Annual Report 2023

Danske Bank Group

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Annual Report 2023 consists – in accordance with the requirements of the ESEF Regulation – of a zip file danskebank-2023-12-31-en.zip that includes an XHTML file. The XHTML file is the official version of Annual Report 2023. This PDF version of Annual Report 2023 is a copy of the XHTML file. In case of discrepancies, the XHTML file prevails.

Letter to our stakeholders

We live in a time of global change and turbulence. In short succession, we have experienced a global pandemic, a breakdown in global supply chains, the Russian invasion of Ukraine, an energy crisis, accelerating inflation, a cost-of-living crisis and, most recently, regional conflict in the Middle East. All of these have combined to make the world and the economic outlook much more uncertain.

At Danske Bank, our focus has been on helping our customers navigate these challenges and the uncertainty, and we have engaged with them closely to help them prepare financially for more uncertainty ahead.

As a bank that serves more than three million customers across the Nordic countries – from the young family seeking to buy their first home to the large corporate customer planning to expand to new markets – we have the insight and expertise to offer a quality of advice and service that is of high value to our customers, not least in uncertain times.

Over the past year, geopolitical risks and how to address these risks have been a recurring topic in our discussions with corporate customers, and we have engaged with personal customers and business customers alike to discuss the impact of higher interest rates and higher inflation.

Despite the challenging macroeconomic and geopolitical environment, 2023 has been a year of significant strategic progress at Danske Bank. With our legacy cases mostly behind us, we are now back in a position where we can focus entirely on the needs of our customers and on driving our strategic development.

In recent years, we have made fundamental changes to the bank, which have resulted in a more focused business with a lower risk level and a stronger organisation. Simultaneously, we have strengthened our commercial momentum, and with the closing of the books on the financial year 2023, we conclude that, thanks to the relentless and extraordinary efforts of our colleagues, we have exceeded the financial targets we set out to meet by the end of 2023. Equally important, we see rising customer satisfaction, stronger investor confidence and strong employee engagement, and we continue to have a positive impact on society.

Today, Danske Bank is a focused Nordic bank with a strong market presence in Denmark, Sweden, Finland, and Norway. With our new strategy, Forward '28, which we announced in June, we are changing gears with substantially increased strategic and financial ambitions. Forward '28 defines a clear strategic focus for the bank and sets clear targets for profitability and growth. As part of the strategy, we have decided to increase investments in our digital platforms, advisory services and sustainability, which we see as key areas where we have the greatest potential to make a real difference for our customers. Equally, we commit to a disciplined approach to capital allocation, return and cost. This means that with Forward ´28, we see a strong potential for capital generation and the ability to distribute capital consistently. In line with this commitment, we are therefore pleased that, on the basis of our 2023 financial results, we can propose a dividend payout as well as initiate a share buy-back programme. Delivering value for our shareholders is a key priority for us, and we can only do so by delivering value to our customers, employees and the societies we are part of.

Amid the current geopolitical and macroeconomic uncertainty, climate change and the green transition remain the biggest challenges and the greatest opportunities for our customers and for us. As the UN Secretary General phrased it, the summer of 2023 became the point at which we went from global warming to global boiling, and it is now universally accepted and understood that climate change and the current fossil fuel-based economy is a risk to societies, economies and our current way of life globally.

A year ago, we published our Climate Action Plan with a mapping of the entire carbon footprint of our and our customers' activities and with long-term and intermediate targets for how we want to reduce this footprint in close cooperation with our customers. In doing so, we support the transition of our customers, build a more robust and resilient bank and contribute to advancing the transition to a more sustainable society, all of which are at the core of our Purpose: To release the potential in people and businesses by using the power of finance to create sustainable progress today and for generations to come.

As we look ahead in 2024, there is now hope that inflation may have peaked, that interest rates will trend lower and that the global economy will experience a soft landing. However, uncertainty remains, and at a time when one crisis is followed by another, it is crucial to see crises and uncertainty not as exceptions but as an integral part of how we live and do business.

At Danske Bank, we remain committed to supporting our customers and to enabling them to make sustainable progress in these uncertain times while we continue to execute our ambitious strategic agenda and unfold the full potential of Danske Bank.

Martin Blessing
Chairman of the
Board of Directors

Carsten Egeriis
Chief Executive Officer

Danske Bank at a glance

Net profit in 2023 of

DKK 21,262

million

Dividend

59%

of net profit for 2023

Core banking income

up 20%

Strong credit quality – loan impairments in 2023 of

DKK 262

million

Strong capital and liquidity position

Total capital ratio of 18.8%

LCR of 170%

Forward '28 strategy

launched with ambitious 2026 financial targets

Our 2023 financial targets	Financial year 2023
Return on shareholders' equity of 8.5-9%	12.7%
Cost/income ratio in the mid-50s	48.5%
Common equity tier 1 capital ratio of 16%	18.8%

As part of the strategy, we have decided to increase our investments in our digital platforms as well as advisory services and sustainability, which we see as key areas where we have the greatest potential to make a real difference for our customers.

2023 sustainability finance performance

(DKK billions)

Financial highlights – Danske Bank Group

Income statement (DKK millions)	2023	2022*	Index 23/22	2021	2020	2019
Net interest income	35,000	25,108	139	21,900	22,151	22,104
Net fee income	11,707	12,590	93	13,524	12,217	12,636
Net trading income	3,704	1,875	198	4,260	4,297	4,350
Net income from insurance business	1,472	280	-	2,184	1,669	2,385
Other income	562	1,936	29	797	594	1,059
Total income	52,445	41,789	125	42,665	40,928	42,534
Operating expenses	25,414	26,478	96	25,663	27,027	25,900
of which resolution fund, bank tax etc.	989	962	103	687	606	-
of which impairment charges, other intangible assets	-	24	-	36	379	355
Provision for Estonia matter	-	13,800	-	-	-	-
Impairment charges on goodwill	-	1,627	-	-	-	803
Profit before loan impairment charges	27,031	-116	-	17,002	13,901	15,831
Loan impairment charges	262	1,568	17	348	7,001	1,516
Profit before tax, core	26,769	-1,684	-	16,654	6,900	14,315
Profit before tax, Non-core	-87	-13	-	-2	-596	-493
Profit before tax	26,682	-1,697	-	16,652	6,304	13,822
Tax	5,420	2,883	188	3,651	1,715	-1,249
Net profit	**21,262**	**-4,580**	**-**	**13,001**	**4,589**	**15,072**
Net profit before goodwill imp. chg. and provision for Estonia matter	21,262	10,848	196	13,001	4,589	15,875
Attributable to additional tier 1 etc.	-	86	-	451	551	786
Balance sheet (end of year)						
Due from credit institutions and central banks	271,434	191,828	141	320,035	345,938	174,377
Repo loans	272,841	247,752	110	253,954	257,883	346,708
Loans	1,779,024	1,803,955	99	1,834,372	1,838,126	1,821,309
Trading portfolio assets	548,189	638,799	86	509,425	682,945	495,313
Investment securities	283,596	287,078	99	280,590	296,769	284,873
Assets under insurance contracts	496,031	502,995	98	646,613	545,708	494,992
Other assets (including Non-core)	119,865	118,149	101	136,094	141,862	143,477
Total assets	**3,770,981**	**3,790,556**	**99**	**3,981,082**	**4,109,231**	**3,761,050**
Due to credit institutions and central banks	70,774	91,159	78	101,786	125,267	98,828
Repo deposits	197,140	137,920	143	193,391	223,973	232,271
Deposits	1,137,061	1,169,879	97	1,167,638	1,193,173	962,865
Bonds issued by Realkredit Danmark	741,062	711,773	104	815,087	775,844	795,721
Other issued bonds	341,022	298,068	114	355,757	360,127	350,190
Trading portfolio liabilities	454,487	554,321	82	374,958	499,331	452,190
Liabilities under insurance contracts	482,630	488,891	99	614,107	591,930	535,891
Other liabilities (including Non-core)	132,293	139,918	95	143,040	138,571	130,853
Subordinated debt	38,774	38,350	101	39,321	32,337	31,733
Additional tier 1 capital holders	-	-	-	5,497	8,508	14,237
Shareholders' equity	175,739	160,278	110	170,500	160,171	156,271
Total liabilities and equity	**3,770,981**	**3,790,556**	**99**	**3,981,082**	**4,109,231**	**3,761,050**
Ratios and key figures						
Dividend per share (DKK)**	14.5	-		2.0	2.0	-
Earnings per share (DKK)	24.8	-5.4		14.6	4.7	16.7
Return on avg. shareholders' equity (%)	12.7	-2.8		7.6	2.6	9.6
Adj. return on avg. shareholders' equity (%)***	12.7	6.5		7.6	2.6	10.1
Net interest income as % p.a. of loans and deposits	1.21	0.83		0.73	0.76	0.81
Cost/income ratio (C/I) (%)	48.5	100.3		60.2	66.0	62.8
Adj. cost/income ratio (C/I) (%)***	48.5	63.4		60.2	66.0	60.9
Total capital ratio (%)	23.1	22.1		22.4	23.0	22.7
Common equity tier 1 capital ratio (%)	18.8	17.8		17.7	18.3	17.3
Share price (end of period) (DKK)	180.4	137.3		113.0	100.7	107.8
Book value per share (DKK)	204.4	186.7		198.5	187.6	183.1
Full-time-equivalent staff (end of period)	20,021	21,022	95	21,754	22,376	22,006

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 62.
**Comparative information for financial highlights has been restated as explained in note G3.*
*** Dividend for 2023 of a total of DKK 14.5 per share consists of a proposed dividend of DKK 7.5 per share for the second half of 2023 and an interim dividend of DKK 7.0 per share that was paid in connection with the interim report for the first half of 2023.*
****Adjusted return on average shareholders' equity and Adjusted cost/income ratio exclude the effect of the provision for Estonia matter and the impairment charges on goodwill. See Definition of Alternative Performance Measures for more detail.*

Executive summary

As we have now closed 2023, we can look back at a year that in many ways presented a challenging and unpredictable environment for all to navigate in. For Danske Bank, it was a very busy year as we supported our customers in navigating the complex environment, yet also a successful year as we executed on our strategic priorities and delivered satisfying financial results. With our legacy cases mostly behind us, we are now back in a position where we can focus entirely on the needs of our customers and on driving our strategic development. Our financial results in 2023 provide a platform for us to continue to be a valuable partner for our customers, help finance the green transition, invest in developing our solutions and improve the return to shareholders – to the benefit of all our stakeholders.

In terms of strategy execution, the Better Bank strategy launched in 2019 and the fundamental changes we have implemented in recent years have yielded results. We have settled the Estonia matter and have come far with the remediation of our other legacy cases. Moreover, we have resumed dividend payouts, starting with the payout of an accelerated interim dividend of DKK 7.0 per share in connection with the interim report for the first half of 2023 and a proposed dividend of DKK 7.5 per share for the second half of 2023; in total amounting to DKK 14.5 per share, or 59% of net profit for 2023. We have also announced our clear ambition to make further capital distributions in the period until 2026 as part of our Forward '28 strategy. On the basis of the financial results for 2023, the Board of Directors has decided to initiate a share buy-back programme of DKK 5.5 billion, equivalent to a total payout ratio of 85% including the dividend for 2023. The programme, which has been approved by the Danish Financial Supervisory Authority, will start on 5 February 2024.

At our Investor Day in June 2023, as a natural progression of our Better Bank strategy, we announced our Forward '28 strategy. This included a financial target of a ROE of 13% in 2026 with a CET1 ratio above 16%. With this strategy, we have set clear ambitions to continue our efforts to strengthen our position as a leading bank in the Nordic region in a digital age, with a sharpened focus on prioritised customer segments. To support this, we will make significant investments in customer offerings, increasing investments in our core capabilities within digital platforms, expert advisory services and sustainability. To this end, we have entered into a strategic partnership with Infosys to accelerate our digital and technology transformation as set out in Forward '28. Additionally, in December 2023, the Norwegian Competition Authority approved the sale of our personal customer business in Norway to Nordea.

Looking back at 2023, good commercial momentum in our business, the normalised interest rate environment and better-than-expected macroeconomic conditions leading to low loan impairments enabled Danske Bank to deliver a satisfying financial performance in 2023. Our customers faced uncertainty throughout the year, but our well-capitalised balance sheet enabled us to be a strong financial partner for our stakeholders. We continued to support our customers with risk management expertise and advisory services, and we continued to offer attractive digital savings and deposits products that enabled customers to take advantage of the new interest rate environment.

Consequently, we achieved a satisfactory financial result in 2023, with a return on equity of 12.7% and a net profit of DKK 21.3 billion.

In the fourth quarter of 2023, our financial result was impacted by better net interest income when excluding the effect of a DKK 0.3 billion non-recurring item in the third quarter. Also, fee income increased, driven primarily by a strong performance in Danske Bank Asset Management. In addition, in the fourth quarter, insurance income improved and came in closer to a normalised level. For the full year, we delivered a cost/income ratio of 48.5%, with total expenses of DKK 25.4 billion, which is in line with our guidance through the year. Asset quality remained strong with only negligible impairments in the fourth quarter. Full-year loan impairment charges thus amounted to DKK 0.3 billion as communicated in our Company Announcement dated 8 December 2023.

Compliance

Protecting society, customers, and the integrity of the financial markets in which we operate remains central to our values and our objective of maintaining a sound corporate culture. In terms of strengthening the robustness of our compliance and financial crime frameworks and getting compliance under control as set out in the Better Bank strategy, we have now completed our Financial Crime Plan. We view this as a significant achievement. We will continue testing our controls to ensure that what we have implemented is fully embedded and operating effectively. Should the outcome of the testing require further improvements, those will be addressed as part of normal procedure.

Sustainability

2023 was the final year of the Group Sustainability strategy that we launched in 2020 to support our ambition to be a leading bank for sustainable finance in the Nordic countries. A key objective of the strategy was to increase funding to and investments in the sustainability transition, and over the three years of the strategy, we have lifted sustainable financing to DKK 365 billion (2022: DKK 273 billion) and succeeded in investing DKK 53 billion (2022: DKK 52 billion) in funds with sustainability objectives. In 2023, we also launched a new ambitious Climate Action Plan that maps Danske Bank's total carbon emissions from all of our activities and helps to ensure that we and our customers reduce carbon emissions in line with the goals of the Paris Agreement. Under Forward '28, sustainability is also among our four key focus areas, and the new strategy sets out our overall ambition to be a leading Nordic bank in supporting the sustainability transition of households, businesses, and the Nordic societies in general.

To fulfil this ambition, we will continue to develop sustainability-related commercial offerings and to manage sustainability-related risks to our business.

Capital and funding

Danske Bank's underlying business is strong, our treasury asset and liability management is prudent, and our capital and liquidity positions continue to be strong with significant buffers well above the regulatory requirements. At the end of December 2023, our CET1 capital ratio stood at 18.8%, leaving a buffer of around 450 bps to the regulatory requirement, our liquidity coverage ratio stood at 170% (31 December 2022: 151%), with an LCR reserve of DKK 615 billion (31 December 2022: DKK 570 billion), and our net stable funding ratio stood at 125.9%. MREL-eligible subordinated liabilities stood at DKK 239 billion.

Capital distribution

On the basis of our satisfactory performance in 2023 and strong capital position, the Board of Directors is proposing a dividend for the second half of 2023 of DKK 7.5 per share. This is in addition to the interim dividend of DKK 7.0 per share paid for the first half of 2023. In total, the dividend for 2023 will thus amount to DKK 14.5 per share, or 59% of net profit for 2023.

On the basis of the financial results for 2023, the Board of Directors has decided to initiate a share buy-back programme of DKK 5.5 billion, equivalent to a total payout ratio of 85% including the dividend for 2023. The programme, which has been approved by the Danish Financial Supervisory Authority, will start on 5 February 2024.

Financials

Danske Bank delivered a net profit of DKK 21,262 million in 2023, against a net loss of DKK 4,580 million in 2022. The result for 2022 was affected by the provision for the Estonia matter of DKK 13,800 million and the goodwill impairment charge of DKK 1,627 million.

Our core business saw good commercial momentum, with the new interest rate environment and better-than-expected macroeconomic conditions enabling us to improve profitability.

Net interest income showed a strong development driven by higher income from deposits following repricing actions and market rate developments as well as product development. A net one-off interest compensation of DKK 222 million related to a tax paid in previous years also contributed to the increase.

Net fee income was lower than in 2022. Net fee income did, however, increase in the second half of the year because of increased capital markets activity, stable investment activity and improving, though still low, housing market activity towards the end of the year, combined with customers switching from mortgage loans to bank loans.

Net trading income rose, with the increase driven by customer flows supported by the fixed income strategy implemented at Large Corporates & Institutions towards the end of 2022. The gain of DKK 327 million on the sale of shares taken over in connection with a loan in 2023 benefited net trading income. Net trading income was negatively impacted by the reclassification through profit and loss of the loss of DKK 786 million on a CET1 FX hedge following the announcement of the sale of our personal customer business in Norway. The reclassification had a positive effect on Other comprehensive income but did not affect shareholders' equity.

Net income from insurance business recovered, especially towards the end of the year. The increase was due primarily to more positive developments in the financial markets, although the effect was partly offset by an increase in health and accident claims. Net income for 2023 includes a provision of DKK 250 million for possible compensation to customers.

Underlying expenses continued to progress according to full-year plan and decreased 4% from the level in 2022. The number of FTEs continued to decrease and stood at 20,021 at the end of the year (end-2022: 21,022) due mainly to staff in Danske IT India being transferred to Infosys in September 2023.

Impairments reflect successful restructuring activities, mainly in the oil, gas and offshore sector and continued post-pandemic recoveries, contributing to overall stable credit quality. Loan impairment charges in core business segments were low in 2023. The macroeconomic situation, mainly lower property prices and higher interest rates, continued to impact impairments, and the macroeconomic landscape remains uncertain. We thus continue to apply significant post-model adjustments related to the macroeconomic uncertainty and remain watchful of any possible credit deterioration.

Outlook for 2024

Total income is expected to grow in 2024, driven by higher core income, our continued efforts to drive commercial momentum and in line with our financial targets for 2026. Income from trading and insurance activities will be subject to financial market conditions.

We expect operating expenses in 2024 to be in the range of 26–26.5 billion, reflecting increased investments in line with our financial targets for 2026 and continued focus on cost management. The outlook includes non-recurring items of approximately DKK 0.6 billion related to the relocation to the new domicile and minor costs for the divestment of the personal customer business in Norway.

Loan impairment charges are subject to an elevated level of geopolitical and macroeconomic uncertainty and are expected to reflect our assumptions in our financial targets for 2026 of approximately 8 basis points p.a.

We expect net profit to be in the range of DKK 20-22 billion.

Strategy execution

Better Bank

We have reached the end of the Better Bank strategy cycle; a journey that has helped us improve Danske Bank since 2019 to the benefit of all stakeholders and a period during which we fortified a robust compliance culture, including the applicable processes, and successfully delivered on the four strategic ambitions that we undertook to accomplish by 2023.

In terms of customer satisfaction, our ambition was to be on average in the top two. Even though our brand perception is still affected by our legacy cases and by the communicated divestment of our personal customer business in Norway, customer satisfaction scores for personal customers trended positively in Denmark and Finland and remained at a stable level in Sweden. Customer satisfaction remained high among our business and large corporate customers.

Furthermore, we have tracked and benchmarked our improvement in terms of caring about and developing our employees by comparing Satisfaction & Motivation scores with the scores at other financial institutions in the Nordic countries. Our score has improved from 71 points to 75 at the end of 2023. This reflects an improvement from the bottom quartile to the best half of financial institutions in the Nordic countries.

We set the ambition to operate sustainably, ethically and transparently in order to have a positive impact on the societies we are part of. In the strategy's core focus area of sustainable finance, we have made strong progress and have met both of our 2023 targets. Furthermore, we have also achieved progress in all five of the strategy's other focus areas, although results in a few of these areas fell slightly short of meeting the targets that had been set.

A specific focus of the Better Bank strategy was to establish the Group's Compliance Under Control (CUC) programme in 2019 to strengthen compliance and financial crime risk management frameworks, processes and systems across four key areas, Trade & Communications Surveillance, Sanctions Compliance, Transaction Monitoring, and Conduct.

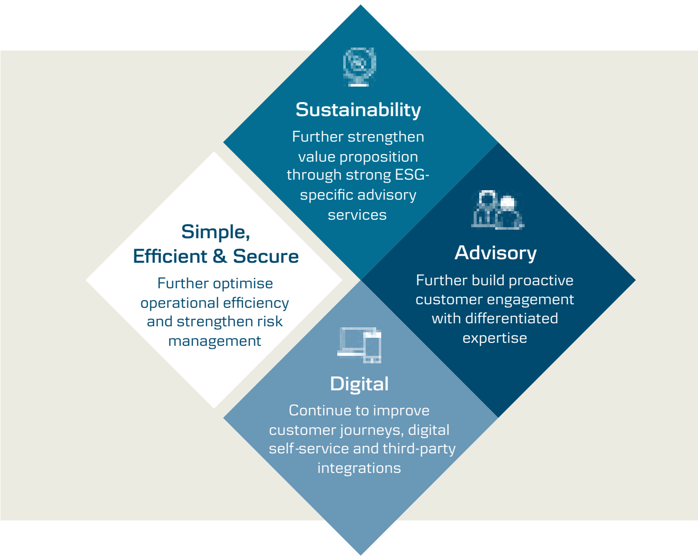
The CUC programme is now ready to close and transition to business as usual following significant enhancements to the Group's trade and communications surveillance systems and processes (including closure of all six related DFSA orders), recognition of the Group's financial sanctions identification and management capabilities in the Nordic region, increased automation and coverage of transaction monitoring, and establishment and embedding of both the Conduct Risk and Code of Conduct frameworks across the Group.

In terms of further strengthening our financial crime controls, we completed our multi-year Financial Crime Plan on target and in doing so implemented an adequately designed control framework that meets applicable regulatory requirements and manages our risks. We see this as a significant achievement. Ensuring that our framework is sustainable and demonstrates the ability to evolve over time is a key ongoing priority for us, and we will continue to focus on embedding and testing what we have implemented. We also intend to enhance our controls to make them more customer-centric while maintaining risk management effectiveness and introducing greater automation to reduce operational risk and increase cost effectiveness.

Throughout 2023, the commercial momentum was positive across our core banking activities. Despite the volatile macroeconomic environment in the Nordic economies, we progressed towards meeting our ambitions for shareholders in 2023. The return on equity exceeded our ambition of 8.5-9% set in 2021, reaching 12.7% at the end of 2023. The cost/income ratio stood at 48.5% (exceeding our ambition of low 50s) at 31 December 2023, and the cost/income trajectory is also supported by our ongoing efforts to further simplify our business and processes.

Forward '28

In 2023, we spent considerable time on formulating our new Forward '28 strategy that we announced in June 2023. Formulating the strategy included lessons learned from the Better Bank strategy cycle, building on successes and addressing areas in which we did not fully achieve the ambitious targets we had set.



Today, Danske Bank is a focused Nordic bank with a strong market presence in Denmark, Sweden, Finland and Norway. With our new strategy, we set clear ambitions for continuing the efforts to strengthen our position as a leading bank in the Nordic region and make significant investments in customer offerings. For business and institutional customers, we want to be a leading bank in Denmark, Sweden, Finland and Norway. For personal and private banking customers, we sharpen the focus in each market and continue our strategic development to strengthen relations with existing customers and attract new ones.

For Northern Ireland, our focus is on remaining a stable, strong and risk-astute bank, consolidating our market-leading position alongside pursuing simplicity and efficiency in our operations – all of which is underpinned by ensuring high levels of employee engagement. We remain committed to Northern Bank, which continually achieves strong income and profitability levels, and have ensured that our strategy in Northern Ireland is aligned with our Forward '28 strategy.

To support the execution of the strategy, we are significantly increasing annual investments in our core capabilities within digital platforms, expert advisory services and sustainability from DKK 3 billion to DKK 4 billion. Combined with the reprioritisation of other investments, this means that we more than double investments in our strategic development.

Danske Bank has benefited from near- and offshoring for many years. To build on this, we entered into a strategic partnership with Infosys with the aim of enabling us to further scale our IT capabilities, thus future proofing our global setup for executing on our Forward '28 strategy and providing us with the potential to accelerate our efforts.

Since 1 September 2023, around 1,400 employees of Danske IT in India have transferred to Infosys. The main benefits include

- continued acceleration of our transformation by actively supporting the execution of the digital agenda in the Forward '28 strategy via Infosys's best practices, tooling and capacity
- improved access to talent and capabilities through Infosys's global capacity pool
- access to Infosys's expertise and tooling
- productivity gains achieved by Infosys offering staff augmentation services to support our deliveries at lower total costs
- improvement of customer service standards by streamlining lead times, accelerating time-to-market and delivering quality solutions through access to global best practice

Furthermore, with Infosys's commitment to our strategic upscaling secured, we will be accelerating the digital and technological transformation and delivering on our strategic priorities. And we will be able to offer our customers better solutions and a better experience at a faster pace.

As part of a focused Personal Customers business strategy, Danske Bank has entered into an agreement to sell its personal customer business in Norway to Nordea. The sale of the personal customer business includes the management of 15 Danske Invest Horisont funds, which are primarily distributed to personal customers in Norway. While preparations for the transfer of the customers have commenced, the transaction is subject to regulatory approvals. Pending these approvals, the transaction is expected to close in the fourth quarter of 2024.

Our vision is to be an organisation that offers everyone working at Danske Bank a satisfactory and motivating experience beyond what they can experience in comparable organisations. Therefore, in the coming years, we will continue to prioritise initiatives that support high levels of satisfaction among our dedicated colleagues while also fuelling the execution of Forward ´28. Key priorities include stimulating job content, attractive day-to-day working conditions and engaging leadership.

During 2023, we took several important steps to advance our sustainability agenda, including the launch of our Climate Action Plan and the inclusion of sustainability as one of the strategic themes in our Forward '28 strategy. On the business side, we now have a number one position in sustainable bonds and sustainability-linked loans, and our commercial momentum recently benefited, for instance, from campaigns for homeowners to get financing for energy efficiency improvements and recognition by the Danish Consumer Council for one of the market's best loans for electric cars.

Personal Customers

During 2023, we remained committed to our ambition to stabilise our position as the leading full-service retail and private banking bank in Denmark, where we see budding positive signs in regard to performance. We focused on concluding the work related to our 'Better Bank' strategy by executing on tactical initiatives within home finance, investments and our advisory service model, while simultaneously preparing for our future engagement model that offers a personalised banking experience as part of the Forward '28 strategy.

Especially in a time of considerable financial uncertainty, the value of specialist advice can be gauged from customer satisfaction with meetings. Satisfaction was high, scoring 9 out of 10 across our markets. The score shows that our customers are very satisfied with the interaction they have directly with us. For Denmark specifically, our customers scored us 4.5 out of 5 on Trustpilot, which positions us strongly among our key competitors. Overall, customer satisfaction among personal customers remained stable across markets. In Denmark, Danske Bank held a shared fourth place at the end of 2023 among the five largest banks according to our sector competitor benchmark survey. Even though this means that we did not meet our Better Bank ambition of a top-two ranking by 2023 and still want to improve, we are pleased with the momentum we have gained, considering that our brand perception continues to be impacted by our legacy cases.

In Finland, Danske Bank was ranked third, and in Sweden and Norway, Danske Bank retained its position as number six. For private banking customers, Danske Bank was ranked third in Sweden and Finland, fifth in Denmark and sixth in Norway.

In accordance with our strategy, momentum in 2024 will be driven by focusing on three growth and profitability levers: making relations more efficient, broadening existing relations with customers, and developing new relations. We will continue to strengthen and scale our private banking capabilities and offerings, invest further in our digital solutions, and start initiatives across markets to strengthen our marketing, commercial, partnership and advisory capabilities.

Business Customers

In 2023, we focused on finalising the work on the Better Bank strategy and at the same time fine-tuned and harmonised our service model for business customers across the Nordic countries.

In Asset Finance, we saw good commercial momentum driven partially by the strengthened product offerings within green transitioning.

At the beginning of 2023, we implemented a new operating model for commercial real estate customers. These customers are now gathered in one Nordic unit with specialised advisory services tailored to each customer's needs. The outcome of the new operating model has been well received.

Customer satisfaction remained high among our business customers. For medium-sized businesses, we were ranked number one on customer satisfaction in Finland and number two in Norway. In Denmark, we continued to see a positive trend for medium-sized businesses but ended the year in third place. In Sweden, we retained our ranking as number four. For smaller-sized businesses, we improved to a shared number one ranking in Sweden, remained in the top two in Denmark and Norway, and continued to be ranked number three in Finland. To achieve a better customer experience and faster lead time for customer inquiries related to our everyday banking services, we have harmonised the customer support setup across the Nordic countries. Customers are highly satisfied with our support, scoring it at 8.4 on a scale from 1 to 9.

Our strategy builds on a strong commercial momentum and will steer us in the coming five years. To reach the overall objective, we will focus on three areas: win prioritised segments, scale our digital engagement model, strengthen and leverage our One Corporate Bank platform and, lastly, differentiate ourselves through leading advisory and ESG capabilities. Going into 2024, we are planning several digital releases to support both small and large business customers in managing their finances frictionlessly. We will also continue to invest in ESG, focusing on product development and upskilling of advisers to strengthen the help we can offer businesses to achieve their sustainability ambitions.

Large Corporates & Institutions

Throughout 2023, we progressed the development and strengthening of our position as a leading Nordic wholesale bank while reaching our ambitions of contributing positively to the Group's return on equity target and increasing our income by above DKK 500 million. The Better Bank strategy has served us well and provides a solid foundation for the execution of our Forward '28 strategy.

Our ambition to meet the Group's sustainability targets through excelling in sustainable finance and responsible investments is developing strongly.

We remain the leading Nordic adviser and bookrunner for sustainable bonds and have ranked for four consecutive years (2020-2023) as the largest Nordic arranger of green bonds. We are among the ten largest arrangers in Bloomberg's Global Green Bonds league table, and we have arranged more European issuer green bonds than any other arranger. A new dedicated team in Loan Capital Markets will accelerate our efforts within project and renewable energy finance and will support our customers and society in the green transition.

Good traction on sustainable product development in Asset Management resulted in the delivery of several key products to our customers throughout 2023, such as our sustainability-focused illiquid alternative product 'Danske Invest Alternatives – Global Future' and a new Nordic equity fund.

We continue to see overall strong customer satisfaction as measured in the independent Nordic Prospera research by Kantar. In particular, customer satisfaction with our product offering remained high, with a Nordic number one Prospera position in Interest Rate Swaps and DCM Investment Grade Issuance as well as top two Prospera positions in areas such as Foreign Exchange, Trade Finance and Cash Management.

We also maintained Nordic top three positions in Institutional and Large Corporate Banking Prospera reports, showing the strength of our coverage model. Moreover, we reached, for the first time, the top position in Large Corporate Banking Sweden, which proves our ambition of accelerating the growth journey in Sweden. We are also proud that our increased focus on digitalisation and process simplification resulted in the highest customer satisfaction scores for digital solutions and KYC and AML procedures in the Nordic Large Corporate Prospera report.

To leverage our organisational power and be even better prepared for the Forward '28 strategy, Large Corporates & Institutions changed its organisational layout with effect from 1 January 2024. By moving our securities team to a new Markets unit, we gather all markets business under the same leadership. Also, by adding bond market competencies to our Investment Banking unit, we create a pure, even stronger and fully-fledged investment bank, with all the asset classes represented on the private side in one organisation. This is a core enabler for us – over time and within the framework of Forward '28 – to grow our strategic advisory capacity.

We are confident that our Forward '28 strategy will further support us in becoming the leading wholesale bank in the Nordic countries by targeting our efforts on continuing the corporate growth journey outside Denmark, strengthening and leveraging our One Corporate Bank platform and deepening our relations with Nordic institutions.

Sustainability statement

Danske Bank has both the responsibility and the financial ability through our core business activities* to help accelerate and enable the transition to a more sustainable future for our customers and the societies in which we operate.

Our strategic approach is based on a core belief that Danske Bank and our customers must transition in parallel with the wider economy, guided by the overarching sustainability goals defined by society. This approach is also expressed in Danske Bank's purpose: to release the potential in people and businesses by using the power of finance to create sustainable progress today and for generations to come.

Concluding our 2023 sustainability strategy

2023 was the final year of Danske Bank's 2023 Group Sustainability Strategy, which was launched in 2020 to support our ambition to be a leading bank for sustainable finance in the Nordic countries. In the strategy's core focus area of sustainable finance, we have made strong progress and have met both of our 2023 targets. Furthermore, we have also achieved progress in all five of the strategy's other focus areas, although results in a few of these areas fell slightly short of meeting the targets that had been set, see overview of target fulfilment below.

During the strategy period, the UN Principles for Responsible Banking (PRB) served as a framework for aligning our business with societal goals, including the UN Sustainable Development Goals (SDGs) and the goals of the Paris Agreement. The strategic focus areas of the strategy directly supported five of the 17 SDGs, but our core business activities have potential positive and negative impacts on all SDGs. In the context of the PRB, assessments of our lending portfolio in 2022 and of our investment portfolio in 2023 identified climate change and biodiversity as two significant impact areas for Danske Bank.

Sustainability approach towards 2028

In our Forward '28 strategy, one of the overall strategic ambitions is for Danske Bank to be a leading Nordic bank in supporting the sustainability transition of customers, companies and Nordic societies. To meet this ambition, we are continuously developing our sustainability-related commercial offerings, managing sustainability-related risks to our business, and at the same time strengthening the management of our impact on climate, nature, biodiversity and people.

2023 Group Sustainability Strategy

Focus area	Targets and achievements	SDG contribution	Read more
Sustainable finance	**Sustainable financing** By year-end 2023, we had arranged or granted **DKK 365 billion in sustainable financing** (2022: DKK 273 billion), which includes green loans and arranged sustainable bonds, thereby exceeding our 2023 target of DKK 300 billion.	13	p. 16
	Responsible investments With **DKK 53 billion invested in funds with sustainability objectives** by year-end 2023 (2022: DKK 52 billion), we continue to progress towards our target of investing DKK 150 billion by 2030.		p. 17
	With **DKK 55.4 billion invested in the green transition by Danica Pension** by year-end 2023 (2022: DKK 37.7 billion), we surpassed our 2023 interim target of investing DKK 50 billion, with an ultimate target af allocating DKK 100 billion by 2030.		p. 17
Environmental footprint	With a **46% carbon emissions reduction from own operations** since 2019 (2022: 52%), we have exceeded our target of 40% carbon emissions reduction by 2023 and are also making progress to reach our target of 60% by 2030.	13	p. 19
Employee well-being & diversity	With a share of **34% women among senior leaders** (2022: 34%), we have not reached our target of minimum 35% by 2023.	5	p. 21
	We achieved an **employee engagement score of 75%** in 2023 (2022: 76%) and therefore did not accomplish our target of minimum 77%.		p. 20
Financial confidence	With approximately **2.4 million children, young people and parents supported with financial literacy tools and expertise** since 2018 (2022: approximately 2.1 million), we exceeded our target of supporting 2 million individuals by 2023.	4	p. 22
Entrepreneur-ship	With **7,909 start-ups and scale-ups** supported with growth and impact tools, services and expertise since 2016 (2022: 7,231), we have not reached our target of supporting 10,000 start-ups and scale-ups by 2023.	8	p. 22
Governance & integrity	**97% of employees completed and passed risk and compliance training on time** in 2023 (2022: 97%), which is in line with our annual target of over 95%.	16	p. 23

Danske Bank's sustainability statement, including appendix – Management's report (cont.) Sustainability - EU Taxonomy disclosures on pages 253-287, ensures compliance with section 135a and b of the Danish Executive Order on Financial Reports for Credit Institutions and Investment Companies, etc. and also meets disclosure obligations related to Article 8 of the EU Taxonomy and underlying delegated acts.

** For a description of our business model, please see note G3 on Business model and business segmentation and page 41 for an overview of our business units.*

Sustainability governance

Danske Bank anchors the governance of sustainability at the level of the Board of Directors (BoD) and the Executive Leadership Team (ELT). In 2023, the BoD further developed its sustainability competencies with a tailored digital training course and on-site seminar covering climate change, nature, biodiversity, and human rights.

