negatively affected by market value adjustments of Danish mortgage bond investments in the first half of 2022. Furthermore, the first half of 2021 was affected by a gain of DKK 227 million on the sale of VISA shares in the Group's private equity portfolio.

Operating expenses, after allocation to the business units, fell from the level in the first half of 2021 and amounted to DKK 916 million (H1 2021: DKK 1,161 million). The first half of 2021 was affected by provisions relating to the VAT case in Sweden of DKK 500 million as well as a one-off investment of DKK 122 million to ensure good working-from-home conditions.

The number of full-time equivalent staff increased to 10,746, as the 1st line Financial Crime Risk and Business Controls functions were moved from Large Corporates & Institutions to Group Functions.

Q2 2022 vs Q1 2022

Group Functions posted a loss before tax of DKK 333 million (Q1 2022: loss of DKK 663 million). The lower loss was due primarily to an increase in net trading income, with the effect being partly offset by an increase in operating expenses.

- **Net interest income** amounted to a loss of DKK 7 million (Q1 2022: DKK 58 million), due primarily to the maturing of the Group's final equity-accounted additional tier 1 capital instrument, reducing the income of Group Functions from the allocation of costs to the business units.

- **Net trading income** increased to DKK 137 million (Q1 2022: a loss of DKK 242 million), driven primarily by interest rate risk hedges held at fair value and hedge accounting of debt issues.

- **Operating expenses** increased to DKK 478 million (Q1 2022: DKK 439 million,) due mainly to remediation costs, costs relating to financial crime prevention and legal costs related to the Estonia matter.

DKK -333 million

Profit before tax

for the second quarter of 2022

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. Note G3 to the financial statements describes 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, plus any additional dividend payments approved by the Board of Directors and paid to shareholders during the year.
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 86 million (full-year 2021: DKK 451 million). The denominator represents equity, excluding additional tier 1 capital and other non-controlling interests equal to a reduction in the average of the quarterly average of equity of DKK 2,511 million (2021: DKK 7,733 million) compared to a simple average of total equity (beginning and the end of the period).
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 end of period, the ratio for the first half of 2022 would be 0.77% (full-year 2021: 0.73%) due to the daily average of the sum of loans and deposits being DKK 26 billion higher (2021: DKK 5.4 billion higher) than calculating the ratio by applying the end of period sum of loans and deposits. The purpose of the ratio is to show if 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 impairment charges on goodwill divided by total income. All amounts are from the financial highlights.
C/I, excluding impairment on intangible assets (%)	Operating expenses, excluding impairment charges on other intangible assets, 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 426 million (full-year 2021: DKK 348 million) from the financial highlights and annualised. The denominator is the sum of Loans at amortised cost of DKK 1,026.1 billion (2021: DKK 1,022.7 billion), Loans at fair value of DKK 809.9 billion (2021: DKK 816.3 billion) and guarantees of DKK 81.0 billion (2021: DKK 71.7 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 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 19.8 billion (2021: DKK 21.9 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 1,082.4 billion (2021: DKK 1,026.1 billion), Loans at fair value of DKK 739.6 billion (2021: DKK 809.9 billion), guarantees of DKK 80.6 billion (2021: DKK 81.0 billion) and the allowance account 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.
Market shares of lending and deposits	Market shares are based on data from central banks at the time of reporting. Comparative information is updated on the basis of the latest available data, for example Annual Report 2021 included November 2021 data for Finland and Norway as December 2021 data was not available at the time of publication of Annual Report 2021. This has been updated to December 2021 data in Interim report – first quarter 2022.

Financial statements

Notes

Income statement – Danske Bank Group

Note	(DKK millions)	First half 2022	First half 2021	Q2 2022	Q2 2021	Full year 2021
G4	Interest income calculated using the effective interest method	12,510	10,854	6,488	5,440	22,077
G4	Other interest income	18,746	19,314	9,697	9,831	35,601
G4	Interest expense	17,670	16,551	8,434	8,211	30,904
	Net interest income	13,586	13,617	7,751	7,060	26,774
G4	Fee income	9,052	9,051	4,390	4,391	18,495
	Fee expenses	3,158	3,055	1,588	1,561	6,378
G4	Net trading income or loss	-35,256	18,873	-22,761	11,160	36,600
G4	Other income	3,478	2,873	1,189	1,368	5,733
	Net premiums	18,704	17,710	8,722	9,225	37,518
	Net insurance benefits	-15,127	35,292	-12,242	19,819	71,208
	Operating expenses	15,298	15,310	7,652	7,854	30,822
	Profit before loan impairment charges	6,236	8,466	2,293	3,970	16,712
G5	Loan impairment charges	365	666	129	223	141
	Profit before tax	5,871	7,801	2,164	3,747	16,571
	Tax	1,320	1,869	458	955	3,651
	Net profit	**4,551**	**5,932**	**1,705**	**2,792**	**12,920**
	Portion attributable to					
	Shareholders of Danske Bank A/S (the Parent Company)	4,465	5,700	1,700	2,676	12,469
	Additional Tier 1 capital holders	86	231	5	117	451
	Net profit	**4,551**	**5,932**	**1,705**	**2,792**	**12,920**
	Earnings per share (DKK)	5.2	6.7	2.0	3.1	14.6
	Diluted earnings per share (DKK)	5.2	6.7	2.0	3.1	14.6
	Proposed dividend per share (DKK)	-	-	-	-	2.0

Statement of comprehensive income – Danske Bank Group

(DKK millions)	First half 2022	First half 2021	Q2 2022	Q2 2021	Full year 2021
Net profit	4,551	5,932	1,705	2,792	12,920
Other comprehensive income					
Remeasurement of defined benefit pension plans	-426	493	-496	207	-90
Tax*	-77	88	-58	56	-146
Items that will not be reclassified to profit or loss	**-349**	**405**	**-438**	**151**	**56**
Items that are or may be reclassified subsequently to profit or loss					
Translation of units outside Denmark	-2,613	1,162	-2,973	-157	1,708
Hedging of units outside Denmark	1,424	-800	1,563	112	-1,270
Unrealised value adjustments of bonds at fair value (OCI)	-1,323	-204	-703	-22	-326
Realised value adjustments of bonds at fair value (OCI)	19	5	7	-	6
Tax*	-484	-33	-430	21	-152
Items that are or may be reclassified subsequently to profit or loss	**-2,009**	**196**	**-1,675**	**-88**	**270**
Total other comprehensive income	**-2,358**	**600**	**-2,113**	**63**	**326**
Total comprehensive income	**2,193**	**6,532**	**-407**	**2,856**	**13,246**
Portion attributable to					
Shareholders of Danske Bank A/S (the Parent Company)	2,107	6,300	-413	2,739	12,795
Additional Tier 1 capital holders	86	231	5	117	451
Total comprehensive income	**2,193**	**6,532**	**-407**	**2,856**	**13,246**

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

Balance sheet – Danske Bank Group

Note	(DKK millions)	30 June 2022	31 December 2021	30 June 2021
	Assets			
	Cash in hand and demand deposits with central banks	209,680	293,386	313,404
	Due from credit institutions and central banks	115,974	71,156	67,817
	Trading portfolio assets	661,320	509,590	612,529
	Investment securities	307,361	303,777	304,812
	Loans at amortised cost	1,083,740	1,027,442	1,009,879
	Loans at fair value	944,084	1,024,461	998,819
	Assets under pooled schemes and unit-linked investment contracts	66,055	76,654	89,293
	Assets under insurance contracts	637,475	547,806	532,154
G7	Assets held for sale*	250	28,800	252
	Intangible assets	8,842	8,819	8,758
	Tax assets	5,401	4,510	3,660
G8	Other assets*	33,810	39,433	33,655
	Total assets	**4,073,992**	**3,935,834**	**3,975,032**
	Liabilities			
	Due to credit institutions and central banks	168,493	172,976	215,265
	Trading portfolio liabilities	590,251	374,959	373,366
	Deposits	1,309,329	1,292,030	1,363,809
G6	Issued bonds at fair value	704,842	794,909	770,654
G6	Issued bonds at amortised cost	194,162	223,854	216,646
	Deposits under pooled schemes and unit-linked investment contracts	66,660	76,982	90,017
	Liabilities under insurance contracts	659,747	588,736	573,849
G7	Liabilities in disposal groups held for sale*	-	29,577	-
	Tax liabilities	2,627	1,864	1,966
G8	Other liabilities*	60,518	56,268	46,187
G6	Non-preferred senior bonds	106,467	107,654	111,275
G6	Subordinated debt	39,503	39,321	38,836
	Total liabilities	**3,902,598**	**3,759,130**	**3,801,872**
	Equity			
	Share capital	8,622	8,622	8,622
G9	Foreign currency translation reserve	-1,801	-612	-689
	Reserve for bonds at fair value (OCI)	-1,270	34	157
	Retained earnings	165,843	161,439	156,523
	Proposed dividends	-	1,724	-
	Shareholders of Danske Bank A/S (the Parent Company)	171,394	171,207	164,613
G6	Additional tier 1 capital holders	-	5,497	8,547
	Total equity	**171,394**	**176,704**	**173,161**
	Total liabilities and equity	**4,073,992**	**3,935,834**	**3,975,032**

* Since 31 December 2021, Assets held for sale and Liabilities in disposal groups held for sale are presented separately from Other assets and Other liabilities respectively. The comparative information at 30 June 2021 has been restated.

Statement of capital – Danske Bank Group

Changes in equity

	Shareholders of Danske Bank A/S (the Parent Company)							
(DKK millions)	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 2022	8,622	-612	34	161,439	1,724	171,207	5,497	176,704
Net profit	-	-	-	4,465	-	4,465	86	4,551
Other comprehensive income								
Remeasurement of defined benefit pension plans	-	-	-	-426	-	-426	-	-426
Translation of units outside Denmark	-	-2,613	-	-	-	-2,613	-	-2,613
Hedging of units outside Denmark	-	1,424	-	-	-	1,424	-	1,424
Unrealised value adjustments	-	-	-1,323	-	-	-1,323	-	-1,323
Realised value adjustments	-	-	19	-	-	19	-	19
Tax	-	-	-	561	-	561	-	561
Total other comprehensive income	**-**	**-1,189**	**-1,304**	**135**	**-**	**-2,358**	**-**	**-2,358**
Total comprehensive income	**-**	**-1,189**	**-1,304**	**4,600**	**-**	**2,107**	**86**	**2,193**
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	-	-	-	-10,706	-	-10,706	-	-10,706
Sale of own shares and additional tier 1 capital	-	-	-	10,506	-	10,506	-	10,506
Tax	-	-	-	-15	-	-15	-	-15
Total equity as at 30 June 2022	**8,622**	**-1,801**	**-1,270**	**165,843**	**-**	**171,394**	**-**	**171,394**
Total equity as at 1 January 2021	8,622	-1,050	354	150,521	1,724	160,171	8,508	168,679
Net profit	-	-	-	5,700	-	5,700	231	5,932
Other comprehensive income								
Remeasurement of defined benefit pension plans	-	-	-	493	-	493	-	493
Translation of units outside Denmark	-	1,162	-	-	-	1,162	-	1,162
Hedging of units outside Denmark	-	-800	-	-	-	-800	-	-800
Unrealised value adjustments	-	-	-204	-	-	-204	-	-204
Realised value adjustments	-	-	5	-	-	5	-	5
Tax	-	-	-	-56	-	-56	-	-56
Total other comprehensive income	**-**	**361**	**-199**	**437**	**-**	**600**	**-**	**600**
Total comprehensive income	**-**	**361**	**-199**	**6,137**	**-**	**6,300**	**231**	**6,532**
Transactions with owners								
Paid interest on additional tier 1 capital	-	-	-	-	-	-	-233	-233
Dividends paid	-	-	-	16	-1,724	-1,708	-	-1,708
Acquisition of own shares and additional tier 1 capital	-	-	-	-11,411	-	-11,411	-	-11,411
Sale of own shares and additional tier 1 capital	-	-	-	11,271	-	11,271	41	11,312
Tax	-	-	-	-10	-	-10	-	-10
Total equity as at 30 June 2021	**8,622**	**-689**	**157**	**156,523**	**-**	**164,613**	**8,547**	**173,161**

Statement of capital – Danske Bank Group

Dividend

To ensure prudent capital management with a high degree of flexibility in light of the Estonia matter, the general meeting adopted the proposal for an initial dividend payment of DKK 2 per share that was paid out in March. The remaining DKK 5.5 per share was intended to be paid out in three tranches following the publication of the interim reports in 2022, subject to a decision by the Board of Directors.

On 28 April 2022, the Board of Directors decided that Danske Bank would not pay out dividends in connection with the interim report for the first quarter of 2022 as Danske Bank had entered into initial discussions with U.S. and Danish authorities on the resolution of the Estonia matter. These discussions have not been concluded, and, consequently, the Board of Directors has decided that Danske Bank will not pay out dividends for 2021 in connection with the announcement of the interim report for the first half of 2022. Danske Bank is not yet able to reliably estimate the timing, form of resolution or amount of a potential settlement or fines, which is likely to be material, and will not comment on discussions with authorities.