Frontline employees and leaders across our Nordic markets were trained in how to discuss the implications of sustainability with our business customers. We also conducted tailored sustainability training for personal customer advisers and leaders in Denmark. To ensure that all employees know how we are working with sustainability and how they can use this insight when they engage in discussions with colleagues, customers and partners, all employees must complete an annual sustainability eLearning course that includes a mandatory sustainable finance module. In 2023, this module was updated to include content on biodiversity and how to avoid the risk of greenwashing.

To ensure efficient strategy execution, we integrate sustainability-related KPIs into our performance management framework. All members of the ELT and all senior leaders had sustainability-related KPIs in their short-term incentive programme, with reference to selected 2023 Group Sustainability Strategy targets on sustainable finance and environment.*

In terms of risk management, the principal risks already faced by the Group can potentially be intensified by a range of interlinked sustainability risks. In 2023, climate risk management remained a priority, particularly in respect of credit risk management.** Other risk areas in focus include practices for sustainable products and services and fair treatment of customers.

Business Integrity Committee

Our committees and councils form part of our sustainability governance, in which the ELT's Business Integrity Committee (BIC) chaired by our CEO is the overall governing body. The BIC is mandated to set Danske Bank's strategic direction, ambition level, related principles and policies and to prioritise resources across the sustainability agenda, while also overseeing the implementation of the strategic sustainability priorities.

In 2023, areas of key decision-making included initiating implementation of our Climate Action Plan, setting nature and biodiversity engagement targets, publishing our first Human Rights Report, and updating our strategic framework for sustainability as part of our Forward '28 corporate strategy.

Engaging with stakeholders on material sustainability issues

We continuously engage with a wide range of stakeholders to increase our understanding of our impacts and to exchange knowledge in line with our Stakeholder Policy. In 2023, we gathered stakeholders' perspectives by conducting dedicated interviews on what sustainability issues the stakeholders deem to be material for Danske Bank.

The stakeholder interviews were part of a comprehensive double-materiality assessment initiated in view of the EU Corporate Sustainability Reporting Directive (CSRD), which we are required to report under from 2024. Double materiality requires an assessment of financial implications for Danske Bank stemming from sustainability-related risks and opportunities (i.e. financial materiality) as well as an assessment of actual or potential positive or negative impacts on people or the environment caused or contributed to by Danske Bank's activities (i.e. impact materiality).

In 2024, we will finalise our first double-materiality assessment and bring together our financial and impact materiality results as part of our CSRD reporting.

** For more details, please see our Remuneration Report 2023 available at danskebank.com/remuneration.*
*** For more details, please see our Risk Management 2023 report available at danskebank.com/ir.*

ESG highlights – Danske Bank Group

Overview of third-party-assured environmental, social and governance (ESG data). Data is prepared in accordance with our ESG data reporting principles, see pages 63-65.

Sustainable finance	2023	2022
Green loans granted to customers in DB (DKK billions)*, **	41.9	34.8
Green loans granted to customers in RD (DKK billions)*, **	27.1	21.5
Bloomberg League Table share of arranged sustainable bonds (DKK billions)**	82.9	62.5
Assets under management (AuM) in funds with a sustainable objective – Article 9 (DKK billions)	53	52
Investments in the green transition by Danica Pension (DKK billions)	55.4	37.7
Environment		
CO_2e emissions scope 1 (tonnes)	201	245
CO_2e emissions scope 2 market-based (tonnes)	1,753	2,062
CO_2e emissions scope 2 location-based (tonnes)	6,306	7,902
CO_2e emissions scope 3 own operations (tonnes)	7,338	6,055
Total CO_2e emissions – scope 1, scope 2 market-based, scope 3 own operations (tonnes)***	9,292	8,362
Energy consumption (electricity and heat) (MWh)	70,013	82,457
Renewable energy share scope 1 and 2 (%)	53	51
Social		
Gender diversity on the Board of Directors elected at the Annual General Meeting (w/m%)	38/62	44/56
Gender diversity in the Executive Leadership Team (w/m%)	22/78	25/75
Gender diversity in senior leadership positions (w/m%)	34/66	34/66
Gender diversity in leaders in general (w/m%)	41/59	39/61
Gender diversity in the workforce (w/m%)	51/49	50/50
Employee gender pay ratio (%)	79	76
Employee turnover (%)	18	15
Employee engagement (%)	75	76
Number of start-ups and scale-ups supported with growth and impact tools, services and expertise	7,909	7,231
Number of people supported with financial literacy tools and expertise	2,416,716	2,079,479
Governance		
Employees trained in risk and compliance (%)	97	97

** Green loans granted by the Group include green loans issued to business and corporate customers in the Business Customers and Large Corporates & Institutions segments.*
*** Our 2023 sustainable financing target includes green loans on the balance sheets in Danske Bank and Realkredit Danmark and Bloomberg League Table share of arranged sustainable bonds (excluding sustainability-linked bonds) from current year and previous years (2019-2022). Total accumulated sustainable financing in 2023 DKK 365.3 billion.*
**** For our 2023 target for CO_2e reductions from own operations, the baseline used is 17,302 tonnes of CO_2e emissions from 2019. Our baseline and comparative figures were restated in 2023 due to the addition of benefit cars in Denmark not previously reported, addition of data related to emissions from working from home, reclassification of emissions from car travel between scope 1 and scope 3, and a change in accounting policies with respect to applied emissions factor for district heating in Denmark. All numbers have been restated to 2019, with details outlined in our Sustainability Fact Book 2023. Our target of a 40% emissions reduction equates to 6,921 tonnes of CO2e in 2023, and our target of a 60% emissions reduction equates to 10,381 tonnes of CO_2e in 2030. Our total CO_2e emissions from our own operations in 2023 amounted to 9,292 tonnes (scope 1, scope 2 market-based and scope 3 from own operations), which we have fully offset with carbon credits, see page 19. Our total CO_2e emissions according to the Greenhouse Gas Protocol location-based methodology amounted to 13,845 tonnes.*

Sustainable finance

Sustainable finance covers financial activities that support economic growth and at the same time reduce negative impacts and increase positive impacts on environmental, social and governance (ESG) factors. Examples of sustainable finance solutions include our green loans and sustainability-linked loans, sustainable bond issuances, investments in funds with sustainable investment objectives, and Danica Pension's investments in the green transition. Through our advisory services, we aim to provide customers with a financiers' perspective on their own sustainability agenda, and we focus on whether our customers' business activities and ESG disclosures are sufficient to meet current financial market requirements regarding access to capital.

Sustainable finance policy
Danske Bank's Sustainable Finance Policy lays out the principles for sustainable finance in the Group and defines how we work to integrate sustainability into financial solutions, processes and governance.

Whereas our approach is governed by our Sustainable Finance Policy, our stance on material sustainability issues across sectors and topics is set out in further detail in our Danske Bank Group position statements, which are regularly reviewed. In March 2023, we published our updated Position Statement on Fossil Fuels, see page 19, and in May 2023 we published our updated Position Statement on Human Rights, see page 20.

Supporting our customers' transitions

In 2023, we further developed our approach to assessing companies' transition plans in the areas of lending and investment. In lending, the method we employ to drive change typically involves having close long-term relationships through which we can influence positive change. We use a different approach to drive change in the area of investments, where we exercise active ownership by engaging with investee companies – either on our own or through collaborative engagements with other investors and/or through different initiatives. Our equity investments also give us the opportunity to vote on shareholder proposals, see page 17.

We prioritise engagement and dialogue with companies over immediate exclusion. And in relation to climate change, we seek to enable credible climate transition action plans – not least in high-impact sectors – and facilitate solid traction. Our main focus is to support our customers and investee companies through the transition to a more sustainable economy, but if our engagement efforts are unable to secure acceptable transition plans and actions, we may ultimately exit the relationship.

We also engage with companies about risks and opportunities associated with the transition, and we proactively discuss potential business-related implications these may have.

For personal customers, we integrate sustainability into our customer dialogues, offer a broad selection of responsible investment solutions and provide favourable lending for energy-efficient homes and for electrical and plug-in hybrid vehicles.

Sustainable financing

At Danske Bank, we are strongly committed to contributing to society's sustainability transition through our role as a trusted lender and financial adviser to our customers. This includes assessing the implications of the green transition as potential credit risk drivers and collaborating with our customers to mitigate potential ESG risks.

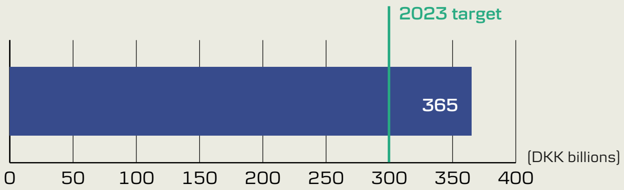
For the vast majority of business customers, we consider and assess the level of ESG risks as one of the many risk factors we consider and assess to determine creditworthiness and to ensure that the customer is in alignment with the Group's position statements and with the requirements of our Sustainable Finance Policy and Credit Policy. At the individual customer level, we use our ESG screening tools to identify and monitor cases with high ESG risk as part of the standard credit assessment process.

For customers in high-carbon-emitting sectors in the LC&I segment, we additionally assess the customers' transition plans. At the portfolio level, risks are monitored and managed through sector-risk reviews and through our risk tolerance setup, which is also informed by the mapping of our financed emissions and climate scenario analysis. Sectors that have a high level of exposure to ESG risks are subject to additional oversight, as outlined in our policies.

Exceeding our 2023 financing target

In 2023, interest in our sustainable financing offerings continued despite the fact that financial markets continued to be affected by geopolitical circumstances. By year-end 2023, we had arranged or granted DKK 365 billion since 2019 (2022: DKK 273 billion) in sustainable financing, which includes green loans and arranged sustainable bonds, thereby exceeding our 2023 target of DKK 300 billion, as shown in the graph.

Sustainable financing, including granted green loans and arranged sustainable bonds



Data is accumulated from 2019 and covers granted green loans and arranged sustainable bonds. By year-end 2023, we had arranged or granted DKK 365 billion since 2019 (2022: DKK 273 billion) The increase was mainly driven by our continuous successes in sustainable bond arranging.

Sustainable bonds include green, social and sustainability bonds, which are use-of-proceed bonds that exclusively finance projects that have a positive environmental and/or social impact. The data does not include sustainability-linked loans and bonds and self-led bond issues for Danske Bank and Realkredit Danmark.

The Group's green loans are earmarked for specific green projects in line with Danske Bank's Green Finance Framework. This framework broadly aligns with the Technical Screening Criteria of the EU Taxonomy and defines the activities that may be financed by proceeds from the issuance of green bonds. By year-end 2023, the amount provided in Danske Bank and Realkredit Danmark green loans stood at DKK 69 billion (2022: DKK 56 billion), with the largest share of green loans being provided to real estate and renewable energy initiatives.

To support customers with their own sustainability agendas, we help them to develop their own sustainable financing frameworks, often focused on transition and mobilisation of debt capital towards environmentally beneficial purposes. In 2023, we acted as framework structuring adviser for large corporations and institutions in the Nordic countries and the EU, see page 51.

Other measures supporting customer transitions

To help support the sustainable transition of society, we continued to employ various measures and to engage in partnerships throughout 2023. Examples include the following:

Digital ESG tool
ESG Profilen is a free digital tool designed to support small and medium-sized enterprises in Denmark in their sustainability transition by mapping ESG activities, key figures, priorities and stakeholder expectations. ESG Profilen was launched in May 2023 by Lederne in partnership with among others, Danske Bank.

Energy-improvement campaigns and loans
In Denmark, energy-efficiency improvements continued to be promoted to homeowners through campaigns and by providing service offerings in partnership with energy consultants and by offering low interest rate loans without fees. We also participated in the *Fyr dit fyr* scheme from the Danish government and Finance Denmark encouraging homeowners to replace oil and gas boilers with energy-efficient alternatives.

Transition-linked financing in shipping
As a member of the Norwegian Green Shipping Programme, Danske Bank together with industry participants helped develop guidelines for transition-linked financing for seagoing fishing fleets. Launched in September 2023, the guidelines aim to enable assessment of selected decarbonisation indicators over the term of a loan or a bond to incentivise better environmental performance.

Green fleet leasing
Via leasing, Danske Bank aims to reduce customers' carbon emissions from road transportation. The GreenFleet70 concept is offered to businesses in Denmark and Sweden and includes an extensive selection of electric vehicle models. In 2023, the percentage of electric cars newly registered in our portfolio stood at 33% (2022: 13%); for vans, the equivalent figure was 6% (2022: 3%), and for trucks it was 8.5% (2022: 0.8%).

Responsible investments

As a responsible investment manager, we must remain mindful of how sustainability-related factors affect investment performance and how our investments may have positive and/or negative impacts on society. In our Responsible Investment Policy, we refer to this principle as double-materiality, and we commit to integrate double-materiality considerations into our investment processes. Supplementary to our policy are instructions on exclusions, sustainability risk integration, inclusions and active ownership.

We use active ownership as a measure to protect the value of our customers' investments, generate attractive returns and manage societal impacts of our investments. In 2023, our active ownership efforts* involved dialogue with 809 companies (2022: 978 companies*), in which we addressed 115 different ESG topics (2022: 114 ESG topics*). Issues related to capital structure, Greenhouse Gas (GHG) emissions and energy were the most common topics of engagement. Voting activities for our equity investments are still in focus, and we voted at 4,972 general meetings (2022: 4,957 general meetings*), covering 61,926 proposals (2022: 61,373 proposals*) in 64 country domiciles (2022: 65 country domiciles).

Impact measurement and reporting

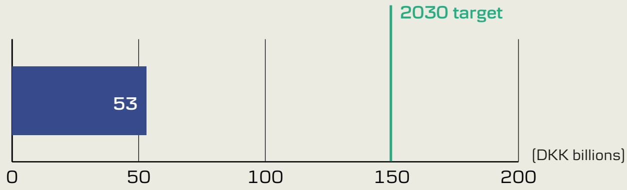
By measuring and reporting on the performance of our funds in relation to their principal adverse impacts on sustainability factors, we are well equipped to address and, as needed, steer portfolios in the direction of mitigating negative impacts. The majority of our funds and other investment products are measured against indicators on principal adverse impacts defined in the EU Sustainable Finance Disclosure Regulation (SFDR), and we began to report on those impacts during 2023.

With regard to measuring positive impact on sustainability factors, we have developed a sustainable investments model: the SDG Model. This model builds upon the definition of sustainable investment as stated in the SFDR, and it measures the positive impacts on the UN Sustainable Development Goals (SDGs) resulting from our investments in actively managed strategies. We apply this model across strategies, and a substantial proportion of our funds are committed towards making sustainable investments in accordance with the model, either partially or fully. In 2023, we started reporting on these commitments.

Progress towards our 2030 investment targets

Our 2030 investment targets cover investments in funds with sustainable investment objectives, as defined by SFDR Article 9, and investments in the green transition by Danica Pension. As shown in the graphs, we are making progress towards our 2030 investment targets, and Danica Pension's interim target for 2023 of DKK 50 billion in investments in the green transition was exceeded by DKK 5.4 billion.

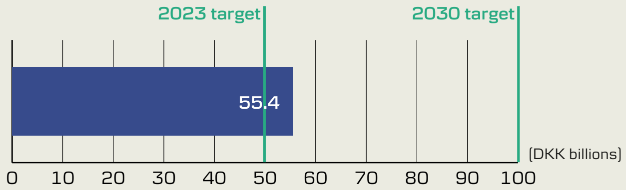
Investments in funds with a sustainable investment objective



Data is accumulated from 2021 and covers investments in funds with sustainable investment objectives, as defined by SFDR Article 9.

In 2023, our investments increased 2% from 2022 (DKK 52 billion), ultimately allocating DKK 53 billion. The increase stems primarily from a positive market development, seen both from an equity and a fixed income perspective.

Investments in the green transition by Danica Pension



Data is accumulated from 2019 and covers green infrastructure, green bonds, certified sustainable properties, and equity and bond investments in the green transition.

In 2023, our investments in the green transition increased 47% from 2022 (DKK 37.7 billion), and we surpassed our 2023 interim target of investing DKK 50 billion in the green transition, ultimately allocating DKK 55.4 billion. The green bonds market in particular has matured in recent years, offering attractive risk/return profiles, which is why Danica Pension has invested significantly in this asset type.

Responsible pension solution

The Danica Balance Responsible Choice pension solution has a heightened focus on promoting sustainability, with at least 75% of the underlying investments aiming to contribute to one or more of the SDGs. From 2022 to 2023, Danica Pension saw an increase of 39% in the number of customers whose pension savings are partially or fully invested in Danica Balance Responsible Choice. This brought the total number of customers using this solution to approximately 22,000 in 2023 (2022: approximately 16,000 customers), and the amount held in assets under management (AuM) at year-end 2023 stood at DKK 4.9 billion (2022: DKK 3.4 billion).

* *Active ownership efforts include Danske Invest and Danica Pension. In previous years' sustainability reports, only Danske Invest' figures on active ownership were presented.*

Environment

Climate change

Danske Bank supports the transition towards net-zero carbon emissions by 2050 or sooner and is guided by the bank's commitments to the net-zero alliances within banking, asset management and asset ownership and to the Science Based Targets initiative (SBTi). These alliances and initiatives are aligned with the goals of the Paris Agreement to limit the temperature increase to well below 2°C, ideally 1.5°C, above pre-industrial levels.

Climate change entails significant financial implications related to transition risks and physical risks*, but it also represents opportunities for Danske Bank and for society. Large-scale investments are required to significantly reduce carbon emissions from society's production and consumption activities, and high levels of capital are needed to finance adaptation to the adverse effects of a changing climate. Although carbon emissions occur across Danske Bank's upstream and downstream value chains and from our own operations, the largest impact is through our financed emissions** attributed to our lending and investment activities.

Based on a mapping of our carbon footprint, we launched our Climate Action Plan in January 2023, which governs our transition towards net zero. In conjunction with this, we also submitted climate targets for SBTi validation. Our Climate Action Plan maps our approach and sets intermediate targets for our lending and investment portfolios as well as for our own operations. Portfolio targets relate to high-emission sectors that are most material in our portfolio, such as shipping, oil and gas, power generation, steel, cement, and real estate. Progress on our climate targets varies across sectors and activities, as expected. Overall, we observe progress to be in line with trajectory expectations***.

Decarbonising shipping

With shipping being one of the most material sectors in our decarbonisation trajectory, Danske Bank is a member of the global Getting to Zero Coalition and one of the founding signatories of the Poseidon Principles. Through these commitments, we seek to assess and disclose the climate alignment of our shipping lending portfolios with the IMO's decarbonisation ambition updated in 2023. During 2023, in addition to engaging with our customers about their carbon emissions, we also started to engage with them about potential biodiversity impacts related to other air emissions, ocean pollution, underwater noise and invasive species. In 2023, we also continued to include responsible recycling clauses in all of our loan agreements, in support of the Responsible Ship Recycling Standards.

Danske Bank's decarbonisation targets and approach

Objective	Net zero by 2050	
Carbon emissions	**Financed emissions** Financed emissions are indirect emissions that relate to our lending and investment portfolios. According to our current best estimates, financed emissions account for a significant majority of our total footprint and fall under scope 3 category 15 in the GHG Protocol.	**Own operations** Emissions from our own operations account for a small part of our total footprint and include scope 1, 2 and selected scope 3 categories in the GHG Protocol.
Selected carbon emission reduction targets	**Lending:** 25-55% reduction across 9 sector targets by 2030 **Asset management:** 50% reduction of the weighted average CO_2e intensity by 2030 **Life Insurance & Pension:** 15-69% reduction across 6 sectors by 2025 and 2030	80% reduction by 2030 in scope 1 and 2 60% reduction by 2030 in scope 1, 2 and 3
Selected actions and approaches to reduce emissions	• Engage with customers to provide advisory services and financing that support decarbonisation in line with Paris Agreement goals • Engage with investee companies to guide and encourage decarbonisation of their business activities • Restrict financial flows to carbon-intensive companies, for example by limiting credit-risk exposures and investments	• Increase energy efficiency at our premises • Switch to renewable and low-carbon energy supply • Travel restrictions and low-carbon business travel • Offset unavoidable emissions

** Further details are available in our Risk Management 2023 report and in our Task Force on Climate-related Financial Disclosures statement, which is available as a cross-reference index in our Sustainability Fact Book 2023.*
*** As methodologies, data availability and industry standards evolve, the Group's financed emissions setup is subject to continual improvements. To ensure comparability, and when technically possible, such changes will prompt a recalculation of previous years' financed emissions. It will be stated clearly when and if such recalculations of historical figures have been implemented.*
**** Further details are available in our Climate Action Plan Progress Report 2023.*

Updated position statement on fossil fuels
In March 2023, we updated Danske Bank's Position Statement on Fossil Fuels. To support the decarbonisation of our economies and protect sensitive environments, we consider it necessary to have strict guidelines covering coal, peat, and oil and gas. Specifically, in our updated position statement, we chose to apply stricter phase-out criteria, setting 2030 as the target year for the complete phase-out of coal and peat power generation companies from our financial product portfolios. The limited number of exemptions from the above are detailed in the position statement. We will also refrain from investing in or providing financial services to companies and projects expanding thermal coal mining, coal-fired power generation or peat-fired power generation.

Danske Bank also recognises that companies expanding their oil and gas production capacity are not aligning towards credible no- or low-overshoot net-zero transition scenarios and will likely be exposed to large transition risks. As such, Danske Bank will not provide refinancing and new long-term financing for oil and gas exploration and production companies that are expanding such activities into new oil and gas fields.

Meeting our 2023 target for our own operations
In 2023, our emissions from own operation amounted to 9,292 tonnes (2022: 8,362 tonnes), and with a 46% (2022: 52%) reduction from 2019 levels, we exceeded our 2023 target of reducing carbon emissions by 40%.

Within our own operations, the categories with the highest emission in 2023 included business-related air and road travel and purchased heat and electricity for running our premises. Air travel increased 56% from the 2022 level of 2,345 tonnes of carbon emissions, with travel patterns finding a new level after the COVID-19 pandemic. Consequently, we are strengthening our actions towards less carbon-intense business travel. In our endeavour to minimise the environmental footprint from our own operations, we also focus on continuously reducing our consumption of resources, minimising food waste and improving waste data management*.

Since 2009, Danske Bank has offset annually reported carbon emissions from those of our own operations that cannot yet be eliminated, and we continued to do this in 2023.

Nature and biodiversity
Another key environmental impact area for the Group closely interlinked with the climate change agenda is the accelerating loss of biodiversity and degradation of ecosystems. This poses significant risks to the global economy, to our business and to the societies we are part of.

Our endeavour to contribute to the protection of nature and ecosystems is guided by our commitments to the Finance for Biodiversity Pledge and the Partnership for Biodiversity Accounting Financials, both of which we joined in 2022. Through these, we commit to measuring and setting biodiversity targets for our corporate lending and investment portfolio, and we have assessed the drivers and sectors that have the highest potential negative impact on nature and biodiversity in our portfolios. On this basis, we introduced targets in September 2023 for our engagement with customers and investee companies in prioritised high-risk sectors. In view of our active ownership activities, Danske Bank also joined the Nature Action 100 global investor engagement initiative in 2023.

Engagement targets and high-risk sectors

Lending portfolio
The three sectors in our lending portfolio with the highest potential negative impact on nature and biodiversity are the agriculture sector, including food products and fisheries; the forestry, pulp and paper sector; and the shipping sector.

By the end of 2024, we aim to have engaged with 300+ business customers in the agriculture sector and 50+ large corporates across all three sectors about specific nature and biodiversity indicators relevant for their industry.

Investment portfolio
The energy, food and transportation sectors are the three sectors in our investment portfolio that potentially have a high negative impact on nature and biodiversity through the operations of the investee companies.

By the end of 2025, Danske Bank and Danica Pension aim to have engaged with 30 large, global investee companies in these sectors based on considerations such as their potential to impact key drivers of biodiversity loss, degree of dependency on natural resources, location of operations, and our share of investments in the companies.

** Further details are available in our Sustainability Fact Book 2023, available at danskebank.com/sustainability*

Social

Human rights

At Danske Bank, we are committed to meeting our responsibility to respect fundamental human rights and to ensure decent working conditions within our business activities – including in our own operations, our lending and investment activities and our supply chain.

In May 2023, we published our updated Position Statement on Human Rights to clarify our commitment to respect human rights and to implement human rights due diligence in line with the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct, which entails taking relevant international human rights-related standards into account. To increase the transparency of our approach and efforts, we also in May 2023 published our first Human Rights Report. This report describes our processes for identifying, mitigating, and managing risks of adverse impacts on human rights, including decent working conditions, and it provides insights on specific human rights risks in focus in our own operations and parts of our value chain. These disclosures support alignment with the Norwegian Transparency Act and the minimum safeguards of the EU Taxonomy. In addition, Danske Bank also issues its Statement on Modern Slavery Act on annual basis.

We work continuously to improve our human rights due diligence processes. By year-end 2023, we had implemented a dedicated human rights module in our ESG risk assessment, which applies to all new and existing corporate customers across our markets and business areas that apply for credit facilities or have credit exposure in excess of DKK 7 million. The module enables our advisers to identify areas where the customer in question is at risk of adverse impacts on human rights. The results are part of our overall credit risk assessment of the customer. For our investment activities, we conducted enhanced sustainability screenings of companies potentially involved in significant human rights-related controversies. By year-end 2023, a total of 26 companies (2022: 14 companies) had been excluded across all investment strategies due to risks related to forced labour.

Individual stakeholders, communities and societies that are or could potentially be affected negatively through our business activities are able to raise human rights concerns or grievances through Danske Bank's whistleblowing scheme, see page 23.

Employee well-being

At Danske Bank, we are committed to maintaining a sustainable work environment with responsible employment practices. As stated in our Code of Conduct Policy, all employees must act with integrity and treat each other fairly and respectfully at all times, and any case of harassment, discrimination or improper use of authority is not tolerated. To ensure a vibrant workplace that fosters a sense of belonging and inclusion for our 20,021 employees (2022: 21,022 employees), we have expanded our traditional focus on physical and mental health into a holistic focus on well-being under the concept of 'total well-being'. Our total well-being initiative encompasses five well-being-related themes: mental, social, physical, purposeful and intellectual.

The prevention of work-related stress is an important focus area within our total well-being agenda. In 2023, we introduced a new, easy-to-use toolkit via webinars for leaders and employees to support ongoing dialogues on how to sustain a good mental balance and deal with symptoms of stress.

Throughout 2023, various support functions and teams invested in strengthening psychological safety to support validated, respected and open interaction, thereby creating a culture that encourages collaboration and innovation.

A learning organisation

To enable opportunities for our employees to continually grow and develop, Danske Bank seeks to make learning accessible to everyone as part of their day-to-day work. In 2023, we implemented a new learning module on our HR Platform. The module provides a single point of entry for all learning activities across the organisation.

In 2023, we also expanded our programmes on purposeful and responsive leadership across the organisation, and we integrated our leadership and cultural practices into the activation of our new Forward '28 corporate strategy.

Corporate volunteering

Danske Bank's corporate volunteering programme, Time2Give, gives employees the opportunity to spend three paid workdays per year participating in voluntary work. Employees can choose the cause they wish to support, or they can in some countries sign up for an event organised by a local organisation in partnership with Danske Bank. In 2023, a total of 4,459 employees (2022: 3,346 employees) across the Group donated more than 36,400 hours (2022: more than 29,900 hours), representing a value of approximately DKK 7.1 million (2022: approximately DKK 5.4 million).

Employee engagement score

Over the past few years, we have been working on improving our engagement levels in a structured way and have seen solid progress in many key areas. However, with a 2023 employee engagement score of 75% (2022: 76%) in our Culture and Engagement Survey, we fell short of achieving our 2023 target of 77%. Nevertheless, we saw a record-high response rate of 95% (2022: 92%) in 2023, which reflects employees' willingness to share their opinions and actively contribute to making Danske Bank an even more attractive place to work. Employee engagement is essential for our ability to perform as a business, and we will continue to monitor the development, learn from the feedback and improve together.

Diversity and inclusion

Attaining a fully diverse workforce and an inclusive culture remains a key ambition and priority across Danske Bank because it will support equal opportunities for our employees and create value for Danske Bank as a workplace and a business.

To drive the diversity and inclusion (D&I) agenda and demonstrate ownership in leadership and the business, we are developing an ecosystem that is contributed to in many ways – across the organisation through our D&I impact leads and communities, from the bottom up by teaming up with our employee networks, and from the top down by increased involvement of the members of the D&I Council. We promote connectivity and learning through initiatives and global events, which provides a forum for and helps to leverage the diversity of perspectives. Our work with LGBTQ+ inclusion is assessed annually in Stonewall's global benchmarking report, which in 2023 highlighted progression in all seven categories and awarded us with a total of 83 points out of 200 (2022: 51 points). Danske Bank thereby improved on the bronze employer award it received from Stonewall in 2022 by achieving a silver award in 2023. Stonewall commended Danske Bank's ongoing leadership commitment and talent development in the area of LGBTQ+ inclusion.

Towards gender equality

In 2023, we reviewed and updated our D&I Policy to emphasise our commitment to grow diversity and build and foster an inclusive culture within Danske Bank and to ensure we adhere to the continually changing regulatory environment. Steady improvement was achieved with respect to our 2023 targets on gender balance, although these were not fully met at all levels. Our updated D&I Policy introduces new targets to be met by 2028, as shown in the table.

To ensure ongoing progress towards meeting our targets, our focus remains on developing inclusive and gender-balanced HR processes. We do this by implementing tools that seek to address and reduce the negative effects of biases. For example, we scan our recruitment ads to ensure inclusive language, drive ownership of gender balances via D&I Dashboards, and in 2023 we implemented further transparency in, for example, performance calibration dashboards. This gained Danske Bank recognition in Bloomberg's Gender Equality Index 2023, a global benchmark for investors.

The women/men gender balance of members elected to our Board of Directors (BoD) at the Annual General Meeting decreased from 44/56 in 2022 to 38/62 in 2023 due to one woman member stepping down. Nevertheless, we achieved our 2023 target for the BoD, and with the inclusion of the four employee-elected members of the BoD we are at full equality at 50/50. Our Executive Leadership Team increased in size from eight to nine members, resulting in a slight decrease in the gender balance from 25/75 in 2022 to 22/78 in 2023. The share of women among our level 2 and level 3 leaders* in 2023 was 31% and 36% respectively. Among senior leaders, the share of women remained at 34% in 2023, so we did not reach our 2023 target in this area. However, for all leaders in general, the share of women increased from 39% to 41% in 2023, thereby meeting our 2023 target. The overall gender balance in our workforce is 51/49.

Our median gender pay gap decreased from 24% in 2022 to 21% in 2023. This development was mainly driven by a continued focus on growing awareness around the impact of biases in salary review and performance assessments combined with increased levels of ownership in the individual countries we operate in.

Gender balance

Leadership levels	Targets		Performance					
	2028	2023	2023		2022	2021	2020	2019
	%W/M	*%W/M*	*%W/M*	*Number*	*%W/M*	*%W/M*	*%W/M*	*%W/M*
Board of Directors	40/60	38/62	38/62	8	44/56	43/57	33/67	25/75
Executive Leadership Team	40/60	25/75	22/78	9	25/75	13/87	13/87	11/89
Level 2 leaders	40/60	35/65	31/69	13	N/A	N/A	N/A	N/A
Level 3 leaders	40/60	35/65	36/64	89	N/A	N/A	N/A	N/A
Senior leaders	40/60	35/65	34/66	803	34/66	32/68	28/72	23/77
Leaders in general	45/55	40/60	41/59	2,659	39/61	38/62	37/63	37/63

** See reporting principles on page 65 for definition of leadership levels. The total of 'Level 2 leaders' and 'Level 3 leaders' classifications is equivalent to the statutory definition 'other management levels' ('øvrige ledelsesniveauer'). For Danske Bank A/S (excluding subsidiaries), the total number of leaders in 'other management levels' is 90, with a women/men gender split of 31/69%. New five-year targets were first set in autumn 2023 and have therefore not yet been achieved.*

Financial confidence

Helping people across the markets we operate in to achieve greater financial confidence has been a strategic focus area, and it will continue as a societal agenda as part of Danske Bank's stakeholder engagement.

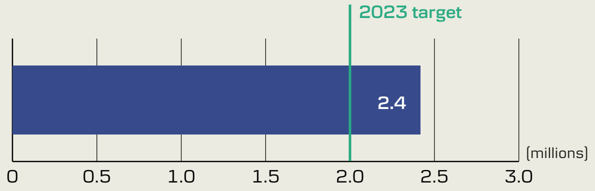
To positively influence the money habits that children develop as they grow up, we engage in partnerships in Denmark and Northern Ireland to develop school programmes and contribute with learning materials and guest lectures on the topic of sound money habits.

Entrepreneurship

Helping growth companies across our business and market areas to develop into viable businesses and increase their positive societal impact was a strategic focus area. We will continue with this work through our centre of excellence, Danske Bank Growth, which as well as serving tech and health tech companies also focuses on green growth companies.

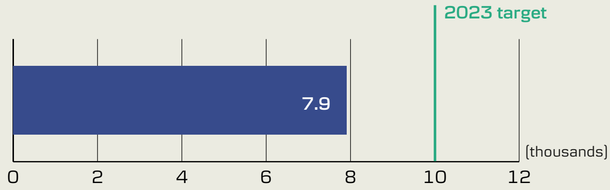
We also focus on contributing to creating equal access to investments and opportunities for male and female growth-company founders.

Children, young people and parents supported with financial literacy tools and expertise



Since 2018, we have supported 2,416,715 (2022: 2,079,479), children, young people and parents with financial literacy tools and expertise, thereby substantially exceeding our target of supporting 2 million individuals by the end of 2023. With more than 3 million plays in the past two years, Danske Bank's free digital learning tool, Moneyville, has contributed significantly to the achievement of our target.

Start-ups and scale-ups supported with growth and impact tools



Since 2016, we have supported 7,909 (2022: 7,231) start-ups and scale-ups with growth and impact tools, services and expertise. However, we have not reached our 2023 target of supporting 10,000 start-ups in total. This can be primarily attributed to the COVID-19 pandemic and the sale of the Hub – a job portal specifically tailored to start-ups and which was the main driver of supporting the broad ecosystem of start-ups.

Governance

Compliance culture

The Group operates in a highly regulated environment. Consequently, compliance is a core part of how we do business and is critical for maintaining trust and protecting the interests of our stakeholders. Our Code of Conduct Policy reflects our steadfast commitment to ethical conduct, sound business culture and the management and mitigation of risks relevant to our business.

During 2023, we enhanced our compliance communication to employees and updated our internal Do Right employee-conduct site. We focused on cultivating a sound business culture through strong leadership commitment, role modelling and the co-creation of a leadership vision. These initiatives aim to build self-awareness and purpose-driven, high-performing leadership across the organisation and are promoted through extensive training programmes.

We encourage employees to speak up about suspected wrongdoing, and our escalation procedures and processes are designed to help employees recognise potentially significant issues and take immediate and appropriate action. When regular channels of communication and escalation are unavailable or seem inappropriate, employees can submit their concerns anonymously without fear of retaliation through the Group's whistleblowing scheme. All reports are handled in complete confidence by a dedicated team of whistleblowing specialists, and they are addressed and investigated in confidence by specialist teams, as appropriate. External stakeholders can also raise their concerns via the whistleblowing scheme.

Risk and compliance training

The Group's mandatory eLearning training provides essential knowledge to empower employees to do the right thing for customers, employees and society. All employees must complete annual courses on a range of risk and compliance topics related to our policies, processes, and applicable regulation.

In 2023, a total of 97% of employees completed and passed risk and compliance training on time (2022: 97%), against our annual target of over 95%.

Financial crime prevention

Criminal misuse of the financial system has a detrimental impact on society and is responsible for some of the most serious crimes – from terrorism to human trafficking. The threat landscape is constantly changing as new trends emerge to exploit the financial system, and sanctions requirements are expanding.

The Group is committed to fighting financial crime, and our work to stop the flow of money from unlawful activities is unrelenting. We are continuing to enhance our financial crime framework to ensure we have the right people and controls in place*.