	30 June 2022	31 December 2021
Share capital (DKK)	8,621,846,210	8,621,846,210
Number of shares	862,184,621	862,184,621
Number of shares outstanding	851,334,055	853,352,443
Average number of shares outstanding for the period	852,029,421	853,352,805
Average number of shares outstanding, including dilutive shares, for the period	855,788,090	853,974,744

Total capital and total capital ratio

(DKK millions)	30 June 2022	31 December 2021
Total equity	171,394	176,704
Revaluation of domicile property at fair value	199	200
Tax effect of revaluation of domicile property at fair value	-23	-23
Total equity calculated in accordance with the rules of the Danish FSA	171,570	176,881
Additional tier 1 capital instruments included in total equity	-	-5,419
Accrued interest on additional tier 1 capital instruments	-	-78
Common equity tier 1 capital instruments	171,570	171,384
Adjustment to eligible capital instruments	-61	-104
IFRS 9 reversal due to transitional rules	2,257	2,593
Prudent valuation	-1,196	-983
Prudential filters	-682	-173
Expected/proposed dividends	-7,472	-6,466
Intangible assets of banking operations	-5,594	-5,325
Minimum Loss Coverage for Non-Performing Exposures	-133	-51
Deferred tax on intangible assets	256	198
Deferred tax assets that rely on future profitability, excluding temporary differences	-237	-35
Defined benefit pension plan assets	-1,890	-2,220
Statutory deduction for insurance subsidiaries	-9,368	-6,882
Common equity tier 1 capital	**147,451**	**151,935**
Additional tier 1 capital instruments	15,671	19,933
Tier 1 capital	**163,121**	**171,868**
Tier 2 capital instruments	20,819	20,888
Total capital	**183,940**	**192,757**
Total risk exposure amount	**861,658**	**860,173**
Common equity tier 1 capital ratio (%)	17.1%	17.7%
Tier 1 capital ratio (%)	18.9%	20.0%
Total capital ratio (%)	21.3%	22.4%

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)	First half 2022	First half 2021	Full Year 2021
Cash flow from operations			
Profit before tax	5,871	7,801	16,571
Tax paid	-3,147	-280	-2,459
Adjustment for non-cash operating items	659	888	4,916
Cash flow from operations before changes in operating capital	**3,383**	**8,409**	**19,028**
Changes in operating capital			
Amounts due to/from credit institutions and central banks	-6,676	3,955	-38,509
Trading portfolio	63,561	-55,549	48,984
Acquisition/sale of own shares and additional tier 1 capital	-200	-99	-82
Investment securities	-3,584	-8,043	-7,007
Loans at amortised cost and fair value	23,714	38,567	-4,114
Deposits	17,299	30,029	-41,751
Issued bonds at amortised cost and fair value	-120,561	-41,096	-7,596
Assets/liabilities under insurance contracts	-19,558	-4,526	-5,291
Other assets/liabilities	10,013	-2,049	-1,224
Cash flow from operations	**-32,609**	**-30,402**	**-37,562**
Cash flow from investing activities			
Sale of businesses*	1,314	-	-
Acquisition of intangible assets	-563	-374	-885
Acquisition of tangible assets	-179	-143	-686
Sale of tangible assets	2	5	8
Cash flow from investing activities	**574**	**-512**	**-1,563**
Cash flow from financing activities			
Issue of subordinated debt	-	10,102	10,102
Redemption of subordinated debt	-	-3,718	-3,718
Issue of non-preferred senior bonds	20,052	3,701	4,352
Redemption of non-preferred senior bonds	-20,438	-	-6,309
Dividends paid	-1,705	-1,708	-1,708
Redemption of equity accounted additional tier 1 capital	-5,419	-	-3,000
Paid interest on equity accounted additional tier 1 capital	-164	-233	-466
Principal portion of lessee lease payments	-312	-331	-654
Cash flow from financing activities	**-7,986**	**7,813**	**-1,401**
Cash and cash equivalents as at 1 January	362,997	400,889	400,889
Foreign currency translation	-1,060	2,064	2,634
Change in cash and cash equivalents	-40,021	-23,101	-40,526
Cash and cash equivalents, end of period	**321,916**	**379,851**	**362,997**
Cash and cash equivalents, end of period			
Cash in hand	6,670	6,104	6,765
Demand deposits with central banks	203,010	307,300	286,621
Amounts due from credit institutions and central banks within three months	112,236	66,447	69,611
Total	**321,916**	**379,851**	**362,997**

* See note G7 for details of sale of businesses.

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 2021.

On 1 January 2022, the Group implemented the amendments to IAS 16, IAS 37, IFRS 3 and Annual Improvements to IFRS Standards 2018 - 2020. Further information on the changes to accounting policies and presentation in 2021 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 2021. Annual Report 2021 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.

(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 2021) 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 2021). An overview of the classification and measurement basis for financial instruments can be found in note G1(c) of the Annual Report 2021.

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.

With the new suite of scenarios, the base case scenario enters with a probability of 70% (31 December 2021: 70%), the upside scenario with a probability of 10% (31 December 2021: 10%) and the downside scenario with a probability of 20% (31 December 2021: 20%). On the basis of these assessments, the allowance account as at 30 June 2022 amounted to DKK 19.8 billion (31 December 2021: DKK 22.7 billion). If the base case scenario was assigned a probability of 100%, the allowance account would decrease DKK 2.1 billion (31 December 2021: DKK 1.7 billion). Compared to the base case scenario, the allowance account would increase DKK 10.6 billion (31 December 2021: DKK 8.5 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 DKK 0.2 billion (31 December 2021: DKK 0.2 billion) compared to the base case scenario.

Management applies judgement when determining the need for post-model adjustments. As at 30 June 2022, the post-model adjustments amounted to DKK 6.0 billion (31 December 2021: DKK 6.3 billion) which are predominantly linked to economic uncertainties arising from the outbreak of war in Ukraine, the uncertainty 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 the risk management notes.

The Group's credit exposure directly related to customers in or from Russia and Ukraine amounted to less than DKK 23 million as at 30 June 2022.

Note G15 of the Annual Report 2021 and the section on credit risk in the risk management notes provide more details on expected credit losses. As at 30 June 2022, financial assets covered by the expected credit loss model accounted for about 52.8% of total assets (31 December 2021: 54.2%).

Notes – Danske Bank Group

(b) Significant accounting estimates continued

Fair value measurement of financial instruments

At the end of June 2022, 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 June 2022, the adjustments totalled DKK 0.2 billion (31 December 2021: DKK 1.0 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 2021 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 ongoing Interest Rate Benchmark Reform will replace existing benchmark interbank offered rates (IBORs) with alternative risk-free rates. The Group's IBOR Transition Programme successfully managed the cessation of the LIBOR interest rate indexes for GBP, EUR, CHF and JPY at 31 December 2021, and is now focused of the transition of USD LIBOR contracts ahead of the June 2023 deadline. In addition, the Programme is also providing oversight on how the introduction of the DESTR and SWESTR indexes could affect its core Nordic customer base. As a result of these developments, accounting judgement is involved in determining whether certain hedge accounting relationships that hedge the interest rate risk due to changes in IBORs continue to qualify for hedge accounting. 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 2021.

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 June 2022, goodwill amounted to DKK 6.1 billion (31 December 2021: DKK 6.1 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. Since the outbreak of the coronavirus pandemic, the assessment of whether indications of impairment exists has been considered at a more detailed level than usual. This assessment has been performed as a high level update of the 2021 test. It was concluded that no indications of impairment were noted at the end of June 2022.

The goodwill in Danica Pension of DKK 1.6 billion (31 December 2021: DKK 1.6 billion) is sensitive to changes in solvency capital requirements, growth in the terminal period and the discount rate.

The remaining goodwill mainly consists of DKK 2.1 billion (31 December 2021: DKK 2.1 billion) in Markets, DKK 1.8 billion (31 December 2021: DKK 1.8 billion) in Asset Management and DKK 0.5 billion (31 December 2021: 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 2021.

Note G19 of the Annual Report 2021 provides more information about impairment testing and sensitivity to changes in assumptions.

Measurement of liabilities under insurance contracts

Liabilities under insurance contracts are measured at the present value of expected benefits for each insurance contract. The measurement is based on actuarial computations that rely on estimates of a number of variables, including mortality and disability rates, and on the discount rate. The future mortality rates are based on the Danish FSA's benchmark, while other variables are estimated based on data from the Group's own portfolio of insurance contracts. Note G18 and the risk management notes of the Annual Report 2021 provide more information on the measurement of insurance liabilities and sensitivity to changes in assumptions.

Notes – Danske Bank Group

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

(a) Changes in accounting policies

On 1 January 2022, the Group implemented the amendments to IAS 16, IAS 37, IFRS 3 and Annual Improvements to IFRS Standards 2018 - 2020. The implementation of the amendments to IFRSs had no impact on the financial statements. The sections below explain in further details the changes to accounting policies and presentation implemented.

Since 31 December 2021, the Group has changed the presentation of Assets held for sale and Liabilities in disposal groups held for sale to be presented separately on the face of the balance sheet rather than within Other assets and Other liabilities respectively. Comparative information as at 30 June 2021 has been restated.

Amendment to IAS 16, Property, plant and equipment

The amendment clarifies that if items are produced while bringing an item of property, plant and equipment into use, the proceeds from sale of that item cannot be deducted from the cost of the asset. The proceeds must instead be recognised in profit or loss.

The amendment has no impact on the financial statements.

Amendment to IAS 37, Provisions, contingent liabilities and contingent assets

The amendment clarifies that when assessing whether a contract is onerous, costs to be included are those that are directly related to the contract, and include the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling the contract.

The amendment has no impact on the financial statements.

Amendment to IFRS 3, Business combinations

IFRS 3 has been amended to refer to the updated contractual framework. The amendment has no impact on the financial statements.

Annual Improvements to IFRS Standards 2018 – 2020 Cycle

The annual improvements contain amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41. In IFRS 1, the amendment provides a subsidiary that becomes a first-time adopter of IFRS later than its parent with an exemption relating to the measurement of its assets and liabilities. In IFRS 9, the amendment clarifies that, when applying the "10% per cent test" for derecognition of financial liabilities and determining the fees paid net of fees received, a borrower should include only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The amendment to IFRS 16 is to one of its illustrative examples. Finally, the amendment to IAS 41 removes the requirement to exclude cash flows for taxation when measuring fair value.

None of these amendments has any impact on the financial statements.

(b) Standards not yet in force

IFRS 17, Insurance contracts

In May 2017, the IASB issued IFRS 17, Insurance Contracts. IFRS 17 replaces IFRS 4, Insurance Contracts, which was an interim standard that did not prescribe the measurement of insurance contracts but relied on existing accounting practices. IFRS 17 is a comprehensive standard with principles for, for example, the measurement of insurance contracts at a current (fulfilment) value in the balance sheet, the recognition of insurance contract revenue in the income statement and the presentation of information on the performance in relation to insurance contracts. IFRS 17 was endorsed by the EU in November 2021, and is effective for annual reporting periods beginning on or after 1 January 2023.

The Group is in the process of making required changes to models and data, and assessing the impact on the Group's financial statements. This includes an assessment of the Group's insurance products in terms of classification and measurement and aggregation into portfolios. Estimates using the three measurement approaches (Building Bloch approach, Variable Fee approach and Premium Allocation approach), including a preliminary calculation of the Contractual Service Margin, have been made. The Group will apply all three measurement approaches, with the Variable Fee approach applied to the majority of insurance contracts.

The Group expects to apply the fair value approach for measuring insurance contracts at the transition date. The Group does not expect a significant impact on equity on implementation of IFRS 17. The Group also does not expect any material changes to profitability patterns in the insurance business under IFRS 17.

Notes – Danske Bank Group

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

c) Changes in financial highlights and segment reporting

From 2022 the Group has changed the presentation of Resolution fund, bank tax etc to be presented as a separate element within Operating expenses in the financial highlights and segment reporting. Comparative information in note G3 has therefore been restated to reflect this change in presentation. This change does not affect the presentation in the IFRS income statement.

During the first quarter of 2022, Danske Bank settled the sale of its business activities in Luxembourg. The residual activities in Luxembourg have been moved from Personal Customers to Non-core in the first quarter of 2022, and this change is reflected in the 2022 financial highlights and segment reporting. There is no impact on 2021 financial highlights nor 2021segment reporting; that is, comparatives have not been restated as this change is not a reclassification.

During the second quarter of 2022, the Group transferred the remaining activities in Germany from Large Corporates & Institutions to Non-core that had not been transferred to other group entities due to closure of the Group's banking activities in Germany. This change is reflected in the 2022 financial highlights and segment reporting. There is no impact from this on 2021 financial highlights nor 2021 segment reporting; that is, comparatives have not been restated as this change is not a reclassification.

With effect from second quarter of 2022, the presentation in the financial highlights and segment reporting has been changed to reflect changes to the Group's commercial activities that were announced on 7 January 2022. The business unit Personal & Business Customers has been divided into two business units: Personal Customers and Business Customers. Comparative information in note G3 has been restated to reflect the change in business segments. The IFRS income statement and balance sheet are not impacted by the change. The table below shows the restated amounts in the financial highlights and segment reporting for first half 2021:

Changes in financial highlights and segment reporting - first half 2021 restated

(DKK millions)	Personal Customers	Business Customers	Personal & Business Customers
Net interest income	3,902	3,864	7,766
Net fee income	2,444	823	3,267
Net trading income	135	177	312
Other income	114	298	412
Total income	6,595	5,162	11,757
Operating expenses	4,713	2,575	7,288
of which resolution fund, bank tax etc.	55	88	143
Profit before loan impairment charges	1,882	2,587	4,469
Loan impairment charges	16	534	550
Profit before tax	**1,866**	**2,053**	**3,919**
Loans, excluding reverse transactions	870,378	644,131	1,514,509
Other assets	325,550	211,721	537,271
Total assets	**1,195,929**	**855,852**	**2,051,781**
Deposits, excluding repo deposits	413,213	289,253	702,466
Other liabilities	749,851	524,684	1,274,535
Allocated capital	32,865	41,915	74,780
Total liabilities and equity	**1,195,929**	**855,852**	**2,051,781**
Profit before tax as % p.a. of allocated capital (avg.)	10.9	10.3	10.6
Cost/income ratio (%)	71.5	49.9	62.0
Full-time-equivalent staff, end of period	5,090	1,736	6,826

Notes – Danske Bank Group

G3. Business segments

(a) Business model and business segmentation

With effect from the second quarter of 2022, the presentation in the financial highlights and segment reporting has been changed to reflect the changes to the Group's commercial activities that were announced on 7 January 2022 and came into effect in May 2022. 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. Comparative information has been restated to reflect the new structure.

Business segments first half 2022

(DKK millions)	Personal Customers	Business Customers	Large Corporates & Institutions	Danica	Northern Ireland	Non-core	Group Functions	Eliminations	Financial highlights	Reclassification	IFRS financial statements
Net interest income	3,871	4,083	2,611	-	823	-	69	-18	11,440	2,146	13,586
Net fee income	2,555	906	2,932	-	164	-	-4	-16	6,537	-642	5,895
Net trading income	220	243	27	-	-209	-	-190	85	175	-35,431	-35,256
Net income from insurance business	-	-	-	-38	-	-	-	-	-38	38	-
Other income	508	431	2	-	15	-	1,309	-1,306	959	2,518	3,478
Net premiums	-	-	-	-	-	-	-	-	-	18,704	18,704
Net insurance benefits	-	-	-	-	-	-	-	-	-	-15,127	-15,127
Total income	7,154	5,663	5,572	-38	793	-	1,185	-1,255	19,073	2,461	21,533
Operating expenses	5,097	2,665	3,491	-	623	-	994	-78	12,793	2,505	15,298
of which resolution fund, bank tax etc.	81	112	254	-	-	-	43	-	491	-491	-
of which impairment charges, other intangible assets	-	-	-	-	-	-	24	-	24	-24	-
Profit before loan impairment charges	2,057	2,997	2,081	-38	169	-	190	-1,177	6,280	-44	6,236
Loan impairment charges	325	198	-145	-	38	-	10	-	426	-61	365
Profit before tax, core	1,732	2,799	2,226	-38	131	-	180	-1,177	5,854	17	5,871
Profit before tax, Non-core	-	-	-	-	-	17	-	-	17	-17	-
Profit before tax	**1,732**	**2,799**	**2,226**	**-38**	**131**	**17**	**180**	**-1,177**	**5,871**	**-**	**5,871**
Loans, excluding reverse transactions	825,657	625,765	310,039	-	57,601	-	29,713	-29,479	1,819,297	1,316	1,820,613
Other assets	316,326	202,859	3,482,262	730,320	60,024	-	4,540,645	-7,079,695	2,252,740	639	2,253,379
Total assets in Non-core	-	-	-	-	-	1,956	-	-	1,956	-1,956	-
Total assets	**1,141,982**	**828,624**	**3,792,301**	**730,320**	**117,625**	**1,956**	**4,570,359**	**-7,109,174**	**4,073,992**	**-**	**4,073,992**
Deposits, excluding repo deposits	420,252	290,934	352,697	-	99,977	-	1,859	-9,878	1,155,841	2,174	1,158,015
Other liabilities	691,396	498,675	3,395,531	709,945	12,178	-	4,535,789	-7,099,296	2,744,218	365	2,744,584
Allocated capital	30,334	39,015	44,072	20,375	5,470	-	32,127	-	171,394	-	171,394
Total liabilities in Non-core	-	-	-	-	-	2,539	-	-	2,539	-2,539	-
Total liabilities and equity	**1,141,982**	**828,624**	**3,792,301**	**730,320**	**117,625**	**2,539**	**4,569,775**	**-7,109,174**	**4,073,992**	**-**	**4,073,992**
Profit before tax as % p.a. of allocated capital (avg.)	11.1	14.0	10.5	-0.4	4.3	-	1.0	-	6.9	-	6.9
Cost/income ratio (%)	71.2	47.1	62.7	-	78.6	-	83.9	-	67.1	-	71.0
Full-time-equivalent staff, end of period	4,874	1,696	2,097	957	1,256	37	10,746	-	21,663	-	21,663

Notes – Danske Bank Group

G3. Business segments continued

Business segments first half 2021

(DKK millions)	Personal Customers*	Business Customers*	Large Corporates & Institutions	Danica	Northern Ireland	Non-core	Group Functions	Eliminations	Financial highlights	Reclassification	IFRS financial statements
Net interest income	3,902	3,864	2,392	-	662	-	147	-2	10,965	2,652	13,617
Net fee income	2,444	823	3,220	-	129	-	40	-62	6,595	-599	5,996
Net trading income	135	177	1,852	-	-	-	219	-93	2,291	16,581	18,873
Net income from insurance business	-	-	-	982	-	-	-	-	982	-982	-
Other income	114	298	2	-	6	-	1,031	-994	457	2,415	2,873
Net premiums	-	-	-	-	-	-	-	-	-	17,710	17,710
Net insurance benefits	-	-	-	-	-	-	-	-	-	35,292	35,292
Total income	6,595	5,162	7,466	982	798	-	1,437	-1,150	21,291	2,486	23,776
Operating expenses	4,713	2,575	3,751	-	570	-	1,252	-91	12,770	2,540	15,310
of which resolution fund, bank tax etc.	55	88	192	-	-	-	23	-	359	-359	-
of which impairment charges, other intangible assets	-	-	-	-	-	-	-	-	-	-	-
Profit before loan impairment charges	1,882	2,587	3,715	982	228	-	186	-1,059	8,521	-54	8,466
Loan impairment charges	16	534	252	-	-65	-	-	-	737	-72	666
Profit before tax, core	1,866	2,053	3,463	982	293	-	186	-1,059	7,783	17	7,801
Profit before tax, Non-core	-	-	-	-	-	17	-	-	17	-17	-
Profit before tax	**1,866**	**2,053**	**3,463**	**982**	**293**	**17**	**186**	**-1,059**	**7,801**	**-**	**7,801**
Loans, excluding reverse transactions	870,378	644,131	236,226	-	57,453	-	33,103	-31,487	1,809,805	1,682	1,811,487
Other assets	325,550	211,721	3,276,196	641,751	61,070	-	4,096,125	-6,448,969	2,163,445	101	2,163,546
Total assets in Non-core	-	-	-	-	-	1,783	-	-	1,783	-1,783	-
Total assets	**1,195,929**	**855,852**	**3,512,423**	**641,751**	**118,523**	**1,783**	**4,129,228**	**-6,480,457**	**3,975,032**	**-**	**3,975,032**
Deposits, excluding repo deposits	413,213	289,253	403,958	-	99,772	-	1,676	-9,962	1,197,910	2,169	1,200,079
Other liabilities	749,851	524,684	3,064,275	628,501	12,019	-	4,101,170	-6,470,495	2,610,005	335	2,610,340
Allocated capital	32,865	41,915	44,190	13,250	6,732	-	25,661	-	164,613	-	164,613
Total liabilities in Non-core	-	-	-	-	-	2,504	-	-	2,504	-2,504	-
Total liabilities and equity	**1,195,929**	**855,852**	**3,512,423**	**641,751**	**118,523**	**2,504**	**4,128,507**	**-6,480,457**	**3,975,032**	**-**	**3,975,032**
Profit before tax as % p.a. of allocated capital (avg.)	10.9	10.3	15.5	14.6	8.9	-	0.6	-	8.0	-	8.0
Cost/income ratio (%)	71.5	49.9	50.2	-	71.4	-	87.1	-	60.0	-	64.4
Full-time-equivalent staff, end of period	5,090	1,736	2,565	859	1,324	25	10,327	-	21,926	-	21,926

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

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 75 in Annual Report 2021. 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 half 2022

(DKK millions)	IFRS financial statements	Operating leases	Markets, Investment Banking & Securities and Group Treasury	Danica Pension	Non-core	Total reclassification	Financial highlights
Net interest income	13,586	-	-1,062	-1,089	5	-2,146	11,440
Net fee income	5,895	-	20	627	-5	642	6,537
Net trading income	-35,256	-	1,043	34,399	-11	35,431	175
Net income from insurance business	-	-	-	-38	-	-38	-38
Other income	3,478	-1,868	-2	-640	-9	-2,518	959
Net premiums	18,704	-	-	-18,704	-	-18,704	-
Net insurance benefits	-15,127	-	-	15,127	-	15,127	-
Total income	21,533	-1,868	-	-572	-21	-2,461	19,073
Operating expenses	15,298	-1,868	-	-572	-65	-2,505	12,793
Profit before loan impairment charges	6,236	-	-	-	44	44	6,280
Loan impairment charges	365	-	-	-	61	61	426
Profit before tax, core	5,871	-	-	-	-17	-17	5,854
Profit before tax, Non-core	-	-	-	-	17	17	17
Profit before tax	**5,871**	**-**	**-**	**-**	**-**	**-**	**5,871**

Reclassification first half 2021

(DKK millions)	IFRS financial statements	Operating leases	Markets, Investment Banking & Securities and Group Treasury	Danica Pension	Non-core	Total reclassification	Financial highlights
Net interest income	13,617	-	-1,005	-1,637	-10	-2,652	10,965
Net fee income	5,996	-	45	555	-1	599	6,595
Net trading income	18,873	-	960	-17,541	-	-16,581	2,291
Net income from insurance business	-	-	-	982	-	982	982
Other income	2,873	-1,852	-	-574	11	-2,415	457
Net premiums	17,710	-	-	-17,710	-	-17,710	-
Net insurance benefits	35,292	-	-	-35,292	-	-35,292	-
Total income	23,776	-1,852	-	-634	-	-2,486	21,291
Operating expenses	15,310	-1,852	-	-634	-54	-2,540	12,770
Profit before loan impairment charges	8,466	-	-	-	54	54	8,521
Loan impairment charges	666	-	-	-	72	72	737
Profit before tax, core	7,801	-	-	-	-17	-17	7,783
Profit before tax, Non-core	-	-	-	-	17	17	17
Profit before tax	**7,801**	**-**	**-**	**-**	**-**	**-**	**7,801**

Notes – Danske Bank Group

G4. Income

(a) Interest income and interest expense

Negative interest income during the period ending June 2022 amounted to DKK 1,108 million (30 June 2021: DKK 812 million). Negative interest expenses amounted to DKK 2,190 million (30 June 2021: DKK 1,712 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 2021 provides additional information on the Group's accounting policy for fee income, including the description by fee type.

Fee income first half 2022

(DKK millions)	Financial highlights - net fee income	Reclassifica tions	IFRS - net fee income	Fee expense	IFRS - gross fee income
Investment	2,528	-317	2,211	2,458	4,669
Money transfers, account fee, cash management and other fees	1,880	-118	1,762	644	2,406
Lending and Guarantees	1,459	307	1,766	55	1,821
Capital markets	669	-513	156	-	156
Total	**6,537**	**-642**	**5,895**	**3,158**	**9,052**

Fee income first half 2021

(DKK millions)	Financial highlights - net fee income	Reclassifica tions	IFRS - net fee income	Fee expense	IFRS - gross fee income
Investment	2,629	-192	2,436	2,262	4,698
Money transfers, account fee, cash management and other fees	1,563	-10	1,553	646	2,199
Lending and Guarantees	1,352	372	1,723	147	1,870
Capital markets	1,051	-768	284	-	284
Total	**6,595**	**-599**	**5,996**	**3,055**	**9,051**

(c) Net trading income

Net trading income includes a loss of DKK 26,104 million in relation to assets and liabilities under insurance contracts, including a gain of DKK 415 million from the sale of Danica Pensjonforsikring AS (Danica Pension business segment in Norway).

(d) Other income

Other income amounted to DKK 3,478 million for the six months ending 30 June 2022 (30 June 2021: DKK 2,873 million). Other income includes income from lease assets, investment property and real estate brokerage, gain or loss on sale of disposal groups, 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 June 2022	30 June 2021
ECL on new assets	2,092	2,569
ECL on assets derecognised	-4,298	-4,779
Impact of net remeasurement of ECL (incl. changes in models)	1,970	1,464
Write-offs charged directly to income statement	897	1,662
Received on claims previously written off	-173	-133
Interest income, effective interest method	-123	-118
Total	**365**	**666**

Reconciliation of total allowance account

(DKK millions)	Stage 1	Stage 2	Stage 3	Total
ECL allowance account as at 1 January 2021	2,267	7,459	13,617	23,342
Transferred to stage 1 during the period	1,844	-1,605	-239	-
Transferred to stage 2 during the period	-180	649	-469	-
Transferred to stage 3 during the period	-120	-872	993	-
ECL on new assets	646	1,282	1,839	3,768
ECL on assets derecognised	-632	-1,491	-4,578	-6,701
Impact of net remeasurement of ECL (incl. changes in models)	-942	1,172	1,058	1,287
Write-offs debited to the allowance account	-5	-	-	-5
Foreign exchange adjustments	21	54	328	402
Other changes	-182	160	675	653
ECL allowance account as at 31 December 2021	**2,717**	**6,807**	**13,223**	**22,746**
Transferred to stage 1 during the period	866	-813	-54	-
Transferred to stage 2 during the period	-306	628	-322	-
Transferred to stage 3 during the period	-18	-369	387	-
ECL on new assets	476	636	980	2,092
ECL on assets derecognised	-476	-766	-3,056	-4,298
Impact of net remeasurement of ECL (incl. changes in models)	-158	719	1,409	1,970
Write-offs debited to the allowance account	-	-2	-2,758	-2,760
Foreign exchange adjustments	-15	-65	134	54
Other changes	-18	2	33	17
ECL allowance account as at 30 June 2022	**3,068**	**6,777**	**9,975**	**19,820**

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. ECL on assets derecognised relates to, for example, loans that have been modified significantly (e.g. due to restructuring) which have resulted in derecognition of the original loans. The amount reflects normal credit procedures. For further information on the decomposition of the allowance account on facilities in stages 1-3 under IFRS 9, see the notes on credit risk.

Notes – Danske Bank Group

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

Issued bonds at fair value

(DKK millions)	30 June 2022	31 December 2021
Bonds issued by Realkredit Danmark (covered bonds)	697,698	770,661
Commercial papers and certificates of deposits	3,813	24,248
Structured retail notes	3,330	-
Issued bonds at fair value, total	**704,842**	**794,909**

Issued bonds at amortised cost

(DKK millions)	30 June 2022	31 December 2021
Commercial papers and certificates of deposits	182	1,488
Preferred senior bonds	60,047	65,221
Covered bonds	133,933	157,145
Issued bonds at amortised cost, total	**194,162**	**223,854**
Non-preferred senior bonds	**106,467**	**107,654**

Further information on issued bonds at fair value through profit or loss can be found in note G16 of the Annual Report 2021. The issuance and redemption of bonds (including commercial papers and certificates of deposits at fair value and structured retail notes) during the year are presented in the tables below.

Nominal value (DKK millions)	1 January 2022	Issued	Redeemed	Foreign currency translation	30 June 2022
Commercial papers and certificate of deposits	23,712	4,308	22,421	-1,406	4,193
Preferred senior bonds*	67,724	1,400	7,289	5,159	66,993
Covered bonds	165,067	10,600	22,464	-5,798	147,406
Non-preferred senior bonds	108,104	20,100	20,404	3,762	111,561
Other issued bonds	**364,607**	**36,408**	**72,579**	**1,717**	**330,153**

*Preferred senior bonds includes structured retail notes.

Nominal value (DKK millions)	1 January 2021	Issued	Redeemed	Foreign currency translation	31 December 2021
Commercial papers and certificate of deposits	22,515	53,067	52,783	913	23,712
Preferred senior bonds*	63,352	27,282	27,717	4,805	67,724
Covered bonds	168,445	33,344	34,037	-2,685	165,067
Non-preferred senior bonds	105,028	4,371	6,422	5,126	108,104
Other issued bonds	**359,340**	**118,066**	**120,959**	**8,159**	**364,607**

Subordinated debt and additional tier 1 capital

As at 30 June 2022, the nominal value of subordinated debt, including liability accounted additional tier 1 capital, amounted to DKK 40,977 million (31 December 2021: DKK 39,649 million). During the six months ended 30 June 2022, the Group redeemed additional tier 1 capital accounted for as equity of EUR 750 million, leaving the nominal value of equity accounted additional tier 1 capital of DKK 0 million at 30 June 2022 (31 December 2021: DKK 5,577 million). During 2021, the Group redeemed DKK 3,000 million of additional tier 1 capital accounted for as equity. The Group also issued DKK 5,577 million and redeemed DKK 3,718 million of tier 2 capital in 2021, and issued USD 750 million (DKK 4,565 million) of liability accounted additional tier 1 capital.

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 2021 for further information). As at 30 June 2022, distributable items for Danske Bank A/S amounted to DKK 138.4 billion (31 December 2021: DKK 133.2 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 June 2022 the common equity tier 1 capital ratio was 19.5% (31 December 2021: 20.9%) 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 June 2022	31 December 2021
Assets held for sale		
Loans held for sale	-	4,539
Assets under insurance contracts	-	23,979
Other	250	282
Total	250	**28,800**
Liabilities in disposal groups		
Deposits held for sale	-	6,453
Insurance liabilities	-	23,124
Total	-	**29,577**

In December 2021, Danske Bank entered into an agreement for the sale of Danica Pensjonforsikring AS (Danica Pension business segment in Norway) to Storebrand. The sale, which included assets and liabilities under insurance contracts, was approved by the Norwegian authorities in June 2022 and subsequently settled.

Loans held for sale and associated deposits consists of loan portfolios where the Group has entered into sales agreements. In July 2021, Danske Bank entered into a binding contract for the sale of the business activities of Danske Bank International in Luxembourg to Union Bancaire Privée SA. The sale, which included loans, assets under management and deposits, settled in the first quarter of 2022.

Assets held for sale also includes lease assets (where the Group acts as 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.