Anti-bribery and corruption

The Group's Financial Crime Policy sets out the principles for managing all financial crime risks, including bribery and corruption, on which the Group has a zero-tolerance stance. The principles are elaborated upon in our Anti-bribery and Corruption Instruction, which provides employees with detailed guidance on identifying, preventing, and managing detected or suspected attempts or incidents of bribery and corruption. The policy is further supported by our Conflicts of Interest Instruction and by our Gifts and Hospitality Instruction, which sets strict standards for the ethical provision and acceptance of gifts, entertainment and any other benefits or items of value. Together, the policy and instructions are set to ensure that we remain compliant with relevant bribery and corruption legislation for the regions the Group operates in. Furthermore, we in 2023 conducted a Group-wide risk assessment that provided insight into the bribery and corruption risks across all business units. The Group will continue to remediate and strengthen key controls related to bribery and corruption.

Sustainable supply chain

In 2023, Danske Bank had a diverse supplier portfolio of around 2,000 suppliers of operational services with active contracts, which is on par with 2022. To manage this portfolio, comply with relevant legislation and support our suppliers' sustainability efforts, we have implemented a sustainable supply chain process which enables us to assess our suppliers' sustainability status and increase transparency in our supply chain.

Our sustainable supply chain process is built on three pillars. Firstly, all our suppliers must agree to comply with environmental, social, and ethical standards defined in Danske Bank's Supplier Code of Conduct, which is part of Danske Bank's Procurement Policy. This code is based on international sustainability principles, including the UN Global Compact and the UN Guiding Principles on Business and Human Rights. Suppliers are also responsible for upholding similar sustainability standards in their own supply chains.

Secondly, environmental requirements have been defined for selected sourcing categories such as office services and supplies, conference venues, furniture and textiles, IT equipment, and merchandise.

Thirdly, we invite suppliers that have an active contract to assess their sustainability governance on a third-party platform called Integrity Next. On the basis of the assessment results, we are developing customised engagement strategies for suppliers. Our aim is to have all our suppliers through the ESG assessment process and to support our suppliers in improving their sustainability performance. If a supplier does not comply with our sustainability requirements, we engage in a constructive dialogue with the supplier. We follow up with the supplier as part of our annual performance reviews, and each year we also conduct independent third-party supplier audits. Suppliers are selected for audit on the basis of their ESG profile and their importance for our business. In 2023, we selected five suppliers (2022: four suppliers) for audit. None of the audits revealed any severe cases of non-compliance.

** Further details on our Financial Crime Plan are available in the section Financial Review on page 31.*

EU Taxonomy reporting

The Danske Bank Group integrates the EU Taxonomy Regulation in relation to the Group's sustainable financial product and investment offerings. In Danske Bank's Green Finance Framework, the EU's criteria for sustainable economic activities are included as part of the classification of green lending. The green loan categories in the framework are therefore broadly aligned with the technical screening criteria as defined in the EU Taxonomy Regulation. The framework also includes green loan categories that are either not yet covered by or diverge from the EU Taxonomy.

Within asset management there is a dependency towards investee company reporting against the technical screening criteria defined in the EU Taxonomy Regulation. As companies' transparency against the EU Taxonomy will increase, it will enable realistic and relevant target setting against the Taxonomy for our investments, resulting in further integration into processes and strategies.

Furthermore, Danske Bank continues to integrate ESG data into the bank's systems and solutions to enable Danske Bank to comply with sustainable finance statutory reporting obligations and support the integration of ESG data into business-related processes throughout the bank. The adoption of the Corporate Sustainability Reporting Directive (CSRD) and European Sustainability Reporting Standards (ESRS) will support the further implementation of the EU Taxonomy Regulation into our business strategy, IT systems, and investment and lending processes.

Green asset ratio (GAR) (DKK billions)	Taxonomy-aligned exposures based on turnover	Green asset ratio based on turnover (%)	Taxonomy-aligned exposures based on CAPEX	Green asset ratio based on CAPEX (%)
GAR for financial undertakings (total of climate mitigation and climate adaptation)	0	0	0	0
GAR for non-financial undertakings (total of climate mitigation and climate adaptation)	3.6	0.15	5.9	0.25
GAR for residential real estate exposures (climate change mitigation)	25.5	1.09	25.5	1.09
GAR for retail car loans (climate change mitigation)	0	0	0	0
GAR for loans to local governments for house financing and other specialised lending	0	0	0	0
Total	**29.1**	**1.24**	**31.4**	**1.34**
Coverage ratio	0.88		0.95	
Total covered assets (DKK billions)	2,346			
Total assets (DKK billions)	3,299			
Consolidated Group-level KPI turnover (%)	1.35			
Consolidated Group-level KPI CAPEX (%)	1.43			

The above metrics are unaudited and have been prepared to the best of our ability. Please refer to the appendix on pages 253-287, which includes the Danske Bank Group's Taxonomy reporting. Danica Pension's Taxonomy reporting is available on danicapension.dk/årsrapporter.

For the first time, the Danske Bank Group is reporting on Taxonomy KPIs and green asset ratios. Reporting is based on input from non-financial counterparties, and includes input on turnover from Taxonomy KPIs and CAPEX. As at reporting date, financial counterparties had not reported their Taxonomy KPIs. Taxonomy-eligible and non-eligible activities related to the additional four EU environmental objectives are not reported for the financial year 2023 due to lack of data.

The Danske Bank Group's total green asset ratio based on turnover amounted to 1.24% of total covered assets, and total green asset ratio based on CAPEX amounted to 1.34% of total covered assets as at year-end 2023. The total green asset ratios cover the two climate-related EU environmental objectives.

Taxonomy-aligned activities relate to lending to households collateralised by residential property and lending to undertakings subject to the Non-Financial Reporting Directive (NFRD). The Taxonomy KPIs do not include lending activities with small and medium-sized enterprises.

Gross carrying amount of total covered assets amounted to DKK 2,346 billion as at year-end 2023 against DKK 2,345 billion in 2022.

Consolidated Group-level KPIs for the Danske Bank Group including Danica Pension amounted to 1.35% and 1.43% for turnover and CAPEX respectively.

The Danske Bank Group has limited exposures to customers that have economic activities related to the production of electricity or heating using nuclear installations or using gaseous fossil fuels in combined heating/cooling and power generation facilities. The Taxonomy-aligned activities amounted to DKK 0.8 billion at year-end 2023.

Financial review

Income statement (DKK millions)	**2023**	**2022***	**Index 23/22**	**Q4 2023**	**Q3 2023**	**Index Q4/Q3**
Net interest income	35,000	25,108	139	9,134	9,326	98
Net fee income	11,707	12,590	93	3,148	2,867	110
Net trading income	3,704	1,875	198	757	174	-
Net income from insurance business	1,472	280	-	550	233	236
Other income	562	1,936	29	238	431	55
Total income	52,445	41,789	125	13,827	13,031	106
Operating expenses	25,414	26,478	96	6,592	6,204	106
of which resolution fund, bank tax etc.	989	962	103	248	245	101
Provision for Estonia matter	-	13,800	-	-	-	-
Impairment charges on goodwill	-	1,627	-	-	-	-
Profit before loan impairment charges	27,031	-116	-	7,235	6,827	106
Loan impairment charges	262	1,568	17	-32	322	-
Profit before tax, core	26,769	-1,684	-	7,267	6,505	112
Profit before tax, Non-core	-87	-13	-	-32	-30	107
Profit before tax	26,682	-1,697	-	7,235	6,475	112
Tax	5,420	2,883	188	1,470	1,156	127
Net profit	**21,262**	**-4,580**	**-**	**5,765**	**5,319**	**108**
Net profit before goodwill imp. chg. and provision for Estonia matter	21,262	10,848	196	5,765	5,319	108
Attributable to additional tier 1 etc.	-	86	-	-	-	-

** Comparative information for the Income statement has been restated as explained in note G3.*

2023 vs 2022

Net profit increased to DKK 21,262 million (2022: a net loss of DKK 4,580 million) as a result of significant increases in net interest income, net trading income and net income from insurance business. Good commercial momentum, low loan impairment charges on the back of better-than-expected macroeconomic conditions, and dedicated cost management along with a run-off of remediation costs also supported the satisfactory financial result for 2023. Net profit for 2022 was affected by the provision for the Estonia matter of DKK 13,800 million and the goodwill impairment charge of DKK 1,627 million.

Income

Net interest income increased to DKK 35,000 million (2022: DKK 25,108 million). The increase was driven by higher income from deposits following repricing actions and market rate developments as well as product development initiatives. A net one-off interest compensation of DKK 222 million related to tax paid in previous years also contributed to the increase.

Net fee income was down and stood at DKK 11,707 million (2022: DKK 12,590 million). Service fees increased due to repricing actions and the continued transfer of customers to a subscription fee service model implemented in mid-2022. The increase in service fees was, however, offset by a decline in financing fees due to lower customer activity throughout 2023 in the wake of the general slowdown in the housing market combined with customers switching from mortgage loans to bank loans. A switch from mortgage loans to bank loans results in fee income being accrued over the expected maturity of the loan instead of at origination. Performance fees from Asset Management also increased during the year.

Net trading income increased to DKK 3,704 million (2022: DKK 1,875 million), with the increase driven by the fixed income strategy implemented at Large Corporates & Institutions towards the end of 2022, which resulted in more stable income that was generated on the basis of solid customer activity and with very limited drawdowns despite the challenging market environment. The gain of DKK 327 million on the sale of shares taken over in connection with a loan in 2023 benefited net trading income. Net trading income was negatively impacted by the reclassification through profit and loss of the loss of DKK 786 million on a CET1 FX hedge following the announcement of the sale of our personal customer business in Norway. The reclassification had a positive effect on Other comprehensive income but did not affect shareholders' equity.

Net income from insurance business recovered, especially towards the end of the year, and amounted to DKK 1,472 million (2022: DKK 280 million) due primarily to more positive developments in the financial markets in 2023, although the effect was partly offset by an increase in health and accident claims. The increase was driven mainly by positive investment results on insurance products where Danica Pension has the investment risk, an improved investment result in the health and accident business and positive investment returns on Danica Pension's equity capital. A provision of DKK 250 million for possible compensation to customers in relation to an omission to provide advice concerning indexation of the state pension age had a negative effect on income. Danica Pension continued to see a rise in new health and accident claims, which resulted in a decrease in the insurance service result.

Other income amounted to DKK 562 million (2022: DKK 1,936 million). Other income benefited from a one-off gain of DKK 104 million on the sale of Danske IT in India, which was, however, more than offset by a provision for prudent valuation and expected transaction costs, amounting to DKK 693 million, related to the agreement to sell our personal customer business in Norway. Furthermore, Other income in 2022 saw a positive effect from a one-off gain of DKK 421 million on the sale of our activities in Luxembourg and from a gain of DKK 415 million from the sale of our shares in MobilePay.

Operating expenses

Operating expenses amounted to DKK 25,414 million (2022: DKK 26,478 million) as underlying expenses continued to develop according to plan due to our dedicated cost management and the run-off of remediation costs. Furthermore, costs in 2022 were affected by a one-off amount of DKK 910 million in the form of an increase in provisions for compensation to customers. Operating expenses benefited from exchange rate developments, with the effect being partly offset by rising inflation.

Finally, the Resolution fund, Swedish bank tax etc. item continued to increase and stood at DKK 989 million (2022: DKK 962 million).

Loan impairment charges

Loan impairment charges in core business segments were low in 2023, amounting to DKK 262 million (2022: DKK 1,568 million). Loan impairments in 2022 were affected by a provision of DKK 650 million related to the debt collection case that impacted Group Functions.

Impairments reflect successful restructuring activities mainly in the oil, gas and offshore sector and continued post-pandemic recoveries, contributing to overall stable credit quality. The macroeconomic situation, mainly lower property prices and higher interest rates, continues to impact impairments, and the macroeconomic landscape remains uncertain. We continue to apply significant post-model adjustments related to the macroeconomic uncertainty and remain watchful of any possible credit deterioration.

Loan impairment charges (DKK millions)	**2023**		**2022**	
	Charges	% of net credit exposure*	Charges	% of net credit exposure*
Personal Customers	312	0.04	927	0.10
Business Customers	431	0.07	578	0.09
Large Corporates & Institutions	-367	-0.10	-774	-0.25
Northern Ireland	-113	-0.21	168	0.30
Group Functions	-1	-0.06	669	17.37
Total core	**262**	**0.01**	**1,568**	**0.08**

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

Personal Customers saw impairment charges lower than those in 2022. Charges for 2023 were driven by a combination of updated macroeconomic scenarios and falling property prices, however to a lesser degree than in 2022. Underlying credit quality remained stable.

Business Customers had lower impairment charges than in 2022, while Large Corporates & Institutions continued to see a net reversal owing to successful restructuring in the shipping, oil and gas sectors and post-pandemic recoveries, resulting in a decline in charges made against facilities to individual customers. Underlying credit quality remained solid.

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

Tax

The tax expense of DKK 5,420 million (2022: DKK 2,883 million) corresponds to an effective tax rate of 20.3%. The effective tax rate in 2023 saw a positive effect from a payment of DKK 670 million from the tax authorities due to a correction of tax paid in previous years on certain financial assets and liabilities measured at amortised cost and from the reversal of a provision of DKK 576 million following a final decision from the tax authorities regarding the exit from the international joint taxation scheme in 2019. This more than offset the increase in the tax rate applicable to financial institutions to 25.2% in 2023 from 22.0% in 2022.

Q4 2023 vs Q3 2023

Net profit increased to DKK 5,765 million (Q3 2023: DKK 5,319 million). Increases in net fee income, net trading income and net income from insurance business had a positive effect on the result.

- **Net interest income** decreased to DKK 9,134 million (Q3 2023: DKK 9,326 million) due to one-off interest regarding tax related to previous years of DKK 85 million paid in the fourth quarter and the positive effect in the third quarter of the one-off income of DKK 307 million concerning interest related to a final decision by the tax authorities regarding tax paid in previous years.

- **Net fee income** amounted to DKK 3,148 million (Q3 2023: DKK 2,867 million), mainly as a result of higher performance fees from Asset Management and higher income from mortgage fees due to higher activity in the fourth quarter of 2023.

- **Net trading income** increased to DKK 757 million (Q3 2023: DKK 174 million), due primarily to the third quarter being negatively affected by the reclassification through profit and loss of the loss of DKK 786 million on a CET1 FX hedge following the announcement of the sale of our personal customer business in Norway. The reclassification had a positive effect on Other comprehensive income but did not affect shareholders' equity. Lower customer activity and the interest rate volatility had a negative effect on net trading income in the fourth quarter.

- **Net income from insurance business** saw a strong uplift at the end of the fourth quarter and increased to DKK 550 million (Q3 2023: DKK 233 million). The insurance service result decreased DKK 5 million as a result of a rise in new health and accident claims, with the effect being offset by an increase in fees from the life insurance business due to the positive developments in the financial markets. The net financial result increased due to a positive development in investment results on insurance products where Danica Pension has the investment risk and an improved investment result in the health and accident business. The third quarter of 2023 also included the provision of DKK 250 million for possible compensation to customers.

- **Other income** decreased to DKK 238 million (Q3 2023: DKK 431 million) due to the third quarter benefiting from a one-off gain of DKK 104 million related to the sale of Danske IT in India.

- **Operating expenses** amounted to DKK 6,592 million (Q3 2023: DKK 6,204 million). The increase was driven by seasonality, increased provisions for holiday costs and higher IT expenses.

- **Loan impairments** for core business segments amounted to a net reversal of DKK 32 million (Q3 2023: charges of DKK 322 million). The low level of impairments was driven by reductions in the exposure to the oil and gas sector, which were partly countered by new impairment charges against single-name exposures. Overall, credit quality remained resilient.

- **Tax** amounted to DKK 1,470 million (Q3 2023: DKK 1,156 million) and was affected by a lower level of taxes regarding prior years (income). The effective tax rate was 20.3% (Q3 2023: 17.9%). The third quarter saw a positive effect from a payment of DKK 670 million from the tax authorities due to a correction of tax paid in previous years on certain financial assets and liabilities measured at amortised cost.

Net profit

DKK 5,765 million

for the fourth quarter of 2023

Balance sheet

Lending (end of period) (DKK billions)	2023	2022	Index 23/22	Q4 2023	Q3 2023	Index Q4/Q3
Personal Customers	775.5	805.1	96	775.5	764.8	101
Business Customers	654.2	639.6	102	654.2	639.6	102
Large Corporates & Institutions	308.6	322.5	96	308.6	298.7	103
Northern Ireland	58.6	53.8	109	58.6	59.4	99
Group Functions incl. eliminations	-1.0	-0.1	-	-1.0	-2.0	-
Allowance account, lending	17.0	16.9	101	17.0	16.8	101
Total lending	**1,779.0**	**1,804.0**	**99**	**1,779.0**	**1,743.7**	**102**
Deposits (end of period) (DKK billions)						
Personal Customers	408.0	410.8	99	408.0	408.4	100
Business Customers	257.1	285.2	90	257.1	264.0	97
Large Corporates & Institutions	382.6	389.5	98	382.6	362.0	106
Northern Ireland	97.4	94.6	103	97.4	97.7	100
Group Functions incl. eliminations	-8.0	-10.2	-	-8.0	-8.7	-
Total deposits	**1,137.1**	**1,169.9**	**97**	**1,137.1**	**1,123.4**	**101**
Covered bonds (DKK billions)						
Bonds issued by Realkredit Danmark	741.1	711.7	104	741.1	716.0	104
Own holdings of bonds*	15.2	15.6	97	15.2	13.5	113
Total Realkredit Danmark bonds*	756.3	727.3	104	756.3	729.5	104
Other covered bonds issued	129.4	156.7	83	129.4	145.8	89
Own holdings of bonds	126.9	99.0	128	126.9	126.4	100
Total other covered bonds	**256.4**	**255.8**	**100**	**256.4**	**272.2**	**94**
Total deposits and issued mortgage bonds etc.	**2,149.7**	**2,152.9**	**100**	**2,149.7**	**2,125.2**	**101**
Lending as % of deposits and issued mortgage bonds etc.	82.8	83.8		82.8	82.0	

** Includes only bonds issued to fund lending. For further information, see the Definition of alternative performance measures section.*

Lending
Lending stood at DKK 1,779 billion (end-2022: DKK 1,804 billion). Mortgage lending at nominal value at Realkredit Danmark amounted to DKK 806 billion (end-2022: DKK 802 billion). Lending volumes in Norway saw a negative effect from the depreciation of the Norwegian currency.

At Large Corporates & Institutions, we saw a decrease in lending volumes in General Banking of 7% from the level at the end of 2022 as the operating environment and capital markets conditions improved during 2023. Market shares in cash management increased as new house bank mandates were added in all Nordic countries. Relative to the level at the end of 2022, total lending decreased 4% due mainly to a decrease in lending volumes in Norway as a result of the depreciation of the Norwegian krone.

Lending at Business Customers increased 2% from the level at the end of 2022, with the increase being attributable primarily to higher mortgage lending in Denmark driven by our commercial real estate business. Despite a positive inflow of bank lending volumes in Finland and Norway, total bank lending volumes decreased, due to a decrease in bank lending volumes in Denmark and Sweden as well as the depreciation of the Norwegian krone.

At Personal Customers, we saw an increase in bank lending volumes in Denmark of 14%. The general slowdown on the housing market had a negative effect on mortgage volumes in all four Nordic countries, however. In Denmark, the low level of mortgage lending growth was caused primarily by the effect of the rising interest rates and a lower level of supplementary lending. Total lending across markets decreased 4% from the level at the end of 2022, due mainly to the depreciation of the Norwegian currency.

In Denmark, new gross lending, excluding repo loans, amounted to DKK 113 billion. Lending to personal customers accounted for DKK 28 billion of this amount.

Lending equalled 82.8% of the total amount of deposits, mortgage bonds and other covered bonds (2022: 83.8%).

Deposits
Deposits amounted to DKK 1,137 billion at the end of 2023 (end-2022: DKK 1,170 billion). Deposit volumes in Norway decreased, due mainly to the depreciation of the currency.

Deposit volumes at Personal Customers in Denmark increased 4% from the level at the end of 2022, driven primarily by the new savings products launched in the first quarter of 2023. Total deposit volumes decreased 1% from the level at the end of 2022, due mainly to the depreciation of the Swedish and Norwegian currencies and the announcement of Danske Bank exiting the personal customer market in Norway.

At Business Banking, deposit volumes were negatively affected by our decision to reduce deposits in the public sector in Norway. Combined with the depreciation of the Norwegian currency, total deposit volumes decreased 10% from the level at the end of 2022.

Credit exposure
Credit exposure from lending activities in core business segments increased to DKK 2,547 billion (end-2022: DKK 2,513 billion). The increase was driven by higher deposits with central banks, while the decrease in exposure at Personal Customers Norway was caused mainly by depreciation of the currency and a slowdown in activity in Norway due to Danske Bank's announced exit from the personal customer market in Norway as part of the Forward '28 strategy.

Risk Management 2023, section 3, which is available at danskebank.com/ir, provides details on Danske Bank's credit risk management.

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

Stage 3 loans in core segments (DKK millions)	**31 December 2023**	**31 December 2022**
Gross exposure	32,686	32,132
Allowance account	9,062	8,251
Net exposure	**23,624**	**23,881**
Collateral (after haircut)*	**20,642**	**22,442**
Stage 3 coverage ratio (%)*	75	85

** Collateral (after haircut) and Stage 3 coverage ratio have been restated. 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 was stable at DKK 32.7 billion (end-2022: DKK 32.1 billion), corresponding to 1.3% of total gross exposure. Stage 3 exposure was concentrated on personal customers, commercial property, shipping, oil and gas and agriculture, which combined accounted for 59% of total gross exposure in stage 3.

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

Total gross exposure in stage 2 decreased DKK 31.8 billion from the level at the end of 2022, primarily in the business and personal customers segments, due mainly to portfolio developments and macroeconomic expectations.

The allowance account amounted to 1.07% (end-2022: 1.02%) of credit exposure.

Allowance account by business units (DKK millions)	**31 December 2023**		**31 December 2022**	
	Accum. impairm. charges	% of credit exposure*	Accum. impairm. charges	% of credit exposure*
Personal Customers	5,306	0.68	5,427	0.66
Business Customers	10,705	1.58	10,235	1.58
Large Corporates & Institutions	3,308	0.92	3,050	0.76
Northern Ireland	794	1.34	863	1.56
Group Functions	26	3.89	31	0.78
Total	**20,140**	**1.07**	**19,605**	**1.02**

** Relating to lending activities in core segments.*

Trading and investment activities

Credit exposure from trading and investment activities amounted to DKK 1,100 billion at the end of 2023 (end-2022: DKK 1,174 billion). The decrease was due primarily to a decrease in derivatives with positive fair value.

The Group has made netting agreements with many of its counterparties concerning positive and negative market values of derivatives. The net exposure was DKK 89.5 billion (end-2022: DKK 89.1 billion).

The value of the bond portfolio was DKK 461 billion (end-2022: DKK 487 billion). Of the total bond portfolio, 66% was recognised at fair value and 34% at amortised cost.

Bond portfolio (%)	**31 December 2023**	**31 December 2022**
Government bonds and bonds guaranteed by central or local governments	42	45
Bonds issued by quasi-government institutions	3	4
Danish mortgage bonds	41	35
Swedish covered bonds	7	7
Other covered bonds	6	7
Corporate bonds	1	2
Total holdings	**100**	**100**
Bonds at amortised cost included in total holdings	34	31

The financial highlights on page 5 provide information about the balance sheet.

Trading portfolio assets and trading portfolio liabilities increased to net assets of DKK 93.7 billion (end-2022: net assets of DKK 84.5 billion). The increase in net assets was due mainly to changes in the fair value of the derivatives portfolio.

Other balance sheet items

Due from credit institutions and central banks increased to DKK 271.4 billion (end-2022: DKK 191.9 billion). The increase was due to general liquidity management. More information on this is provided under the Funding and liquidity heading in the Capital and liquidity management section.

Personal customer business in Norway

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

Strategic partnership with Infosys

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

As at 1 September 2023, Danske Bank sold Danske IT, a whollyowned subsidiary of Danske Bank headquartered in Bengaluru, India, to Infosys. Danske IT covers IT development and operations for Danske Bank. As part of the sale, the 1,400 employees at Danske IT transferred to Infosys, which employs more than 300,000 people globally.

Update on the debt collection case

As announced on 31 August 2022, Danske Bank has chosen an accelerated solution for its debt collection customers, whereby approximately 90,000 debt collection customers in Denmark will have their debt to the bank set to zero, and Danske Bank will not collect this debt. In the fourth quarter of 2022, we began communicating to customers whose debt is set to zero, and at present, nearly 99% of the debt in approximately 90,000 active customer cases has been set to zero.

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

The work involved in paying compensation to the debt collection customers who may have been subject to overcollection began in 2023. Throughout 2023, Danske Bank has paid or attempted to pay out compensation to approximately 80% of the customers in scope for the accelerated data-driven solution (excluding estate case customers). The remaining approximately 20% of the customers in scope are expected to receive compensation in 2024.

As previously announced, Danske Bank has been working towards restarting its debt collection in respect of personal customer cases in Denmark in collaboration with a debt collection agency, Lowell Danmark A/S. We have now reached this milestone as we have started up the new debt collection system and transferred the first cases for collection to Lowell Danmark A/S in December 2023. Danske Bank will initially transfer only the least complex debt collection cases to Lowell Danmark A/S for collection. Later on, the new IT system will gradually be enhanced and tested to handle all case types in a secure and compliant manner.

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

Group Financial Crime Plan

Having a sustainable Financial Crime control framework remains one of our strategic priorities. Four years ago, the Group launched the Financial Crime Plan, a comprehensive transformation programme, with the ambitious target of completion by the end of December 2023.

The purpose of the Financial Crime Plan has been to design and implement a financial crime control framework that (i) meets the regulatory requirements applicable to the Group; and (ii) is reasonably designed to manage the Group's inherent financial crime risk in line with the Group's risk tolerance by harnessing global best practice as appropriate.

The Group has now completed its Financial Crime Plan, and sees this as a significant achievement. We will continue testing our controls to ensure that what we have implemented is fully embedded and operating effectively. Should the outcome of the testing require further improvements, those will be addressed as part of normal procedures.

In recent years, the Group has focused significantly on its financial crime control framework. This has included

- spending more than DKK 12 billion on delivery of the Financial Crime Plan, remediation and ongoing business-as-usual risk management
- hiring significant resources, including senior subject matter experts, who have previous experience with designing and implementing effective controls
- continuously enhancing the governance structures across the Group, including monitoring the progress of enhancements to the financial crime control framework and embracing senior management sponsorship, scrutiny and effective ongoing governance, up to and including the Executive Leadership Team and the Board of Directors
- providing regular updates to external stakeholders, including the Danish FSA and the US Department of Justice, on the scope of the Group's work and the progress being made

Also, the Group has substantially reduced its inherent risk by

- closing down all banking activities in Latvia, Lithuania, Estonia and Russia to focus primarily on the Nordic markets (announced in February 2019)
- winding down in and divesting from other non-Nordic regions (for example winding down business in Germany, as per decision in December 2020, divesting international private banking activities in Luxembourg, as announced in July 2021, and closing down Danske Bank's representative office in China in early 2022)

Progress on Regulatory Orders

During 2019-2023, the Group has been subject to ongoing supervisory oversight and has remained focused on addressing feedback from its regulators. Throughout this time, the Group has received 14 Regulatory Orders (or equivalents) relating to financial crime risk. Of these, only one remains open. It has been addressed by the Group, and is now with one of our regulators to also confirm closure.

Embedding our controls and testing operational effectiveness

Through delivery of the Financial Crime Plan, the Group has implemented controls which are adequately designed to meet our regulatory requirements and to manage our financial crime risks. These controls were designed by subject matter experts with assistance, in some instances, from external consultancy third parties. Many of the controls were implemented in the earlier years of the plan, and therefore, the Group's day-to-day operational management of those controls shows that they are operating as intended.

Throughout the duration of delivering on the Financial Crime Plan, the Group's second and third lines of defence (and, in some cases, with the assistance of independent specialist third parties) have tested a substantial number of the controls to validate that what we have implemented is appropriately embedded and working as expected. In some cases, the validation work has identified areas requiring adjustment, which have been, or will be, addressed as part of normal procedures. In 2024, the Group will continue to further test the control framework and focus on those areas that require adjustment. For such a large and complex remediation programme delivered within a relative short timeframe, further testing of controls may reveal areas of improvement and refinement – this is to be anticipated – but we do not expect material issues to be revealed.

Continued investment in sustainable control effectiveness, efficiency and customer experience

Ensuring that our control framework is sustainable and demonstrates the ability to improve and evolve is a key priority for the Group. As part of the Financial Crime Plan, the Group has implemented governance structures and business-as-usual processes to ensure that our controls remain adequate and respond to changes in the external threat landscape and evolutions in our business. The Group also intends to enhance our controls to make them more customer-centric whilst maintaining risk management effectiveness. In the coming years, the Group will continue to invest in and enhance existing controls by introducing greater automation, which will reduce operational risk and increase cost effectiveness, resulting in a fall in the Group's financial crime risk management costs in line with previous forecasts.

Estonia matter

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

As part of the Bank's agreement with the DoJ, Danske Bank is placed on corporate probation for three years from 13 December 2022 until 13 December 2025, and the Bank committed to comply with certain Post-Resolution Obligations agreed with the DoJ. The completion of the Financial Crime Plan constitutes a significant part of these Post-Resolution Obligations. The assurance and further testing work the Group will be undertaking in 2024 in relation to the Bank's financial crime programme is one of these obligations and will be a focus area for the Group.

In 2021, the Danish FSA appointed an Independent Expert whose role, amongst other things, was to monitor and report on the progress in delivering on the Financial Crime Plan. The Danish FSA has extended the appointment for an additional period to monitor the further embedding and testing of the operational effectiveness of the Financial Crime Plan. Following this period, further reappointments of the Independent Expert may be expected.

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

Civil claims

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

Capital and liquidity management

The main purposes of our capital management practices are to support our business strategy and to ensure a sufficient level of capital to withstand even severe downturns without breaching regulatory requirements.

Capital ratios and requirements

At the end of 2023, the Group's total capital ratio was 23.1%, and its CET1 capital ratio was 18.8%, against 22.1% and 17.8%, respectively, at the end of 2022. The movement in the capital ratios in 2023 was driven by an increase in net profit after dividends and a decrease in REA. These effects were partly countered by an increase in the capital deduction for Danica Pension and a decline in the IFRS 9 add-back.

During 2023, the total REA decreased approximately DKK 10 billion due mainly to a decline in the REAs for credit risk and market risk, which was partly countered by an increase in the REA for operational risk.

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

Capital ratios and requirements (% of total REA)	**2023**	**Fully phased-in***
Capital ratios		
CET1 capital ratio	18.8	18.6
Total capital ratio	23.1	22.9
Capital requirements (incl. buffers)		
CET1 requirement	14.2	14.2
- portion from countercyclical buffer	2.0	2.0
- portion from capital conservation buffer	2.5	2.5
- portion from Norwegian systemic risk buffer	0.5	0.5
- portion from SIFI buffer	3.0	3.0
Solvency need ratio	10.7	10.7
Total capital requirement**	**18.7**	**18.7**
Excess capital		
CET1 capital	4.6	4.4
Total capital	4.3	4.1

** Based on fully phased-in rules and requirements, including the fully phased-in impact of IFRS 9.*
*** The total capital requirement consists of the solvency need ratio and the combined buffer requirement. The fully phased-in countercyclical capital buffer is based on the buffer rates announced at the end of 2023.*

At the end of 2023, the Group's solvency need ratio was 10.7%, a minor increase of 0.1 percentage points from the level at the end of 2022.

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

Minimum requirement for own funds and eligible liabilities

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

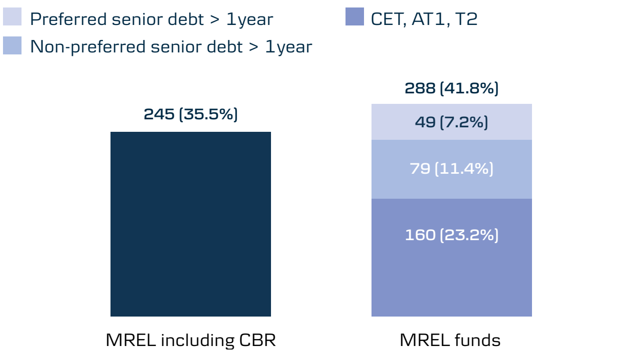
At the end of 2023, the point-in-time requirement including the CBR was equivalent to DKK 245 billion, or 35.5% of the total REA adjusted for Realkredit Danmark. Taking the deduction of capital and debt buffer requirements for Realkredit Danmark into account, MREL-eligible liabilities amounted to DKK 288 billion. In addition, an MREL of 6% of the leverage ratio exposure (LRE) is in place. The LRE-based requirement equalled 22.5% of the total REA adjusted for Realkredit Danmark, making the REA-based requirement the binding constraint.

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

At the end of 2023, the subordination requirement was equivalent to DKK 203 billion. The backward-looking subordination requirement, as set by the Danish FSA, was 28.5% of the total REA adjusted for Realkredit Danmark. MREL-eligible subordinated liabilities stood at DKK 239 billion.

MREL requirement and eligible funds; end-2023

(DKK billions) (% of total REA)



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

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

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

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

As our capital position continues to be strong, the Board of Directors is proposing a dividend of DKK 7.5 per share for the second half of 2023, in addition to the interim dividend of DKK 7.0 per share paid for the first half of 2023, in total amounting to DKK 14.5 per share, corresponding to 59% of net profit for the year. The interim dividend was paid out in July 2023.

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

On the basis of the financial results for 2023, the Board of Directors has decided to initiate a share buy-back programme of DKK 5.5 billion, equivalent to a total payout ratio of 85% including the dividend for 2023. The programme, which has been approved by the Danish Financial Supervisory Authority, will start on 5 February 2024.

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

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

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

Realkredit Danmark also complies with all threshold values.

New regulation
As part of the EU Banking Package 2021 and in order to implement Basel IV, the European Commission adopted proposals in October 2021. On 27 June 2023, the EU co-legislators reached a provisional political agreement on the proposals for implementing Basel IV. The final rules are not expected to be adopted before end of the first quarter 2024 at the earliest.

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

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

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

On 10 July 2023, Moody's Investors Service (Moody's) revised its outlook on Danske Bank to Positive from Stable, while affirming all ratings.

In 2023, S&P Global (S&P) ratings and outlook on Danske Bank were unchanged.

Danske Bank's credit ratings, 31 December 2023

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

Covered bonds issued by Realkredit Danmark (RD) are rated 'AAA' (Stable outlook) by Fitch, S&P and Scope Ratings. Covered bonds issued by Danske Bank A/S are rated 'AAA' (Stable outlook) by both Fitch and S&P. Covered bonds issued by Danske Hypotek AB are rated 'AAA' (Stable outlook) by S&P and 'AAA' by Nordic Credit Rating. Covered bonds issued by Danske Mortgage Bank Plc are rated 'Aaa' by Moody's.

Danske Bank's ESG ratings	Score at 31 December 2023	Score at 31 December 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
Moody's ESG Solutions, USA	60	61

Environmental, Social and Governance (ESG) ratings
In April 2023, Moody's ESG Solutions downgraded Danske Bank to 60 from 61 due to a lowering of the social assessment, partially offset by an improvement in environment and governance.

All other ESG ratings remained unchanged in 2023.

Interest rate risk in the banking book
Danske Bank is exposed to interest rate risk in the banking book resulting from providing the Group's core banking customers with conventional banking products and from the Group's funding and liquidity management activities at Group Treasury (for more details, please see section 5.2.3 of Risk Management 2023).

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

Funding and liquidity
During 2023, following a number of central bank rate hikes, market expectations shifted towards a lower inflation outlook, peaking interest rates and expectations of several central bank rate cuts in 2024. The very tense geopolitical situation persisted and even worsened in the last quarter with the situation in the Middle East.

Despite the uncertainty, the credit markets stayed active with stable investor appetite for Danske Bank issues, which we continued to take advantage of in the fourth quarter. In early January 2024, we followed up with a DKK 750 million non-preferred senior 8nc7 EUR benchmark issue.
At the end of December 2023, the Group had issued covered bonds of DKK 33 billion, preferred senior debt of DKK 39.7 billion and non-preferred senior debt of DKK 22.5 billion, thus bringing total long-term wholesale funding to DKK 95.2 billion.

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

From time to time, we will make issues in GBP, JPY, CHF and other currencies when market conditions allow. Issuance plans for subordinated debt in either the additional tier 1 or tier 2 formats will depend on balance sheet growth and redemptions on the one hand and our capital targets on the other. Any issuance of subordinated debt may cover part of our funding need. Note G22 provides more information about bond issues in 2023.