Notes – Danske Bank Group

G8. Other assets and Other liabilities

Other assets and Other liabilities

(DKK millions)	30 June 2022	31 December 2021
Other assets		
Accrued interest and commissions due	3,579	3,450
Prepayments, accruals and other amounts due	15,904	18,558
Defined benefit pension plan, net assets	2,051	2,451
Investment property	1,236	2,263
Tangible assets	7,933	8,583
Right of use lease assets	2,898	3,922
Holdings in associates	210	206
Total	**33,810**	**39,433**
Other liabilities		
Sundry creditors	46,718	41,191
Accrued interest and commissions due	4,675	5,845
Defined benefit pension plans, net liabilities	380	441
Other staff commitments	1,523	1,986
Lease liabilities	2,878	3,909
Loan commitments and guarantees etc.	3,705	2,335
Reserves subject to a reimbursement obligation	5	5
Other provisions, including litigations	633	557
Total	**60,518**	**56,268**

In the table above showing the composition of Other liabilities, the line item Sundry creditors included provisions for customer remediation of DKK 380 million (31 December 2021: DKK 603 million), provisions for restructuring costs of DKK 300 million (31 December 2021: DKK 327 million) and the provision of DKK 1.5 billion (31 December 2021: DKK 1.5 billion) for the donation of the estimated gross income from the non-resident portfolio at the Estonian branch. Any confiscated or disgorged gross income will be deducted from the donation.

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 35,272 million (31 December 2021: DKK 35,698 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. With effect from 1 January 2021, the Group's net investment in its subsidiaries Danske Hypotek AB (Sweden) and Danske Mortgage Bank Plc (Finland) has been 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 June 2022, the structural FX hedge position totalled DKK 41,465 million (31 December 2021: DKK 39,749 million) and a loss DKK 1,222 million has been recognised in Other comprehensive income during the first half of 2022, primarily due to a depreciation of both NOK and SEK against DKK throughout the first half of 2022. During the first half of 2021, a gain of DKK 324 million related to the structural FX hedge position was recognised in Other comprehensive income mainly due to a strengthening of NOK against DKK throughout the first half of 2021.

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 June 2022	31 December 2021
Financial guarantees	6,501	6,267
Other guarantees	74,092	74,733
Total	**80,593**	**81,000**

(b) Commitments (DKK millions)	30 June 2022	31 December 2021
Loan commitments shorter than 1 year	261,778	271,862
Loan commitments longer than 1 year	192,157	205,503
Other unutilised commitments	15,598	16,183
Total	**469,533**	**493,549**

In addition to credit exposure from lending activities, loan offers made and uncommitted lines of credit granted by the Group amounted to DKK 201 billion (31 December 2021: DKK 194 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

Danske Bank remains in dialogue with various authorities regarding the terminated non-resident portfolio at the Bank's Estonian branch. This includes criminal and regulatory investigations by authorities in Estonia, Denmark, France and the United States. The Bank continues to cooperate with all authorities.

In 2018, the Estonian Office of the Prosecutor General opened a criminal investigation into former employees of the Estonian branch.

In November 2018, Danske Bank was preliminary charged by the Danish Special Crime Unit ("SCU") (formerly the Danish State Prosecutor for Serious Economic and International Crime) with violating the Danish AML Act on four counts all relating to the Estonian branch in the period from 1 February 2007 to the end of January 2016. In October 2020, SCU added violation of Section 71 of the Danish Financial Business Act for governance and control failures in the period from 1 February 2006 to the end of 2017 to the preliminary charges.

In February 2019, Danske Bank was placed under formal investigation by an investigating judge of the Tribunal de Grande Instance de Paris in the context of an on-going French criminal investigation and on the grounds of money laundering suspicions relating to certain transactions in the terminated portfolio of non-resident customers of the Bank's Estonian branch, amounting to around DKK 160 million and performed between 2007 and 2014. The Bank has posted bail in the amount of DKK 80 million.

Notes – Danske Bank Group

G10. Guarantees, commitments and contingent liabilities continued

The Bank is reporting to, responding to and cooperating with various authorities, including SCU, the U.S. Department of Justice (DOJ) and the U.S. Securities and Exchange Commission (SEC), relating to the Bank's Estonian branch. The internal investigation work that the Bank had planned to complete during 2020 has been finalised and the Bank has reported the findings to relevant authorities. The Bank continues to fully cooperate and will provide the authorities with further information if and when requested. On 28 April 2022, the bank announced that it had entered into initial discussion with US and Danish Authorities on the resolution of the Estonia matter. The Bank is in continued discussions with these authorities. The overall timing of the authorities' investigations remains unknown and is not within the Bank's control. It is not yet possible to reliably estimate the timing, form of resolution, or amount of potential settlement or fines, which is likely to be material.

Based on orders from the Danish FSA, Danske Bank's solvency need has been increased in 2018 by a Pillar II add-on of in total DKK 10 billion to ensure adequate capital coverage of the increased compliance and reputational risks in relation to the Estonian AML matter.

On 3 March 2019, a court case was initiated against Danske Bank for approval of a class action led by a newly formed association with the aim to represent former and current shareholders in a liability action relating to the Estonian AML matter. On 21 January 2021, the court dismissed the case because it did not fulfil the criteria for being approved as a class action. The decision to dismiss was confirmed by the Eastern High Court on appeal on 1 April 2022. The claimants have applied for permission to appeal the Eastern High Court's decision to the Supreme Court. In March 2019, October 2019, January 2020, March 2020, September 2020, and February 2021 a total of 320 separate cases were initiated, of which 318 are still ongoing against the Bank with a total claim amount of approximately DKK 7.9 billion. On 27 December 2019 and 4 September 2020, two separate claims were filed by 93 investors against the Bank with a total claim amount of approximately DKK 1.6 billion. On 2 September 2020, 20 separate claims were filed by 20 investors against the Bank with a total claim amount of approximately DKK 1.1 billion. On 18 September 2020, a separate claim was filed by 201 investors against the Bank with a total claim amount of approximately DKK 2.1 billion. On 18 September 2020, one case was filed against the Bank and Thomas F. Borgen by two investors with a total claim amount of DKK 10 million, which was increased to approximately DKK 147 million on 3 January 2022. These court actions relate to alleged violations in the Bank's branch in Estonia of the rules on prevention of money laundering and/or alleged failure to timely inform the market of such violations (and in one claim, also market manipulation). A total of 198 cases have been referred to the Eastern High Court, while the remaining cases are stayed or pending before the Copenhagen City Court. The Bank is defending itself against these claims. The timing of completion of any such lawsuits (pending or threatening) and their outcome are uncertain.

On 20 February 2020 and 12 March 2021, two cases were initiated against Thomas F. Borgen by 76 institutional investors, and funded by the litigation funder Deminor Recovery Services. The total claim amount is approximately DKK 3.2 billion. The main hearing was scheduled to be held in September 2021, but this hearing was cancelled after a default judgement was issued on 14 September 2021. The case was subsequently resumed on 15 September 2021, and the main hearing has been rescheduled for September and October 2022. Danske Bank has received procedural notifications in respect of both cases. 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. On 12 November 2021, the Bank received a joinder statement of claim from the claimants requesting that Danske Bank be joined to the case initiated on 20 February 2020 against Thomas F. Borgen. The claim amount is currently limited to DKK 10 million with a reservation to increase this to the full amount of the claim initiated against Thomas F. Borgen on 20 February 2020. The court has stayed the claim against the Bank pending resolution of the claims pending before the Eastern High Court. The court has stated that the claim against the Bank will not be joined to the claim against Thomas F. Borgen but will instead continue on a standalone basis before the Copenhagen City Court.

On 5 August 2021, an action was filed in the United States District Court for the Eastern District of New York by approximately 500 plaintiffs, comprising U.S. military members and U.S. civilians who allegedly were killed or wounded while serving in Afghanistan between 2011 and 2016 and their families, against the Bank and Danske Markets, Inc., as well as various branches of Deutsche Bank and Standard Chartered Bank and two money remitters Placid Express and Wall Street Exchange. Plaintiffs claim that the defendant banks and money remitters allegedly aided and abetted a terrorist syndicate that sponsored violence in Afghanistan, in violation of the Anti-Terrorism Act, through the facilitation of certain transactions that allegedly allowed funds to ultimately be transferred to the terrorist organisations. The complaint seeks unspecified punitive and compensatory damages. On 18 March 2022, the defendants separately filed motions seeking dismissal of this action. Those motions remain pending. 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. The Danish Data Protection Agency has filed a criminal complaint against Danske Bank for the violation of the General Data Protection Regulation (GDPR) and recommends that the Danish prosecution service impose a fine of DKK 10 million on Danske Bank. 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, the UK and Luxembourg. 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 June 2022, the Group had deposited securities (including bonds issued by the Group) worth DKK 34.3 billion as collateral with Danish and international clearing centres and other institutions (31 December 2021: DKK 42.1 billion).

As at 30 June 2022, the Group had provided cash and securities (including bonds issued by the Group) worth DKK 99.9 billion as collateral for derivatives transactions (31 December 2021: DKK 73.2 billion).

As at 30 June 2022, the Group had registered assets (including bonds and shares issued by the Group) under insurance contracts and unit-linked investment contracts worth DKK 419.3 billion (31 December 2021: DKK 514.5 billion) as collateral for policyholders' savings of DKK 414.9 billion (31 December 2021: DKK 493.1 billion).

As at 30 June 2022, the Group had registered loans at fair value and securities (including bonds issued by the Group) worth a total of DKK 744.9 billion (31 December 2021: DKK 818.9 billion) as collateral for bonds issued by Realkredit Danmark. Similarly, the Group had registered loans and other assets worth DKK 289.2 billion (31 December 2021: DKK 325.1 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 June 2022			31 December 2021		
(DKK millions)	Repo	Other	Total	Repo	Other	Total
Due from credit institutions	-	41,020	41,020	-	29,928	29,928
Trading and investment securities	215,040	64,800	279,841	193,258	70,857	264,115
Loans at fair value	-	739,641	739,641	-	809,872	809,872
Loans at amortised cost	-	308,294	308,294	-	339,183	339,183
Assets under insurance contracts and unit-linked investment contracts	-	352,442	352,442	-	433,672	433,672
Other assets	-	42	42	-	50	50
Total	215,040	1,506,239	1,721,279	193,258	1,683,562	1,876,820
Own issued bonds	35,113	80,731	115,844	32,592	90,192	122,784
Total, including own issued bonds	**250,154**	**1,586,970**	**1,837,123**	**225,850**	**1,773,754**	**1,999,604**

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 215.0 billion as at 30 June 2022 (31 December 2021: DKK 193.3 billion).

As at 30 June 2022, the Group had received securities worth DKK 364.0 billion (31 December 2021: DKK 297.8 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 June 2022, the Group had sold securities or provided securities as collateral worth DKK 176.2 billion (31 December 2021: DKK 133.0 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. The risk management notes of the Annual Report 2021 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 June 2022		31 December 2021	
(DKK millions)	Fair value	Amortised cost	Fair value	Amortised cost
Financial assets				
Cash in hand and demand deposits with central banks	-	209,680	-	293,386
Due from credit institutions and central banks	73,753	42,222	39,462	31,694
Trading portfolio assets	661,320	-	509,590	-
Investment securities	155,410	151,951	157,056	146,721
Loans at amortised cost	-	1,083,740	-	1,027,442
Loans at fair value	944,084	-	1,024,461	-
Assets under pooled schemes and unit-linked investment contracts	66,055	-	76,654	-
Assets under insurance contracts	598,827	-	522,184	-
Loans held for sale	-	-	-	4,539
Total	**2,499,448**	**1,487,593**	**2,329,407**	**1,503,781**
Financial liabilities				
Due to credit institutions and central banks	84,619	83,874	84,763	88,213
Trading portfolio liabilities	590,251	-	374,959	-
Deposits	159,520	1,149,810	134,332	1,157,698
Issued bonds at fair value	704,842	-	794,909	-
Issued bonds at amortised cost	-	194,162	-	223,854
Deposits under pooled schemes and unit-linked investment contracts	66,660	-	76,982	-
Liabilities held for sale	-	-	-	6,453
Non-preferred senior bonds	-	106,467	-	107,654
Subordinated debt	-	39,503	-	39,321
Loan commitments and guarantees	-	3,705	-	2,335
Total	**1,605,891**	**1,577,522**	**1,465,945**	**1,625,529**

Investment securities at fair value includes bonds measured at fair value through other comprehensive income, see the table on bonds in the Risk management notes. 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 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 2021 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 reclassification 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.

Financial instruments at amortised cost

Note G33(b) in Annual Report 2021 provides information on the difference between the carrying amount and the fair value of financial instruments recognised at amortised cost. No significant change to this difference has occurred during the first six months of 2022.

Notes – Danske Bank Group

G12. Fair value information for financial instruments continued

(DKK millions)	Quoted prices	Observable input	Non-observable input	Total
30 June 2022				
Financial assets				
Due from credit institutions and central banks	-	73,753	-	73,753
Derivatives	10,256	409,309	1,302	420,868
Trading portfolio bonds	217,548	16,228	-	233,776
Trading portfolio shares	6,601	-	75	6,676
Investment securities, bonds	129,273	24,246	-	153,519
Investment securities, shares	-	-	1,891	1,891
Loans at fair value	-	944,084	-	944,084
Assets under pooled schemes and unit-linked investment contracts	66,055	-	-	66,055
Assets under insurance contracts, bonds	155,800	20,842	3,487	180,129
Assets under insurance contracts, shares	128,206	4,949	46,219	179,374
Assets under insurance contracts, derivatives	-	238,020	1,304	239,324
Total	**713,739**	**1,731,431**	**54,278**	**2,499,448**
Financial liabilities				
Due to credit institutions and central banks	-	84,619	-	84,619
Derivatives	9,191	402,843	1,967	414,001
Obligations to repurchase securities	173,664	2,568	17	176,249
Deposits	-	159,520	-	159,520
Issued bonds at fair value	704,842	-	-	704,842
Deposits under pooled schemes and unit-linked investment contracts	-	66,660	-	66,660
Total	**887,697**	**716,210**	**1,984**	**1,605,891**

(DKK millions)	Quoted prices	Observable input	Non-observable input	Total
31 December 2021				
Financial assets				
Due from credit institutions and central banks	-	39,462	-	39,462
Derivatives	3,925	254,193	2,106	260,224
Trading portfolio bonds	226,350	10,933	-	237,283
Trading portfolio shares	11,977	-	106	12,083
Investment securities, bonds	132,415	23,411	-	155,826
Investment securities, shares	-	-	1,230	1,230
Loans at fair value	-	1,024,461	-	1,024,461
Assets under pooled schemes and unit-linked investment contracts	76,654	-	-	76,654
Assets under insurance contracts, bonds	176,479	23,610	5,300	205,389
Assets under insurance contracts, shares	156,574	4,998	45,353	206,925
Assets under insurance contracts, derivatives	-	107,636	2,234	109,870
Total	**784,374**	**1,488,704**	**56,329**	**2,329,407**
Financial liabilities				
Due to credit institutions and central banks	-	84,763	-	84,763
Derivatives	3,929	236,240	1,835	242,004
Obligations to repurchase securities	130,396	2,443	116	132,955
Deposits	-	134,332	-	134,332
Issued bonds at fair value	794,909	-	-	794,909
Deposits under pooled schemes and unit-linked investment contracts	-	76,982	-	76,982
Total	**929,234**	**534,760**	**1,951**	**1,465,945**

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 June 2022					
Unlisted shares					
allocated to insurance contract policyholders	46,219	-	-	2,822	328
other	1,949	195	195	11	-13
Illiquid bonds	3,487	75	75	-89	-10
Derivatives, net fair value	638	-	-	-	-222
31 December 2021					
Unlisted shares					
allocated to insurance contract policyholders	45,353	-	-	3,950	7,802
other	1,220	122	122	125	-12
Illiquid bonds	5,300	101	101	120	117
Derivatives, net fair value	2,504	-	-	-	-909

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 six month period ended 30 June 2022 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 June 2022			31 December 2021		
(DKK millions)	Shares	Bonds	Derivatives	Shares	Bonds	Derivatives
Fair value at 1 January	46,573	5,300	2,504	36,028	7,438	3,083
Value adjustment through profit or loss	3,148	-99	-222	11,865	237	-909
Acquisitions	4,491	101	-698	9,556	122	-191
Sale and redemption	-6,044	-1,815	46	-10,611	-2,497	161
Transferred from quoted prices and observable input	-	-	-3	-	-	-2
Transferred to quoted prices and observable input	-	-	-988	-265	-	363
Fair value end of period	**48,168**	**3,487**	**638**	**46,573**	**5,300**	**2,504**

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. Group holdings and undertakings

(a) Disposal of MobilePay A/S in exchange for an interest in Vipps AS

In June 2021, Danske Bank entered into an agreement with OP Financial Group in Finland and the consortium of banks behind Vipps in Norway to merge the three mobile payment providers MobilePay, Vipps and Pivo into one comprehensive digital wallet serving 11 million users and over 330,000 shops and web shops.

The merger is expected to result in a one-off gain for Danske Bank of approximately DKK 400 – 500 million once it is approved by the relevant authorities. Final approval is expected second half of 2022. After the merger, Danske Bank will own 25% of the new parent company, Vipps AS.

Notes – Danske Bank Group

Risk Management

The consolidated financial statements for 2021 provide a detailed description of the Group's risk management practices.

Breakdown of credit exposure

(DKK billions) 30 June 2022	Total	Lending activities Core	Lending activities Non-core	Counterparty credit risk	Trading and investment securities	Customer-funded investments
Balance sheet items						
Demand deposits with central banks	203.0	203.0	-	-	-	-
Due from credit institutions and central banks	116.0	42.2	-	73.8	-	-
Trading portfolio assets	661.3	-	-	420.9	240.5	-
Investment securities	307.4	-	-	-	307.4	-
Loans at amortised cost	1,083.7	1,082.4	1.3	-	-	-
Loans at fair value	944.1	739.6	-	204.4	-	-
Assets under pooled schemes and unit-linked investment contracts	66.1	-	-	-	-	66.1
Assets under insurance contracts	637.5	-	-	-	-	637.5
Assets held for sale	-	-	-	-	-	-
Off-balance-sheet items						
Guarantees	80.6	80.6	-	-	-	-
Loan commitments shorter than 1 year	261.8	260.2	1.6	-	-	-
Loan commitments longer than 1 year	192.2	192.2	-	-	-	-
Other unutilised commitments	15.6	-	-	-	0.1	15.5
Total	**4,569.1**	**2,600.2**	**2.9**	**699.1**	**547.9**	**719.0**
31 December 2021						
Balance sheet items						
Demand deposits with central banks	286.6	286.6	-	-	-	-
Due from credit institutions and central banks	71.2	31.7	-	39.5	-	-
Trading portfolio assets	509.6	-	-	260.2	249.4	-
Investment securities	303.8	-	-	-	303.8	-
Loans at amortised cost	1,027.4	1,026.1	1.3	-	-	-
Loans at fair value	1,024.5	809.9	-	214.6	-	-
Assets under pooled schemes and unit-linked investment contracts	76.7	-	-	-	-	76.7
Assets under insurance contracts	547.8	-	-	-	-	547.8
Assets held for sale	28.5	4.5	-	-	-	24.0
Off-balance-sheet items						
Guarantees	81.0	81.0	-	-	-	-
Loan commitments shorter than 1 year	271.9	270.3	1.6	-	-	-
Loan commitments longer than 1 year	205.5	205.5	-	-	-	-
Other unutilised commitments	16.2	-	-	-	0.1	16.0
Total	**4,450.5**	**2,715.6**	**2.9**	**514.3**	**553.3**	**664.5**

In addition to credit exposure from lending activities, Danske Bank had made uncommitted loan offers and granted uncommitted lines of credit of DKK 201 billion at 30 June 2022 (31 December 2021: DKK 194 billion). These items are included in the calculation of the total risk exposure amount in accordance with the Capital Requirements Directive.

The Group's direct exposure to Russia and Ukraine amounted to less than DKK 0.1 billion at 30 June 2022.

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 implemented a new Definition of Default in January 2022 in order to align the existing definition of default for accounting purposes with the regulatory definition. According to the new definition of default, all exposures in stage 3 are considered default. As a result, all non-performing loans are now considered default, and hence equal to the total of stage 3 exposures.

Although Stage 3 and default (rating 11) are generally aligned, 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 balance day), whereas default is updated daily. For the same reason, some credit exposure in default is outside stage 3. For a number of industries the exposure in stage 2 has increased since the end of 2021. This is mainly driven by (forward-looking) post model adjustments related to global tensions etc. and does not reflect a weakening in credit quality measured by e.g. customer classification.

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 2021.

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 162 in Annual report 2021.

30 June 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	120.1	0.1	-	-	-	-	120.1	0.1	-	103.7	-	-
2	0.01	0.03	293.6	0.2	-	-	-	-	293.6	0.2	-	173.1	0.1	-
3	0.03	0.06	560.2	1.2	-	0.1	-	-	560.2	1.2	-	268.9	0.8	-
4	0.06	0.14	638.0	1.8	-	0.2	-	-	637.8	1.7	-	294.9	0.8	-
5	0.14	0.31	484.1	7.0	-	0.4	0.1	-	483.8	6.9	-	174.9	4.0	-
6	0.31	0.63	250.2	30.1	-	0.5	0.4	-	249.7	29.7	-	88.9	15.9	-
7	0.63	1.90	84.6	50.2	0.1	1.2	1.9	-	83.4	48.2	0.1	25.7	16.9	-
8	1.90	7.98	9.5	34.6	0.2	0.5	2.7	-	9.0	32.0	0.2	2.5	6.6	0.1
9	7.98	25.70	1.0	4.0	0.1	-	0.7	-	0.9	3.3	0.1	0.2	0.2	-
10	25.70	99.99	0.4	13.5	0.4	-	0.9	0.2	0.4	12.6	0.2	0.2	2.8	-
11 (default)	100.00	100.00	0.2	0.4	34.0	0.2	-	9.7	-	0.4	24.3	0.1	0.1	2.1
Total			**2,442.0**	**143.1**	**34.9**	**3.1**	**6.8**	**9.9**	**2,438.9**	**136.3**	**25.0**	**1,132.9**	**48.3**	**2.3**

31 December 2021	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	264.7	0.1	-	-	-	-	264.7	0.1	-	245.1	-	-
2	0.01	0.03	207.3	0.6	0.4	-	-	-	207.3	0.6	0.4	80.6	0.2	-
3	0.03	0.06	570.6	1.9	1.5	0.1	-	-	570.6	1.9	1.4	264.9	0.9	-
4	0.06	0.14	637.2	2.5	2.3	0.1	-	-	637.0	2.5	2.2	287.3	0.8	0.1
5	0.14	0.31	485.0	4.0	2.1	0.3	-	-	484.7	4.0	2.1	150.3	0.9	0.1
6	0.31	0.63	275.7	17.1	1.1	0.5	0.2	-	275.1	16.9	1.1	94.6	5.9	-
7	0.63	1.90	103.0	46.6	1.0	0.9	1.4	-	102.1	45.2	1.0	30.1	13.8	-
8	1.90	7.98	16.5	40.0	0.3	0.6	2.9	0.1	16.0	37.1	0.2	3.8	11.0	-
9	7.98	25.70	0.6	5.1	0.1	0.1	1.1	-	0.5	4.0	0.1	0.1	0.5	-
10	25.70	99.99	0.4	12.6	22.5	-	1.2	4.9	0.4	11.4	17.7	0.1	3.4	3.0
11 (default)	100.00	100.00	-	0.2	14.6	0.1	-	7.3	0.1	0.2	7.3	0.1	-	0.2
Total			**2,560.9**	**130.6**	**46.0**	**2.7**	**6.8**	**12.4**	**2,558.2**	**123.8**	**33.6**	**1,156.8**	**37.5**	**3.5**

Exposures, expected credit losses and collateral in default have increased compared to the end of 2021 due to the implementation of the new definition of default in January 2022. At the same time, stage 3 decreased primarily due to 1) final adjustments of staging during the implementation of new definition of default that is now aligned to European Banking Authority requirements and 2) write-offs. The stage 3 coverage ratio is 81%.

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 June 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	260.4	1.3	-	-	-	-	260.4	1.3	-	257.7	-	-
Financials	131.0	2.7	0.5	0.1	0.1	0.2	131.0	2.6	0.3	123.0	1.8	-
Agriculture	53.8	9.0	3.6	0.3	1.0	1.0	53.5	8.0	2.6	13.3	1.4	0.2
Automotive	27.1	2.2	0.2	-	0.1	0.1	27.1	2.1	0.1	21.9	1.1	-
Capital goods	79.3	9.3	1.5	0.1	0.4	0.6	79.2	8.9	0.9	71.6	7.2	0.5
Commercial property	274.8	21.8	3.9	0.6	1.5	0.8	274.2	20.4	3.1	58.7	2.5	0.2
Construction and building materials	47.1	6.2	1.3	0.1	0.6	0.6	47.0	5.6	0.8	35.0	2.7	0.2
Consumer goods	62.5	7.7	0.7	-	0.3	0.3	62.5	7.4	0.4	48.7	5.1	0.1
Hotels, restaurants and leisure	8.3	5.5	1.2	-	0.2	0.4	8.3	5.4	0.9	3.6	1.1	0.2
Metals and mining	13.6	0.5	-	-	-	-	13.6	0.5	-	11.7	0.2	-
Other commercials	22.0	1.1	0.2	0.3	-	-	21.7	1.1	0.2	18.1	0.2	-
Pharma and medical devices	41.0	3.3	-	-	0.1	-	41.0	3.2	-	38.5	2.9	-
Private housing co-ops and non-profit associations	193.3	4.1	0.8	0.1	0.1	0.1	193.3	4.0	0.6	32.0	0.7	-
Pulp, paper and chemicals	40.6	4.4	0.2	-	0.1	0.1	40.6	4.3	0.1	29.1	3.1	-
Retailing	31.9	4.0	1.8	-	0.1	0.5	31.9	3.9	1.2	21.3	2.9	0.2
Services	58.3	5.0	0.8	0.2	0.2	0.3	58.1	4.8	0.4	48.0	3.3	0.1
Shipping, oil and gas	34.7	1.2	5.4	-	0.2	1.4	34.6	1.1	4.0	23.1	0.9	-
Social services	27.0	0.8	0.7	-	-	0.1	27.0	0.8	0.6	12.6	0.3	0.4
Telecom and media	24.3	0.9	0.2	-	-	0.1	24.3	0.9	0.1	22.4	0.6	-
Transportation	13.0	3.4	0.5	-	0.3	0.1	12.9	3.1	0.4	6.1	1.4	0.1
Utilities and infrastructure	83.6	3.5	-	-	0.1	-	83.6	3.4	-	64.1	2.7	-
Personal customers	914.3	45.3	11.4	1.1	1.5	3.3	913.1	43.8	8.1	172.2	6.2	-
Total	**2,442.0**	**143.1**	**34.9**	**3.1**	**6.8**	**9.9**	**2,438.9**	**136.3**	**25.0**	**1,132.9**	**48.3**	**2.3**

As at 30 June 2022, oil and gas exposures (within the Shipping, oil and gas industry) represent a gross exposure of DKK 19.7 billion (31 December 2021: DKK 18.3 billion) and expected credit losses of DKK 0.8 billion (31 December 2021: DKK 1.8 billion). Those exposures represent the majority of the exposures in stage 3 within the Shipping, oil and gas industry at the end of June 2022.

Notes – Danske Bank Group

Credit exposure continued

31 December 2021	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	332.8	1.4	-	-	-	-	332.8	1.4	-	330.1	0.1	-
Financials	122.0	2.8	0.4	0.1	0.2	0.2	122.0	2.5	0.2	107.9	1.4	-
Agriculture	57.6	5.6	4.8	0.3	0.9	1.2	57.3	4.7	3.6	12.2	0.8	0.1
Automotive	25.3	1.6	0.3	-	0.1	0.1	25.3	1.5	0.2	19.9	0.7	0.1
Capital goods	71.4	6.9	1.6	-	0.3	0.6	71.3	6.7	1.0	62.6	5.7	0.5
Commercial property	291.2	19.6	5.5	0.5	1.5	1.2	290.7	18.1	4.3	59.3	1.9	0.6
Construction and building materials	46.1	4.5	1.9	-	0.4	0.7	46.1	4.1	1.2	32.8	1.9	0.5
Consumer goods	71.1	4.3	1.0	-	0.3	0.3	71.0	4.0	0.7	53.0	2.6	-
Hotels, restaurants and leisure	8.5	5.4	1.9	-	0.2	0.4	8.5	5.2	1.4	3.0	0.8	0.2
Metals and mining	12.6	0.4	0.1	-	-	-	12.6	0.4	-	10.0	0.1	-
Other commercials	13.3	1.1	0.1	0.2	-	-	13.1	1.1	0.1	9.1	0.2	-
Pharma and medical devices	53.1	5.5	-	-	0.1	-	53.1	5.5	-	50.7	4.5	-
Private housing co-ops and non-profit associations	207.4	4.2	0.9	0.1	0.2	0.2	207.3	4.0	0.7	34.1	0.5	0.1
Pulp, paper and chemicals	39.0	1.5	0.2	-	-	0.1	39.0	1.5	0.1	27.8	0.3	-
Retailing	28.4	1.7	2.4	-	0.1	1.0	28.4	1.6	1.4	18.1	1.0	0.2
Services	57.9	3.3	0.8	0.2	0.2	0.4	57.7	3.2	0.5	46.9	1.9	0.1
Shipping, oil and gas	31.3	3.2	6.6	0.1	0.3	2.4	31.2	2.9	4.2	16.8	1.4	-
Social services	25.5	0.9	1.0	-	0.1	0.3	25.4	0.8	0.7	9.3	0.4	0.4
Telecom and media	22.2	0.5	0.2	-	-	0.1	22.2	0.5	0.1	20.3	0.3	-
Transportation	14.3	2.0	0.5	-	0.2	0.1	14.3	1.8	0.4	6.5	0.8	0.1
Utilities and infrastructure	76.1	4.6	-	-	0.1	-	76.0	4.4	-	56.4	4.2	-
Personal customers	953.9	49.6	15.9	1.1	1.6	3.1	952.8	48.0	12.8	170.1	5.8	0.5
Total	**2,560.9**	**130.6**	**46.0**	**2.7**	**6.8**	**12.4**	**2,558.2**	**123.8**	**33.6**	**1,156.8**	**37.5**	**3.5**

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 2021, a table showing collateral by type (after haircut) is included. The mitigating effect from collateral at the end of June 2022 can be found as the difference between the columns 'Net exposure' and 'Net exposure, ex collateral' and amounted to DKK 1,416.7 billion at 30 June 2022 (31 December 2021: DKK 1,517.8 billion).