Danske Bank's liquidity position remained robust. At the end of December 2023, our liquidity coverage ratio stood at 170% (31 December 2022: 151%), with an LCR reserve of DKK 615 billion (31 December 2022: DKK 570 billion), and our net stable funding ratio stood at 125.9%.

At 31 December 2023, the total nominal value of outstanding long-term funding, excluding debt issued by Realkredit Danmark, was DKK 337 billion (31 December 2022: DKK 357 billion).

Investor Relations

Danske Bank operates in an attractive, stable and innovative region. As a Nordic leader, Danske Bank has a diversified business composition with a strong financial position and sound risk profile. This unique position underpins the long-term ability to generate profitable growth and return to steady capital distribution and creation of shareholder value.

An eventful year for Danske Bank investors

The year 2023 was truly eventful and exciting for Danske Bank. While we navigated the financial market volatility, including the external liquidity events impacting US regional banks, our investment case was supported by the strong financial performance and three profit upgrades during the year.

As we have largely put the legacy cases behind us in step with the execution of our 2023 Better Bank strategy, we have built a more resilient and efficient organisation – a strong foundation for sustainable profitability enhancement and further growth potential.

Forward ’28

At the beginning of the summer, we hosted an investor update and presented our new Forward ’28 strategy, which includes new 2026 financial targets: an ROE of 13%, a cost/income ratio around 45% and a CET1 capital ratio above 16%. Ambitious, yet realistic targets. We also announced the resumption of capital distribution and initiated this with an accelerated dividend paid in connection with the release of our results for the first six months of 2023. With our 40-60% dividend policy, we see a potential for more than DKK 50 billion in ordinary dividend payouts through 2026. Furthermore, we see a potential for additional capital distribution subject to our capital position and market conditions.

Investor engagement

With the legacy cases mostly behind us and with the presentation of our Forward ’28 strategy, the response from the investor community has been pronounced. For many investors, Danske Bank is now once again an accessible and attractive investment case. For both debt and equity investors, perception has improved significantly among existing and potential new investors.

We facilitated a large number of investor events during the year, which, in addition to interaction with our Nordic investor base included roadshows to many other European countries as well as the UK, US and Asia. Across jurisdictions, our efforts are reflected in an increasingly positive perception of Danske Bank.

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ESG

2024 will mark the year of the introduction of the European Sustainability Reporting Standards (ESRS), as stipulated by the EU, setting new requirements for reporting parameters and transparency. In September 2023, Danske Bank received an A rating from Position Green, addressing the top 100 Nordic companies’ readiness for the new reporting requirements. Our top score indicates our readiness for and commitment to the ESG agenda, which we have proven throughout 2023.

Investor interest in our Climate Action Plan, launched in January 2023, further supports our observation that commitment to ESG responsibilities is increasingly a fundamental requirement for investors’ interest in Danske Bank rather than an interesting add-on. Our commitment to the ESG agenda will continue in 2024.

Danske Bank shares

With the share price increase of 31% through 2023, Danske Bank’s market cap increased approximately 33% to DKK 155 billion. Danske Bank now has an index weighting of the OMX Copenhagen 25 CAP Index of 6.8%, up from 4.8% last year.

Danske Bank shares (DKK)	2023	2022	2021	2020	2019	2018
Share capital (millions)	8,622	8,622	8,622	8,622	8,622	8,960
Share price (end of year)	180	137	113	101	108	129
Total market capitalisation (end of year) (billions)	155	118	96	86	92	110
Net profit for the period (billions)	21.3	-4.6	13.0	4.6	15.1	15.2
Dividends (billions)*	14.5	-	1.8	1.8	-	7.6
Share buybacks (billions)	-	-	-	-	-	7.8
Book value per share	204	187	201	188	183	174
Price/book value per share	0.9	0.7	0.6	0.5	0.6	0.7

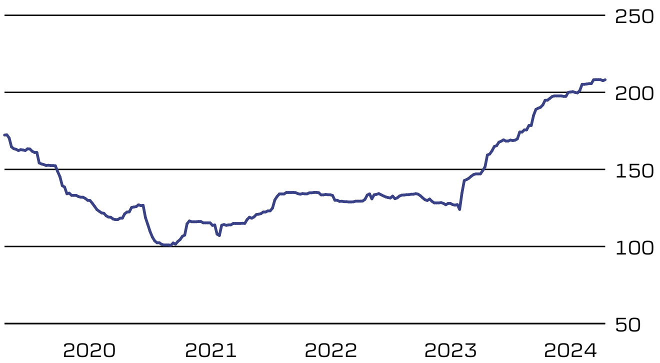
** Dividend for 2023 of a total of DKK 14.5 per share consists of a proposed dividend of DKK 7.5 per share for the second half of 2023 and an interim dividend of DKK 7.0 per share that was paid in connection with the interim report for the first half of 2023.*

Danske Bank's share price increased from DKK 137 at 30 December 2022 to DKK 180 at 30 December 2023, an increase of 31%. In comparison, the OMXC25CAP Index increased 7%, while the Europe 600 Banks Index increased 20%.

Danske Bank is covered by 25 sell-side analysts, who regularly publish research reports and sector reports. A list of the analysts and other relevant information, including financial reports, investor presentations, share and bond information, is available at danskebank.com/investor-relations/reports. Investor Relations collects and distributes consensus estimates from sell-side analysts for external and internal stakeholders.

Sell-side analysts' expectations and buy recommendations for Danske Bank shares improved steadily and throughout the year. The average expected price target for Danske Bank's shares ended the year at DKK 208, reflecting an additional upside potential of more than 15% relative to the year-end trading level.

12-month target price (analyst avg.)

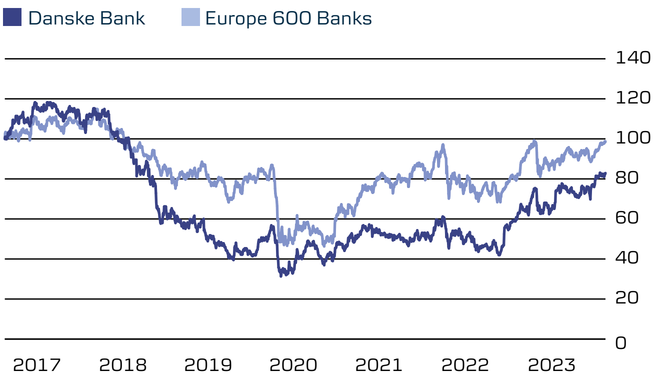


Source: Bloomberg, based on 25 analysts' consensus estimates

The average daily trading volume of Danske Bank shares was around 1.5 million during 2023. The Danske Bank share was the seventh most actively traded share on Nasdaq Copenhagen during 2023.

Danske Bank shares

Index 2017 = 100

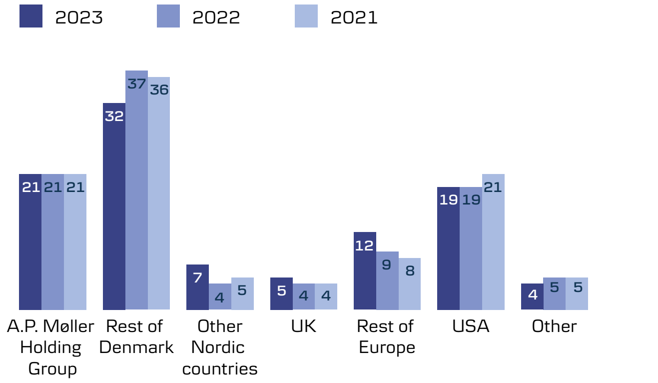


Shareholders

At the end of 2022, Danske Bank had about 273,000 shareholders. The 10 largest shareholders together owned about 40% of the share capital. During 2023, the geographical diversification of our shareholder base increased slightly, and we have generally seen more interest from the global investor community since the settlement with US and Danish authorities in December 2022.

We estimate that shareholders outside Denmark, mainly in the US, EU and UK, hold around 47% of the share capital, an increase from the level of around 42% in 2022.

Danske Bank shareholders



According to the Danish Companies Act, shareholders must notify the company if the voting rights of their shares represent 5% or more of the voting rights of the company's share capital or if the nominal value of their shares represents 5% or more of the share capital. Shareholders must also disclose changes in shareholdings if they exceed or fall below specified percentage thresholds.

One shareholder has notified Danske Bank of holding 5% or more of the share capital:

The A.P. Møller Holding Group holds about 21% of the share capital.

Organisation and management

General meeting

The general meeting is Danske Bank's highest decision-making authority.

In 2023, the annual general meeting was held on 16 March.

Danske Bank's Articles of Association are available at danskebank.com/about-us/corporate-governance and contain information about the notice convening the general meeting, the shareholders' admission and voting rights as well as the shareholders' right to submit proposals and have specified business transacted at the meeting.

All shareholders have voting rights according to the number of shares held at the date of registration and each share of DKK 10 carries one vote at the general meeting. No share has any special rights attached to it.

Only the general meeting can amend – or authorise the Board of Directors to amend – Danske Bank's Articles of Association. Any amendment requires not less than a two-thirds majority of the votes cast and not less than two-thirds of the share capital represented at the general meeting and entitled to vote.

A resolution to wind up Danske Bank by merger or voluntary liquidation can be passed only if adopted by not less than three-quarters of the votes cast and not less than three-quarters of the share capital represented at the general meeting and entitled to vote.

Board of Directors

The Board consists of twelve members, eight elected by the general meeting and four elected by and among the employees.

Board members elected by the general meeting stand for election each year. As prescribed by Danish law, members elected by and among the employees serve on the Board of Directors for a four-year term, with the next election to be held prior to the annual general meeting in 2026.

The Nomination Committee operates as a preparatory committee for the Board of Directors with respect to the nomination and appointment of candidates to the Board of Directors and to the Executive Leadership Team of Danske Bank. Board candidates are nominated by the Board of Directors or the shareholders and are elected by the general meeting.

The members of the Board of Directors were re-elected at the annual general meeting on 16 March, except for Bente Avnung Landsnes, who did not seek re-election.

Pages 244-249 of Annual Report 2023 provide information about the individual members of the Board of Directors, including their directorships. Note G37 in the Financial statements provides information on the number of Danske Bank shares held by the members of the Board of Directors, and note G36 in the Financial statements provides information on the remuneration of the Board of Directors.

Work of the Board of Directors in 2023

In 2023, the Board of Directors held 19 meetings, of which 3 were extraordinary meetings. As to committee meetings (ordinary and extraordinary), the Audit Committee held 6 meetings, the Risk Committee held 11 meetings, of which three were extraordinary meetings, the Conduct & Compliance Committee held 6 meetings, the Nomination Committee held 8 meetings, of which one was an extraordinary meeting, and the Remuneration Committee held 7 meetings, of which one was an extraordinary meeting.

The members' participation in Board and Committee meetings in 2023 is illustrated below.

Board		Committees				
		Audit	CCC	Nomination	Remuneration	Risk
Martin Blessing	19/19		6/6	7/7	7/7	
Jan Thorsgaard Nielsen	19/19	6/6		7/7		
Lars-Erik Brenøe	19/19		6/6		7/7	
Jacob Dahl*	19/19				4/4	10/11
Raija-Leena Hankonen	18/19	6/6				
Allan Polack**	18/19	5/5			3/3	11/11
Carol Sergeant	19/19		6/6			11/11
Helle Valentin	19/19			6/7		
Bente Bang	18/19				7/7	
Kirsten Ebbe Brich	19/19		6/6			
Aleksandras Cicasovas	19/19					
Louise Aggerstrøm Hansen***	13/19					6/9
Bente Avnung Landsnes****	2/3	1/1				

**Jacob Dahl joined the Remuneration Commitee in March 2023.*
***Allan Polack stepped down from the Remuneration Committee in March 2023.*
****Louise Aggerstrøm Hansen joined the Risk Committee in March 2023.*
***** Bente Avnung Landsnes stepped down from the Board of Directors in March 2023.*

The Board of Directors evaluates its performance annually, and the evaluation process is led by the Nomination Committee. In 2023, the Board of Directors' evaluation focused in particular on the Forward '28 strategy process and the key strategic enablers: technology and people. As part of the overall evaluation, separate evaluations were conducted pertaining to each Board committee and the Chairman of the Board of Directors. Moreover, an upward review of the Board of Directors by the Executive Leadership Team was conducted. To ensure the objectivity and quality of the evaluation, an external adviser facilitated the evaluation, which consisted of questionnaires completed by all members of the Board of Directors and the Executive Leadership Team as well as interviews conducted with all members of the Board of Directors and the Chief Executive Officer. The outcome of the evaluation was subsequently presented to and discussed by the Board of Directors.

The Board evaluation showed that real strides were made in 2023, notably in terms of the process followed in developing and communicating the Forward '28 strategy, oversight of people and organisational capacity, of senior leadership stability and capabilities as well as of the relationship between the CEO and the Board of Directors.

The Board of Directors has agreed on and will work on specific actions aimed at addressing identified development areas. The actions centre around, for example, technology and partnerships, customers and competitors, and the format and length of Board papers.

Executive Leadership Team

Team members	Title
Carsten Rasch Egeriis	Chief Executive Officer
Magnus Agustsson	Chief Risk Officer
Joachim Alpen*	Head of Large Corporates & Institutions
Christian Bornfeld	Head of Personal Customers and Financial Crime Risk & Prevention
Karsten Breum	Chief People Officer
Stephan Engels	Chief Financial Officer
Johanna Norberg	Head of Business Customers & Country Manager, Danske Bank Sweden
Dorthe Tolborg**	Chief Compliance Officer
Frans Woelders	Chief Operating Officer
Berit Behring***	Head of Large Corporates & Institutions

** Joachim Alpen joined the Executive Leadership Team on 1 August 2023.*
*** Dorthe Tolborg joined the Executive Leadership Team on 1 June 2023.*
****Berit Behring retired on 31 July 2023.*

The Board of Directors' collective competencies and experience are the sum of the individual board members' competencies and experience as the Board operates as a collegial body. The composition of the Board of Directors aims at ensuring that the members collectively possess the required competencies as described in the competency profile of the Board of Directors, which is available at danskebank.com/Management. Pages 244-249 of Annual Report 2023 provide information on the competencies of the individual Board members.

On 16 January 2023, Danske Bank announced that Berit Behring had decided to retire from her position on 31 July 2023 and that Joachim Alpen was appointed new Head of Large Corporates & Institutions and member of the Executive Leadership Team as of 1 August 2023.

On 20 March 2023, Danske Bank announced changes to the Executive Leadership Team, as Dorthe Tolborg was appointed new Chief Compliance Officer and member of the Executive Leadership Team as of 1 June 2023.

Commercial Leadership Team

Team members	Title
Lars Alstrup	Nordic Head of Advisory Banking, Business Customers
Erlend Angelfoss	Country Manager Norway
Jakob Bøss	Head of Group Sustainability, Stakeholder Relations, Communications & Marketing
Michel van Drie	Head of Technology & Services, Large Corporates & Institutions
Paul Gregory	Global Head of Corporate & Institutional Banking
Claus Harder	Global Head of Markets & Transaction Banking
Christoffer Møllenbach	Head of Group Finance
Atilla Olesen	Head of Investment Banking & Securities
Linda Olsen	COO of Technology & Services, Personal & Business Customers
Mark Wraa-Hansen	Head of Personal Customers Denmark

Danske Bank also has a Commercial Leadership Team, which consists of 10 experienced leaders who undertake important commercial roles in the Danske Bank Group. The Commercial Leadership Team is responsible for ensuring strong cooperation across the Group and focuses on developing Danske Bank's customer offerings. The team is the key driver behind the Group's Forward '28 strategy.

Corporate governance recommendations

Corporate governance recommendations issued by the Danish Committee on Corporate Governance are available at corporategovernance.dk. The recommendations are best practice guidelines for the management of companies with shares admitted for trading on a regulated market in Denmark, including Nasdaq Copenhagen A/S. If a company fails to comply with a recommendation, it must explain why it has chosen a different approach. Danske Bank complies with all recommendations.

The statutory corporate governance report issued in accordance with section 134 of the Danish FSA's Executive Order on Financial Reports for Credit Institutions and Investment Firms, etc., section 107b of the Danish Financial Statements Act and the Nasdaq Nordic Main Market Rulebook for Issuers of Shares ("Nordic Main Market Rulebook") is available at danskebank.com/corporate-governance. The report includes an explanation of Danske Bank's status on all recommendations.

The Danish Bankers Association, which is now part of Finance Denmark, has issued a Corporate Governance Code, which Danske Bank must comply with or explain why it does not comply. Danske Bank complies with all recommendations set out in the Code. Danske Bank's explanation of the status on all recommendations is included in section C of its Corporate Governance Report 2023.

Data ethics

Danske Bank's data ethics principles define how Danske Bank strives to act with regard to data use across the Group and in its business relations.

Danske Bank strives to be transparent about the purposes for which data is used and to communicate this clearly. We aim to ensure that processes are clearly understood in terms of risk as well as the social, ethical and societal consequences of our use of data. We assess and evaluate the impact of the use of advanced technologies, analytics and computational methods on the parties involved.

2023 saw Danske Bank establish an official policy for its Data Ethics principles as well as continue its focus on the training of colleagues and development of how Danske Bank collects and uses personal and customer information.

In 2024, Danske Bank will initiate work to translate the policy into detailed data ethics instructions and a standardised data ethics framework, which will cover not only personal and customer information but also data use in general.

The principles are available at danskebank.com/corporate-governance.

Business units

Personal Customers

Our Personal Customers unit provides advisory services to personal customers and Private Banking customers in Denmark, Sweden, Norway and Finland. Our advisers and experts are there to help customers when and how it best suits the individual customer – at online meetings, via our websites or, if so required, over the phone or at a branch.

When our customers need to make important financial decisions about, for example, their home, investments or pension, we offer customised advice that is based on their current situation and needs. And with our intuitive digital solutions, we aim to make it as easy as possible for our customers to do most of their banking business whenever and wherever they want.

Business Customers

We offer our customers advice that adds value to their business, no matter whether the customer is a sole proprietor or an entity in a multinational group. Our strategic advisory services are always based on the needs of the business, for example in connection with growth, an acquisition, a change of ownership, strategic development or international expansion.

Our business customers have access to the market's most innovative digital solutions that make day-to-day banking easy and pave the way for new insights and opportunities.

Large Corporates & Institutions

Large Corporates & Institutions caters to the most complex financing and transaction needs of large corporate and institutional customers, and we help them to prosper and grow.
We offer expertise in financing, risk management, investments and financial advisory services, and our customers have access to our award-winning transaction banking solutions.

Thanks to our extensive network and our many years of experience, we serve as intermediary between issuers and investors with a view to creating financing and investment opportunities. Our goal is to be an inspirational partner that understands the customers' strategic agendas and offers tailored solutions to meet their needs.

Danica Pension

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

Northern Ireland

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

Personal Customers

In 2023, Personal Customers saw an increase in net interest income of 61% from the level in 2022, mainly as a result of repricing actions and diversification of our savings products offering supported by market developments. Customer activity within especially investments as well as financing picked up in the second half of 2023, but total fee income for 2023 still decreased 15% relative to the level in 2022. The decrease was driven primarily by a general slowdown in the housing market across our markets, especially in the first half of 2023, as well as customers de-risking their investment portfolios as a consequence of the rise in interest rates and volatile markets. In June 2023, we announced that we had entered into an agreement to sell our personal customers business in Norway. The transaction is subject to regulatory approvals. Pending these approvals, the transaction is expected to close in the fourth quarter of 2024.

Profit before tax amounted to DKK 8,160 million in 2023, an increase of 209% from the level in 2022. The increase was driven by higher net interest income and lower operating expenses as a result of efficiency initiatives resulting in fewer FTEs. The expected transaction costs related to the sale of our personal customer portfolio in Norway had a negative effect on profit before tax. Credit quality remained solid, and loan impairment charges were down 66% from the level in 2022.

Personal Customers (DKK millions)	2023	2022	Index 23/22	Q4 2023	Q3 2023	Index Q4/Q3
Net interest income	14,166	8,778	161	3,481	3,669	95
Net fee income	4,043	4,730	85	1,023	998	103
Net trading income	331	444	75	76	85	89
Other income	-608	987	-	18	23	78
Total income	17,932	14,939	120	4,597	4,775	96
Operating expenses	9,460	10,104	94	2,625	2,373	111
of which resolution fund, bank tax etc.	169	161	105	42	42	100
Profit before loan impairment charges	8,473	4,836	175	1,973	2,402	82
Loan impairment charges	312	927	34	-20	-145	14
Profit before tax	**8,160**	**3,909**	**209**	**1,993**	**2,547**	**78**
Loans, excluding reverse transactions before impairments	775,525	805,120	96	775,525	764,753	101
Allowance account, loans	4,679	4,727	99	4,679	4,687	100
Deposits, excluding repo deposits	408,018	410,806	99	408,018	408,350	100
Covered bonds issued	613,370	612,997	100	613,370	615,878	100
Allocated capital (average)	29,306	30,898	95	28,809	29,274	98
Net interest income as % p.a. of loans and deposits	1.21	0.71	-	1.21	1.27	-
Profit before loan impairment charges as % p.a. of allocated capital	28.9	15.7	-	27.4	32.8	-
Profit before tax as % p.a. of allocated capital (avg.)	27.8	12.7	-	27.7	34.8	-
Cost/income ratio (%)	52.8	67.6	-	57.1	49.7	-
Full-time-equivalent staff	4,064	4,262	95	4,064	4,179	97

Fact Book Q4 2023 provides financial highlights at customer type level for Personal Customers, Fact Book Q4 2023 is available at danskebank.com/ir.

Business initiatives

During 2023, the central banks in our core markets hiked market rates numerous times. This increased demand from customers for additional support in navigating the high market rate environment by offering specialist advice based on the individual customer's overall financial situation, especially in relation to home financing and investments.

Following the rise in the market rates, an attractive customer rate of 0.25% was introduced on transaction accounts in the fourth quarter of 2023 for our customers in Denmark and Finland in addition to the positive rates on several types of new savings products. One of these products is the Danske Toprente account, which allows customers in Denmark to get favourable rates on fixed-term deposits and has been recommended by the Danish Consumer Council.

Customer activity in the housing market picked up in the second half of 2023, driven primarily by activity in Denmark due to improved macroeconomic conditions combined with the anticipated effect of new property tax regulation in the Danish market that took effect on 1 January 2024. The number of customer meetings and home showings increased, as did valuation activity. We also saw a pickup in the housing market in Sweden after the launch in October of a competitive 2-year fixed-rate mortgage loan to partnership customers. We have further made efforts to optimise our home finance processes to ensure that customers experience a faster time to decision when applying for loan offers.

In the investment area, our customers continued to face uncertainty in the financial markets in 2023. The net flow into assets under management increased DKK 13.8 billion in 2023. The increase was driven both by low-risk, low-margin products following the rise in market rates and by a number of large new investment agreements. Investment activity saw a pick-up in the second half of 2023, which was also reflected in an increase in the retail fund market share for Danske Invest, but fees continued to be under pressure as a result of the shift towards low-margin products.

Through focused Through focused efforts, we significantly upgraded convenience for our customers in terms of managing their day-to-day finances via seamless mobile solutions, while simultaneously improving our advisory services regarding customer life events calling for specialist advise, which we provide primarily via online meetings. We launched several new features across our markets in the Danske Mobile Banking solution across account management, cards and digital investment propositions. Examples of the new features in Danske Mobile Banking include our customers now being able to open a custody account and getting easy and quick access to investing in funds via Danske Monthly Investment. In the fourth quarter, we also moved the June digital investment universe into Danske Mobile Banking, while adding a competitive sustainable alternative to our digital investment recommendations, thereby improving the customer experience for our customers in Sweden and Denmark, as they can access all self-service investment solutions in one platform.

Specifically for customers in Denmark, an overview of pension products from Danica is now available, and they can access their healthcare offerings directly from Danske Mobile Banking. While these examples are shaping our journey towards making Danske Mobile Banking the digital front door for our customers, we are also becoming more proactive towards customers and have increased our 1-1 communication efforts across all channels. Together, our digital front door and proactive engagement is making day-to-day banking intuitive and hassle-free, while maintaining a personal touch in our customers' lives.

In addition to our digital efforts, other key focus areas for 2023 centred around developing new products internally and with partners, while also further scaling our sustainability efforts. Through our partnership with Danish insurance company Tryg Forsikring, we launched a new product, Tryg Lånesikring, which covers home loan payments if our customers lose their regular income. In November 2023, we introduced a new concept called 'Tæt På' (Closer). The concept offers customers and potential new customers in Denmark access to a wide range of livestreamed content on everything from day-to-day finances to investments, and it is thus an initiative aimed at sharpening our digital presence and proactively reaching far more people with our knowledge and expertise.

On the sustainability front, our loans for electric and plug-in hybrid cars were also named 'Best in test' by the Danish Consumer Council. Further, with our training efforts in 'Sustainability in practice', our advisers are able to bring up relevant sustainable offerings in their dialogue with customers, making it easier for the customers to make more sustainable choices. Finally, in Sweden, our Power of Equality initiative has reached over 70,000 participants, advocating for financial equality, and has been nominated for the Swedish Equality Award.

As announced in July 2023, we have entered into an agreement to sell our personal customer business in Norway. The transaction is subject to regulatory approvals. Pending these approvals, the transaction is expected to close in the fourth quarter of 2024.

2023 vs 2022

Profit before tax amounted to DKK 8,160 million (2022: DKK 3,909 million) and was driven by higher net interest income on deposits and lower operating expenses as a result of efficiency gains in terms of fewer FTEs. The combined effect of these was, however, partly offset by a provision for prudent valuation and expected transaction costs related to the sale of our personal customer portfolio in Norway. The financial results were adversely affected by the depreciation of currencies.

Net interest income increased to DKK 14,166 million (2022: DKK 8,778 million), driven largely by our activities in Denmark, which contributed DKK 4.5 billion. The increase was due primarily to higher income from deposits driven by the rise in market rates and repricing actions as well as product development initiatives. Some of the increase was offset by the allocation from Group Treasury to Personal Customers of the cost of hedging the interest rate risk related to deposits. Lending margins were under pressure from the rising market rates.

Deposit volumes in Denmark increased 4% from the level at the end 2022, driven primarily by the new savings products launched in the first quarter of 2023. Total deposit volumes decreased 1% from the level at the end 2022, due mainly to the depreciation of the Norwegian krone and the announcement of Danske Bank exiting the personal customer market in Norway.

We saw an increase in bank lending volumes in Denmark of 14% from the level at the end of 2022, driven by customers looking for a flexible way to finance their homes in an uncertain interest rate environment as well as by electric and hybrid car lending. The general slowdown on the housing market in 2023 had a negative effect on mortgage volumes in all four Nordic countries. In Denmark, the low level of mortgage lending growth was caused primarily by the effect of the rising interest rates and a lower level of supplementary lending. The depreciation of the Norwegian krone had a negative effect of DKK 7 billion. Total lending across markets decreased 4% from the end of 2022.

Net fee income decreased to DKK 4,043 million (2022: DKK 4,730 million), primarily as a result of lower activity but also of the divestment of MobilePay. Fee income from financing activity decreased due to lower customer activity throughout 2023 in the wake of the general slowdown in the housing market. For Denmark, the market improved during 2023 and ended the

year reasonably, both in relation to prices and sales activity. Throughout 2023, customers switched from mortgage loans to bank loans, although at a slower pace than in 2022. A switch to bank loans results in lower fee income as a result of fee income accruing over the expected maturity of the loans instead of at origination. Income from investment fees decreased as a result of the uncertainty in the financial markets and customers shifting to low-margin products, but still with an uplift in activity in 2023 from the level at the end of 2022.

Net trading income decreased to DKK 331 million (2022: DKK 444 million) as a result of lower FX trading activity.

Other income amounted to a negative DKK 608 million (2022: DKK 987 million). The decrease was due mainly to the decision to exit the market for personal customers in Norway, which resulted in a provision for prudent valuation and expected transaction costs of DKK 693 million, as well as the year-earlier period benefiting from the one-off gains from the sale of our customer portfolio in Luxembourg and the sale of MobilePay.

Operating expenses decreased to DKK 9,460 million (2022: DKK 10,104 million). The decrease was driven by fewer FTEs and the divestment of MobilePay as well as prudent cost control.

Credit quality remained solid in 2023. This was despite the rise in interest rates and the cost of living during the year as the rise was largely mitigated by household savings and strong labour markets. Average loan-to-value levels remained low.

Loan impairment charges amounted to DKK 312 million in 2023 (2022: DKK 927 million), which was lower than the level in 2022, when impairments were to a higher degree impacted by the updated macroeconomic scenarios.

Credit exposure

Credit exposure decreased to DKK 844 billion at the end of 2023 (end-2022: DKK 883 billion), mainly because of lower exposure in Personal Customers Norway due to lower customer activity and a weaker NOK exchange rate.

Q4 2023 vs Q3 2023

Profit before tax decreased to DKK 1,993 million in the fourth quarter of 2023 (Q3 2023: DKK 2,547 million) due to lower income from deposits and higher operating expenses.

- **Net interest income** decreased 5% as income from deposits fell due to the introduction in the fourth quarter of 2023 of positive rates for our customers also on transaction accounts.
- **Net fee income** increased 3% from the preceding quarter driven by higher lending activity.
- **Operating expenses** increased 11% due to seasonality in IT expenses as well as bonus and restructuring costs.
- The fourth quarter of 2023 saw low **loan impairment** reversals of DKK 20 million, against reversals of DKK 145 million in the third quarter of 2023. Reversals continued to be driven by improved collateral values and updated macroeconomic scenarios.
- **Credit exposure** increased to DKK 844 billion in the fourth quarter from DKK 842 billion at the end of September 2023, due mainly to increased exposure to the Public Institutions segment.
- **Lending volumes** in Denmark increased 8%. The increase in Denmark was offset by a decrease in Norway as well as a decrease in nominal mortgage volumes in Denmark resulting in an increase in total lending of 1%.
- **Deposit volumes** were on par with the preceding quarter, driven by a positive inflow of volumes in Denmark but offset by an outflow of volumes in Norway, Sweden and Finland.

Profit before tax

DKK 1,993 million

for the fourth quarter of 2023

Business Customers

Business Customers continued to see good momentum driven by the market rate development and repricing actions. Despite general economic improvement in the Nordic region and a more positive outlook, customer activity was subdued relative to 2022, and this affected especially activity-driven fee income. During 2023, we supported our customers across segments and markets, and we focused on providing the best possible advice tailored to our customers' needs. As a result, we saw generally high customer satisfaction across our business customer portfolio. With the aim of further improving the customer experience, the digital agenda continued to have high priority. We implemented several digital solutions across all four Nordic countries, for example District Marketplace, which not only meets customer expectations of easier and faster access to products, but also increases customer self-service and improves efficiency for our advisers.

In 2023, profit before tax amounted to DKK 9,267 million, an improvement of 44% from the level in 2022. The increase was driven by higher net interest income from deposits as a result of the market environment and related repricing actions. The sale of used assets in our leasing organisation as well as lower operating expenses also contributed to the overall profit improvement.

Business Customers (DKK millions)	2023	2022	Index 23/22	Q4 2023	Q3 2023	Index Q4/Q3
Net interest income	11,684	9,175	127	3,079	2,742	112
Net fee income	1,737	1,825	95	456	387	118
Net trading income	507	517	98	144	102	141
Other income	1,024	847	121	228	259	88
Total income	14,952	12,364	121	3,907	3,491	112
Operating expenses	5,255	5,356	98	1,546	1,253	123
of which resolution fund, bank tax etc.	255	224	114	64	64	100
Profit before loan impairment charges	9,698	7,008	138	2,361	2,237	106
Loan impairment charges	431	578	75	185	104	178
Profit before tax	**9,267**	**6,430**	**144**	**2,176**	**2,133**	**102**
Loans, excluding reverse transactions before impairments	654,246	639,557	102	654,246	639,620	102
Allowance account, loans	9,511	8,938	106	9,511	9,166	104
Deposits, excluding repo deposits	257,076	285,177	90	257,076	264,033	97
Covered bonds issued	371,605	344,445	108	371,605	358,685	104
Allocated capital (average)	39,644	39,623	100	40,205	39,450	102
Net interest income as % p.a. of loans and deposits	1.29	0.99	-	1.37	1.23	-
Profit before loan impairment charges as % p.a. of allocated capital	24.5	17.7	-	23.5	22.7	-
Profit before tax as % p.a. of allocated capital (avg.)	23.4	16.2	-	21.6	21.6	-
Cost/income ratio (%)	35.1	43.3	-	39.6	35.9	-
Full-time-equivalent staff	1,646	1,635	101	1,646	1,652	100

Fact Book Q4 2023 provides financial highlights at customer type level for Business Customers. Fact Book Q4 2023 is available at danskebank.com/ir.

Business initiatives

Overall, the Nordic region, in which we operate, saw economic improvement in 2023, particularly towards the end of the year, however with considerable differences between the various sectors. Inflation stabilised across all market areas, and market rates seem to have peaked for now. Despite the more stable economic environment, customer activity in 2023 was subdued relative to the level in 2022. We continued to support our customers across segments and to focus on providing the best possible advice tailored to their needs.

The subdued customer activity resulted in a decrease in activity-driven fees of 15% relative to the level in 2022. We saw a reduction in everyday banking activities but also in fee income from lending activities. However, there was an increase of 5% in portfolio fees, with the development driven especially by the subscription fee service model implemented in mid-2022 for Business Direct customers.

During the entire year, we worked consistently on optimising pricing by executing several repricing actions, for example fees for manual services and trade finance, and by continuing to transfer customers to the subscription fee service model. Throughout the year, we also saw several rate hikes from central banks across Europe, which resulted in the repricing of loan and deposit products.

In the fourth quarter of 2023, we launched a marketing campaign in Denmark to increase awareness of Danske Bank and cement our position as the biggest business bank in Denmark. The campaign targets businesses of all sizes under the key message “Businesses grow and develop – and we are with them all the way”. The campaign centres around three main messages: 1) Danske Bank can help businesses of all sizes – and help small businesses all the way to becoming large businesses; 2) Danske Bank has a great deal of experience with helping businesses that are entering a new phase in their life cycle; And 3) Danske Bank can help businesses when things do not go according to plan. We also launched a campaign in Norway to increase our visibility and consolidate our presence in the market. We aim to increase the focus on the expertise of our advisers who on a daily basis support the realisation of our customers’ ambitions.

Several new digital solutions were launched in 2023 with the aim of making banking easier and more convenient for our customers, and also to encourage more self-service and improve efficiency for our advisers. District Marketplace was launched across all our market areas to enable our customers to buy the most popular products digitally through self-service at any time they find convenient. 18% of the products available in Marketplace are now ordered online in Sweden, and we expect the adoption of the self-service option to increase in all market areas as we continue to add new products and improve the user experience. Sole traders in Denmark can now onboard themselves and order basic banking products online. For District users in Finland and Denmark, the logon solution was improved as we replaced the physical token with the Danske ID app, which makes the logon process both safer and more efficient. We expect to launch the same solution in Sweden and Norway in 2024. We also continued the development of our tool that supports the automation of the credit decision-making process by including a broader scope of products and enabling self-service regarding overdraft facilities for small businesses. Finally, we launched a live chat in District, ensuring that customers can get support easily in their preferred channel.

Through widgets in District our customers are able to access several of our partnership offerings, such as AltaPay, Swish Företagsapp and Zenegy. In the first half of 2023, we entered into a new partnership with Axeptia, a credit intelligence platform suited for customers who wish to mitigate the risk associated with selling goods and services on credit.

Sustainability remained an important agenda item for our customers and for us, and throughout 2023, 750 advisers across the Nordic markets completed ESG upskilling training to equip them with the knowledge and tools required to bring sustainability into the customer dialogue and to support our customers in their transition. In addition, we saw continued interest in our green loan offerings. For example, we facilitated the largest sustainability-linked loan in Norway. In total, the green loan volume increased 26% year-on-year at Business Customers.

2023 vs 2022

Business Customers delivered a good financial result in 2023. Profit before tax amounted to DKK 9,267 million (2022: DKK 6,430 million). The increase was driven by income from deposits as a result of repricing actions and rising market rates, increased sales of used lease assets as well as lower operating expenses. The financial performance was adversely affected by the depreciation of currencies.