The Group uses guarantee schemes offered by the governments in our markets to mitigate the economic consequences of the corona crisis. The outstanding amount of loans originated under such guarantee schemes was DKK 3.6 billion (31 December 2021: DKK 4.9 billion) with the guarantees covering DKK 3.3 billion of the loans (31 December 2021: DKK 4.0 billion). A large part of the guarantees relates to Northern Ireland.

Notes – Danske Bank Group

Credit exposure continued

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

30 June 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	499.5	25.8	7.5	1.0	1.2	2.4	498.4	24.6	5.1	76.5	4.1	-
Personal Customers Nordic	404.0	15.3	3.4	0.2	0.3	0.8	403.8	15.0	2.6	98.2	2.0	-
Total Personal Customers	**903.5**	**41.1**	**10.9**	**1.2**	**1.5**	**3.1**	**902.3**	**39.6**	**7.7**	**174.7**	**6.1**	**-**
Business Customers												
Asset Finance	47.8	13.8	1.1	0.1	0.6	0.3	47.7	13.2	0.8	19.0	2.5	0.1
Business Customers	327.7	45.7	12.2	0.9	3.2	3.7	326.8	42.5	8.5	120.4	14.3	1.2
Commercial Real Estate	297.9	10.8	1.5	0.3	0.4	0.3	297.6	10.4	1.1	56.4	1.4	-
Total Business Customers	**673.4**	**70.3**	**14.8**	**1.3**	**4.2**	**4.3**	**672.1**	**66.1**	**10.5**	**195.8**	**18.3**	**1.3**
Large Corporates & Institutions	**591.3**	**27.2**	**7.4**	**0.4**	**1.0**	**2.0**	**590.9**	**26.2**	**5.4**	**527.2**	**23.1**	**0.9**
Northern Ireland	**91.4**	**4.3**	**1.8**	**0.2**	**0.1**	**0.5**	**91.2**	**4.2**	**1.3**	**53.0**	**0.7**	**-**
Group Functions	**182.4**	**0.2**	**-**	**-**	**-**	**-**	**182.4**	**0.2**	**-**	**182.2**	**0.2**	**-**
Total	**2,442.0**	**143.1**	**34.9**	**3.1**	**6.8**	**9.9**	**2,438.9**	**136.3**	**25.0**	**1,132.9**	**48.3**	**2.3**

Notes – Danske Bank Group

Credit exposure continued

31 December 2021	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	532.7	23.4	12.0	0.9	1.2	2.3	531.8	22.2	9.8	63.9	2.3	0.3
Personal Customers Nordic	400.8	20.1	3.2	0.2	0.3	0.7	400.6	19.8	2.6	103.8	2.9	0.2
Personal Customers Other	4.0	0.2	0.1	-	-	-	4.0	0.2	0.1	0.9	0.1	--
Total Personal Customers	**937.5**	**43.7**	**15.3**	**1.1**	**1.5**	**3.0**	**936.4**	**42.2**	**12.5**	**168.6**	**5.3**	**0.5**
Business Customers*												
Asset Finance	48.8	10.7	0.9	0.1	0.4	0.2	48.8	10.3	0.7	17.5	2.0	0.1
Business Customers	349.8	35.5	15.8	0.9	3.5	4.5	348.9	32.0	11.4	122.0	9.7	1.7
Commercial Real Estate	313.8	9.8	1.7	0.1	0.2	0.4	313.7	9.6	1.4	54.4	1.3	0.1
Business Customers Other	-	-	-	-	-	-	-	-	-	-	-	-
Total Business Customers	**712.4**	**56.0**	**18.4**	**1.1**	**4.0**	**5.0**	**711.4**	**52.0**	**13.4**	**193.9**	**13.0**	**1.9**
Large Corporates & Institutions	**560.5**	**25.4**	**10.1**	**0.3**	**1.1**	**3.8**	**560.2**	**24.2**	**6.3**	**482.2**	**18.4**	**0.9**
Northern Ireland	**93.7**	**5.4**	**2.0**	**0.1**	**0.1**	**0.6**	**93.6**	**5.3**	**1.4**	**55.9**	**0.7**	**0.1**
Group Functions	**256.7**	**0.1**	**-**	**-**	**-**	**-**	**256.7**	**0.1**	**-**	**256.3**	**0.1**	**-**
Total	**2,560.9**	**130.6**	**46.0**	**2.7**	**6.8**	**12.4**	**2,558.2**	**123.8**	**33.6**	**1,156.8**	**37.5**	**3.5**

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

Notes – Danske Bank Group

Credit exposure continued

Exposures subject to forbearance measures

The Group's forbearance practices are described on page 169 in Annual Report 2021.

During the corona crisis, the Group has granted concessions to assist customers affected by the crisis. Such concessions represent an increase in gross exposure of around DKK 20 billion, of which around DKK 10 billion (net of expected credit losses) is considered forbearance measures, see note G1(b) section 'Accounting treatment of the impacts on expected credit losses from the corona crisis' in Annual report 2021 for the definition of when such concessions are considered to be a forbearance measure. At the end of 2021, such concessions represented an increase in gross exposure of DKK 13 billion, of which around DKK 13 billion (net of expected credit losses) was considered forbearance measures. The concessions considered forbearance measures relate primarily to Personal customers and the shipping, oil and gas, Hotels, restaurants and leisure, Consumer goods and Retailing industries. In our Nordic markets, such concessions are made on a voluntary basis, while in Northern Ireland, the Bank was selected by the UK Government to provide concessions through the UK government-backed lending schemes.

Exposures subject to forbearance measures

	30 June 2022		31 December 2021	
(DKK millions)	Performing	Non-performing*	Performing	Non-performing*
Active forbearance	2,023	7,279	7,348	7,317
Under probation	11,223	-	13,993	-
Total	**13,247**	**7,279**	**21,341**	**7,317**

*These loans are part of the total stage 3 loan amount.

Notes – Danske Bank Group

Credit exposure continued

Allowance account in core activities

(DKK millions)	Stage 1	Stage 2	Stage 3	Total
ECL allowance account as at 1 January 2021	2,263	7,438	12,853	22,554
Transferred to stage 1 during the period	1,843	-1,604	-239	-
Transferred to stage 2 during the period	-180	649	-469	-
Transferred to stage 3 during the period	-120	-864	984	-
ECL on new assets	646	1,282	1,839	3,767
ECL on assets derecognised	-629	-1,483	-4,377	-6,489
Impact of net remeasurement of ECL (incl. changes in models)	-923	1,172	1,011	1,259
Write-offs debited to the allowance account	-5	-	-	-5
Foreign exchange adjustments	21	54	268	343
Other changes	-182	160	527	505
ECL allowance account as at 31 December 2021	**2,733**	**6,804**	**12,397**	**21,935**
Transferred to stage 1 during the period	859	-806	-54	-
Transferred to stage 2 during the period	-305	626	-321	-
Transferred to stage 3 during the period	-18	-364	382	-
ECL on new assets	476	636	980	2,092
ECL on assets derecognised	-470	-745	-3,049	-4,263
Impact of net remeasurement of ECL (incl. changes in models)	-176	721	1,488	2,033
Write-offs debited to the allowance account	-	-2	-1,945	-1,947
Foreign exchange adjustments	-15	-65	59	-21
Other changes	-16	-31	-9	-57
ECL allowance account as at 30 June 2022	**3,067**	**6,774**	**9,930**	**19,772**

ECL on assets derecognised relates to, for example, loans that have been modified significantly (e.g. due to restructuring) which have resulted in derecognition of the original loans. The amount reflects normal credit procedures.

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 2021	5,814	9,959	5,777	990	15	22,554
ECL on new assets	524	1,768	1,215	259	2	3,767
ECL on assets derecognised	-864	-2,023	-3,333	-266	-3	-6,489
Impact on remeasurement of ECL (incl. change in models)	304	934	152	-135	4	1,259
Write-offs debited to allowance account	-	-	-	-5	-	-5
Foreign currency translation	12	2	257	71	-	343
Other changes	-136	-454	1,159	-63	-1	505
ECL allowance account as at 31 December 2021	**5,654**	**10,186**	**5,227**	**850**	**17**	**21,935**
ECL on new assets	290	1,043	734	23	2	2,092
ECL on assets derecognised	-430	-1,227	-2,542	-64	-1	-4,263
Impact on remeasurement of ECL (incl. change in models)	394	350	1,196	86	7	2,033
Write-offs debited to allowance account	-73	-445	-1,311	-118	-	-1,947
Foreign currency translation	-18	-90	105	-16	-	-21
Other changes	15	-46	-23	-1	-1	-57
ECL allowance account as at 30 June 2022	**5,831**	**9,772**	**3,385**	**760**	**24**	**19,772**

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

The method used for calculating expected credit losses is described in detail in note G15 of the Annual Report 2021.

Macroeconomic scenarios

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 scenarios), 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.

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 half of 2022 have been updated with the latest macroeconomic data. Compared to the end of 2021, the base and the upside scenarios have been revised to reflect expectations of higher inflation and interest rate hikes fuelled by the war in Ukraine. The scenario weighting remained unchanged from the end of 2021.

The base case is an extension of the Group's official view of the Nordic economies (the Nordic Outlook report). At 30 June 2022, the base case scenario reflects an expectation of higher inflation and interest rates fuelled by the war in Ukraine. This results in a weaker GDP growth due to soaring energy costs, skills shortages and wage pressures that affect consumers and businesses in the Nordic economies. Unemployment rates have been revised downwards, which is reflective of a stronger performance of the labour market.

The upside scenario represents a slightly better outlook than the base case scenario across the macroeconomic parameters. In this scenario, consumers spend a large proportion of the substantial savings accumulated during the pandemic. There is a consumer-led global recovery, and in this scenario there is slightly more support for the housing market. In this scenario, the Central Banks are expected to hike rates earlier as inflation expectations will be higher.

The Group's downside scenario is a severe recession scenario, calibrated to a level of severity resembling the recession in 2008-2009, however with a slightly less steep decline in GDP and other variables reflecting that the economy is no longer on top of the economic cycle. A trigger of the economic setback could be continued macroeconomic worsening and challenges linked to high business costs. This adversely impacts the labour market, results in higher and more persistent unemployment, sending inflation to plummet. This would lead to a severe slowdown in the economies in which the Group is represented.

Forecasts are produced for the coming three years. After this period, the outlook returns to a steady-state level after a further four years. The macroeconomic parameters in the base case and downside scenario entering into the ECL calculation for the forecast horizon as an average across the Group's core markets are included below.

Notes – Danske Bank Group

Credit exposure continued

30 June 2022	Base-case 2022	2023	2024	Downside 2022	2023	2024	Upside 2022	2023	2024
GDP	2.9	1.8	1.6	-3.1	-1.5	0.3	3.6	2.1	1.5
Industrial Production	3.6	2.4	2.3	-4.6	-2.2	0.5	4.6	3.0	1.6
Unemployment	4.7	4.5	4.4	8.0	9.5	10.0	4.5	4.2	4.1
Inflation	4.5	2.3	1.9	-0.3	0.6	0.6	5.1	2.7	2.1
Consumption Expenditure	3.6	2.2	1.8	-3.5	-0.6	-0.1	4.6	2.1	1.6
Property prices - Residential	3.6	0.5	2.4	-15.1	-10.2	-1.5	4.6	1.5	3.4
Interest rate - 3 month	1.0	1.3	1.3	-0.3	-0.4	-0.5	1.5	1.8	1.8
Interest rate - 10 year	1.9	2.0	2.0	-0.5	-0.4	0.2	2.1	2.2	2.2

At 31 December 2021, the following base case and downside scenarios were used:

31 December 2021	Base case 2022	2023	2024	Downside 2022	2023	2024	Upside 2022	2023	2024
GDP	3.4	1.9	1.8	-1.5	0.3	0.2	4.5	1.7	1.6
Industrial Production	4.4	2.6	2.6	-2.2	0.5	0.4	5.9	2.4	2.2
Unemployment	5.0	4.9	4.8	9.9	10.4	10.6	4.7	4.6	4.6
Inflation	1.6	1.6	1.6	-0.7	-0.1	0.1	2.3	1.9	1.9
Consumption Expenditure	4.3	2.0	1.8	-0.7	-0.6	-0.2	5.4	1.5	1.6
Property prices - Residential	2.6	2.3	2.4	-8.3	-1.5	-0.3	3.6	3.3	2.4
Interest rate - 3 month	0.2	0.3	0.4	-0.6	-0.6	-0.7	0.3	0.3	0.7
Interest rate - 10 year	0.9	1.1	1.2	-1.1	-0.7	-0.7	1.1	1.5	1.5

The base case scenario enters with a probability of 70% (31 December 2021: 70%), the upside scenario with a probability of 10% (31 December 2021: 10%) and the downside scenario with a probability of 20% (31 December 2021: 20%). On the basis of these assessments, the allowance account as at 30 June 2022 amounted to DKK 19.8 billion (31 December 2021: 21.9 billion). If the base case scenario was assigned a probability of 100%, the allowance account would decrease DKK 2.1 billion (31 December 2021: 1.7 billion). Compared to the base case scenario, the allowance account would increase DKK 10.6 billion (31 December 2021: 8.5 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 0.2 billion (31 December 2021: 0.2 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).

Post-model adjustments

Management applies judgement when determining the need for post-model adjustments. At 30 June 2022, the post-model adjustments amounted to DKK 6.0 billion (31 December 2021: 6.3 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 in order to ensure sufficient impairment coverage. This also includes post-model adjustments relating to secondary effects from the war in Ukraine and the corona crisis
- 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
- upcoming model changes that will impact the expected credit loss model.

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

Notes – Danske Bank Group

Credit exposure continued

Post-model adjustments by type and mostly impacted industries

(DKK billions)	30 June 2022	31 December 2021*
Coverage of individual industries and types		
Agriculture	1.0	0.9
Capital goods	0.2	0.2
Commercial Property	1.4	1.5
Oil & Gas	-	0.2
Personal customers (including other retail exposures)	1.5	1.7
Others**	1.9	0.9
Coverage of individual industries and types	6.0	5.4
Model changes	-	0.9
Total	**6.0**	**6.3**

* Post-model adjustments for Capital goods and Oil & Gas are now presented separately in 2022 (previously included within Others). In addition, DKK 2.2 billion of process related post-model adjustments as at 31 December 2021 have been redistributed between the individual industries. As such, 2021 post-model adjustments have been restated. There is no change to the total value of post-model adjustments at 31 December 2021.

** No individual industry included in Others exceeds DKK 0.2 billion at 30 June 2022 (31 December 2021: DKK 0.1 billion) except Construction and Building material, where the post-model adjustment increased to DKK 0.6 billion due to the uncertain outlook within this industry.