Net interest income increased 27%, driven by higher income from deposits following repricing actions and market rate developments. Some of the effect was offset by the allocation from Group Treasury to Business Customers of the cost of hedging the interest rate risk related to deposits. Lending margins continued to be under pressure as a result of the rise in market rates.

Deposit volumes were negatively affected by our decision to reduce public sector deposits in Norway. Combined with the depreciation of the Norwegian krone, total deposit volumes decreased 10% from the level at the end of 2022.

Total lending volumes increased 2% from the level at the end of 2022, with the increase attributable primarily to mortgage lending in Denmark, where the nominal value of lending increased 5%, driven by our commercial real estate business. Despite a positive inflow of bank lending volumes in Finland and Norway, bank lending volumes decreased 2%, due mostly to a decrease in bank lending volumes in Denmark and Sweden as well as the depreciation of the Norwegian krone.

Net fee income decreased to DKK 1,737 million (2022: DKK 1,825 million). Service fees increased due to repricing actions as well as the continued transfer of customers to a subscription fee service model implemented in mid-2022. The increase in service fees was, however, offset by a decline in fees from new lending related to our commercial real estate business that was caused by the slowdown in the real estate market.

Net trading income decreased to DKK 507 million (2022: DKK 517 million) due to more normalised FX trading levels than in 2022, when trading income was extraordinarily high on the back of high customer activity and wider spreads.

Other income increased to DKK 1,024 million (2022: DKK 847 million). The increase was the result of higher sales of assets in our leasing company.

Operating expenses amounted to DKK 5,255 million, a decrease of 2% from the level in 2022. The decrease was driven by lower remediation costs.

Credit quality remained solid throughout 2023, however, there was a slightly negative rating trend driven by a few select customers, primarily in Construction and Building Materials segment in Sweden, following higher cost inflation and interest rates.

Loan impairment charges amounted to DKK 431 million in 2023, which was lower than in 2022, supported by solid credit quality.

Credit exposure

Credit exposure stood at DKK 745 billion at the end of 2023 and remained stable relative to the end of 2022. However, the amount covers an increase in the exposure to the Private Housing Co-ops and Non-profit Associations and Commercial Property segments that was countered by a decrease in the exposure to the Construction and Building Materials, and Utilities and Infrastructure segments.

Q4 2023 vs Q3 2023

Profit before tax increased to DKK 2,176 million in the fourth quarter of 2023 (Q3 2023: DKK 2,133 million). The increase was driven by higher income that was partly offset by higher operating expenses and loan impairment charges.

- **Net interest income** increased to DKK 3,079 million (Q3 2023: DKK 2,742 million). The increase was driven by a year-end correction between Business Customers and Group Functions.
- **Net fee income** increased 18% and was driven by higher income from mortgage fees due to higher activity in the fourth quarter of 2023.
- **Net trading income** increased to DKK 144 million (Q3 2023: DKK 102 million) due to a correction of termination fees from swaps.
- **Other income** decreased 12% due to a decrease in sales of assets in our leasing operations.
- **Operating expenses** increased 23%. The increase was due primarily to seasonality in IT expenses, bonus payments and severance pay.
- **Deposit volumes** decreased 3% due to an outflow of volumes in Sweden, Norway and Finland.
- **Lending volumes** increased 2% and were driven by mortgage volumes as well as the appreciation of currencies, primarily in Sweden.
- The fourth quarter of 2023 saw **loan impairment charges** of DKK 185 million (Q3 2023: DKK 104 million). Credit exposure was stable at DKK 745 billion in the fourth quarter of 2023 (Q3 2023: DKK 734 billion), due primarily to increased exposure to the private housing sector.

Profit before tax

DKK 2,176 million

for the fourth quarter of 2023

Large Corporates & Institutions

Notwithstanding the challenging operating environment in 2023, we came to the completion of the Better Bank strategy, and we are well-placed to continue to actively support our customers with advisory services backed by our strong product portfolio and balance sheet. This provides a solid foundation for delivering on our new Forward '28 strategic ambitions over the coming five years. To leverage our organisational power and be even better prepared for the Forward '28 strategy, Large Corporates & Institutions changed its organisational layout with effect from 1 January 2024.

We continued to see successful results of our strategic commercial strengths within digital everyday banking solutions, sustainable finance products and advisory services, which enabled a continued inflow of new customers in Sweden, an increased market share of cash management services and the maintaining of our leading market position within capital markets transactions, thereby enhancing our value proposition as the leading wholesale bank in the Nordic countries.

Profit before tax amounted to DKK 8,747 million, an increase of 32% from 2022, driven primarily by higher net interest income and net trading income.

Large Corporates & Institutions (DKK millions)	2023	2022	Index 23/22	Q4 2023	Q3 2023	Index Q4/Q3
Net interest income	6,938	5,605	124	1,795	1,728	104
Net fee income	5,700	5,732	99	1,643	1,416	116
Net trading income	3,125	1,489	210	572	592	97
Other income	15	2	-	3	-	-
Total income	15,777	12,828	123	4,014	3,736	107
Operating expenses	7,397	6,966	106	2,125	1,730	123
of which resolution fund, bank tax etc.	492	504	98	123	123	100
Profit before loan impairment charges	8,380	5,861	143	1,889	2,006	94
Loan impairment charges	-367	-774	47	-205	359	-
Profit before tax	**8,747**	**6,635**	**132**	**2,094**	**1,647**	**127**
Loans, excluding reverse trans. before impairments	308,617	322,539	96	308,617	298,655	103
of which loans in General Banking	262,741	281,266	93	262,741	267,546	98
Allowance account, loans (incl. credit institutions)	1,665	2,048	81	1,665	1,799	93
Deposits, excluding repo deposits	382,596	389,486	98	382,596	362,049	106
of which deposits in General Banking	326,147	336,580	97	326,147	297,585	110
Covered bonds issued	28,580	27,495	104	28,580	29,391	97
Allocated capital (average)	40,270	42,138	96	40,145	40,597	99
Net interest income as % p.a. of loans and deposits	1.06	0.81	-	1.10	1.09	-
Profit before loan impairment charges as % p.a. of allocated capital	20.8	13.9	-	18.8	19.8	-
Profit before tax as % p.a. of allocated capital (avg.)	21.7	15.7	-	20.9	16.2	-
Cost/income ratio (%)	46.9	54.3	-	52.9	46.3	-
Full-time-equivalent staff	2,085	2,054	102	2,085	2,098	99

Total income (DKK millions)	2023	2022	Index 23/22	Q4 2023	Q3 2023	Index Q4/Q3
General Banking	8,378	6,936	121	2,156	2,068	104
Markets	3,963	2,387	166	780	821	95
of which xVA*	21	-48	-	76	-16	-
Asset Management	2,334	2,313	101	778	558	139
of which performance fees	302	174	-	268	21	-
Investment Banking & Securities (IBS)	1,102	1,193	92	300	289	104
Total income	**15,777**	**12,828**	**123**	**4,014**	**3,736**	**107**

**The xVA acronym covers Credit (CVA), Debit (DVA), Funding (FVA) and Collateral (ColVA) Valuation Adjustments to the fair value of the derivatives portfolio. From 2023, FVA is calculated to include both funding cost and funding benefit, and therefore DVA is offset to avoid double counting between DVA and the funding benefit. 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)	2023	2022	Index 23/22	Q4 2023	Q3 2023	Index Q4/Q3
Institutional clients*	442,473	366,005	121	442,473	387,268	114
Retail clients	328,584	300,848	109	328,584	310,657	106
Total assets under management**	**771,056**	**666,853**	**116**	**771,056**	**697,925**	**110**

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

Business initiatives

The uncertainty that characterised 2023 affected investment appetite throughout the year, and we saw increased price sensitivity and selectiveness among investors. However, the capital markets became more constructive in the second half of the year, and we are pleased to have helped our customers capitalise on the opportunities this offered. In Debt Capital Markets, we saw solid activity during the year, and we remained the leading Nordic bank in the European debt capital markets in terms of volumes supported. Notably, we acted as Joint Bookrunner on Carlsberg's strategically important EUR 1.3 billion dual tranche bond issue. Furthermore, we supported Nordic Semiconductor in their highly successful inaugural bond issue of NOK 1 billion – the first ever bond issue from a semiconductor company in the Nordic bond market.

In Equity Capital Markets, we saw increasing volumes and deal activity during the second half of the year, and we were the leading ECM adviser in Denmark in 2023. Among other transactions, one of the highlights in 2023 was Coloplast's raising of DKK 9.2 billion in new shares, which was the largest primary bookbuild offering from a Nordic company in 15 years. This gives us confidence in our ability to be a top capital markets adviser for our Nordic customers.

Nordic M&A activity picked up in the second half of the year and recovered after a first half characterised by historically low volumes due to continuous market uncertainty and an increasing cost of capital. As activity increased, we managed to strengthen our M&A market position in Sweden and Finland.

In Asset Management, we continued our roll-out of ESG education throughout 2023 with the aim of ensuring a high level of sustainability competencies among our investment professionals. We also continued to upskill our employees, and Danske Bank is a leader in external certifications among asset managers in the Nordic countries.

We continued to deliver on our sustainability-related ambitions and proved our strong position in sustainable finance during the year by maintaining our Nordic lead position in the Bloomberg League Tables for both sustainable bonds and sustainability-linked loans. Furthermore, we remain dedicated to further developing and strengthening our sustainable finance offering, exemplified by the launch of our new sustainability-related investment products, Nordic Sustainable Focus and the Global Future fund, in the third quarter. In 2023, we arranged more than 150 sustainable bond issues and acted as framework structuring adviser on more frameworks than ever before. Among other things, we acted as framework structuring adviser to Danfoss, Northvolt and Stockholm Exergi. Moreover, we are honoured to have acted as Joint Lead Manager on green bonds issued by the sovereigns Denmark, Germany and Ireland.

In 2023, Danske Bank coordinated important sustainability-linked and green transactions across our main markets. Selected names include Ambea in Sweden, Public Property Invest in Norway, Citycon in Finland, as well as Copenhagen Infrastructure Partners' green loan in Denmark. With the growth of sustainability-linked loans, we want to play an active role in improving the integrity of sustainable financing and have therefore defined stricter internal standards for sustainability-linked loans. This was well received by our customers.

2023 vs 2022

Profit before tax increased to DKK 8,747 million (2022: DKK 6,635 million), driven by higher net trading income and higher net interest income.

Net interest income increased to DKK 6,938 million (2022: DKK 5,605 million) as a result of higher deposit margins. Lending volumes in General Banking decreased 7% from the level at the end of 2022, as the operating environment and capital market conditions improved during 2023. We continued to execute on our strategic ambition to grow our business in Sweden, and we are thrilled to have welcomed more new large corporate customers after reaching our ambition of 40 new customers already in the second quarter of 2023. Furthermore, we increased our market share in cash management by adding new house bank mandates in all Nordic countries.

Net fee income decreased to DKK 5,700 million (2022: DKK 5,732 million), with the decline due primarily to lower M&A activity and fees from assets under management following the decreasing asset prices and negative net sales in the second half of 2022. This meant that we entered 2023 with a lower level of assets under management.

Assets under management increased during 2023, partly on the back of recovering financial markets, but also due to strong net sales developments in the institutional segment, which contributed to positive net sales. Higher performance fees on the back of a strong investment performance relative to both peers and benchmark, which should also support future sales, contributed to an increase in total income in Asset Management from the level in 2022.

Net trading income increased to DKK 3,125 million (2022: DKK 1,489 million) as we saw an improved result in our fixed income business in 2023. In addition, the increase was driven by our fixed income strategy implemented towards the end of 2022, which resulted in more stable income that was generated on the basis of solid customer activity and with very limited drawdowns despite a challenging market environment.

Operating expenses increased and amounted to DKK 7,397 million (2022: DKK 6,966 million). The increase was driven primarily by higher provisions for performance-based compensation, with the effect being slightly offset by lower underlying costs. The number of full-time equivalent staff increased to 2,085 (2022: 2,054).

Overall credit quality remained strong in 2023, however, with a slightly negative rating trend caused by a few, single-name exposures. Loan impairments in 2023 amounted to a net reversal of DKK 367 million (2022: net reversal of DKK 774 million) due to continued post-pandemic recoveries and successful restructuring within the shipping, oil and gas sectors.

Credit exposure

Net credit exposure from lending activities amounted to DKK 633 billion at the end of 2023 (end-2022: DKK 648 billion), driven primarily by a decrease in exposure to the Utilities and Infrastructure and Public Institutions industries, partially countered by a positive development in exposure to the Financials industry. Furthermore, we have actively reduced net oil-related exposure (excluding oil majors) by 63% since the fourth quarter of 2019.

Q4 2023 vs Q3 2023

Profit before tax increased to DKK 2,094 million (Q3 2023: DKK 1,647 million) due primarily to higher net fee income and loan impairment reversals in the fourth quarter.

- **Net interest income** increased to DKK 1,795 million (Q3 2023: DKK 1,728 million) as a result of an increase in other interest items.
- **Net fee income** increased and stood at DKK 1,643 million (Q3 2023: DKK 1,416 million), mainly as a result of higher performance fees from Asset Management.
- **Net trading income** decreased to DKK 572 million (Q3 2023: DKK 592 million), due primarily to lower customer activity and interest rate volatility.
- **Operating expenses** increased to DKK 2,125 million (Q3 2023: DKK 1,730 million), with the increase caused primarily by higher provisions for severance and performance-based compensation.
- **Loan impairment charges** amounted to a net reversal of DKK 205 million (Q3 2023: charges of DKK 359 million). Reversals in the fourth quarter were due to continued successful restructuring related to oil and gas exposures.

Profit before tax

DKK 2,094 million

for the fourth quarter of 2023

Danica Pension

The financial year 2023 was characterised by a generally positive trend on the financial markets, particularly towards the end of 2023, which resulted in strong returns on our pension customers' savings, in most cases double-digit returns for the year. Expectations of lower inflation and interest rates resulted in a rally for equities towards the end of the year, supported by continually solid numbers from job markets on the largest markets. Danica Pension's investment strategy remains focused on delivering competitive returns to customers over a long period of time.

Net income at Danica Pension amounted to DKK 1,472 million in 2023 and recovered from the level in 2022 (excl. goodwill impairment) as the net financial result improved due to the positive developments in the financial markets.

Danica Pension (DKK millions)	2023	2022	Index 23/22	Q4 2023	Q3 2023	Index Q4/Q3
Insurance service result	779	1,478	53	170	175	97
Net financial result	615	-1,263	-	372	2	-
Other income	78	-1,562	-	8	57	14
Net income before tax in Danica Pension	**1,472**	**-1,347**	**-**	**550**	**233**	**236**
Goodwill impairment	-	1,627	-	-	-	-
Net income from Danica Pension excl. goodwill	**1,472**	**280**	**-**	**550**	**233**	**236**
Liabilities under insurance contracts	493,544	507,146	97	493,544	506,094	98
Liabilities under pooled unit-linked investment contracts	23,113	20,469	113	23,113	20,784	111
Allocated capital (average)	**19,738**	**20,326**	**97**	**20,015**	**19,825**	**101**
Net income as % p.a. of allocated capital	7.5	-6.6	-	11.0	4.7	-
Solvency coverage ratio	170	187	-	170	213	-
Full-time-equivalent staff	912	881	-	912	905	-

Assets under management (DKK millions)						
Insurance	**440,319**	**403,789**	**109**	**440,319**	**412,451**	**107**

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

Business initiatives

Danica Pension's two new healthcare initiatives in the shape of family counselling and job coaching were well received by our customers. By year-end 2023, more than 100 families had made use of the counselling solution, which aims to address the increase in the number of families in Denmark who experience problems related to the well-being of their children or parenting.

Danica Pension has taken the initiative to be part of a new umbrella organisation within health prevention called 'Forebyggelsesalliancen' (prevention alliance). The alliance was founded by 21 organisations that represent a wide coalition ranging from patient associations within mental health and arthritis to trade associations for midwives and opticians. The purpose of the alliance is to formulate binding targets for improving public health.

Omission to provide advice concerning indexation of the state pension age

In 2023, Danica Pension informed 35,000 customers about an issue related to the indexation of the state pension age since 2015. In essence, we have found that we have omitted to provide advice to some of our customers about the impact that the indexation of the state pension age would have on their pension savings. Consequently, some customers may have received a lower return on their pension savings than they should have, as the risk associated with the investment of their funds was reduced to match an earlier retirement date and was thus different from what we would recommend.

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

New CEO

As planned, Mads Kaagaard took up the position as CEO of Danica Pension on 1 November. Mads Kaagaard's previous experience includes positions as interim Group CEO and as Group Director at PFA. Mads Kaagaard replaced Søren Lockwood, who has retired.

Customer satisfaction

According to the November 2023 Aalund Research survey, Danica Pension improved from a joint third place to a first place in Aalund's personal customer rating. The lead position is testament to the hard work being made at Danica Pension to give customer satisfaction top priority. The relative improvement in customer satisfaction can, among other aspects, be attributed to our efforts to shorten customer waiting time. In Aalund's business customer rating, Danica Pension placed third for 2023.

Climate ambitions – DKK 50 billion target reached

Danica Pension has joined the Net-Zero Asset Owner Alliance global investment initiative and has thus committed itself to achieving a net-zero investment portfolio in 2050 in line with the Paris Agreement on limiting the global temperature rise to a maximum of 1.5° C.

Our ambition was to have invested a minimum of DKK 50 billion in the green transition by the end of 2023. Investments include investments in businesses with activities in renewable energy, alternative investments in renewable energy, energy-certified properties and green bonds. Danica Pension's investments in the green transition rose from DKK 38 billion at 31 December 2022 to DKK 55 billion at 31 December 2023, and we thus exceeded our 2023 target. Danica Pension's ambition is now to increase investments to DKK 100 billion by 2030 at the latest.

2023 vs 2022

Net income at Danica Pension amounted to DKK 1,472 million (2022: DKK 280 million excl. goodwill impairments). The increase was due primarily to more positive developments in the financial markets particularly towards the end of 2023. The increase was partly offset by an increase in health and accident claims, however. Net income for 2023 includes a provision of DKK 250 million for possible compensation to customers.

The insurance service result decreased to DKK 779 million (2022: DKK 1,478 million) as Danica Pension continued to see a rise in new health and accident claims, which, however, was also a general trend in society. 2022 also benefited from a reduction of technical provisions related to the health and accident business.

The net financial result increased to DKK 615 million (2022: loss of DKK 1,263 million). The increase was driven mainly by positive investment results on insurance products where Danica Pension has the investment risk, an improved investment result in the health and accident business and positive investment returns on Danica Pension's equity capital. The net financial result for 2023 includes the effect of the above-mentioned provision of DKK 250 million, whereas the 2022 result included a provision of DKK 150 million.

Assets under management increased DKK 37 billion from the level at the end of 2022 following the positive development in the financial markets in 2023.

Premiums increased 10% from 2022 following an increase in both single and regular premiums due to an inflow of new business customers.

Q4 2023 vs Q3 2023

Net income in Danica Pension increased to DKK 550 million (Q3 2023: DKK 233 million). The net financial result improved towards the end of the fourth quarter due to positive developments in the financial markets and because the third quarter included a provision of DKK 250 million.

- **The insurance service result** saw a decrease of DKK 5 million caused by a rise in new health and accident claims, which was offset by an increase in fees from the life insurance business due to the positive developments in the financial markets.
- **The net financial result** increased in the fourth quarter and amounted to DKK 372 million (Q3 2023: DKK 2 million) due to a positive development in investment results on insurance products where Danica Pension has the investment risk and an improved investment result in the health and accident business. The third quarter of 2023 also included the provision of DKK 250 million for possible compensation to customers.
- **Other income** included a reversal of provisions of DKK 50 million in the third quarter related to the sale of Danica Norway.
- **Total premiums** decreased 2% due primarily to a decrease in single premiums.
- **Assets under management** increased DKK 28 billion due primarily to the developments in the financial markets in the fourth quarter of 2023, which generated an increase in assets under management.

Net income in Danica Pension

DKK 550 million

for the fourth quarter of 2023

Northern Ireland

Our focus in Northern Ireland is to remain a stable, strong and risk-astute bank, consolidating our market-leading position alongside pursuing select low-cost growth opportunities in the rest of the UK. The strong 2023 financial performance reflects business growth in a higher interest rate environment.

Profit before tax increased to DKK 1,917 million with a strong underlying income performance based on lending growth and actions taken in response to higher UK interest rates, supplemented by trading income.

Northern Ireland (DKK millions)	2023	2022	Index 23/22	Q4 2023	Q3 2023	Index Q4/Q3
Net interest income	2,549	1,900	134	661	652	101
Net fee income	319	335	95	72	80	90
Net trading income	288	-342	-	90	145	62
Other income	15	21	71	2	3	67
Total income	3,171	1,914	166	825	880	94
Operating expenses	1,368	1,290	106	372	339	110
Profit before loan impairment charges	1,804	623	290	453	541	84
Loan impairment charges	-113	168	-	6	13	46
Profit before tax	**1,917**	**456**	**-**	**447**	**528**	**85**
Loans, excluding reverse transactions before impairments	58,600	53,761	109	58,600	59,353	99
Allowance account, loans	755	824	92	755	745	101
Deposits, excluding repo deposits	97,396	94,562	103	97,396	97,696	100
Allocated capital (average)*	6,750	6,080	111	7,592	7,177	106
Net interest income as % p.a. of loans and deposits	1.61	1.19		1.64	1.63	
Profit before tax as % p.a. of allocated capital (avg.)	28.4	7.5		23.6	29.4	
Cost/income ratio (%)	43.1	67.4		45.1	38.5	
Full-time-equivalent staff	1,267	1,288	98	1,267	1,261	100

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

Business initiatives

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

We are a leading bank in Northern Ireland, serving personal, business and corporate customers, and the Northern Ireland market remains our regional focus in the UK, while we also seek growth in targeted sectors across the rest of the UK.

We increasingly cater to our customers' everyday banking needs through our digital channels and continue to invest in our digital offerings. We have thus achieved a 25% increase in customer logons to our digital channels over the past two years and are now recording over seven million logons per month.

Customers can open new savings accounts through our Mobile Banking app and apply for personal loans digitally.

Customer demand for residential mortgages remained resilient despite higher UK interest rates, supporting continued growth in lending (up 6% in local currency). Around half of new mortgage lending approved across the UK in 2023 was through our carbon-neutral mortgage product.

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

We have set ourselves a target to be operationally 'net zero' in Northern Ireland, however, it will be through supporting the sustainability approach of customers that we will make the greatest impact. In 2023, we saw increased interest among local businesses in taking part in a climate action programme co-developed with Business in the Community. We were also delighted to receive external benchmarking awards, which named us Northern Ireland's best company for both Climate Action and Diversity & Inclusion.

Customer satisfaction

We were very pleased to once again finish the year in first place across both Corporate & Business Banking and Personal Banking.

2023 vs 2022

Profit before tax increased to DKK 1,917 million (2022: DKK 456 million), with a strong underlying income performance based on lending growth and actions taken in response to higher UK interest rates, supplemented by trading income.

Net interest income increased to DKK 2,549 million (2022: DKK 1,900 million), driven by growth in both personal and business lending, and higher UK interest rates.

Net fee income decreased to DKK 319 million (2022: DKK 335 million), due primarily to the sale of our offsite ATM network, with underlying transactional activity and related fees remaining strong.

Net trading income reflects mark-to-market movements on the bank's hedging portfolio. The positive movements in 2023 reflect a combination of changing market expectations for UK interest rates and the remaining life cycle of the hedging portfolio. With market expectations continuing to fluctuate, trading income remains volatile. 2022 saw significant, adverse mark-to-market movements on the portfolio.

Operating expenses stood at DKK 1,368 million (2022: DKK 1,290 million), up 6% year-on-year. The increase was lower than UK inflation for 2023, reflecting the bank's continued cost and efficiency focus. Staff numbers fell year-on-year.

There was a net reversal of loan impairments in 2023, reflecting continually strong credit quality despite challenging economic conditions.

Q4 2023 vs Q3 2023

The fourth quarter of 2023 saw a profit before tax of DKK 447 million (Q3 2023: DKK 528 million).

- **Net interest income** increased to DKK 661 million (Q3 2023: DKK 652 million), reflecting growth in lending and pricing actions taken in response to higher UK interest rates.
- **Net fee income** amounted to DKK 72 million (Q3 2023: DKK 80 million), including seasonal fluctuations, with underlying activity levels being strong.
- **Net trading income** of DKK 90 million (Q3 2023: DKK 145 million) reflected continuing, positive mark-to-market movements on the hedging portfolio.
- **Operating expenses** were DKK 372 million (Q3 2023: DKK 339 million).
- **Loan impairment charges** amounted to DKK 6 million in the quarter and remained low overall.

Profit before tax

DKK 447 million

for the fourth quarter of 2023

Non-core

Non-core mainly comprises legacy credit exposures as well as non-strategic private equity investments. The winding up of the Non-core activities is proceeding according to plan. Profit before tax in 2023 amounted to a loss of DKK 87 million, against a loss of DKK 13 million in 2022.

Non-core (DKK millions)	2023	2022	Index 23/22	Q4 2023	Q3 2023	Index Q4/Q3
Total income	-24	23	-	-	-22	-
Operating expenses	63	101	62	32	8	-
Profit before loan impairment charges	-87	-78	112	-32	-30	107
Loan impairment charges	-	-66	-	-	-	-
Profit before tax	**-87**	**-13**	**-**	**-32**	**-30**	**107**
Loans, excluding reverse transactions before impairments	1,533	1,207	127	1,533	1,541	99
Allowance account, loans	-	39	-	-	-	-
Deposits, excluding repo deposits	2,436	2,112	115	2,436	2,319	105
Allocated capital (average)	658	668	99	671	681	99
Net interest income as % p.a. of loans and deposits	-0.70	-0.11		-1.30	-0.88	
Profit before tax as % p.a. of allocated capital (avg.)	-13.2	-1.9		-19.1	-17.6	
Cost/income ratio (%)	-	-		-	-	
Full-time-equivalent staff	7	25	28	7	12	58

Initiatives

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

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

The subsidiary bank in Luxembourg was closed, and the voluntary solvent liquidation of the company was completed according to plan in 2023.

2023 vs 2022

Profit before tax amounted to a loss of DKK 87 million (2022: a loss of DKK 13 million). Total income was affected by negative value adjustments of the non-strategic private equity investments, while the decrease in expenses reflects the general progress made with the winding-up activities across Non-core.

At the end 2023, total lending stood at DKK 1.5 billion (end-2022: DKK 1.2 billion).

Q4 2023 vs Q3 2023

The Non-core unit posted a loss before tax of DKK 32 million in the fourth quarter of 2023 (Q3 2023: loss of DKK 30 million).

- **Total income** amounted to DKK 0 million (Q3 2023: loss of DKK 22 million). The third quarter of 2023 was affected by negative value adjustments of the non-strategic private equity investments.
- **Operating expenses** increased to DKK 32 million (Q3 2023: DKK 8 million) due to expected operating costs following the closure of business activities.
- **Total lending** amounted to DKK 1.5 billion (end of September 2023: DKK 1.5 billion).

Profit before tax

DKK -32 million

for the fourth quarter of 2023

Group Functions

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

In 2023, the loss before tax decreased to DKK 2,794 million from a loss of DKK 17,767 million in 2022. Net interest income amounted to a net expense of DKK 337 million, largely unchanged from 2022. Net trading income was impacted by the release from Other comprehensive income of a loss of DKK 786 million on a NOK structural CET1 FX branch hedge following the announcement of the exit from the personal customer market in Norway. The loss in 2022 was affected by the provision for the Estonia matter of DKK 13,800 million and the provision of DKK 1,560 million related to the compensation of debt collection customers for potential overcollection of debt.

Group Functions (DKK millions)	2023	2022	Index 23/22	Q4 2023	Q3 2023	Index Q4/Q3
Net interest income	-337	-350	96	118	536	22
Net fee income	-92	-32	288	-47	-14	-
Net trading income	-547	-232	236	-124	-750	17
Other income	117	78	150	-14	145	-
Total income	-860	-536	160	-67	-84	80
Operating expenses	1,935	2,762	70	-76	509	-
of which resolution fund, bank tax etc.	72	74	97	18	16	113
of which impairment charges, other intangible assets	-	24	-	-	-	-
Provision for Estonia matter	-	13,800	-	-	-	-
Profit before loan impairment charges	-2,795	-17,098	16	9	-592	-
Loan impairment charges	-1	669	-	2	-9	-
Profit before tax	-2,794	-17,767	16	6	-583	-
Full-time-equivalent staff	10,039	10,878	92	10,039	9,989	101

Profit before tax (DKK millions)	2023	2022	Index 23/22	Q4 2023	Q3 2023	Index Q4/Q3
Group Treasury	-752	-933	81	301	-490	-
Own shares and issues	23	71	32	-38	60	-
Additional tier 1 capital	-	89	-	1	1	100
Group support functions	-2,065	-16,993	12	-257	-154	167
Total Group Functions	**-2,794**	**-17,767**	**16**	**6**	**-583**	**-**

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

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

2023 vs 2022
Group Functions posted a loss before tax of DKK 2,794 million (2022: loss of DKK 17,767 million). Excluding the provision for the Estonia matter of DKK 13,800 million and provisions related to the compensation of debt collection customers of DKK 1,560 million, the loss amounted to DKK 2,407 million.

Net interest income increased slightly to a net expense of DKK 337 million (2022: net expense of DKK 350 million) and was affected by an increase in interest rate risk management costs that related primarily to the hedging of the interest rate risk related to deposits – which from 2023 is accounted for as net interest income instead of net trading income – and lower bond portfolio income. From May 2023, these costs have been allocated to the business units as an internal deduction from deposit margins. Furthermore, a net one-off interest compensation of DKK 222 million related to tax paid in previous years also contributed to the increase.

Net trading income decreased to a loss of DKK 547 million (2022: a loss of DKK 232 million) due to the negative impact of the reclassification through profit and loss of DKK 786 million on a NOK structural CET1 FX branch hedge following the announcement of the exit from the personal customer market in Norway on net trading income. The reclassification had a positive effect on Other comprehensive income but did not affect shareholders' equity. The loss more than offset the gain of DKK 327 million on the sale of shares taken over in connection with a loan in 2023.

Other income increased to DKK 117 million (2022: DKK 78 million) due mainly to a gain on the sale of Danske IT in India to Infosys.

Operating expenses, after allocation to the business units, decreased from the level in 2022 and amounted to DKK 1,935 million (2022: DKK 2,762 million). Operating expenses in 2022 were affected by the decision to compensate debt collection customers for potential overcollection of debt, which led to a provision of DKK 910 million. Furthermore, an additional provision of DKK 13,800 million for the Estonia matter was made in 2022.

Loan impairment charges amounted to a net reversal of DKK 1 million (2022: DKK 669 million). Impairment charges in 2022 were affected by the decision to compensate debt collection customers for potential overcollection of debt, which led to a provision of DKK 650 million.

The number of full-time-equivalent staff decreased to 10,039 (end-2022: 10,878) as a result of the sale of Danske IT in India to Infosys.

Q4 2023 vs Q3 2023

Group Functions posted a profit before tax of DKK 6 million (Q3 2023: loss of DKK 583 million). Net interest income decreased as a result primarily of one-off interest income of DKK 307 million on a tax payment in the third quarter. Net trading income increased relative to the third quarter, which was impacted by the release of a loss of DKK 786 million from Other comprehensive income.

- **Net interest income** decreased to DKK 118 million (Q3 2023: DKK 536 million) due primarily to one-off interest regarding tax related to previous years of DKK 85 million paid in the fourth quarter and the third quarter being positively affected by an interest compensation of DKK 307 million from the tax authorities that was owing to a correction of taxes for earlier years on certain financial assets and liabilities measured at amortised cost.

- **Net trading income** increased to a loss of DKK 124 million (Q3 2023: a loss of DKK 750 million). Net trading income in the third quarter was impacted by the release of a loss from Other comprehensive income of DKK 786 million on a NOK structural CET1 FX branch hedge following the announcement of the exit from the personal customer market in Norway. The reclassification had a positive effect on Other comprehensive income but did not affect shareholders' equity.

- **Other income** decreased to an expense of DKK 14 million (Q3 2023: income of DKK 145 million) due mainly to a gain on the sale of Danske IT in India to Infosys in the third quarter.

- **Operating expenses**, after allocation to the business units, amounted to a net income of DKK 76 million (Q3 2023: expense of DKK 509 million) due to the allocation of costs to the business units.

- **Loan impairment charges** amounted to DKK 2 million (Q3 2023: a net reversal of DKK 9 million).

Profit before tax

DKK 6 million

for the fourth quarter of 2023

Definition of alternative performance measures

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

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

Definitions of additional ratios presented on page 5 and in other sections of the Management's report:

Ratios and key figures	Definition
Dividend per share (DKK)	The dividend per share consists of the proposed dividend to be paid to shareholders in the subsequent year and any interim dividend payment that was paid 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 0 million (full-year 2022: DKK 86 million). The denominator represents equity, excluding additional tier 1 capital and other non-controlling interests equal to an increase in the average of the quarterly average equity of DKK 540 million (2022: reduction of DKK 2,340 million) compared to a simple average of total equity (beginning and end of the period).
Adjusted return on average shareholders' equity (% p.a.)	Net profit, excluding the provision for the Estonia matter and the goodwill impairment charge, divided by the average of the quarterly average shareholders' equity (beginning and end of each quarter) within the year. The numerator and denominator are adjusted as per Return on average shareholders' equity above.
Net interest income as % p.a. of loans and deposits	Net interest income in the financial highlights divided by the daily average of the sum of loans and deposits. If the ratio was calculated applying the sum of loans and deposits at the end of the period, the ratio for 2023 would be 1.20% (2022: 0.84%) due to the daily average of the sum of loans and deposits being DKK 31.1 billion lower (2022: DKK 39.9 billion higher) than if calculating the ratio by applying the end-of-period sum of loans and deposits. The purpose of the ratio is to show whether the growth in net interest income follows the growth in loans and deposits. The daily average is a more faithful representation of the growth in loans and deposits.
Cost/income ratio (C/I) (%)	Operating expenses and provision for Estonia matter and impairment charges on goodwill divided by total income. All amounts are from the financial highlights.
Adjusted cost/income ratio (C/I) (%)	Operating expenses divided by total income. All amounts are from the financial highlights.
Book value per share	Shareholders' equity (that is, excluding equity-accounted additional tier 1 capital) divided by the number of shares outstanding at the end of the period.
Loan impairment charges as % of net credit exposure	This ratio is calculated on the basis of loan impairment charges and loans and guarantees in core segments. The numerator is the loan impairment charges of DKK 262 million (2022: DKK 1,568 million) from the financial highlights annualised. The denominator is the sum of Loans at amortised cost of DKK 1,081.7 billion (2022: DKK 1,026.1 billion), Loans at fair value of DKK 724.1 billion (2022: DKK 809.9 billion) and guarantees of DKK 81.4 billion (2022: DKK 81.0 billion) at the beginning of the year, as disclosed in the column "Lending activities – core" in the "Breakdown of credit exposure" table in the notes to the financial statements. The ratio is calculated for each business unit.
Allowance account as % of net credit exposure	This ratio is calculated on the basis of the allowance account and loans and guarantees in core segments. The numerator is the allowance account of DKK 20.1 billion (2022: DKK 19.6 billion) at the end of the period, as disclosed in the "Allowance account in core activities broken down by segment" table in the notes to the financial statements. The denominator is the sum of Loans at amortised cost of DKK 917.1 billion (2022: DKK 1,081.7 billion), Loans at fair value of DKK 753.3 billion (2022: DKK 724.1 billion) and guarantees of DKK 75.9 billion (2022: DKK 81.4 billion) at the end of the period, as disclosed in the column "Lending activities – core" in the "Breakdown of credit exposure" table in the notes to the financial statements. The ratio is calculated for each business unit.

Reporting Principles ESG Data

Environmental, social and governance (ESG) data on page 14 covers the Danske Bank (DB) Group (the Group). We believe that the reporting provides a fair and balanced representation of our performance within the areas of sustainable finance and environment, social perspectives and governance. To ensure data consistency, data has been defined and described in business procedures. Internal control procedures have been established to ensure that the data is reported in accordance with the definitions.

Sustainable Finance

Green loans – Danske Bank and Realkredit Danmark
Green loans granted by the Group to business and corporate customers in the Business Customers and Large Corporates & Institutions (LC&I) segments, as defined in our Green Finance Framework.