In first half of 2022, the total balance of post-model adjustments has been reduced by a net amount of DKK 0.3 billion compared to the end of 2021. A reduction of DKK 0.9 billion was due to a release of the post-model adjustment reserved to cover the model changes for the new Definition of Default that was implemented in January 2022. The post-model adjustment related to Oil & Gas was released in the second quarter of 2022 due to improved outlook resulting from the high energy prices contributing to a reduction of DKK 0.2 billion.

The current macroeconomic uncertainties characterized by the supply chain disruptions, labour shortages and rising inflation have been exacerbated by the war in Ukraine giving rise to a new set of challenges that affect economic and business activity. In light of these developments, the Group has formulated a new post-model adjustment of DKK 1.4 billion to address the uncertainties presented by the secondary effects from the economic sanctions affecting specific industries such as Agriculture, Capital goods, etc. The post-model adjustment cuts across industries that are sensitive to prices rises on energy, agriculture and metals, which have been assessed for idiosyncratic risks to ensure a prudent coverage of expected credit loss in the Group's portfolios. Likewise, post-model adjustments associated with the property segment (commercial property and retail mortgages) and process related risks have been increased due to higher uncertainty related to inflation and increasing interest rates.

On the other hand, Covid-related uncertainties have been reduced from the end of 2021, as the new virus variants has not resulted in prolonged lockdowns, while business activity continued to rise. Post-model adjustments for Covid-related tail risks of DKK 0.5 billion remain spread across industry portfolios and retail exposures.

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 June 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	28	-	-	-	-	-	28	-	-	-	-	-
Personal customers	-	-	-	-	-	-	-	-	-	-	-	-
Commercial customers	28	-	-	-	-	-	28	-	-	-	-	-
Public Institutions	-	-	-	-	-	-	-	-	-	-	-	-
Non-core conduits etc.	2,768	41	103	1	2	45	2,767	39	59	1	6	13
Total	**2,795**	**41**	**104**	**1**	**2**	**45**	**2,795**	**39**	**59**	**1**	**6**	**13**

31 December 2021	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	126	6	14	-	2	14	126	3	-	33	-	-
Personal customers	-	-	6	-	-	6	-	-	-	-	-	-
Commercial customers	121	5	9	-	2	9	120	3	-	27	-	-
Public Institutions	5	-	-	-	-	-	5	-	-	5	-	-
Non-core conduits etc.	2,771	-	817	-	-	795	2,771	-	22	122	-	19
Total	**2,897**	**6**	**831**	**-**	**2**	**809**	**2,897**	**3**	**22**	**154**	**-**	**19**

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

30 June 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	1,329	-	-	-	-	-	1,329	-	-	-	-	-
2	0.01	0.03	975	-	-	-	-	-	975	-	-	-	-	-
3	0.03	0.06	454	-	-	1	-	-	453	-	-	-	-	-
4	0.06	0.14	-	-	-	-	-	-	-	-	-	-	-	-
5	0.14	0.31	1	2	-	-	-	-	1	2	-	-	2	-
6	0.31	0.63	36	-	-	-	-	-	36	-	-	-	-	-
7	0.63	1.90	1	-	-	-	-	-	1	-	-	-	-	-
8	1.90	7.98	-	20	-	-	2	-	-	18	-	-	3	-
9	7.98	25.70	-	-	-	-	-	-	-	-	-	-	-	-
10	25.70	99.99	-	18	-	-	-	-	-	18	-	-	-	-
11 (default)	100.00	100.00	-	-	104	-	-	45	-	-	59	-	-	13
Total			**2,795**	**41**	**104**	**1**	**2**	**45**	**2,795**	**39**	**59**	**1**	**6**	**13**

31 December 2021	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	587		-	-	-	-	587	-	-	122	-	-
2	0.01	0.03	1,026	-	2	-	-	-	1,026	-	2	14	-	2
3	0.03	0.06	1,086	-	-	-	-	-	1,085	-	-	3	-	-
4	0.06	0.14	127	-	-	-	-	-	127	-	-	1	-	-
5	0.14	0.31	2	-	-	-	-	-	2	-	-	-	-	-
6	0.31	0.63	48	2	2	-	-	-	48	2	2	-	-	-
7	0.63	1.90	20	-	-	-	-	-	20	-	-	15	-	-
8	1.90	7.98	-	2	-	-	2	-	-	-	-	-	-	-
9	7.98	25.70	-	-	-	-	-	-	-	-	-	-	-	-
10	25.70	99.99	-	-	18	-	-	5	-	-	13	-	-	13
11 (default)	100.00	100.00	1	-	809	-	-	804	1	-	5	-	-	4
Total			**2,897**	**6**	**831**	**-**	**2**	**809**	**2,897**	**3**	**22**	**154**	**-**	**19**

Notes – Danske Bank Group

Counterparty credit risk and credit exposure from trading and investment securities

(DKK billions)	30 June 2022	31 December 2021
Counterparty credit risk		
Derivatives with positive fair value	420.9	260.2
Reverse transactions and other loans at fair value[1]	278.2	254.1
Credit exposure from other trading and investment securities		
Bonds	539.2	539.8
Shares	8.6	13.3
Other unutilised commitments[2]	0.1	0.1
Total	**1,247.0**	**1,067.6**

[1] 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 277.8 billion (31 December 2021: DKK 252.3 billion), of which DKK 73.3 billion relates to credit institutions and central banks (31 December 2021: DKK 37.7 billion), and other primarily short-term loans of DKK 0.4 billion (31 December 2021: DKK 1.7 billion), of which DKK 0.4 billion (31 December 2021: DKK 1.7 billion) relates to credit institutions and central banks.

[2] Other unutilised commitments comprise private equity investment commitments and other obligations.

Derivatives with positive fair value

(DKK millions)	30 June 2022	31 December 2021
Derivatives with positive fair value before netting	1,128,715	654,261
Netting (under accounting rules)	707,847	394,037
Carrying amount	420,868	260,224
Netting (under capital adequacy rules)	311,968	183,395
Net current exposure	108,900	76,829
Collateral	83,534	59,732
Net amount	**25,366**	**17,098**
Derivatives with positive fair value after netting for accounting purposes:		
Interest rate contracts	269,257	187,176
Currency contracts	150,599	72,468
Other contracts	1,012	580
Total	**420,868**	**260,224**

Bond portfolio

(DKK millions)	Central and local govern-ment bonds	Quasi-government bonds	Danish mortgage bonds	Swedish covered bonds	Other covered bonds	Corporate bonds	Total
30 June 2022							
Held-for-trading (FVPL)	161,782	4,344	16,352	32,927	6,851	11,520	233,776
Managed at fair value (FVPL)	3,079	895	25,855	758	289	1,585	32,461
Held to collect and sell (FVOCI)	13,639	4,408	69,279	8,570	24,230	931	121,058
Held to collect (AMC)	52,340	8,336	82,686	7,701	888	-	151,951
Total	**230,840**	**17,983**	**194,172**	**49,956**	**32,258**	**14,036**	**539,246**
31 December 2021							
Held-for-trading (FVPL)	174,732	3,305	11,113	38,878	3,576	5,679	237,283
Managed at fair value (FVPL)	4,342	921	27,360	819	670	2,417	36,530
Held to collect and sell (FVOCI)	14,620	4,822	69,859	10,116	19,640	239	119,296
Held to collect (AMC)	50,051	5,307	82,903	6,694	1,766	-	146,721
Total	**243,744**	**14,356**	**191,236**	**56,507**	**25,652**	**8,335**	**539,830**

At 30 June 2022, the Group had an additional bond portfolio, including bond-based unit trust certificates, worth DKK 180,129 (31 December 2021: DKK 205,389 million) recognised as assets under insurance contracts and thus not included in the table above. The section on insurance risk in Annual Report 2021 provides more information. For bonds classified as hold-to-collect, fair value exceeded amortised cost as at 30 June 2022 and 31 December 2021, see note G12.

Notes – Danske Bank Group

Bond portfolio continued

Bond portfolio broken down by geographical area

(DKK millions)	Central and local govern-ment bonds	Quasi-government bonds	Danish mortgage bonds	Swedish covered bonds	Other covered bonds	Corporate bonds	Total
30 June 2022							
Denmark	62,908	-	194,172	-	-	2,202	259,283
Sweden	68,401	-	-	49,956	1	4,228	122,587
UK	5,361	255	-	-	2,553	570	8,738
Norway	9,695	-	-	-	28,560	4,012	42,268
USA	16,950	4,407	-	-	-	2	21,359
Spain	1,499	-	-	-	1	-	1,500
France	13,882	19	-	-	184	116	14,200
Luxembourg	-	5,920	-	-	-	99	6,018
Finland	10,229	3,476	-	-	544	1,234	15,483
Ireland	1,029	-	-	-	-	12	1,042
Italy	1,199	-	-	-	-	5	1,204
Portugal	31	-	-	-	-	-	31
Austria	2,699	-	-	-	14	63	2,776
Netherlands	5,285	6	-	-	19	783	6,094
Germany	31,212	-	-	-	121	554	31,887
Belgium	460	3,086	-	-	1	-	3,546
Other	-	814	-	-	261	156	1,231
Total	**230,840**	**17,983**	**194,172**	**49,956**	**32,258**	**14,036**	**539,246**
31 December 2021							
Denmark	79,233	-	191,236	-	-	2,498	272,967
Sweden	72,787	-	-	56,507	-	2,106	131,400
UK	4,300	-	-	-	2,128	274	6,701
Norway	5,249	-	-	-	21,612	1,737	28,599
USA	16,581	3,628	-	-	-	6	20,215
Spain	2,627	-	-	-	1	-	2,628
France	12,939	15	-	-	159	112	13,226
Luxembourg	-	5,982	-	-	-	66	6,048
Finland	6,684	1,908	-	-	766	760	10,119
Ireland	2,100	-	-	-	3	17	2,120
Italy	2,475	-	-	-	-	4	2,479
Portugal	46	-	-	-	-	-	46
Austria	4,674	-	-	-	-	57	4,731
Netherlands	5,526	6	-	-	27	489	6,047
Germany	27,564	-	-	-	687	38	28,289
Belgium	655	2,265	-	-	1	-	2,921
Other	304	551	-	-	268	168	1,291
Total	**243,744**	**14,356**	**191,236**	**56,507**	**25,652**	**8,335**	**539,830**

The Group has no exposure to government bonds issued by Russia or Ukraine at 30 June 2022.

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 June 2022							
AAA	190,188	15,504	193,657	49,942	31,851	1,224	482,365
AA+	7,721	2,260	-	-	61	2	10,045
AA	23,922	219	-	14	244	1,915	26,314
AA-	5,466	-	-	-	-	259	5,725
A+	803	-	-	-	-	175	978
A	1,213	-	511	-	102	4,526	6,353
A-		-	-	-	-	549	549
BBB+	286	-	-	-	-	1,650	1,936
BBB	215	-	4	-	-	2,774	2,993
BBB-	1,015	-	-	-	-	411	1,426
BB+	-	-	-	-	-	203	203
BB	-	-	-	-	-	268	268
BB-	-	-	-	-	-	11	11
Sub. "investment-grade" or unrated	11	-	-	-	-	70	81
Total	**230,840**	**17,983**	**194,172**	**49,956**	**32,258**	**14,036**	**539,246**
31 December 2021							
AAA	203,216	12,061	190,753	56,491	25,090	334	487,946
AA+	9,186	15	-	-	87	3	9,292
AA	19,022	2,279	-	16	3	1,718	23,038
AA-	4,731	-	-	-	-	87	4,818
A+	304	-	-	-	-	41	345
A	3,263	-	473	-	472	1,641	5,848
A-	-	-	-	-	-	956	956
BBB+	1,465	-	-	-	-	1,005	2,470
BBB	455	-	10	-	-	1,363	1,828
BBB-	2,065	-	-	-	-	415	2,481
BB+	-	-	-	-	-	324	324
BB	-	-	-	-	-	183	183
BB-	-	-	-	-	-	30	30
Sub. "investment-grade" or unrated	36	-	-	-	-	233	269
Total	**243,744**	**14,356**	**191,236**	**56,507**	**25,652**	**8,335**	**539,830**

*Comparative information has been restated as the amounts were exchanged in the annual report 2021.

Financial statements – Danske Bank A/S

The financial statements of the Parent Company, Danske Bank A/S, are prepared in accordance with the Danish Financial Business Act and the Danish FSA's Executive Order No. 281 of 26 March 2014 on Financial Reports for Credit Institutions and Investment Companies, etc. as amended by Executive Order No. 707 of 1 June 2016, Executive Order No. 1043 of 5 September 2017, Executive Order No. 1441 of 3 December 2018 and Executive Order No. 1593 of 9 November 2020. A description of policies for data ethics is available at https://danskebank.com/about-us/corporate-governance.

Note G2(a) provides further information on changes in accounting policies implemented as at 1 January 2022. Except for these changes, Danske Bank A/S has not changed its significant accounting policies from those applied in the Annual Report 2021.

The accounting policies applied are identical to the Group's IFRS accounting principles, see note G1, with the following exception:

- Domicile property (except right-of-use assets) is measured (revalued) at its estimated fair value through Other comprehensive income.

The estimated fair value of domicile property is determined in accordance with the Danish FSA's Executive Order on Financial Reports for Credit Institutions and Investment Companies, etc.

Holdings in subsidiaries are measured on the basis of the equity method. Net profit from these undertakings is recognised under Income from associates and group undertakings.

The format of the Parent Company's financial statements is not identical to the format of the consolidated financial statements in accordance with IFRS.

The table below shows the differences in net profit and shareholders' equity between the IFRS consolidated financial statements and the Parent Company's financial statements presented in accordance with Danish FSA rules.