Bloomberg League Table share of arranged sustainable bonds

Volume accredited to Danske Bank in the Bloomberg Global Sustainable Bonds – Corporate & Government League Table (green, social and sustainability bonds). We use the Deal Size (USD) and League Credit (USD) for all sustainable bonds arranged and exchange into DKK. Sustainability-linked bonds are not included. Self-lead Sustainable Bonds from issuers such as Danske Bank A/S and Realkredit Danmark A/S are excluded.

Investments in the green transition by Danica Pension

Investments in the green transition are defined as investments that contribute to the transition to a low-carbon, resilient and resource-efficient economy such as investments where, for example, products, services, or activities contribute to environmental adaption, mitigation, prevention, control or restoration. Data includes: 1) investments in companies through listed equity and credit bonds with revenue relating to environmental objectives and investments in green bonds through credit, government, and mortgage bonds; 2) alternative investments in renewable energy; 3) investments in sustainability certified buildings; and 4) sustainability certified buildings owned indirectly in real estate entities internationally. The reporting period for number 2, 3 and 4 runs from Q4 2022 to Q3 2023.

AuM in funds with a sustainable objective – Article 9

Assets under management (AuM) in funds with a sustainable investment objective (Article 9 funds) as defined in the EU Sustainable Finance Disclosure Regulation. Data covers all Danske Invest-branded funds and is presented as DKK billion. The reported AuM reflects the market value of the funds in scope at the end of each reporting year and is a gross measure of AuM. Hence, it does not account for fund of funds and allows for double counting.

Environment

Environmental data covers the actual consumption from the Group's operations in Denmark, Finland, Ireland, Northern Ireland, Norway, Sweden, Lithuania and India, and it also covers the estimated consumption from the Group's remaining operations without registered data for which Danske Bank has operational control. Emissions and energy consumption from head offices, branches and finance centres are included in the reporting. The reporting period for the year 2023 runs from Q4 2022 to Q3 2023. Due to Danske Bank's sale of Danske IT, a fully owned subsidiary encompassing our Indian operations, the data includes India until the effective date 1 September 2023. Similarly, MobilePay ceased to be a part of Danske Bank from 1 November 2022 and has been excluded from reporting after the effective date. We report our CO_2e emissions based on the Greenhouse Gas Protocol, and numbers are rounded to the closest integer.

CO_2e emissions scope 1

Scope 1 covers CO_2e emissions from heating using oil and gas and from the usage of Danske Bank-controlled company cars. The emissions from heating are calculated on the basis of heating consumption, using specific emission factors from the Department of Environment, Food and Rural Affairs (DEFRA). In accordance with the Greenhouse Gas Protocol Guidance, the emissions from gas consumption in Denmark were omitted in scope 1 owing to the purchase of biogas certificates of origin. Biogenic emissions from use of biogas are reported outside scopes. For transport by company cars, the emissions are calculated on the basis of the mileage from our leasing company Nordania and emission factors from DEFRA.

CO_2e emissions scope 2

Scope 2 covers CO_2e emissions from district heating, district cooling and electricity supplied by external suppliers. The emissions from district heating are calculated on the basis of heating consumption, using either specific emission factors from energy companies or average emission factors for heating for the country from IEA. For Denmark, two emissions factors are used to account for district heating. Emissions from district heating in the Copenhagen area are calculated using emissions factors developed by district heating companies CTR, VEKS and HOFOR (Miljødata for fjernvarme i Hovedstadsområdet), whereas emissions from district heating outside the Copenhagen area are calculated using emissions factors from the Danish Energy Agency. For district heating in Sweden, emission factors from the local supplier are used if available. If not available, an average of supplier-specific emission factors is used. Similarly, emissions from district cooling are calculated on the basis of district cooling consumption and the specific emissions factor used for district heating, due to a system problem not allowing Danske Bank to separately calculate emissions from cooling from heating. Scope 2 emissions are reported in accordance with the market-based and location-based methodology from the Greenhouse Gas Protocol Guidance. For the location-based approach, the emission factors from electricity consumption are calculated using average emission factors for the country from the IEA. For the market-based methodology, the emissions from electricity consumption were omitted owing to the purchase of renewable electricity certifications under Guarantees of Origin (GoO), The Renewable Energy Guarantees of Origin (REGO) and International Renewable Energy Certificates (I-RECs).

CO_2e emissions scope 3

Scope 3 covers CO_2e emissions from scope 3.1. purchased goods and services (limited to paper consumption), scope 3.6. business travel (road and air) and scope 3.7. employee commuting (emissions from working from home). Emissions from our financed emissions under 3.15. are not included in these figures.

Scope 3.1.: The emissions from paper are calculated on the basis of paper consumption provided by the suppliers or from the Group's internal ordering system (webshop) and emission factors from DEFRA.

Scope 3.6.: For business travel by road, the emissions are calculated on the basis of the mileage and fuel specific emission factors from DEFRA when fuel type is available. Mileage is provided either from registered distances from our leasing company Nordania, expense management, HR systems or allowance paid. For mileage without known fuel type, we apply emissions factor for unknown fuel from DEFRA. For business travel by air, the emissions are reported directly by our travel agency, American Express, and are calculated on the basis of mileage data multiplied by the emission factor from DEFRA.

Scope 3.7.: Emissions from working from home are as of 2023 calculated on the basis of homeworking hours per quarter per FTE and emission factors from DEFRA and IEA. The number of homeworking hours per quarter is established using office occupancy data per country multiplied by working hours and FTE number as per end of each quarter. Office occupancy is established by data from speed-gates in premises. Northern Ireland and the Republic of Ireland do not have speed-gate data, and the number from Denmark is applied instead. For the Nordic countries and Lithuania, only electricity consumption for office equipment is incorporated, using the DEFRA emissions factor. For Northern Ireland and the Republic of Ireland, emissions from incremental heating are incorporated, using the DEFRA emissions factor. For India, incremental emissions from fan cooling are incorporated, using the IEA electricity emissions factor.

Estimated CO_2e from operations without registered data
For operations that do not have any measured consumption, we estimate CO_2e emissions on the basis of the average number of FTEs as provided by Group Finance and the average emissions per employee in the Group. These estimates represent 2% of total emissions in 2023 and are distributed across the three scopes based on the share of the individual scope.

Total CO_2e emissions from own operations

Consists of the sum of scope 1 CO_2e emissions, scope 2 CO_2e emissions (market-based) and scope 3 CO_2e emissions.

Energy consumption

Data for energy consumption from electricity and heat is either based on automatic data transfers from smart meters or quarterly meter readings, or it is calculated on the basis of statements received regularly during the year from energy companies and lessors. Data on electricity consumption is calculated mainly on the basis of invoices from electricity suppliers and automatic meter readings. Data on heat consumption is based on invoices from heat suppliers and on-account (aconto) invoices. If no reading or statement is available, we estimate consumption based on the average electricity or heat consumption per square meter for the country and site type. Data on floor space covers all properties used by the Group and its subsidiaries, including the Group's own premises and leased premises, for own operations in various countries. In Sweden, heat consumption data is calculated on the basis of information from boverket.se (energy labelling of buildings). The consumption figure is calculated on the basis of the Group's share of floor space in the buildings in Sweden. Similarly, data on heat consumption at properties without actual consumption in Finland is calculated by using the key figures for Sweden because consumption patterns for locations in Finland are similar to sites in Sweden. The data does not include fuel use from company cars due to the small number (four) of company cars. Energy consumption for operations without registered data is not estimated and therefore not included.

Renewable energy share scope 1 and 2

Renewable energy share within scope 1 and 2 is calculated on the basis of the total energy consumption and the amount of renewable electricity certified by guarantees of origin and international renewable energy certificates. Natural gas consumption covered by biogas certificates of origin is not considered renewable energy for the purpose of calculating this Key Performance Indicator (KPI). The calculation does not include fuel use from company cars. With limited data on the energy mix for heating, it is assumed that the energy mix is made up of a variety of different fossil sources. This is a conservative approach.

Outside scopes
Biogenic emissions from the use of biogas are calculated on the basis of gas consumption in Denmark, for which we purchase biogas certificates, and using emissions factor from DEFRA.

Social

For all social KPIs, permanent employees are included, and external and temporary employees are excluded. All gender balances are based on data from the HR platform at the end of 2023.

Gender diversity on the Board of Directors (AGM-elected)

Number of Annual General Meeting (AGM) elected women/men who are members of the Board of Directors (BoD) divided by the total number of AGM-elected members on the BoD.

Gender diversity in the Executive Leadership Team
Number of women/men in the Executive Leadership Team (ELT) divided by the total number of members of the ELT.

Gender diversity in senior leadership positions and in leadership positions
Leadership positions: Number of women/men with staff responsibility as a percentage of total headcount with staff responsibility. *Senior leadership positions:* Number of senior leaders who are women/men as a percentage of total headcount of senior leaders. Senior leaders are defined as employees with job titles that include: any VP title (e.g. First Vice President, Senior Vice President), CEOs, Leader of Business, Leader of Function, Leader of leaders (if at least L5), and Leader of Team (if at least L3).

Gender balance in supervisor level 2 & 3 leadership positions
Number of women/men with staff responsibility at supervisor level 2 and 3 as a percentage of total headcount with staff responsibility at supervisor level 2 and 3. The CEO is at supervisor level 1.

Gender diversity in the workforce
Number of women/men as a percentage of total headcount.

Employee gender pay ratio
The difference in median total FTE-corrected compensation (salary, bonus payments and any other monetary benefits) for women/men, without adjusting for factors such as job function, level, education, etc. The calculation is based on data from the HR platform and the payroll systems from Q1-Q4 2023

Employee turnover
Number of leavers (retired and resigned employees – head count) over a 12-month period divided by the average number of employees (headcount) at the end of each month over a 12-month period, which gives the turnover rate. The calculation is based on data from the HR platform from Q1-Q4 2023.

Employee engagement
Data on employee engagement for Danske Bank comes from the Danske Bank Culture and Engagement Survey, managed by our external provider Ennova. The survey covers the entire Group. The index score is an average based on replies to four questions in the survey: two on satisfaction and two on motivation. The survey is conducted two times a year.

Number of start-ups and scale-ups supported with growth and impact tools, services and expertise
The support can be via the digital platform, thehub.io, advice from DB Growth Advisers, invitations to investor events Canute programmes or other Growth and Impact initiatives in DB. The KPI is measured using the number of start-ups and scale-ups that posted a job on The Hub as a proxy. The start-up or scale-up supported is counted at the time it has posted the first job on The Hub. Data for the KPI covers companies registered in Denmark, Sweden, Norway and Finland. Data covers all types of corporate structures (ApS, AS, AB, Inc. etc.). Data is retrieved from the backend system) of The Hub.

Number of people supported with financial literacy tools and expertise
Data includes active unique users of DB educational tools (digital and analogue) developed to support financial confidence. Data has been accumulated from 2018 and onwards.

Governance
Employees trained in risk and compliance
The risk and compliance eLearning courses are mandatory for all employees of the Group and must be completed once a year and on time. In addition, all new employees of the Group must complete the module within the first 14 days of their employment. All temporary employees and external consultants with access to the Group's IT systems must also complete training. The completion data has been extracted at the end of 2023.

Financial Statements

Income statement – Danske Bank Group

Note	(DKK millions)	2023	2022*
G5	Interest income calculated using the effective interest method	60,842	31,697
G5	Other interest income	18,752	18,288
G5	Interest expense	47,325	24,634
	Net interest income from banking activities	32,269	25,351
G6	Fee income	16,111	17,305
G6	Fee expenses	4,481	4,824
	Net fee income	11,630	12,481
G5	Net trading income or loss	6,590	1,581
G7	Insurance revenue	5,735	5,126
G7	Insurance service expenses	5,094	3,604
G7	Net return on investments backing insurance liabilities	35,228	-60,302
G7	Net finance income or expense from insurance	-34,613	58,624
	Other insurance related income	216	21
	Net insurance result	1,472	-135
G8	Gain or loss on sale of disposal groups	-555	1,420
G8	Other income	4,446	4,785
	Total other income	3,891	6,206
	Total income	**55,852**	**45,484**
G9	Operating expenses	28,908	30,252
G24, G27	Provision for Estonia matter	-	13,800
G19	Impairment charges on goodwill	-	1,627
	Profit before loan impairment charges	26,944	-195
G11	Loan impairment charges	262	1,502
	Profit before tax	26,682	-1,697
G21	Tax	5,420	2,883
	Net profit	**21,262**	**-4,580**
	Portion attributable to		
	Shareholders of Danske Bank A/S (the Parent Company)	21,262	-4,666
	Additional Tier 1 capital holders	-	86
	Net profit	**21,262**	**-4,580**
	Earnings per share (DKK)	24.8	-5.4
	Diluted earnings per share (DKK)	24.7	-5.4
	Dividend per share (DKK)**	14.5	-

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

** Dividend for 2023 of a total of DKK 14.5 per share consists of a proposed dividend of DKK 7.5 per share for the second half of 2023 and an interim dividend of DKK 7.0 per share that was paid in connection with the interim report for the first half of 2023.

Statement of comprehensive income – Danske Bank Group

Note	(DKK millions)	2023	2022**
	Net profit	21,262	-4,580
	Other comprehensive income		
	Items that will not be reclassified to profit or loss		
	Remeasurement of defined benefit pension plans	-1,220	-968
G21	Tax*	-301	-179
	Items that will not be reclassified to profit or loss	**-919**	**-789**
	Items that are or may be reclassified subsequently to profit or loss		
	Translation of units outside Denmark	-1,404	-4,481
G12	Hedging of units outside Denmark	589	2,463
	Reclassification to the income statement on disposal of units outside Denmark***	806	-
	Unrealised value adjustments of bonds at fair value (OCI)	1,220	-1,546
	Realised value adjustments of bonds at fair value (OCI)	-	-14
G21	Tax*	306	-674
	Items that are or may be reclassified subsequently to profit or loss	**905**	**-2,904**
	Total other comprehensive income	**-14**	**-3,693**
	Total comprehensive income	**21,248**	**-8,273**
	Portion attributable to		
	Shareholders of Danske Bank A/S (the Parent Company)	21,248	-8,359
	Additional Tier 1 capital holders	-	86
	Total comprehensive income	**21,248**	**-8,273**

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

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

*** Reclassified to the income statement on disposal of units outside Denmark includes a reduction in the structural FX hedge. See note G12.

Balance sheet – Danske Bank Group

Note	(DKK millions)	31 December 2023	31 December 2022*	1 January 2022*
	Assets			
G14	Cash in hand and demand deposits with central banks	259,156	175,052	293,386
G14	Due from credit institutions and central banks	114,813	60,786	71,149
G12	Trading portfolio assets	548,189	638,799	509,426
G13	Investment securities	283,914	287,423	280,942
G15	Loans at amortised cost	918,628	1,082,818	1,027,442
G16	Loans at fair value	928,239	932,677	1,024,461
G17	Assets under pooled schemes and unit-linked investment contracts	70,900	66,739	76,805
G18	Assets under insurance contracts	496,031	502,995	622,634
G23	Assets held for sale	110,704	350	28,800
G19	Intangible assets	6,064	6,045	6,191
G21	Tax assets	3,264	5,199	4,510
G24	Other assets	31,079	31,673	35,336
	Total assets	**3,770,981**	**3,790,556**	**3,981,082**
	Liabilities			
G20	Due to credit institutions and central banks	154,608	138,777	172,976
G12	Trading portfolio liabilities	454,487	554,321	374,959
G20	Deposits	1,222,203	1,262,293	1,292,030
G22	Issued bonds at fair value	748,780	723,923	839,335
G22	Issued bonds at amortised cost	214,234	192,682	223,854
G17	Deposits under pooled schemes and unit-linked investment contracts	71,253	66,725	76,982
G18	Liabilities under insurance contracts	482,630	488,891	590,983
G23	Liabilities in disposal groups held for sale	56,476	-	29,577
G21	Tax liabilities	1,557	2,103	1,404
G24	Other liabilities	57,046	68,978	56,010
G22	Non-preferred senior bonds	93,194	93,235	107,654
G22	Subordinated debt	38,774	38,350	39,321
	Total liabilities	**3,595,242**	**3,630,278**	**3,805,085**
	Equity			
	Share capital	8,622	8,622	8,622
G25	Foreign currency translation reserve	-2,639	-2,630	-612
	Reserve for bonds at fair value (OCI)	-306	-1,526	34
	Retained earnings	163,596	155,812	160,732
	Proposed dividends	6,466	-	1,724
	Shareholders of Danske Bank A/S (the Parent Company)	175,739	160,278	170,500
G25	Additional Tier 1 capital holders	-	-	5,497
	Total equity	**175,739**	**160,278**	**175,997**
	Total liabilities and equity	**3,770,981**	**3,790,556**	**3,981,082**

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

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
Effects of changes in accounting policy*				-707		-707		-707
Restated total equity as at 1 January 2022	8,622	-612	34	160,732	1,724	170,500	5,497	175,997
Net profit*	-	-	-	-4,666	-	-4,666	86	-4,580
Other comprehensive income								
Remeasurement of defined benefit pension plans	-	-	-	-968	-	-968	-	-968
Translation of units outside Denmark	-	-4,481	-	-	-	-4,481	-	-4,481
Hedging of units outside Denmark	-	2,463	-	-	-	2,463	-	2,463
Unrealised value adjustments	-	-	-1,546	-	-	-1,546	-	-1,546
Realised value adjustments	-	-	-14	-	-	-14	-	-14
Tax	-	-	-	853	-	853	-	853
Total other comprehensive income	**-**	**-2,018**	**-1,560**	**-115**	**-**	**-3,693**	**-**	**-3,693**
Total comprehensive income	**-**	**-2,018**	**-1,560**	**-4,781**	**-**	**-8,359**	**86**	**-8,273**
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	-	-	-	-18,021	-	-18,021	-	-18,021
Sale of own shares and additional tier 1 capital	-	-	-	17,773	-	17,773	-	17,773
Share based payments	-	-	-	57	-	57	-	57
Tax	-	-	-	33	-	33	-	33
Total equity as at 31 December 2022	**8,622**	**-2,630**	**-1,526**	**155,812**	**-**	**160,278**	**-**	**160,278**
Total equity as at 1 January 2023	**8,622**	**-2,630**	**-1,526**	**155,852**	**-**	**160,318**	**-**	**160,318**
Effects of changes in accounting policy*	-	-	-	-40	-	-40	-	-40
Restated total equity 1 January 2023	8,622	-2,630	-1,526	155,812	-	160,278	-	160,278
Net profit	-	-	-	21,262	-	21,262	-	21,262
Other comprehensive income								
Remeasurement of defined benefit pension plans	-	-	-	-1,220	-	-1,220	-	-1,220
Translation of units outside Denmark	-	-1,404	-	-	-	-1,404	-	-1,404
Hedging of units outside Denmark	-	589	-	-	-	589	-	589
Reclassification on disposal of units outside Denmark	-	806	-	-	-	806	-	806
Unrealised value adjustments	-	-	1,220	-	-	1,220	-	1,220
Tax	-	-	-	-5	-	-5	-	-5
Total other comprehensive income	-	-9	1,220	-1,225	-	-14	-	-14
Total comprehensive income	-	-9	1,220	20,037	-	21,248	-	21,248
Transactions with owners								
Dividends paid**	-	-	-	-6,011	-	-6,011	-	-6,011
Proposed dividends**	-	-	-	-6,466	6,466	-	-	-
Acquisition of own shares and additional tier 1 capital	-	-	-	-23,030	-	-23,030	-	-23,030
Sale of own shares and additional tier 1 capital	-	-	-	23,082	-	23,082	-	23,082
Share based payments	-	-	-	172	-	172	-	172
Total equity as at 31 December 2023	**8,622**	**-2,639**	**-306**	**163,596**	**6,466**	**175,739**	**-**	**175,739**

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

** Dividend for 2023 of a total of DKK 14.5 per share consists of a proposed dividend of DKK 7.5 per share for the second half of 2023 and an interim dividend of DKK 7.0 per share that was paid in connection with the interim report for the first half of 2023. Dividends paid is net of dividends on own shares.

Statement of capital – Danske Bank Group

Dividend

The Board of Directors proposes a dividend of DKK 7.5 per share, totalling DKK 6,466 million to be paid out of the net profit for the Parent Company. Dividend for 2023 of a total of DKK 14.5 per share consists of a proposed dividend of DKK 7.5 per share for the second half of 2023 and an interim dividend of DKK 7.0 per share that was paid in connection with the interim report for the first half of 2023.

Earnings per share (DKK millions)	2023	2022*
Net profit attributable to the shareholders of the parent company	21,262	-4,666
Number of shares issued at 1 January	862,184,621	862,184,621
Average number of own shares held by the Group (including share buy-back programme)	3,400,761	3,852,779
Average number of shares outstanding	858,899,954	858,331,842
Number of dilutive shares issued for share-based payments	1,143,355	4,590,464
Adjusted average number of shares outstanding after share capital reduction, including dilutive shares	**860,043,309**	**862,922,306**
Earnings per share (DKK)	24.8	-5.4
Diluted earnings per share (DKK)	24.7	-5.4

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

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

Number of shares outstanding	2023	2022*
Issued at 1 January	862,184,621	862,184,621
Holding of own shares	2,410,915	3,791,869
Shares outstanding at 31 December	**859,773,706**	**858,392,752**

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

(DKK millions) **Holding of own shares**	Number 2023	Number 2022*	Value 2023	Value 2022*
Holding as at 1 January	3,791,869	3,001,737	521	340
Acquisition of own shares	148,409,820	160,892,469	23,030	18,021
Sale of own shares	149,790,774	160,102,337	23,082	17,773
Value adjustment	-	-	-33	-67
Holding as at 31 December	**2,410,915**	**3,791,869**	**435**	**521**

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

Holdings of own shares disclosed above are those held in the Group's trading portfolio. In addition, the Group holds DKK 1,299 million of own shares on behalf of customers which are not deducted from equity, comprising DKK 199 million of own shares in Assets under pooled schemes, DKK 60 million of own shares in Assets under unit-linked investment contracts, and DKK 1,040 million of own shares in Assets under insurance contracts. Details on acquisitions and sales of shares under Assets under unit-linked investment contracts and Assets under insurance contracts are presented under Statement of Capital of Danske Bank A/S.

The Board of Directors is authorised to let Danske Bank A/S acquire own shares up to a total nominal amount of 10% of the share capital. The shares may be held for ownership or provided as collateral. If shares are acquired for ownership, the acquisition price may not deviate by more than 10% from the price quoted at the time of acquisition. Danske Bank A/S has obtained permission from the Danish Financial Supervisory Authority to acquire own shares for market-making purposes etc. and this amount is deducted from the Group's common equity tier 1 capital.

Statement of capital – Danske Bank Group

Total capital and total capital ratio

(DKK millions)	31 December 2023	31 December 2022*
Total equity	175,739	160,318
Revaluation of domicile property at fair value	211	217
Tax effect of revaluation of domicile property at fair value	-27	-28
Total equity calculated in accordance with the rules of the Danish FSA	**175,923**	**160,506**
Common equity tier 1 capital instruments**	175,923	160,506
Adjustment to eligible capital instruments	-914	-222
IFRS 9 reversal due to transitional rules	1,634	3,063
Prudent valuation	-890	-1,338
Prudential filters	-	-567
Expected/proposed dividends	-6,466	-
Intangible assets of banking operations	-5,690	-5,529
Minimum Loss Coverage for Non-Performing Exposures	-916	-500
Deferred tax on intangible assets	316	242
Deferred tax assets that rely on future profitability, excluding temporary differences	-733	-352
Defined benefit pension plan assets	-845	-1,424
Statutory deduction for insurance subsidiaries	-6,111	-4,683
Common equity tier 1 capital	**155,308**	**149,197**
Additional tier 1 capital instruments	14,805	15,300
Tier 1 capital	**170,113**	**164,497**
Tier 2 capital instruments	20,790	20,765
Total capital	**190,902**	**185,261**
Total risk exposure amount	**827,882**	**838,193**
Common equity tier 1 capital ratio (%)	18.8%	17.8%
Tier 1 capital ratio (%)	20.5%	19.6%
Total capital ratio (%)	23.1%	22.1%

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

** Common equity tier 1 capital instruments is equal to Total equity in accordance with the rules of the Danish FSA .

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.

Risk Management 2023 provides more details about the Group's total capital, the total risk exposure amount and the Group's solvency need. The report is available at danskebank.com/reports and is not covered by the statutory audit.

Cash flow statement – Danske Bank Group

	(DKK millions)	2023	2022*
	Cash flow from operations		
	Profit before tax	26,682	-1,697
	Tax paid	-4,565	-3,025
	Adjustment for non-cash operating items	8,426	21,459
	Cash flow from operations before changes in operating capital	**30,543**	**16,737**
	Changes in operating capital		
	Amounts due to/from credit institutions and central banks	10,778	-35,969
	Trading portfolio	-9,225	49,989
	Acquisition/sale of own shares and additional tier 1 capital	53	-249
	Investment securities	3,509	-6,481
	Loans at amortised cost and fair value	57,952	34,905
	Deposits	-9,490	-29,737
	Issued bonds at amortised cost and fair value	73,513	-150,465
	Assets/liabilities under insurance contracts	1,903	16,156
	Other assets/liabilities	-18,036	-4,243
	Cash flow from operations	**141,500**	**-109,357**
	Cash flow from investing activities		
	Sale of businesses	45	2,032
	Acquisition of intangible assets	-540	-560
	Acquisition of tangible assets	-841	-826
	Sale of tangible assets	7	4
	Cash flow from investing activities	**-1,329**	**650**
	Cash flow from financing activities		
G26	Issue of non-preferred senior bonds	22,425	20,052
G26	Redemption of non-preferred senior bonds	-23,696	-30,590
	Dividends paid	-6,011	-1,705
	Redemption of equity accounted additional tier 1 capital	-	-5,419
	Paid interest on equity accounted additional tier 1 capital	-	-164
	Principal portion of lessee lease payments	-605	-611
	Cash flow from financing activities	**-7,887**	**-18,437**
	Cash and cash equivalents as at 1 January	232,531	362,997
	Foreign currency translation	794	-3,322
	Change in cash and cash equivalents	132,284	-127,144
	Cash and cash equivalents, end of period	**365,609**	**232,531**
	Cash and cash equivalents, end of period		
G14	Cash in hand	6,419	6,630
G14	Demand deposits with central banks	252,737	168,422
G14	Amounts due from credit institutions and central banks within three months	106,453	57,479
	Total	**365,609**	**232,531**

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

Note G26 provides further information on the cash flow statement.

Notes – Danske Bank Group

G1. Basis of preparation

(a) General

Danske Bank Group prepares its consolidated financial statements in accordance with the IFRS Accounting Standards (IFRSs) and applicable interpretations (IFRIC) issued by the International Accounting Standards Board (IASB), as adopted by the EU. Furthermore, the consolidated financial statements comply with the Danish FSA's Executive Order No. 1306 dated 16 December 2008 on the use of IFRSs by undertakings subject to the Danish Financial Business Act.

On 1 January 2023, the Group implemented IFRS 17, and the amendments to IAS 1, IAS 8 and IAS 12. Implementation of IFRS 17 resulted in a decrease of DKK 0.7 billion in the Group's equity as at the transition date of 1 January 2022, and a net decrease of DKK 40 million in the Group's equity as at 31 December 2022.

As a result of IFRS 17 implementation, the Group has changed the presentation of the Income statement to include material line items as required by IAS 1 and new sub-totals.

In addition, the Group has adopted EU's carve out to IAS 39 in 2023 to hedge the interest rate risk on a portfolio of non-maturing core deposits at its subsidiary Northern Bank Ltd.

Further information on the changes to accounting policies and presentation in 2023 can be found in note G2. Except for these changes, the Group has not changed its material accounting policies from those applied in the Annual Report 2022.

For changes in the financial highlights and segment reporting, see note G3.

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.

Monetary assets and liabilities in foreign currency are translated at the exchange rates at the balance sheet date. Exchange rate adjustments of monetary assets and liabilities arising as a result of differences in the exchange rates at the transaction date and at the balance sheet date are recognised in the income statement. Non-monetary assets and liabilities in foreign currency that are subsequently revalued at fair value are translated at the exchange rates at the date of revaluation. Exchange rate adjustments are included in the fair value adjustment of an asset or liability. Other non-monetary items in foreign currency are translated at the exchange rates at the transaction date. The accounting treatment of foreign currency translation of units outside Denmark is described in note G25.

For the purpose of clarity, the primary financial statements and the notes to the financial statements are prepared using the concepts of materiality and relevance. This means that line items not considered material in terms of quantitative and qualitative measures or relevant to financial statement users are aggregated and presented together with other items in the primary financial statements. Similarly, information not considered material is not presented in the notes.

The material accounting policies are incorporated into the notes to which they relate.

(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 solely payments of principal and interest (SPPI) test (further explained in note G15) 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). An overview of the classification and measurement basis for financial instruments can be found in section (c) of this note.

Further, 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 financial year 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.

Notes – Danske Bank Group

G1. Basis of preparation continued

(b) Significant accounting estimates and judgements

The expected credit loss is calculated for all individual facilities as a function of probability of default (PD), exposure at default (EAD) and loss given default (LGD) and incorporates 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.

The base case scenario enters with a probability of 60% (2022: 70%), the upside scenario with a probability of 20% (2022: 10%) and the downside scenario with a probability of 20% (2022: 20%). On the basis of these assessments, the allowance account at the end of 2023 amounted to DKK 20.1 billion (2022: DKK 19.6 billion). If the base case scenario was assigned a probability of 100%, the allowance account would decrease DKK 2.0 billion (2022: 2.1 billion). Compared to the base case scenario, the allowance account would increase DKK 10.2 billion (2022: DKK 10.9 billion), if the downside scenario was assigned a probability of 100%. The increase reflects primarily the transfer of exposures from stage 1 to stage 2 and increased expected credit losses within stage 2. If instead the upside scenario was assigned a probability of 100%, the allowance account would decrease DKK 0.2 billion (2022: DKK 0.4 billion) compared to the base case scenario.

In determining the expected credit losses, management is required to exercise judgement in defining what is considered a significant increase in credit risk. According to the Group's definition of a significant increase in credit risk, i.e. when a loan is transferred from stage 1 to stage 2, facilities with an initial PD below 1% are transferred to stage 2 if the facility's 12-month PD has increased by at least 0.5 of a percentage point and the facility's lifetime PD has doubled since origination. The allowance account is relatively stable in terms of changes to the definition of significant increase in credit risk. At the end of 2023, the allowance account would increase by DKK 0.3 billion (2022: DKK 0.3 billion), if instead an increase in the facility's 12-month PD by at least 0.25 of a percentage point combined with a doubling of the lifetime PD was considered a significant increase in credit risk.

Management applies judgement when determining the need for post-model adjustments. At the end of 2023, the post-model adjustments amounted to DKK 6.7 billion (2022: DKK 6.6 billion). They mainly cover the increasing macroeconomic risk due to the uncertainty related to the elevated inflation and severity of an economic downturn as well as the global tension uncertainty. See further in the separate sections below. Further information on the types of risks covered by post-model adjustments and the allocation of post-model adjustments to the underlying exposures can be found in the section Forward-looking information in note G40.

Loan impairment charges for 2023 amounted to DKK 262 million (2022: DKK 1,502 million). Low impairments were driven by robust credit quality driven by successful restructurings within oil and offshore and post-pandemic recoveries.

The applied macroeconomic scenarios in 2023 differ from those used at 31 December 2022. The downside scenario continues to capture the severe recession scenario with high interest rates (reflecting a stagflation scenario) applied in the Group's Internal Capital Adequacy Assessment Process 8 (ICAAP) processes and is similar in nature to regulatory stress tests. The severe recession scenario reflects negative growth, increasing interest rates, and falling property prices for a longer period. The use of the downside scenario has been made to better capture the increasing risk from high interest rates and high inflation, and in order for the ECL calculation to include potential downside risks due to the elevated asset prices across the Nordics.

Except as described above, all other policies and principles remain in place. Staging criteria are unchanged, including the 30 days past due criteria and PD-based criteria for transfer to stage 2.

Sustainability risk

The Group may be exposed to sustainability risk as a result of current or future environmental, social and governance (ESG) events or conditions, and are considered external factors that can impact existing risks. Sustainability risk is therefore considered a cross-cutting driver of existing risks as outlined in the Group's risk taxonomy, which can further exacerbate the risks the Group is already facing.

Notes – Danske Bank Group

G1. Basis of preparation continued

(b) Significant accounting estimates and judgements

***Sustainability risk** continued*

Credit risk is deemed to be the risk type most materially affected by sustainability drivers in the long term, of which climate risk is currently the most urgent of all ESG-related drivers capable of affecting the Group's credit risk. From a financial significance perspective, climate-related risks have been deemed most relevant for the Group's lending activities. Climate risk pertains to transition risks, which are the risks associated with shifting to a low-carbon economy, and to physical risks arising from projected climate changes, including both long-term shifts (chronic changes) and event-driven changes (acute changes) to weather patterns. Credit risk will be affected by both of these climate-related risks in the medium and long term, and efforts are being made to obtain improved climate data to refine the long- term view of climate risk across sectors.

The Group takes a risk-based approach in prioritising risk management efforts for credit portfolios that are likely to be most exposed to transition and physical risks. For that purpose, the Group applies a mix of qualitative and quantitative input to define the credit exposures most exposed to transition and physical risks.

High transition-risk exposures are identified using a mix of insights, including financed emissions estimates, findings from conducting climate scenario analysis as well as qualitative judgment to account for, e.g., credible transition plans, potential future technology and demand risks to a given sector. Most of the emissions are attributable to only a few sectors, e.g., Shipping, Oil and Gas, which the Group actively monitors and manages. From the initial assessment of customers subject to high transition risk, the exposure to the lagging transition category remains limited but will be monitored on an ongoing basis.

The Group has identified flooding risk (river and coastal flooding) as the key physical hazard applicable to the portfolio on the basis of the report on high confidence of hazard increase in Northern Europe issued by the Intergovernmental Panel on Climate Change. The current analyses on flooding risk focus on residential and commercial property and the risk is assessed to be limited.

Moreover, the Group performs ad-hoc climate stress tests to assess physical and transition risks of climate changes. Stress tests in relation to physical risks cover collateral-related exposures and are based on river and coastal flooding. Stress tests in relation to transition risks consider an introduction of carbon taxes.

The Group will continue to refine its assessment methodology as more climate risk data becomes available to support the identification of both transition and physical risks for the purpose of determining financial significance, however, conclusions have not led to adjustments to staging or modelled expected credit losses, as the impacts either manifest over a longer time period than loan maturities, or as transition risks are concentrated on a few sectors with downside risks already recognised in the Group's modelled expected credit losses. Both transition and physical risks are either managed through risk tolerances or strategic targets, or already have post model adjustments/management overlays allocated covering the climate related risks.

For more detail on Sustainability risk, see note G40.

Fair value measurement of financial instruments

At the end of 2023, no unusual challenges in obtaining reliable pricing apart from insignificant parts of the portfolio remained. The majority of valuation techniques continues to employ only observable market data, and there has been no significant increase in financial instruments measured on the basis of valuation techniques that are based on one or more significant unobservable inputs. The latter continues to include only unlisted shares, certain bonds and some long-dated derivatives for which there is no active market. On the derivatives portfolio, the Group makes fair value adjustments to cover changes in counterparty risk (CVA and DVA) and to cover expected funding costs (FVA and ColVA) on derivatives, bid-offer spreads on the net open position of the portfolio of assets and liabilities with offsetting market risk recognised at mid-market prices, and model risk on level 3 derivatives. With effect from 2023, FVA is calculated including both funding cost and funding benefit. To avoid double-counting between DVA and the funding benefit, DVA is offset in the financial statements. At 31 December 2023, the adjustments totalled DKK 0.4 billion (2022: DKK 0.2 billion), including the adjustment for credit risk on derivatives that are credit impaired. Note G33(a) 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.

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. As at 31 December 2023, goodwill amounted to DKK 4.4 billion (31 December 2022: DKK 4.4 billion).

In connection with the quarterly reporting, management performs an impairment review to assess whether there are indications that goodwill might be impaired. This includes a review of decline in income, increase in loan impairment charges, decline in the market value of assets under management, major restructurings, macroeconomic developments etc. The impairment test conducted in 2023 did not reveal any impairment loss. During 2022, goodwill in Danica Pension amounting to DKK 1.6 billion was assessed to be impaired due to increasing discount rates and lower financial outlook. Following the impairment charges on goodwill, goodwill in Danica Pension amounts to DKK 0.0 billion as at 31 December 2023 (31 December 2022: DKK 0.0 billion).

Notes – Danske Bank Group

The remaining goodwill mainly consists of DKK 2.1 billion (2022: DKK 2.1 billion) in Markets, DKK 1.8 billion (2022: DKK 1.8 billion) in Asset Management and DKK 0.5 billion (2022: DKK 0.5 billion) in General Banking (all part of the business segment Large Corporates & Institutions) showing significant amounts of excess value in the impairment tests in 2023 and 2022.

Note G19 provides more information about the impairment test in 2023 and 2022 including sensitivity to changes in assumptions.

Measurement of liabilities under insurance contracts

Liabilities under insurance contracts are measured using either the General Measurement Model (GMM), Variable Fee Approach (VFA) or Premium Allocation Approach (PAA). GMM and VFA both comprise fulfilment cash flows, which are estimates of the present value of future cash flows for insurance contracts, adjusted for time value of money and effect of financial risk including a risk adjustment for non-financial risk, and a contractual service margin (CSM).

Estimates of future cash flows include actuarial computations that rely on estimates of a number of variables such as mortality rates and disability rates. Mortality rates are based on the Danish FSA's benchmark, whilst others are estimated based on data from the Group's own portfolio of insurance contracts.

The discount rate is fixed on the basis of a zero-coupon yield curve, which is adjusted by a currency and credit risk deduction and a volatility adjustment. The yield curve is calculated according to principles and based on data that results in a curve based on European Insurance and Occupational Pension Authority (EIOPA) discount yield curve, which can be found at www.eiopa.europa.eu/tools-and-data/risk-free-interest-rate-term-structures_en.

For life insurance contracts, risk adjustment for non-financial risks is calculated based on a safety margin on applied actuarial assumptions, such as mortality rates and longevity.

The confidence level used to determine the risk adjustment is at least 85%.

For insurance contracts measured using VFA, CSM is calculated on the basis of stochastic models, whereas a deterministic model is used for life insurance contracts measured using GMM.

For health and accident insurance contracts, the loss element includes expectations about mortality, reactivation, reinstatement and repurchase, as well as expected costs offset by premiums not yet due. Risk adjustment for non-financial risk is calculated based on a safety margin on applied actuarial assumptions. The confidence level used to determine the risk adjustment is at least 85%.

Note G18 provides further information on the measurement of insurance liabilities. Note G40 contains a sensitivity analysis for life insurance.

(c) Overview of classification and measurement basis for financial instruments and insurance contracts

Financial instruments account for around 98% of total assets and liabilities. A portion of financial assets relate to investments made under insurance contracts. The following sections provide a general description of the classification and measurement of financial instruments and obligations under insurance contracts.

Financial instruments – general

The Group recognises financial assets and liabilities when it becomes a party to the terms of the contract. A financial asset, or a portion of a financial asset, is derecognised if the contractual rights to cash flows from the asset have expired, or have been transferred, usually by sale, leading to substantially all the risks and rewards of the asset or significant risks and rewards being transferred. Financial liabilities are derecognised when the liability has been settled, has expired or has been extinguished.

Regular way purchases and sales of financial instruments are recognised and derecognised at the settlement date. Fair value adjustments of unsettled financial instruments are recognised from the trade date to the settlement date if the financial asset is classified at fair value through profit or loss or through other comprehensive income. The classification is shown in the table below.

Notes – Danske Bank Group

G1. Basis of preparation continued

Financial instruments and obligations under insurance contracts, classification and measurement end of 2023

	Amortised cost	Fair value OCI	Fair value through profit or loss						
(DKK billions)	Held to collect assets/ Liabilities	Held to collect and sell financial assets*	Held for trading	Managed at fair value	FVPL due to SPPI test	Designated	Interest rate hedge **	Own shares / bonds	Total
Assets									
Cash in hand and demand deposits with central banks	259	-	-	-	-	-	-	-	259
Due from credit institutions and central banks	22	-	-	93	-	-	-	-	115
Derivatives	-	-	346	-	-	-	6	-	352
Bonds	155	107	178	21	-	-	-	-	461
Shares	-	-	19	-	-	-	-	-	19
Loans ***	919	-	-	175	753	-	-1	-	1,847
Assets under pooled schemes and unit-linked investment contracts	-	-	-	43	-	-	-	28	71
Assets under insurance contracts	-	-	-	460	-	-	-	1	461
Total financial assets, 31 December 2023	**1,356**	**107**	**542**	**792**	**753**	**-**	**6**	**29**	**3,585**
Total financial assets, 31 December 2022******	**1,433**	**116**	**635**	**771**	**724**	**-**	**3**	**28**	**3,710**
Liabilities									
Due to credit institutions and central banks	69	-	-	-	-	86	-	-	155
Trading portfolio liabilities	-	-	442	-	-	-	13	-	454
Deposits ***	1,102	-	-	-	-	120	-	-	1,222
Issued bonds at fair value	-	-	-	-	-	749	-	-	749
Issued bonds at amortised cost ***	219	-	-	-	-	-	-5	-	214
Deposits under pooled schemes and unit-linked investment contracts	-	-	-	-	-	71	-	-	71
Liabilities under insurance contracts *****	-	-	-	-	-	483	-	-	483
Non-preferred senior bonds	96	-	-	-	-	-	-3	-	93
Subordinated debt	39	-	-	-	-	-	-	-	39
Loan commitments and guarantees	3	-	-	-	-	-	-	-	3
Total financial liabilities, 31 December 2023	**1,528**	**-**	**442**	**-**	**-**	**1,508**	**5**	**-**	**3,483**
Total financial liabilities, 31 December 2022******	**1,599**	**-**	**533**	**-**	**-**	**1,402**	**-**	**27**	**3,562**

* Unrealised fair value gains and losses are presented in Other comprehensive income, and realised fair value gains and losses are recycled to the income statement.
**The interest rate risk on some fixed-rate financial assets and liabilities is hedged by derivatives (fair value hedging). The interest rate risk on some fixed-rate bonds 'hold to collect and sell' is also hedged by derivatives. The fair value represents changes in the fair value of the interest rate risk on the hedged items, i.e. not a full fair value of the hedged items.
*** Loans (amortised cost), Deposits (amortised cost) and Issued bonds at amortised cost include Assets held for sale and Liabilities in disposal groups held for sale which are measured in accordance with IFRS 9. These are presented separately on the Balance sheet.
**** Comparative information has been restated, as described in note G2(a).
***** Liabilities under insurance contracts comprise the liability for remaining coverage and liability for incurred claims, which includes estimates of present value of future cash flows, risk adjustment for non-financial risk and contractual service margin.

Notes – Danske Bank Group

G1. Basis of preparation continued

(c) Overview of classification and measurement basis for financial instruments and insurance contracts

Classification and measurement of financial assets and financial liabilities – general

Financial assets are classified on the basis of the business model adopted for managing the assets and on their contractual cash flow characteristics (including embedded derivatives, if any) are grouped into one of the following measurement categories:

- Amortised cost (AMC)
- Fair value through other comprehensive income (FVOCI)
- Fair value through profit or loss (FVPL)

Financial assets are measured at AMC if they are held within a business model for the purpose of collecting contractual cash flows (hold to collect) and if cash flows are solely payments of principal and interest on the principal amount outstanding.

Financial assets are measured at FVOCI if they are held within a business model for the purpose of both collecting contractual cash flows and selling (hold to collect and sell) and if cash flows are solely payments of principal and interest on the principal amount outstanding. FVOCI results in the assets being recognised at fair value in the balance sheet and at AMC in the income statement. Gains and losses, except for expected credit losses and foreign exchanges gains and losses, are therefore recognised in other comprehensive income until the financial asset is derecognised. When the financial asset is derecognised the cumulative gains and losses previously recognised in other comprehensive income are reclassified to the income statement.

All other financial assets are mandatorily measured at FVPL including financial assets held within other business models, such as financial assets managed at fair value or held for trading and financial assets with contractual cash flows that are not solely payments of principal and interest on the principal amount outstanding.

Generally, financial liabilities are measured at amortised cost and when relevant with bifurcation of embedded derivatives not closely related to the host contract. Financial liabilities measured at fair value comprise the trading portfolio (derivatives and obligations to repurchase securities) and liabilities designated at fair value through profit or loss under the fair value option. Value adjustments relating to the inherent credit risk of financial liabilities designated at fair value are recognised in other comprehensive income unless this leads to an accounting mismatch.

The business model assessment

The business model assessment in Danske Bank Group has been applied separately for each business unit represented by the Group's reportable segments, and it is based on observable factors for the different portfolios, such as (1) how the performance of the business model and the financial assets held within that business model are evaluated and reported to the Executive Board and the Board of Directors, (2) the risks that affect the performance of the business model and the way such risks are managed and (3) past and expected frequency, value and timing of sales from the portfolio. In general, the business model assessment of the Group can be summarised as follows:

- The Group's banking units, comprising Personal Customers, Business Customers, General Banking at Large Corporates &Institutes (LC&I) and Northern Ireland, have a "hold to collect" business model. The financial assets consist primarily of loans. The management and reporting of performance are based on collecting the contractual cash flows, and loans are only very infrequently sold.
- The trading units at LC&I (Markets and Investment Banking & Securities) and the financial assets related to the Group's insurance activities at Danica Pension have a business model that is neither "hold to collect" nor "hold to collect and sell" and the financial assets are mandatorily recognised at FVPL. The assets consist of bonds, shares, repo transactions and short-term loans. Some of the financial assets are included in portfolios with a trading pattern that falls under the definition of "held for trading" while other portfolios are managed and their performance reported on a fair value basis.
- Group Treasury has portfolios of bonds within the "hold to collect" business model, the "hold to collect and sell" business models and the "other" business model.
- The remaining portfolio of Non-core is "hold to collect". The financial assets consist primarily of loans.

Notes – Danske Bank Group

G1. Basis of preparation continued

(c) Overview of classification and measurement basis for financial instruments and insurance contracts

The SPPI test (solely payment of principal and interest on the principal amount outstanding)
The second step in the classification of the financial assets in portfolios being "hold to collect" and "hold to collect and sell" relates to the assessment of whether the contractual cash flows are consistent with the SPPI test. The principal amount reflects the fair value at initial recognition less any subsequent changes, e.g. due to repayment. The interest must represent only consideration for the time value of money, credit risk, other basic lending risks and a margin consistent with basic lending features. If the cash flows introduce more than de minimis exposure to risk or volatility that is not consistent with basic lending features, the financial asset is mandatorily recognised at FVPL.

In general, the Group's portfolios of financial assets that are "hold to collect" or "hold to collect and sell" (loans and bonds) have contractual cash flows that are consistent with the SPPI test, i.e. they have basic lending features.

However, loans granted under Danish mortgage finance law are funded by issuing listed mortgage bonds with matching terms. Such loans are granted by the Realkredit Danmark subsidiary only. Borrowers may repay such loans by delivering the underlying bonds. This represents an option to prepay at fair value that can be both above and below the principal amount plus accrued interest. Changes in the fair value of the underlying bonds include other elements than the effect of changes in the relevant benchmark interest rate and the prepayment option is therefore not consistent with the SPPI test in IFRS 9 and are mandatorily measured at FVPL.

All equity instruments have contractual cash flows that do not pass the SPPI test. All such holdings are recognised at FVPL since the Group has decided not to use the option to designate equity instruments at FVOCI.

Financial liabilities
Financial liabilities are generally measured at amortised cost and when relevant with bifurcation of embedded derivatives not closely related to the host contract. Financial liabilities measured at fair value comprise derivatives, the trading portfolio and liabilities designated at FVPL under the fair value option. Value adjustments relating to the inherent own credit risk of financial liabilities designated at fair value are, however, recognised in Other comprehensive income unless this leads to an accounting mismatch.

IFRS 9 allows the designation of financial liabilities at FVPL when doing so results in more relevant information, because either (1) it eliminates or significantly reduces an accounting mismatch that would otherwise arise, or (2) is part of a portfolio of financial instruments that are managed and their performance reported on a fair value basis to management.

The Group designates the following financial liabilities at FVPL:

- Mortgage bonds issued by Realkredit Danmark. The bonds fund the loans granted by Realkredit Danmark, i.e. loans that due to the SPPI test are mandatorily recognised at FVPL. The fair value of the loans is based on the fair value of the issued bonds (the loans and the issued bonds that are funding the loans have matching contractual terms) adjusted for changes in the fair value of the credit risk of borrowers. To eliminate the accounting mismatch that exists if the loans are measured at FVPL and the issued bonds at AMC, the issued bonds are designated at FVPL, and fair value changes of the issued bonds (including fair value changes related to own credit risk) are offset by the fair value changes of the loans. Hence, changes in the fair value attributable to the Group's own credit risk on the issued bonds are also recognised in the income statement since an accounting mismatch would otherwise arise.
- Financial liabilities in Markets and Investment Banking & Securities at LC&I. These financial liabilities are part of a portfolio of financial assets and liabilities that is managed and performance reported to the Management on a fair value basis. The financial liabilities consist of repo transactions, deposits and commercial papers. Changes, if any, in the fair value attributable to the Group's own credit risk is, however, recognised in other comprehensive income.

Hedge accounting
The Group uses derivatives to hedge the interest rate risk on some fixed-rate assets and fixed-rate liabilities measured at amortised cost and on some bonds measured at fair value through other comprehensive income. Hedged risks that meet the criteria for fair value hedge accounting are treated accordingly. The interest rate risk on the hedged assets and liabilities is measured at fair value through profit or loss. At the end of 2023, hedging derivatives measured at fair value accounted for about 0.2% of total assets and about 0.4% of total liabilities (31 December 2022: 0.1% and 0.6%, respectively). For further information on hedge accounting, see note G12(d).

Notes – Danske Bank Group

G1. Basis of preparation continued

(c) Overview of classification and measurement basis for financial instruments and insurance contracts

Insurance activities – general

The Group issues contracts for life insurance and health and accident insurance, which are divided into insurance and investment contracts. Insurance contracts are contracts under which the Group accepts significant insurance risk from a policyholder, by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder. Investment contracts are contracts that entail no significant insurance risk and comprise unit-linked contracts under which the investment risk lies with the policyholder.

Insurance contracts

With effect from 1 January 2023, the Group's insurance contracts are measured in line with IFRS 17, Insurance contracts. Under IFRS 17, the majority of liabilities under insurance contracts are measured based on estimates of the present value of future cash flows, risk adjustment for non-financial risk, and contractual service margin. Most of these insurance contracts are with direct participating features, which means that that the policyholder participates in a share of a pool of underlying items, the return of which accrues to the policyholder. The underlying items are measured at fair value, and are classified as Assets under insurance contacts in the Balance sheet.

Insurance contracts with one-year duration are measured using an estimate of expected benefits payable but not yet disbursed.

Investment contracts

Investment contracts are recognised as financial liabilities, and, consequently, contributions and benefits under such contracts are recognised directly in the balance sheet. Deposits are measured at the value of the savings under Deposits under pooled schemes and unit-linked investment contracts.

Savings under unit-linked investment contracts are measured at fair value under Assets under pooled schemes and unit-linked investment contracts. The return on the assets and the crediting of the amounts to policyholders' accounts are recognised under Net return on investments backing insurance.

Net income from insurance business

Insurance activities are presented in the Income statement under Net insurance result. Net insurance result comprises Insurance revenue, Insurance service expenses, Net return on investments backing insurance liabilities and Net finance income or expenses from insurance.

Notes – Danske Bank Group

G1. Basis of preparation continued

(d) Financial highlights

The financial highlights and reporting for each segment shown in note G3 are used in the Management's report and represent the financial information regularly provided to management. The Reclassification column in note G3 shows the reconciliation between the presentation in the financial highlights and the presentation in the consolidated financial statements prepared under IFRS and includes the following:

Operating leases

In the IFRS income statement, gains or losses on the sale of operating lease assets, excluding properties, at the end of the lease agreement are presented on a gross basis (the Group acts as a lessor). This means that the proceeds from the sale of the assets are recognised under Other income, whereas the carrying amount of the lease assets is recognised under Operating expenses.

In the financial highlights, the gains or losses on the sale of the lease asset are presented on a net basis under Other income to better reflect the development in the cost base.

Markets and Investment Banking & Securities (both part of Large Corporates & Institutions) and Group Treasury (part of Group Functions)

In the IFRS income statement, income from Markets and Investment Banking & Securities and Group Treasury is presented as Net interest income, the net of Fee income and Fee expenses. Net trading income or loss and Other income, depending on the type of income. The distribution of income between the various income line items can vary considerably from one year to the next, depending on the underlying transactions and market conditions. To better reflect income in those areas, the following reclassifications are made in the financial highlights:

- All income contributed by Markets, excluding Market's share of margins on customer derivatives, is presented as Net trading income
- Trading-related income at Investment Banking & Securities is presented as Net trading income. However, income contributed by Equity Finance (also part of Large Corporates & Institutions, Investment Banking & Securities) is presented as Net fee income
- All income in Group Treasury, except income at Internal Bank, income on bonds held to collect and bonds held to collect and sell, are presented as Net trading income.

Danica Pension

In the IFRS income statement, all income and expenses from insurance activities except gain or loss from sale of disposal groups is presented within Net insurance result. In the financial highlights, Gain or loss on sale of disposal groups is included within Net income from insurance business.

Non-core

In the IFRS income statement and balance sheet, income and expense items and asset and liability items from the Non-core segment are included in the various income statement and balance sheet line items, as the segment does not fulfil the requirements in IFRS 5, Non-current Assets Held for Sale and Discontinued Operations.

The Non-core segment includes certain customer segments that are no longer considered part of the Group's core business. To better reflect activities from the Group's core and non-core business, the profit or loss of the Non-core segment is presented as one amount in a separate line item 'Profit before tax, Non-core' in the financial highlights. Similarly, assets are presented together as Total assets in Non-core and liabilities together as Total liabilities in Non-core in the balance sheet in the financial highlights.

(e) Reporting on the ESEF Regulation

The Commission's Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) requires a special digital reporting format for annual report for publicly listed entities. The ESEF Regulation includes requirements related to the preparation of the annual report in XHTML format and iXBRL tagging of the consolidated financial statements key elements including Income statement, Statement of comprehensive income, Balance sheet, Statement of capital, Cash flow statement and notes.

Danske Bank Group's iXBRL tagging is prepared in accordance the ESEF taxonomy which is included in the appendices of the ESEF Regulation and is developed based on the IFRS taxonomy that is published by IFRS Foundation. For the annual report for 2023, the ESEF Taxonomy for 2022 has been applied.

The account balances in the consolidated financial statement is XBRL tagged to the elements in the ESEF Regulation that is assessed to correspond to the content of the account balances. For account balances that are assessed not to be covered by the account balances defined in the ESEF taxonomy, the Group has incorporated entity specific extensions to the taxonomy. These extensions are – except subtotals – embedded in the elements in the ESEF Taxonomy.

The annual report comprises – in accordance with the requirements of the ESEF Regulation – of a zip-file danskebank-2023-12-31-en.zip, that includes an XHTML-file, that can be opened with standard web browsers and a number of technical XBRL files that make automated extracts of the incorporated XBRL data possible.

Notes – Danske Bank Group

G2. Changes and forthcoming changes to accounting policies and presentation

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

On 1 January 2023, the Group implemented a new standard, IFRS 17, and the amendments to IAS 1, IAS 8 and IAS 12.

As a result of IFRS 17 implementation, the Group has changed the presentation of the Income statement to include material line items as required by IAS 1. At the same time, sub-totals for Net fee income, Net insurance result, Total other income and Total income have been included in the Income statement.

The subsidiary Northern Bank Ltd. has a portfolio of non-maturing core deposits where the interest rate risk is most efficiently hedged by using derivatives. To avoid accounting mismatch between deposits at amortised cost and hedging derivatives at fair value, hedge accounting after EU's carve out to IAS 39 has been applied on this portfolio in the local reporting for Northern Bank Ltd. To hedge the interest rate risk on this portfolio at group level and to simplify the group financial reporting process, Danske Bank Group has adopted EU's carve out to IAS 39 in 2023. Hedging of Northern Bank Ltd. core deposits at group level has only taken place with prospective effect. The adoption of EU's carve out to IAS 39 has reduced net profit for 2023 by DKK 1 million.

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

IFRS 17, Insurance contracts

On 1 January 2023, the Group implemented IFRS 17, Insurance Contracts. IFRS 17 replaces IFRS 4, which was a provisional accounting standard that did not explain the measurement of insurance contracts but was based on pre-existing accounting policies. IFRS 17 is a comprehensive standard containing the principles for recognition and measurement and presentation of insurance contracts in the financial statements. Disclosures required by IFRS 17 are in notes G7 and G18.

The key impacts of the implementation of IFRS 17 are:

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

The fair value approach has been applied on transition to IFRS 17, since the full retrospective approach is impracticable to apply due to relevant data not being available or high resource consumption.

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

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

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

Notes – Danske Bank Group

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

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

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

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

Notes – Danske Bank Group

The table below shows the impact on the 2022 IFRS Income statement of IFRS 17 implementation, the change in treatment of the Group's own shares, and the change in treatment of the Group's own bonds.

		Adjustments			
(DKK millions)	2022	IFRS 17	IAS 32 - own shares	IFRS 9 - own bonds	Restated 2022
Interest income calculated using the effective interest method	31,697	-	-	-	31,697
Other interest income	47,570	-29,957	-	675	18,288
Interest expense	51,241	-27,282	-	675	24,634
Net interest income from banking activities	28,026	-2,675	-	-	25,351
Fee income	17,305	-	-	-	17,305
Fee expenses	5,993	-1,169	-	-	4,824
Net fee income	11,312	1,169	-	-	12,481
Net trading income or loss	-32,983	34,379	185	-	1,581
Insurance revenue	-	5,126	-	-	5,126
Insurance service expenses	-	3,604	-	-	3,604
Net return on investments backing insurance liabilities	-	-60,302	-	-	-60,302
Net finance income or expense from insurance	-	58,624	-	-	58,624
Other insurance related income	-	21	-	-	21
Net insurance result	-	-135	-	-	-135
Gain or loss on sale of disposal groups	1,420	-	-	-	1,420
Other income	5,476	-691	-	-	4,785
Total other income	6,897	-691	-	-	6,206
Net premiums	35,394	-35,394	-	-	-
Net insurance benefits	2,750	-2,750	-	-	-
Total income	**45,896**	**-596**	**185**	**-**	**45,484**
Operating expenses	31,250	-998	-	-	30,252
Provision for Estonia matter	13,800	-	-	-	13,800
Impairment charges on goodwill	1,627	-	-	-	1,627
Profit before loan impairment charges	-781	401	185	-	-195
Loan impairment charges	1,502	-	-	-	1,502
Profit before tax	-2,284	401	185	-	-1,697
Tax	2,784	99	-	-	2,883
Net profit	**-5,067**	**303**	**185**	**-**	**-4,580**
Portion attributable to					
Shareholders of Danske Bank A/S (the Parent Company)	-5,154	303	185	-	-4,666
Additional Tier 1 capital holders	86	-	-	-	86
Net profit	**-5,068**	**303**	**185**	**-**	**-4,580**
Earnings per share (DKK)	-6.1				-5.4
Diluted earnings per share (DKK)	-6.0				-5.4
Dividend per share (DKK)	-				-

Notes – Danske Bank Group

G2. Changes and forthcoming changes to accounting policies and presentation continued

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

Effect of changes in accounting policy as at 1 January 2022

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

Amendment to IAS 1, Presentation of financial statements

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

The amendment has no impact on the financial statements.

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

The amendment introduces a definition of accounting estimates – monetary amounts in financial statements that are subject to measurement uncertainty – and clarifies that a change in accounting estimate that results from new information or new developments is not the correction of an error. Similarly,

Notes – Danske Bank Group

the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

The amendment has no impact on the financial statements.

Amendment to IAS 12, Income taxes

The first amendment to IAS 12 clarifies how entities should account for deferred tax on assets and liabilities arising from a single transaction such as Leases liabilities and right-of-use assets or decommissioning obligations and property, plant and equipment.

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

The second amendment introduces an exception to the requirement of IAS 12 that an entity does not recognise and does not disclose information about deferred tax assets and liabilities related to the OECD Pillar Two income taxes. Pillar Two legislation has been enacted or substantively enacted in most jurisdictions where Danske Bank Group operates. The legislation will be effective for the Group's financial year beginning 1 January 2024. The Danske Bank Group is in scope of the enacted or substantively enacted legislation and has performed an assessment of the potential exposure to Pillar Two income taxes. No material exposure to Pillar Two income taxes affecting the income statement for Danske Bank Group are expected. See note G21 for more detail.

(b) Standards and interpretations not yet in force

The International Accounting Standards Board (IASB) has issued amendments to existing international accounting standards (IAS 1, IAS 7, IAS 21, IFRS 7 and IFRS 16), that have not yet come into force. None of the amendments is expected to have a significant impact on the Group's financial statements.

Notes – Danske Bank Group

G3. Business model and business segmentation

(a) Business model and business segmentation

Danske Bank is a Nordic bank with bridges to the rest of the world offering customers a wide range of services in the fields of banking, mortgage finance, insurance, pension, real-estate brokerage, asset management and trading in fixed income products, foreign exchange and equities. The Group consists of a number of business units and support functions. The business units are segmented according to customers, products and services characteristics.

The Group has five business units, a Non-core unit and a Group Functions unit, which constitute the Group's reportable segments under IFRS 8.

Personal Customers serves personal customers and Private Banking customers in Denmark, Sweden, Norway and Finland.

Business Customers serves small and medium-sized business customers across all markets, and includes the Group's Asset Finance operations.

Large Corporates & Institutions serves large corporates and institutional customers across all Nordic markets.

Danica Pension specialises in pension schemes, life insurance policies and health insurance policies in Denmark.

Northern Ireland serves personal, business and corporate in Northern Ireland alongside digital channels.

Non-core includes certain customer segments that are no longer considered part of the core business. The Non-core unit is responsible for managing legacy assets and portfolios by way of divestment, refinancing with other credit institutions or amortisation.

Group Functions encompasses Group Treasury, Group support functions and eliminations, including the elimination of returns on own shares (that are held for trading) and issues, as well as interest on additional tier 1 capital, which is reported as an interest expense in the business units. Group Treasury is responsible for the Group's liquidity management and funding.

Accounting policy

Segment reporting complies with the material accounting policies. The 'Reclassification' column shows adjustments made to the IFRS statements in the calculation of the financial highlights.

Internal income and expenses are allocated to the individual segments on an arm's-length basis. Expenses incurred centrally, including expenses incurred by support, administrative and back-office functions, are charged to the business units according to consumption and activity. Funding costs for lending and deposit activities (FTP) are allocated on the basis of a maturity analysis of loans and deposits, interbank rates and funding spreads, and depend on market trends.

Segment assets and liabilities are assets and liabilities that are used for maintaining the operating activities of a segment or have come into existence as a result of such activities and which are either directly attributable or may be reasonably allocated to a segment. A calculated share of shareholders' equity is allocated to each segment. Other assets and liabilities are recognised under Group Functions.

Capital (shareholders' equity) is allocated to the business units based on the Group's capital allocation framework, with goodwill allocated directly to the relevant business units. The framework is based on a regulatory approach and is calibrated to the Group's CET1 capital ratio target. Therefore, the capital consumption of the individual business units is closely aligned with the Group's total capital consumption. However, for the Danica Pension and Northern Ireland business units, the capital allocated equals the legal entity's capital.

A calculated interest income equal to the risk-free return on its allocated capital is apportioned to each business unit and offset by a corresponding interest expense at Group Functions. This income is calculated on the basis of the short-term money market rate.

Notes – Danske Bank Group

G3. Business model and business segmentation continued

Presentation in the financial highlights and in the segment reporting

Segment reporting and the financial highlights are based on the information provided to management.

An explanation of the items making up the Reclassification column, which reconciles the financial highlights and segment reporting presentation to the IFRS financial statements, is provided further on in this note.

Changes in financial highlights and segment reporting

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

Changes in financial highlights and segment reporting - 2022 restated

(DKK millions)	Financial Highlights 2022	Implement ation of IFRS 17	Elimination of own shares	Elimination of own bonds	Adjusted Financial Highlights
Net interest income	25,188	-80	-	-	25,108
Net fee income	12,590	-	-	-	12,590
Net trading income	1,426	264	185	-	1,875
Net income from insurance business	63	217	-	-	280
Other income	1,936	-	-	-	1,936
Total income	41,203	401	185	-	41,789
Operating expenses	26,478	-	-	-	26,478
of which resolution fund, bank tax etc.	962	-	-	-	962
of which impairment charges, other intangible assets	24	-	-	-	24
Provision for Estonia matter	13,800	-	-	-	13,800
Goodwill impairment charges	1,627	-	-	-	1,627
Profit before loan impairment charges	-703	401	185	-	-116
Loan impairment charges	1,568	-	-	-	1,568
Profit before tax (core)	-2,271	401	185	-	-1,684
Profit before tax, Non-core	-13	-	-	-	-13
Profit before tax	**-2,284**	**401**	**185**	**-**	**-1,697**
Loans, excluding reverse transactions	1,803,955	-	-	-	1,803,955
Other assets (including Non-core)	1,959,044	-	1,022	26,535	1,986,601
Total assets	**3,762,999**	**-**	**1,022**	**26,535**	**3,790,556**
Deposits, excluding repo deposits	1,169,879	-	-	-	1,169,879
Other liabilities (including Non-core)	2,432,802	1,062	-	26,535	2,460,399
Allocated capital	160,318	-1,062	1,022	-	160,278
Total liabilities and equity	**3,762,999**	**-**	**1,022**	**26,535**	**3,790,556**
Profit before tax as % p.a. of allocated capital (avg.)	-1.4	-	-	-	-1.0
Cost/income ratio (%)	101.7	-	-	-	100.3
Adjusted cost/income ratio (%)	-	-	-	-	63.4
Full-time-equivalent staff, end of period	21,022	-	-	-	21,022

Notes – Danske Bank Group

G3. Business model and business segmentation continued

Business segments 2023

(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	14,166	11,684	6,938	-	2,549	-	-159	-178	35,000	-2,731	32,269
Net fee income	4,043	1,737	5,700	-	319	-	-283	191	11,707	-77	11,630
Net trading income	331	507	3,125	-	288	-	-528	-19	3,704	2,886	6,590
Net income from insurance business*	-	-	-	1,472	-	-	-	-	1,472	-	1,472
Other income**	-608	1,024	15	-	15	-	2,822	-2,705	562	3,329	3,891
Total income	17,932	14,952	15,777	1,472	3,171	-	1,852	-2,712	52,445	3,407	55,852
Operating expenses	9,460	5,255	7,397	-	1,368	-	4,569	-2,634	25,414	3,494	28,908
of which resolution fund, bank tax etc.	169	255	492	-	-	-	72	-	989	-989	-
Profit before loan impairment charges	8,473	9,698	8,380	1,472	1,804	-	-2,717	-78	27,031	-87	26,944
Loan impairment charges	312	431	-367	-	-113	-	-1	-	262	-	262
Profit before tax, core	8,160	9,267	8,747	1,472	1,917	-	-2,716	-78	26,769	-87	26,682
Profit before tax, Non-core	-	-	-	-	-	-87	-	-	-87	87	-
Profit before tax	**8,160**	**9,267**	**8,747**	**1,472**	**1,917**	**-87**	**-2,716**	**-78**	**26,682**	**-**	**26,682**
Loans, excluding reverse transactions***	770,846	644,735	306,952	-	57,846	-	26,277	-27,632	1,779,024	-108,882	1,670,142
Other assets (including Non-core)	354,776	184,777	3,293,987	541,668	59,654	1,889	4,481,573	-6,926,366	1,991,957	108,882	2,100,839
Total assets	**1,125,622**	**829,512**	**3,600,939**	**541,668**	**117,499**	**1,889**	**4,507,850**	**-6,953,998**	**3,770,981**	**-**	**3,770,981**
Deposits, excluding repo deposits***	408,018	257,076	382,596	-	97,396	-	2,864	-10,890	1,137,061	-28,163	1,108,898
Other liabilities (including Non-core)	688,867	532,121	3,177,621	541,668	14,078	2,878	4,444,056	-6,943,107	2,458,181	28,163	2,486,344
Allocated capital	28,737	40,315	40,722	-	6,025	-	59,941	-	175,739	-	175,739
Total liabilities and equity	**1,125,622**	**829,512**	**3,600,939**	**541,668**	**117,499**	**2,878**	**4,506,861**	**-6,953,998**	**3,770,981**	**-**	**3,770,981**
Profit before tax as % p.a. of allocated capital (avg.)	27.8	23.4	21.7	7.5	28.4	-	-7.1	-	15.9	-	15.9
Cost/income ratio (%)	52.8	35.1	46.9	-	43.1	-	-	-	48.5	-	51.8
Full-time-equivalent staff, end of period	4,064	1,646	2,085	912	1,267	7	10,039	-	20,021	-	20,021

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

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

*** Loans and deposits that are included in the sale of the personal customers business in Norway are presented in the financial highlights within Loans, excluding reverse transactions and Deposits, excluding repo deposits respectively. These are presented within Assets held for sale and Liabilities in disposal groups held for sale in the IFRS Balance sheet.

The 'Reclassification' column shows the reconciliation between the presentation in the financial highlights and the presentation in the IFRS statements.

The reclassifications are explained in note G1(d).

The Group's internal reporting on business segments does not include tax. Tax is therefore not allocated to the business units, but solely presented within the total amount.

Notes – Danske Bank Group

G3. Business model and business segmentation continued

Business segments 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	8,778	9,175	5,605	-	1,900	-	-245	-104	25,108	243	25,351
Net fee income	4,730	1,825	5,732	-	335	-	-198	165	12,590	-109	12,481
Net trading income	444	517	1,489	-	-342	-	-223	-10	1,875	-294	1,581
Net income from insurance business**	-	-	-	280	-	-	-	-	280	-415	-135
Other income***	987	847	2	-	21	-	2,581	-2,503	1,936	4,270	6,206
Total income	14,939	12,364	12,828	280	1,914	-	1,915	-2,451	41,789	3,695	45,484
Operating expenses	10,104	5,356	6,966	-	1,290	-	5,313	-2,552	26,478	3,774	30,252
of which resolution fund, bank tax etc.	161	224	504	-	-	-	74	-	962	-962	-
of which impairment charges, other intangible assets	-	-	-	-	-	-	24	-	24	-24	-
Provision for Estonia matter	-	-	-	-	-	-	13,800	-	13,800	-	13,800
Goodwill impairment charges	-	-	-	1,627	-	-	-	-	1,627	-	1,627
Profit before loan impairment charges	4,836	7,008	5,861	-1,347	623	-	-17,199	101	-116	-78	-195
Loan impairment charges	927	578	-774	-	168	-	669	-	1,568	-66	1,502
Profit before tax, core	3,909	6,430	6,635	-1,347	456	-	-17,868	101	-1,684	-13	-1,697
Profit before tax, Non-core	-	-	-	-	-	-13	-	-	-13	13	-
Profit before tax	**3,909**	**6,430**	**6,635**	**-1,347**	**456**	**-13**	**-17,868**	**101**	**-1,697**	**-**	**-1,697**
Loans, excluding reverse transactions	800,394	630,619	320,491	-	52,937	-	27,274	-27,759	1,803,955	1,168	1,805,123
Other assets (including Non-core)	315,679	197,541	3,584,663	548,874	59,680	2,180	4,493,984	-7,216,000	1,986,601	-1,168	1,985,433
Total assets	**1,116,073**	**828,160**	**3,905,154**	**548,874**	**112,616**	**2,180**	**4,521,258**	**-7,243,759**	**3,790,556**	**-**	**3,790,556**
Deposits, excluding repo deposits	410,806	285,177	389,486	-	94,562	-	1,431	-11,584	1,169,879	2,112	1,171,990
Other liabilities (including Non-core)	674,966	503,173	3,474,451	530,953	12,930	2,467	4,494,656	-7,233,197	2,460,399	-2,112	2,458,288
Allocated capital	30,300	39,810	41,217	17,921	5,124	-	24,884	1,022	160,278	-	160,278
Total liabilities and equity	**1,116,073**	**828,160**	**3,905,154**	**548,874**	**112,616**	**2,467**	**4,520,971**	**-7,243,759**	**3,790,556**	**-**	**3,790,556**
Profit before tax as % p.a. of allocated capital (avg.)	12,7	16,2	15,7	-6,6	7,5	-	-51,8	-	-1,0	-	-1,0
Cost/income ratio (%)	67,6	43,3	54,3	-	67,4	-	-	-	100,3	-	100,4
Full-time-equivalent staff, end of period	4,262	1,635	2,054	881	1,288	25	10,878	-	21,022	-	21,022

* Comparative information has been restated, as described in note G2(a) and G3(a).