(DKK millions)	Net profit 2022	Net profit 2021	Equity 30 June 2022	Equity 31 December 2021
Danske Bank Group based on IFRS	4,551	5,932	171,394	176,704
Domicile properties	-2	-6	199	200
Tax effect	1	1	-23	-23
Parent company statement based on Danish FSA rules	**4,550**	**5,926**	**171,570**	**176,881**

Income statement – Danske Bank A/S

Note	(DKK millions)	First half 2022	First half 2021
	Interest income	10,756	11,940
	Interest expense	3,095	4,908
	Net interest income	7,661	7,032
	Dividends from shares etc.	348	283
	Fee and commission income	6,931	7,033
	Fees and commissions paid	1,080	1,076
	Net interest and fee income	13,860	13,272
P1	Value adjustments	-504	1,383
	Other operating income	835	864
	Staff costs and administrative expenses	10,205	10,306
	Amortisation, depreciation and impairment charges	1,440	1,494
	Loan impairment charges etc.	343	463
	Income from associates and group undertakings	2,889	3,456
	Profit before tax	5,091	6,713
	Tax	542	787
	Net profit	**4,550**	**5,926**

Statement of comprehensive income – Danske Bank A/S

(DKK millions)	First half 2022	First half 2021
Net profit	4,550	5,926
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurement of defined benefit pension plans	-426	493
Tax*	-77	88
Items that will not be reclassified to profit or loss	**-349**	**405**
Items that are or may be reclassified subsequently to profit or loss		
Translation of units outside Denmark	-2,613	1,162
Hedging of units outside Denmark	1,424	-800
Unrealised value adjustments of bonds at fair value (OCI)	-1,323	-204
Realised value adjustments of bonds at fair value (OCI)	19	5
Tax*	-484	-37
Items that are or may be reclassified subsequently to profit or loss	**-2,009**	**200**
Total other comprehensive income	**-2,358**	**604**
Total comprehensive income	**2,192**	**6,531**
Portion attributable to		
Shareholders of Danske Bank A/S (the Parent Company)	2,106	6,299
Additional Tier 1 capital holders	86	231
Total comprehensive income	2,192	6,531

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

Balance sheet – Danske Bank A/S

Note	(DKK millions)	30 June 2022	31 December 2021	30 June 2021
	Assets			
	Cash in hand and demand deposits with central banks	171,012	248,835	264,511
	Due from credit institutions and central banks	152,812	109,816	105,743
P2	Loans and other amounts due at fair value	204,443	214,590	195,854
P2	Loans and other amounts due at amortised costs	918,720	855,956	822,951
	Bonds at fair value	356,395	359,178	474,593
	Bonds at amortised cost	102,749	101,672	99,142
	Shares etc.	7,276	12,631	17,292
	Holdings in associates	210	206	199
	Holdings in group undertakings	90,269	94,315	91,954
	Assets under pooled schemes	47,582	55,945	54,723
	Intangible assets	6,148	5,963	5,894
	Land and buildings	3,056	3,400	3,716
	Investment property	103	192	190
	Domicile property	2,954	3,208	3,526
	Other tangible assets	4,535	5,197	4,662
	Current tax assets	4,471	4,152	3,074
	Deferred tax assets	557	700	751
	Assets held for sale	97	92	96
	Other assets	452,101	289,666	291,463
	Prepayments	1,568	958	1,298
	Total assets	**2,524,000**	**2,363,271**	**2,437,914**
	Liabilities and equity			
	Amounts due			
	Due to credit institutions and central banks	172,458	191,259	235,152
	Deposits and other amounts due	1,218,489	1,204,160	1,266,386
	Deposits under pooled schemes	48,094	56,135	55,286
	Issued bonds at fair value	7,143	24,248	10,201
P3	Issued bonds at amortised cost	218,986	246,265	242,402
	Current tax liabilities	444	160	116
	Other liabilities	645,370	424,840	416,009
	Deferred income	658	577	552
	Total amounts due	**2,311,642**	**2,147,645**	**2,226,104**
	Provisions for liabilities			
	Provisions and pensions and similar obligations	165	177	150
	Provisions for deferred tax	306	104	2
	Provisions for losses on guarantees	3,992	2,542	2,915
	Other provisions for liabilities	459	451	498
	Total provisions for liabilities	**4,923**	**3,275**	**3,564**
	Subordinated debt			
	Subordinated debt	35,864	35,470	34,928
	Equity			
	Share capital	8,622	8,622	8,622
	Accumulated value adjustments	-3,056	-564	-524
	Equity method reserve	25,460	29,651	27,159
	Retained earnings	140,544	131,950	129,513
	Proposed dividends	-	1,724	-
	Shareholders of Danske Bank A/S (the Parent Company)	171,570	171,383	164,770
	Additional tier 1 capital holders	-	5,497	8,547
	Total equity	**171,570**	**176,881**	**173,318**
	Total liabilities and equity	**2,524,000**	**2,363,271**	**2,437,914**

Statement of capital – Danske Bank A/S

Change in equity

(DKK millions)	Share capital	Accumulated value adjust-ments*	Equity method reserve	Retained earnings	Proposed dividends	Total	Additional tier 1 capital	Total
Total equity as at 1 January 2022	8,622	-564	29,651	131,950	1,724	171,383	5,497	176,881
Net profit	-	-	-4,191	8,655	-	4,464	86	4,550
Other comprehensive income								
Remeasurement of defined benefit pension plans	-	-	-	-426	-	-426	-	-426
Translation of units outside Denmark	-	-2,613	-	-	-	-2,613	-	-2,613
Hedging of units outside Denmark	-	1,424	-	-	-	1,424	-	1,424
Unrealised value adjustments	-	-1,323	-	-	-	-1,323	-	-1,323
Realised value adjustments	-	19	-	-	-	19	-	19
Tax	-	-	-	561	-	561	-	561
Total other comprehensive income	-	-2,492	-	135	-	-2,358	-	-2,358
Total comprehensive income	-	-2,492	-4,191	8,790	-	2,106	86	2,192
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	-	-	-	-10,706	-	-10,706	-	-10,706
Sale of own shares and additional tier 1 capital	-	-	-	10,506	-	10,506	-	10,506
Tax	-	-	-	-15	-	-15	-	-15
Total equity as at 30 June 2022	8,622	-3,056	25,460	140,544	-	171,570	-	171,570
Total equity as at 1 January 2021	8,622	-686	27,522	123,146	1,724	160,328	8,507	168,836
Net profit	-	-	-363	6,058	-	5,695	231	5,926
Other comprehensive income								
Remeasurement of defined benefit pension plans	-	-	-	493	-	493	-	493
Translation of units outside Denmark	-	1,162	-	-	-	1,162	-	1,162
Hedging of units outside Denmark	-	-800	-	-	-	-800	-	-800
Unrealised value adjustments	-	-204	-	-	-	-204	-	-204
Realised value adjustments	-	5	-	-	-	5	-	5
Tax	-	-	-	-51	-	-51	-	-51
Total other comprehensive income	-	162	-	442	-	604	-	604
Total comprehensive income	-	162	-363	6,500	-	6,299	231	6,531
Transactions with owners								
Paid interest on additional tier 1 capital	-	-	-	-	-	-	-233	-233
Dividends paid	-	-	-	16	-1,724	-1,708	-	-1,708
Acquisition of own shares and additional tier 1 capital	-	-	-	-11,411	-	-11,411	-	-11,411
Sale of own shares and additional tier 1 capital	-	-	-	11,271	-	11,271	41	11,312
Tax	-	-	-	-10	-	-10	-	-10
Total equity as at 30 June 2021	8,622	-524	27,159	129,513	-	164,770	8,547	173,318

*Accumulated value adjustments includes foreign currency translation reserve, reserve for bonds at fair value through other comprehensive income (FVOCI) and valuation reserve.

Notes – Danske Bank A/S

P1. Value adjustments

(DKK millions)	30 June 2022	30 June 2021
Loans at fair value	547	-549
Bonds	-6,272	-954
Shares etc.	-432	2,413
Currency	908	1,000
Derivatives	-6,802	-3,342
Assets under pooled schemes	19	-17
Other liabilities	11,528	2,833
Total	**-504**	**1,383**

P2. Impairment charges for loans and guarantees

	Due to credit institutions and central banks			Loans and other amounts due at AMC			Loan commitments and guarantees			Total
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	
ECL allowance account as at 1 January 2021	7	3	2	778	4,528	10,678	537	1,514	1,043	19,092
Transferred to stage 1 during the period	-	-	-	1,030	-876	-153	310	-296	-14	-
Transferred to stage 2 during the period	-	-	-	-74	257	-183	-16	57	-41	-
Transferred to stage 3 during the period	-	-	-	-5	-537	542	-	-133	133	-
ECL on new assets	12	8	-	384	873	1,490	103	182	67	3,119
ECL on assets derecognised	-3	-3	-	-308	-1,018	-3,968	-134	-253	-233	-5,920
Impact of net remeasurement of ECL (incl. changes in models)	1	1	-	-388	819	913	-193	-155	26	1,026
Write offs debited to the allowance account	-	-	-	-	-	-	-	-	-	-
Foreign exchange adjustments	-	-	-	7	19	255	2	18	31	332
Other changes	-	-	-	-171	187	703	-20	1	19	719
ECL allowance account as at 31 December 2021	**17**	**10**	**2**	**1,254**	**4,251**	**10,276**	**589**	**936**	**1,033**	**18,367**
Transferred to stage 1 during the period	-	-	-	500	-487	-13	120	-118	-2	-
Transferred to stage 2 during the period	3	-3	-	-150	357	-207	-36	52	-17	-
Transferred to stage 3 during the period	-	1	-1	-3	-206	210	-1	-31	31	-
ECL on new assets	10	8	11	331	475	799	70	74	112	1,891
ECL on assets derecognised	-6	-7	-	-292	-570	-2,658	-77	-22	-289	-3,920
Impact of net remeasurement of ECL (incl. changes in models)	-	10	-1	-82	468	-216	8	95	1,502	1,785
Write offs debited to the allowance account	-	-	-	-	-	-2,595	-	-	-	-2,595
Foreign exchange adjustments	1	-	1	-9	-55	161	-3	-9	-15	73
Other changes	-5	4	1	-19	-5	32	-3	6	-	11
ECL allowance account as at 30 June 2022	**18**	**24**	**13**	**1,531**	**4,227**	**5,790**	**669**	**985**	**2,355**	**15,611**

P3. Issued bonds at amortised cost

Issued bonds at amortised cost includes non-preferred senior bonds of DKK 106,467 million of a total of DKK 218,986 million.

Notes – Danske Bank A/S

Ratios and key figures	First half 2022	Full year 2021	First half 2021
Total capital ratio (%)	24.3	26.5	26.7
Tier 1 capital ratio (%)	21.5	23.6	23.8
Return on equity before tax (%)	2.9	8.4	3.9
Return on equity after tax (%)	2.6	7.5	3.5
Income/cost ratio (%)	142.5	162.0	154.7
Interest rate risk (%)	-1.0	-0.4	0.8
Foreign exchange position (%)	3.0	1.8	3.2
Foreign exchange risk (%)	0.0	0.0	0.0
Loans plus impairment charges as % of deposits	89.6	86.2	78.3
Liquidity coverage ratio (90 days) (%)	144.0	141.0	149.6
Sum of large exposures as % of CET1 capital	105.6	107.2	97.9
Impairment ratio (%)	-0.1	0.0	0.1
Growth in loans (%)	6.4	1.3	-2.3
Loans as % of equity	6.5	6.1	5.9
Return on assets (%)	0.2	0.5	0.2
Earnings per share1	5.3	14.6	6.7
Book value per share (DKK)	201.4	206.2	203.1
Proposed dividend per share (DKK)	-	2.0	-
Share price end of period/earnings per share (DKK)[1]	18.8	7.7	16.5
Share price end of period/book value per share (DKK)	0.50	0.55	0.54

[1] After the deduction of interest on equity accounted additional tier 1 capital.

Statement by the management

The Board of Directors and the Executive Leadership Team (the management) have considered and approved Interim report – first half 2022 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 and the Parent Company's interim financial statements have been prepared in accordance with the Danish Financial Business Act. 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 and the Parent Company's assets, liabilities, total equity and financial position at 30 June 2022 and of the results of the Group's and the Parent Company's operations and the consolidated cash flows for the period starting on 1 January 2022 and ending on 30 June 2022. Moreover, in our opinion, the management's report includes a fair review of developments in the Group's and the Parent Company's operations and financial position and describes the significant risks and uncertainty factors that may affect the Group and the Parent Company.

Copenhagen, 22 July 2022

Executive Leadership Team

Carsten Egeriis
CEO

Magnus Agustsson

Berit Behring

Christian Bornfeld

Karsten Breum

Stephan Engels

Johanna Norberg

Frans Woelders

Board of Directors

Martin Blessing
Chairman

Jan Thorsgaard Nielsen
Vice Chairman

Lars-Erik Brenøe

Jacob Dahl

Raija-Leena Hankonen-Nybom

Bente Avnung Landsnes

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

Independent auditors' review report

To the shareholders of Danske Bank A/S

Independent auditors' review report on the consolidated and parent interim financial statements
We have reviewed the consolidated and parent interim financial statements of Danske Bank A/S for the financial period 1 January to 30 June 2022, pp. 35-82 which comprise the income statement, statement of comprehensive income, balance sheet, statement of capital and notes, for the Group and Parent Company, respectively, as well as the consolidated cash flow statement.

Management's responsibility for the consolidated and parent interim financial statements
Management is responsible for the preparation of the consolidated interim financial statements in accordance with IAS 34 Interim Financial Reporting as adopted by the EU and Danish disclosure requirements for listed financial companies and for the preparation of the Parent Company's interim financial statements in accordance with the Danish Financial Business Act and Danish disclosure requirements for listed financial companies, and for such internal control as Management determines is necessary to enable the preparation of the consolidated and parent interim financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility
Our responsibility is to express a conclusion on the consolidated and parent interim financial statements. We conducted our review in accordance with the International Standard on Engagements to Review Interim Financial Information Performed by the Independent Auditor of the Entity and additional requirements under Danish audit regulation. This requires that we express a conclusion about whether anything has come to our attention that causes us to believe that the consolidated and parent interim financial statements, taken as a whole, have not been prepared, in all material respects, in accordance with the applicable financial reporting framework. This also requires us to comply with relevant ethical requirements.

A review of financial statements in accordance with the International Standard on Engagements to Review Interim Financial Information Performed by the Independent Auditor of the Entity is a limited assurance engagement. The auditor performs procedures primarily consisting of inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

A review is substantially less in scope than an audit performed in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on the consolidated and parent interim financial statements.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the consolidated interim financial statements for the financial period 1 January to 30 June 2022 have not been prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting as adopted by the EU and Danish disclosure requirements for listed financial companies, and that the Parent Company's Interim Financial Statements have not been prepared, in all material respects, in accordance with the Danish Financial Business Act and Danish disclosure requirements for listed financial entities.

Emphasis of matter
We draw attention to note G10 to the consolidated interim financial statements that includes a description of the contingent liability regarding the uncertainty as to the outcome of the investigations by the authorities in Estonia, Denmark, France and the USA into the terminated non-resident portfolio at Danske Bank's Estonian Branch.

We agree to the accounting treatment of this matter in the consolidated interim financial statements, and accordingly our conclusion is not modified.

Copenhagen, 22 July 2022

Deloitte
Statsautoriseret Revisionspartnerselskab
Business Registration No. 33 96 35 56

Kasper Bruhn Udam
State-Authorised
Public Accountant
Identification No
(MNE) mne29421

Jakob Lindberg
State-Authorised
Public Accountant
Identification No
(MNE) mne40824

Supplementary information

Financial calendar

28 October 2022	Interim report – first nine months 2022
2 February 2023	Annual Report 2022
16 March 2023	Annual general meeting
28 April 2023	Interim report – first quarter 2023
21 July 2023	Interim report – first half 2023
27 October 2023	Interim report – first nine months 2023

Contacts

Claus Ingar Jensen Head of Investor Relations	+45 45 12 84 83

Links

Danske Bank	danskebank.com
Denmark	danskebank.dk
Finland	danskebank.fi
Sweden	danskebank.se
Norway	danskebank.no
Northern Ireland	danskebank.co.uk
Ireland	danskebank.ie
Realkredit Danmark	rd.dk
Danske Capital	danskecapital.com
Danica Pension	danicapension.dk

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