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

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

Notes – Danske Bank Group

G3. Business model and business segmentation continued

(b) Reconciliation of the financial highlights and the 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 the segment reporting and the presentation in the IFRS financial statements. The reclassifications are explained in note G1(d).

Reclassifications 2023

(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	32,269	-	2,706	-	25	2,731	35,000
Net fee income	11,630	-	78	-	-	77	11,707
Net trading income	6,590	-	-2,893	-	7	-2,886	3,704
Net income from insurance business*	1,472	-	-	-	-	-	1,472
Other income**	3,891	-3,431	109	-	-8	-3,329	562
Total income	55,852	-3,431	-	-	24	-3,407	52,445
Operating expenses	28,908	-3,431	-	-	-63	-3,494	25,414
Profit before loan impairment charges	26,944	-	-	-	87	87	27,031
Loan impairment charges	262	-	-	-	-	-	262
Profit before tax, core	26,682	-	-	-	87	87	26,769
Profit before tax, Non-core	-	-	-	-	-87	-87	-87
Profit before tax	**26,682**	**-**	**-**	**-**	**-**	**-**	**26,682**

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

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

Reclassifications 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	25,351	-	-247	-	4	-243	25,108
Net fee income	12,481	-	114	-	-5	109	12,590
Net trading income	1,581	-	311	-	-17	294	1,875
Net income from insurance business**	-135	-	-	415	-	415	280
Other income***	6,206	-3,671	-179	-415	-5	-4,270	1,936
Total income	45,484	-3,671	-	-	-23	-3,695	41,789
Operating expenses	30,252	-3,671	-	-	-101	-3,774	26,478
Provision for Estonia matter	13,800	-	-	-	-	-	13,800
Goodwill impairments charges	1,627	-	-	-	-	-	1,627
Profit before loan impairment charges	-195	-	-	-	78	78	-116
Loan impairment charges	1,502	-	-	-	66	66	1,568
Profit before tax, core	1,697	-	-	-	13	13	-1,684
Profit before tax, Non-core	-	-	-	-	-13	-13	-13
Profit before tax	**-1,697**	**-**	**-**	**-**	**-**	**-**	**-1,697**

* Comparative information has been restated, as described in note G2(a) and G3(a).

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

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

Notes – Danske Bank Group

G3. Business model and business segmentation continued

(c) Total IFRS income broken down by type of product (DKK millions)	2023	2022*
Corporate and commercial banking	17,234	15,304
Home finance and savings	7,854	9,203
Trading	5,951	4,220
Day-to-day banking	14,643	6,002
Asset management	4,404	4,523
Leasing	4,294	5,617
Insurance	1,472	614
Total	**55,852**	**45,484**

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

Corporate and commercial banking comprises interest and fee income from corporate and commercial banking products and services. Home finance and savings comprises interest and fee income from financing and savings products. Trading comprises income from fixed-income and foreign exchange products, including brokerage. Day-to-day banking comprises interest and fee income from retail banking products in the form of personal loans, cards and deposits. Asset management comprises income from the management of assets. Leasing encompasses income from both finance and operating leases sold by the Group's leasing operations in Denmark, Sweden, Norway and Finland. Insurance comprises income at Danica Pension from the contracts issued by Danica Pension.

Danske Bank Group does not have any single customer that generates 10% or more of the Group's total income.

(d) Geographical segmentation

The geographical segmentation of income from external customers is shown in compliance with IFRSs and does not reflect the Group's management structure. The geographical segmentation below reflects the customer's country of residence, except trading income, which is broken down by the country in which the activities are carried out. Management believes that the business segmentation provides a more informative description of the Group's activities.

Total IFRS income from external customers (DKK millions)	2023	2022*
Denmark	33,696	24,723
Sweden	7,111	7,026
Norway	4,432	5,094
Finland	5,635	4,797
UK	3,541	2,186
Other	1,437	1,658
Total	**55,852**	**45,484**

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

Notes – Danske Bank Group

G4. Activities by country

Under CRD IV, a financial institution must disclose, by country in which it operates through a subsidiary or a branch, information about income, number of employees, profit before tax, tax and public subsidies received. This information is not comparable to the geographical segmentation presented in note G3(d), in which segmentation is based on the customer's country of residence. The Group has not received any public subsidies that relate to the Group's activities as a financial institution.

2023	Income* (DKK millions)	Full-time-equivalent staff	Profit before tax (DKK millions)	Tax on profit (DKK millions)
Denmark	45,102	9,785	18,444	3,686
Finland	13,218	1,498	2,375	494
Sweden	15,088	1,427	552	176
Norway	15,591	957	2,461	596
United Kingdom	5,680	1,366	2,052	374
Ireland	763	45	364	-44
Lithuania	2,120	4,383	43	19
Luxembourg	1,161	19	96	23
Poland	286	522	148	29
USA	81	19	27	5
India	491	-	120	60
Total	**99,580**	**20,021**	**26,682**	**5,420**

*Income is defined as interest income (including negative interest income), fee and commission income and other operating income.

2022*	Income** (DKK millions)	Full-time-equivalent staff	Profit before tax (DKK millions)	Tax on profit (DKK millions)
Denmark***	37,085	9,741	-9,495	1,555
Finland	5,497	1,517	1,706	348
Sweden	8,987	1,438	2,118	376
Norway	10,234	1,057	2,586	690
United Kingdom	3,079	1,385	577	-89
Ireland	390	44	113	-130
Lithuania	1,856	4,093	46	20
Luxembourg	1,604	28	449	110
Germany	11	-	10	7
Poland	180	336	100	18
USA	75	16	12	6
India	571	1,367	80	-28
China	-	-	-1	-
Total	**69,570**	**21,022**	**-1,697**	**2,883**

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

** Income is defined as interest income (including negative interest income), fee and commission income and other operating income.

***The provision for Estonia matter of DKK 13.8 billion is included in the profit before tax in Denmark.

Notes – Danske Bank Group

G4. Activities by country continued

Danske Bank carries out its activities in the countries listed below under a variety of names, of which the main ones are: Danske Bank (banking, trading and asset management activities), Realkredit Danmark (mortgage finance), Danske Mortgage Bank (mortgage finance), Danske Hypotek (mortgage finance), Northern Bank (banking), Danica Pension (life insurance) and Danske Leasing A/S (leasing). Note G37 discloses the company names of the Group's significant subsidiaries.

Activities in the individual countries

Activities in Denmark include: Banking, trading, asset management, leasing, life and nonlife insurance and other activities.
Activities in Finland include: Banking, trading, asset management, leasing and other activities.
Activities in Sweden include: Banking, trading, asset management, leasing and other activities.
Activities in Norway include: Banking, trading, asset management, leasing and other activities. Life insurance activities ceased in the second quarter of 2022.
Activities in the United Kingdom include: Banking, trading and leasing.
Activities in Ireland include: Banking.
Activities in Lithuania include: Banking, leasing and other activities. Banking and leasing activities in Lithuania were finalised by the end of 2022.
Activities in Luxembourg include: Banking and asset management. As of the first quarter of 2022, the Group has no activities in Luxembourg.
Activities in Germany include: Banking. As of the second quarter of 2022, the Group has no activities in Germany.
Activities in Poland include: Banking.
Activities in the USA include: Trading.
Activities in India include: Other activities. As of the third quarter of 2023, the Group has no activities in India, after the sale of Danske IT during the third quarter of 2023.
Other activities include: Group support functions, real-estate brokerage and activities taken over by the Group under non-performing-loan agreements.

Notes – Danske Bank Group

G5. Net interest and net trading income or loss

This note shows interest income, interest expense and net trading income or loss broken down by balance sheet item and by portfolios of financial instruments measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss.

Accounting policy

Interest income and expenses

Interest income and expenses arising from interest-bearing financial instruments measured at amortised cost or at fair value through Other comprehensive income are recognised according to the effective interest method on the basis of the cost of the individual financial instrument. Interest includes amortised amounts of fees that are an integral part of the effective yield on a financial instrument, such as origination fees, and amortised differences between the cost and the redemption price, if any. Interest on financial instruments included in stage 3 (for the calculation of expected credit losses) is recognised on the basis of the carrying amount (i.e. net of impairment charges). The interest rate risk on some financial portfolios recognised at amortised cost is hedged by derivatives using fair value hedge accounting. Note G12 provides more information on hedge accounting. Interest income calculated using the effective interest method and presented as a separate line item in the income statement excludes the impact from hedge accounting.

Further, interest income and expenses includes interest on financial instruments measured at fair value through profit or loss. Among others, this includes interest income on loans measured at fair value for which interest on loans included in stage 3 is recognised on the basis of the gross carrying amount. However, interest on assets and deposits under pooled schemes is recognised under Net trading income or loss. In the income statement, interest income on financial assets measured at fair value through profit or loss is presented under the line item Other interest income, while the line item Interest expenses includes all interest expenses.

Net trading income or loss

Net trading income or loss includes realised and unrealised capital gains and losses on *financial assets and financial liabilities recognised at fair value through profit or loss* as well as exchange rate adjustments and dividends. However, the fair value adjustments of the credit risk on loans granted by Realkredit Danmark are presented under Loan impairment charges. Further, the fair value adjustment of own credit risk on financial liabilities in the Group's trading units Markets and Investment Banking & Securities part of LC&I designated at fair value through profit or loss is presented in Other comprehensive income. Net trading income or loss includes the fair value adjustments of own credit risk on bonds issued by Realkredit Danmark, as an accounting mismatch between the fair value adjustment of the loans and the bonds in Realkredit Danmark would otherwise exist (see further information in note G16).

Realised gains and losses on *financial assets at amortised cost,* e.g. loans, are recognised under Net trading income or loss when the financial asset is derecognised, unless the derecognition relates to a credit risk event/forbearance measure, in which case the gain or loss is presented under Loan impairment charges (see note G15). Otherwise, the derecognition gain or loss on the financial asset is calculated as the difference between the carrying amount (gross of expected credit losses) and the repayment amount. For *financial assets (bonds) at fair value through other comprehensive income*, gains or losses further include amounts previously recognised in other comprehensive income. For *financial liabilities at amortised cost*, the gain or loss is the difference between the carrying amount and the redemption price including cost related to the redemption, if any.

For financial assets and liabilities subject to *fair value hedge accounting*, the fair value adjustments of the hedged financial instrument and the hedging instruments are recognised in Net trading income or loss. Therefore, any hedge ineffectiveness is presented in Net trading income or loss.

Returns (interest income and fair value changes) on assets under pooled schemes and the crediting of these returns to customer accounts are recognised under Net trading income or loss.

Notes – Danske Bank Group

G5. Net interest and net trading income or loss continued

2023 (DKK millions)	Interest income	Interest expense	Net interest income	Net trading income	Total
Financial portfolios at amortised cost					
Due from/to credit institutions and central banks	6,944	-3,040	9,984	-9	9,975
Loans and deposits	46,619	15,386	31,234	293	31,527
Bonds held to collect (investment securities)	2,102	-	2,102	-	2,102
Issued bonds, including non-preferred senior	-	8,354	-8,354	-11,873	-20,227
Subordinated debt	-	1,313	-1,313	-846	-2,159
Other financial instruments	1,576	-4,205	5,781	-	5,781
Total	**57,240**	**17,807**	**39,433**	**-12,435**	**26,998**
Financial portfolios at fair value through OCI					
Bonds held to collect and sell (investment securities)	3,592	-	3,592	-8	3,584
Total	**3,592**	**-**	**3,592**	**-8**	**3,584**
Financial portfolios at fair value through profit or loss					
Due from/to credit institutions and central banks	2,431	4,995	-2,564	-	-2,564
Loans and deposits	27,538	8,224	19,314	-	19,314
Trading portfolio assets and liabilities	-3,011	-	-3,011	13,764	10,754
Bonds (investment securities)	-8,213	-	-8,213	6,150	-2,063
Issued bonds	-	16,282	-16,282	-	-16,282
Assets and deposits under pooled schemes	-	-	-	-75	-75
Reclassification on disposal of units outside Denmark	-	-	-	-806	-806
Total	**18,745**	**29,502**	**-10,756**	**19,033**	**8,277**
Total net interest and net trading income	**79,578**	**47,309**	**32,269**	**6,590**	**38,859**
Negative interest income	4	4	-	-	-
Negative interest expense	13	13	-	-	-
Income statement - Danske Bank Group	**79,594**	**47,325**	**32,269**	**6,590**	**38,859**

2022* (DKK millions)	Interest income	Interest expense	Net interest income	Net trading income	Total
Financial portfolios at amortised cost					
Due from/to credit institutions and central banks	3,654	1,819	1,835	10	1,845
Loans and deposits	25,376	4,202	21,174	-2,260	18,914
Bonds held to collect (investment securities)	906	-	906	-	906
Issued bonds, including non-preferred senior	-	5,556	-5,556	21,649	16,093
Subordinated debt	-	1,342	-1,342	1,871	529
Other financial instruments	8	-1,511	1,519	-	1,519
Total	**29,945**	**11,408**	**18,537**	**21,270**	**39,807**
Financial portfolios at fair value through OCI					
Bonds held to collect and sell (investment securities)	901	-	901	-24	877
Total	**901**	**-**	**901**	**-24**	**877**
Financial portfolios at fair value through profit or loss					
Due from/to credit institutions and central banks	-570	-592	23	-	23
Loans and deposits	15,113	285	14,828	-	14,828
Trading portfolio assets and liabilities	1,343	-	1,343	-10,488	-9,145
Bonds (investment securities)	-672	-	-672	-9,279	-9,951
Issued bonds	-	9,607	-9,607	-	-9,607
Assets and deposits under pooled schemes	-	-	-	102	102
Total	**15,214**	**9,299**	**5,914**	**-19,665**	**-13,750**
Total net interest and net trading income	**46,059**	**20,708**	**25,351**	**1,581**	**26,933**
Negative interest income	1,171	1,171	-	-	-
Negative interest expense	2,755	2,755	-	-	-
Income statement - Danske Bank Group	**49,985**	**24,634**	**25,351**	**1,581**	**26,933**

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

Notes – Danske Bank Group

G5. Net interest and net trading income or loss continued

Negative interest income relates primarily to repo transactions, while negative interest expenses relate primarily to deposits and repo transactions. In the table above showing interest income and expenses by portfolios, these amounts are offset against interest income and interest expenses, respectively. In the income statement, negative interest income is recognised as interest expenses and negative interest expenses as interest income as shown in the line items 'Negative interest income' and 'Negative interest expense' in the table above.

Changes to the fair value of the hedged interest rate risk are recognised under net trading income or loss and shown under the hedged balance sheet items in the table above, whereas value adjustments of hedging derivatives are recognised under net trading income or loss under the trading portfolio. Net trading income or loss includes dividends from shares of DKK 425 million (2022: DKK 435 million) and foreign exchange adjustments of DKK 545 million (2022: DKK 2,202 million).

Notes – Danske Bank Group

G6. Fee income and expenses

Fee income and expenses are presented on a net fee income basis as presented in the Management's report, representing the presentation provided to key management for decision making purposes. Net fee income is broken down by fee type on the basis of the underlying activity, and by business segment.

Accounting policy

Fee income

Fee income is recognised to reflect the transfer of services to customers at an amount that reflects the consideration that is expected to be received in exchange for such services. The Group identifies the performance obligation, i.e. the services agreed with the customer, and the consideration, and recognises income in line with the transfer of services, the performance obligation, agreed with the customer.

For each performance obligation identified, the Group determines at contract inception whether it satisfies the performance obligation over time or at a point in time, and whether the consideration is fixed or variable, including whether consideration is constrained by, for instance, external factors outside the Group's influence. The consideration is subsequently allocated to the identified performance obligation.

When income is highly susceptible to external factors, such as the development in the financial markets, the income is recognised once the consideration to be received is known and it is probable that a significant reversal of the consideration will not occur.

For income derived from the provision of agency services the consideration is presented on a net basis.

Fee expense

Fee expense for services provided over a period of time, such as guarantee commissions and investment management fees, are accrued over the period. Transaction fees, such as brokerage and custody fees, are recognised on settlement of the individual transaction. Fees that form an integral part of the effective rates of interest on financial liabilities measured at amortised cost, such as origination fees, are carried under interest expense. Similar fees related to financial liabilities at fair value through profit or loss are recognised when the financial liability is established and are carried under fee expense.

(a) Presentation by activity

Fee income is managed internally net of fee expenses, and on the basis of the underlying activity, i.e.

- Investment
- Money transfers, account fees, cash management and other fees
- Lending and guarantees
- Capital markets

See note G3 for net fee income per business segment. A description of each activity by business segment is provided below:

Banking units

Fee income in the banking units relates to Personal Customers and Business Customers, General Banking in LC&I, and Northern Ireland, and it primarily relates to the provision of general banking services to customers, i.e.:

Fee income from investment activities, for example for executing customer security purchase orders, is recognised at the time of the transaction. When the service is provided over time, for example fee income for managed accounts, fee income is recognised over time.

Fee income from money transfers, account fees, cash management and other activities, is generally recognised when the service is provided. For transactions such as money transfers and card transactions, fee income is recognised at the time of the transaction. Fee income charged for services provided over time, for example subscription fees, account packages and cash deposit services, is recognised over time as the service is provided to the customer.

Fee income from lending and guarantee activities, such as services provided in relation to mortgage loans recognised at fair value, and the provision of trade finance guarantees, is recognised when the service has been provided to the customer at a point in time. For fee income for establishing loans recognised at amortised cost, although the performance obligation is satisfied when the loan is granted, the fee income is recognised over time (the expected maturity of the loan), in accordance with IFRS 9 and classified as interest income. The same applies to the Group's participation in syndicated loan transactions.

LC&I

Net fee income in LC&I relates to income derived from General Banking (see above description of Banking units) and from Markets and Investment Banking & Securities.

Fee income derived from Markets is reclassified to net trading income or loss in the segment reporting, however, Markets share of margins on customer derivatives is presented as part of fee income (note G3 provides further information). Except for margins on customer derivatives, fee income consists mainly of fees received for services provided at a point in time.

Notes – Danske Bank Group

G6. Fee income and expenses continued

Fee income in Investment Banking & Securities primarily consists of:

Fee income from investment activities, for example executing share trades on behalf of customers and securities lending, is recognised when the service is provided at a point in time.

Fee income from lending and guarantee activities is primarily derived from coordinating and arranging syndicated loan transactions, as well as issuing bonds on behalf of customers. Such income is recognised at a point in time, once the agreed performance obligation has been fulfilled.

Fee income from capital markets activities is primarily derived from arranging transactions on behalf of customers. Such income is recognised when the individual performance obligation has been fulfilled.

Asset Management (part of LC&I)

Fee income for asset management services is recognised over time when the service is provided to the customer provided that it is probable that a significant reversal of the consideration will not occur. Such income relates to investment, pension and insurance activities.

Performance fee income is variable, and the consideration is based on the accumulated return on the underlying asset, determined at a specific date, such as the end of the year. The accumulated return is highly susceptible to external factors, such as the development in the financial markets. Fee income is recognised once the fee to be received is known. The fee income relates to investment activities.

Fee income 2023

(DKK millions)	Financial highlights - net fee income	Reclassifications	IFRS - net fee income	Fee expense	IFRS - gross fee income
Investment	4,450	629	5,079	3,285	8,364
Money transfers, account fee, cash management and other fees	3,833	-189	3,644	1,061	4,705
Lending and Guarantees	2,159	510	2,669	135	2,804
Capital markets	1,265	-1,027	237	-	237
Total	**11,707**	**-77**	**11,630**	**4,481**	**16,111**

Fee income 2022

(DKK millions)	Financial highlights - net fee income	Reclassifications	IFRS - net fee income	Fee expense	IFRS - gross fee income
Investment*	4,807	550	5,357	3,393	8,749
Money transfers, account fee, cash management and other fees	3,813	-235	3,578	1,299	4,877
Lending and Guarantees	2,741	484	3,225	132	3,357
Capital markets	1,229	-908	321	-	321
Total	**12,590**	**-109**	**12,481**	**4,824**	**17,305**

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

The reclassifications between Financial highlights and IFRS are explained in notes G1(d) and G3(b).

Fees for financial instruments not recognised at fair value relates primarily to fees on loans, guarantees and issued bonds. In the table above, such fees are included as fee income or expense from lending and guarantee activities. Fee income on loans and guarantees amounted to DKK 1,767 million (2022: DKK 1,891 million) of which DKK 885 million relates to financial instruments not recognised at fair value (2022: 616 million), whereas expenses amounted to DKK 97 million (2022: DKK 90 million).

Notes – Danske Bank Group

G7. Net insurance result

Insurance contracts are contracts entered into by Danica Pension that entail significant insurance risks or entitle policyholders to a bonus (discretionary participation feature).

Contracts that do not entail significant insurance risk are recognised as investment contracts with premiums recognised directly in the balance sheet. Note G17 provides more information on the accounting for investment contracts.

Accounting policy

Insurance revenue

The Group recognises insurance revenue as it provides insurance services. Insurance revenue reflects the amount of consideration the Group expects to be entitled to in exchange for those services provided. For insurance contracts under the Premium Allocation Approach (PAA), insurance revenue is based on the expected premium for the period.

The contractual service margin (CSM) is recognised in insurance revenue as insurance contracts services are provided.

Insurance service expenses

Insurance service expenses comprise incurred claims and other incurred insurance expenses.

Net finance income or expense from insurance contracts

Net investment return for insurance comprises the return on assets backing insurance activities, and Net finance income or expense from insurance, which comprises the change in carrying amount of groups of insurance contracts arising from the effect of time value of money and the effect of financial risk of groups of insurance contracts.

(a) Insurance revenue (DKK millions)	2023	2022
Insurance revenue from contracts not under PAA		
Contractual service margin recognised for the services provided	1,591	1,686
Change in risk adjustment for non-financial risk for the risk expired	28	-1
Expected incurred claims and directly attributable expenses	2,366	1,798
Insurance revenue from contracts not under PAA	**3,985**	**3,483**
Insurance revenue from contracts under PAA	**1,750**	**1,643**
Total insurance revenue	**5,735**	**5,126**

The Group implemented IFRS 17 on 1 January 2023, as described in note G2.

(b) Insurance service expenses (DKK millions)	2023	2022
Incurred claims and other incurred insurance service expenses	2,319	1,924
Insurance service expenses from contracts not under PAA	**2,319**	**1,924**
Insurance service expenses from contracts under PAA	**2,775**	**1,680**
Total insurance service expenses	**5,094**	**3,604**

The Group implemented IFRS 17 on 1 January 2023, as described in note G2.

Notes – Danske Bank Group

(c) Net investment return for insurance (DKK millions)	2023	2022
Net return on investments backing insurance liabilities		
Income from investment property	766	737
Interest income and dividends	83,066	33,520
Value adjustments	27,606	-77,469
Income from holdings in associates and joint ventures	-609	928
Interest expenses	-74,171	-27,281
Tax on pension returns	-729	9,951
Other	-701	-688
Net return on investments backing insurance liabilities	**35,228**	**-60,302**
Net finance income or expense from insurance contracts		
Finance income or expense from insurance contracts	-32,444	57,856
Movement in investment contracts liabilities	-2,169	768
Net finance income or expense from insurance contracts	**-34,613**	**58,624**
Net investment return for insurance	**615**	**-1,678**

The Group implemented IFRS 17 on 1 January 2023, as described in note G2.

Notes – Danske Bank Group

G8. Gain or loss on sale of disposal groups and Other income

The Group uses quantitative and qualitative materiality considerations when aggregating line items in the income statement that are not considered individually material. Such line items are presented under Other income. Similarly, the materiality assessments includes presenting additional line items in the income statement. Other income includes rental income and lease payments under operating leases (when the Group is a lessor), fair value adjustments of investment property, income from holdings in associates, and amounts received on the sale of lease assets and income from real-estate brokerage.

Accounting policy

Income from lease assets and investment property
Income from lease assets and investment property includes income from assets let under operating leases. Lease payments are recognised on a straight line basis over the period of the lease term. The accounting policy for lease assets is further described in note G24.

Income from holdings in associates
Associates are accounted for using the equity method. Further information is provided in note G38.

(a) Gain or loss on sale of disposal groups

In 2023, gain or loss on sale of disposal groups includes a loss of DKK 693 million in relation to the expected loss and expected costs directly attributable to the sale of the personal customers business in Norway, as announced in July 2023, and a gain of DKK 104 million on the sale of Danske IT. In 2022, gain or loss on sale of disposal groups included gains of DKK 421 million from the sale of the Group's activities in Luxembourg, gains of DKK 415 million from the sale of Danica Pensjonforsikring AS (Danica Pension business segment in Norway), gains of DKK 415 million from the sale of MobilePay and gains of DKK 170 million from the sale of Sanistål A/S.

(b) Other income (DKK millions)	2023	2022*
Income from lease assets and investment property	4,295	4,344
Income from real-estate brokerage	82	83
Income from holdings in associates	-110	9
Other income	179	349
Total	**4,446**	**4,785**

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

Income from lease assets and investment property primarily includes the proceeds from the sale of operating lease assets. The proceeds from the sale is disclosed in the reclassification table in G3 in the column 'Operating leases and impairment charges'.

Notes – Danske Bank Group

G9. Operating expenses

Operating expenses include staff costs, administrative expenses (including Resolution fund) and depreciation, amortisation and impairment charges. Note G19 provides more information on intangible assets.

Accounting policy

Staff costs

This item includes salaries, performance-based pay, expenses for share-based payments, holiday allowances, anniversary bonuses, pension costs and other remuneration. Salaries and other remuneration that the Group expects to pay are expensed when the employees render the services. Performance-based remuneration is expensed as it is earned.

Share-based payment

Part of the performance-based remuneration for the year is paid in the form of conditional shares. Rights to conditional shares vest up to four years after the grant date, provided that the employee, with the exception of retirement, has not resigned from the Group. In addition to this requirement, the vesting of rights is conditional on certain targets being met. The fair value of share-based payments at the grant date is expensed over the vesting period with the intrinsic value expensed in the year in which the share-based payments are earned, and the time value (if any) accrued over the remaining service period. Expenses are set off against shareholders' equity. Fair value adjustments after the grant date are not recognised in the income statement.

Pension obligations

The Group's contributions to defined contribution pension plans are recognised in the income statement as they are earned by the employees. For defined benefit pension plans, the Group expenses the standard cost. Actuarial gains or losses as a result of the difference between expected trends in pension assets and benefits and actual trends are recognised under Other comprehensive income.

Amortisation, depreciation and impairment charges

In addition to amortisation, depreciation and impairment charges for intangible, tangible and right-of-use assets, the Group expenses the carrying amount of lease assets sold at the expiry of a lease agreement.

(a) Staff costs, administrative expenses, depreciations and impairment charges (DKK millions)	2023	2022*
Staff costs	15,729	15,085
Administrative expenses	8,156	9,738
Amortisation/depreciation and impairment charges of intangible, tangible and right-of-use assets excluding goodwill impairment charges	5,023	5,429
Total	**28,908**	**30,252**

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

No impairment charges on goodwill were recognised during 2023 (2022: DKK 1,627 million). An impairment loss of DKK 26 million was recognised in 2023 on software development costs (2022: DKK 41 million) and is included in the table above. See note G19 for further information.

Staff costs*	2023	2022**
Salaries	11,931	11,482
Share-based payments	172	57
Pension, defined contribution plans	1,403	1,361
Pension, defined benefit plans	10	66
Severance payments	378	321
Financial services employer tax and social security costs	1,837	1,798
Total	**15,729**	**15,085**

*Staff costs does not include staff costs directly attributable to insurance contracts. These are included within Insurance service expenses. See note G7.

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

Total salary costs amounted to DKK 13.9 billion (2022: DKK 13.3. billion), with variable remuneration accounting for 8.5% of this amount (2022: 5.4%). Note G35 provides more information on share-based payments.

Notes – Danske Bank Group

G9. Operating expenses continued

(b) Pension plans

Most of the Group's pension plans are defined contribution plans under which the Group pays contributions to insurance companies, including Danica Pension. Such payments are expensed regularly. The Group has, to a minor extent, entered into defined benefit pension plans. Under defined benefit pension plans, the Group is under an obligation to pay defined future benefits from the time of retirement. Defined benefit pension plans are typically funded by ordinary contributions made by employers and employees to separate pension funds investing the contributions on behalf of the members to fund future pension obligations. Defined benefit pension plans in Northern Ireland and Ireland account for most of the Group's obligations under such plans, but the Group also has a small number of defined benefit pension plans in Denmark and Sweden. The plans in these countries do not accept new members and, for most of the plans, contributions payable by existing members have been discontinued.

At 31 December 2023, the net present value of pension obligations was DKK 11,880 million (2022: DKK 11,260 million), and the fair value of plan assets was DKK 12,385 million (2022: DKK 12,380 million). The present value of obligations under defined benefit pension plans less the fair value of pension assets is recognised for each plan under Other assets and Other liabilities. Pension plan net assets amounted to DKK 806 million (2022: DKK 1,486 million) and pension plan net liabilities amounted to DKK 301 million (2022: DKK 366 million).

The Group recognises the service cost and interest on the net defined benefit pension asset/liability in the income statement, whereas actuarial gains or losses are recognised under Other comprehensive income.

During 2023, a bulk annuity-buy-in policy covering deferred pension liabilities of DKK 2.5 billion was purchased in relation to the defined benefit plan in Northern Ireland. This led to a loss on plan assets of DKK 0.8 billion, which is recognised in Other comprehensive income, as the liabilities under IFRS were lower than the premium paid.

The calculation of the net obligation is based on valuations made by external actuaries. These valuations rely on assumptions about a number of variables, including discount and mortality rates and salary increases. The measurement of the net obligation is particularly sensitive to changes in the discount rate. The discount rate is determined by reference to yields on high-quality corporate bonds with terms matching the terms of the pension obligations. If the discount rate was lowered half a percentage point, the gross pension obligation would increase DKK 0.8 billion (2022: DKK 0.8 billion). The amount would be recognised under Other comprehensive income.

G10. Audit fees

Audit fees (DKK millions)	2023	2022
Audit firms appointed by the general meeting		
Fees for statutory audit of the consolidated and parent company financial statements	34	32
Fees for other assurance engagements	12	9
Fees for tax advisory services	1	-
Fees for other services	3	2
Total	**50**	**43**

Fees for non-audit services provided by Deloitte Statsautoriseret Revisionspartnerselskab (Denmark) to the Group amounted to DKK 10 million (2022: DKK 4 million) and covered various assurance reports, assurance on ESG reporting, review procedures with respect to recognition of profit in core capital, and advisory engagements such as target operating models.

Notes – Danske Bank Group

G11. Loan impairment charges

Loan impairment charges include impairment charges for expected credit losses against 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.

The item also includes expected losses and realised gains and losses on assets (such as tangible assets and group undertakings) taken over by the Group under non-performing loan agreements. Further, the item includes external costs directly attributable to the collection of amounts due under non-performing loans, such as legal costs.

Accounting policy

The accounting policy for when a loan impairment charge is recognised and how the charge is determined is described under the relevant balance sheet line items. Notes G15, G16 and G24 provide more information.

Loan impairment charges

(DKK millions)	2023	2022
ECL impairment on Due from credit institutions and central banks	-63	25
ECL impairment on Loans at amortised cost	-157	979
ECL impairment on Loan commitments and guarantees etc.	591	483
ECL impairment, total	**371**	**1,487**
Fair value credit risk adjustment on Loans at fair value	-109	15
Total	**262**	**1,502**

(DKK millions)	2023	2022
ECL on new assets	2,457	3,117
ECL on assets derecognised	-2,595	-6,448
Impact of net remeasurement of ECL (incl. changes in models)	1,014	3,271
Write-offs charged directly to income statement*	594	2,050
Received on claims previously written off	-902	-233
Interest income, effective interest method	-306	-255
Total	**262**	**1,502**

* Write-offs charged directly to income statement in 2022 includes DKK 0.7 billion of loans derecognised in relation to the Group's debt collection customers.

Further information on changes in the allowance account can be found in note G15.

Notes – Danske Bank Group

G12. Trading portfolio assets and liabilities

Trading portfolio assets comprise the equities and bonds held by the Group's trading units at Large Corporates & Institutions and all derivatives with positive fair value. Trading portfolio liabilities consist of derivatives with negative fair value and obligations to deliver securities (obligations to repurchase securities).

Accounting policy

The trading portfolio is recognised at fair value through profit or loss. Realised and unrealised capital gains and losses and dividends are recognised in the income statement under Net trading income or loss. Fair value is the amount for which a financial asset can be sold or a financial liability be transferred to a knowledgeable, willing third party. Note G33 provides information about fair value measurement and fair value adjustments.

The Group uses the option in IFRS 9 to continue using the fair value hedge accounting model in IAS 39. The derivatives used as hedging instruments are presented in the balance sheet together with other derivatives.

(a) Trading portfolio assets (DKK millions)	2023	2022
Derivatives with positive fair value	351,722	430,123
Listed bonds	177,563	200,395
Listed shares	18,785	8,198
Unlisted shares	119	83
Total	**548,189**	**638,799**
(b) Trading portfolio liabilities (DKK millions)		
Derivatives with negative fair value	340,918	435,141
Obligations to repurchase securities	113,569	119,180
Total	**454,487**	**554,321**

Notes – Danske Bank Group

G12. Trading portfolio assets and liabilities continued

(c) Explanation of derivatives

The Group's activities in the financial markets include trading in derivatives. Derivatives are financial instruments whose value depends on the value of an underlying instrument or index etc. Derivatives can be used to manage market risk exposure, for example. The Group trades a considerable volume of the most commonly used interest rate, currency and equity derivatives, including

- swaps
- forwards and futures
- options

The Group trades a limited number of swaps whose value depends on developments in specific credit or commodity risks, or inflation indices.

The Group trades derivatives as part of servicing customers' needs as individual transactions or as integral parts of other services, such as the issuance of bonds with yields that depend on developments in equity or currency indices. The Group also uses derivatives to manage the Group's own exposure to foreign exchange, interest rate, equity market and credit risks. Note G40 provide additional information about the Group's risk management policy. Large Corporates & Institutions is responsible for the day-to-day management and hedging of the Group's market risks.

Derivatives are recognised and measured at fair value. Some of the Group's loans, deposits, issued bonds, etc. in the Group's banking units and Group Treasury carry fixed rates. Generally, such fixed-rate items are recognised at amortised cost. Further, the Group classifies certain bonds as 'hold to collect and sell' financial assets. Unrealised value adjustments of such bonds are recognised under Other comprehensive income. The Group uses fair value hedge accounting if the interest rate risk on fixed-rate financial assets and liabilities or bonds measured at fair value through other comprehensive income is hedged by derivatives.

Derivatives	2023			2022		
(DKK millions)	Notional amount	Positive fair value	Negative fair value	Notional amount	Positive fair value	Negative fair value
Currency contracts						
Forwards and swaps	7,296,753	109,089	126,236	7,214,105	121,850	135,218
Options	241,234	1,180	1,411	153,739	989	1,247
Interest rate contracts						
Forwards/swaps/FRAs	26,216,460	193,870	161,656	27,145,285	243,706	215,787
Options	3,163,676	35,177	31,289	3,480,220	54,471	54,875
Equity contracts						
Forwards	216,008	3,122	3,846	217,605	2,619	3,341
Options	227,452	2,980	3,462	124,041	2,964	3,144
Other contracts						
Commodity contracts	-	-	-	28	-	-
Credit derivatives bought	438	-	96	1,429	97	48
Credit derivatives sold	696	96	-29	1,626	48	105
Total derivatives held for trading purposes	**-**	**345,515**	**327,968**	**-**	**426,743**	**413,764**
Hedging derivatives						
Currency contracts	1,839	6	92	1,956	9	119
Interest rate contracts	537,923	6,201	12,858	513,852	3,371	21,258
Total derivatives		**351,722**	**340,918**		**430,123**	**435,141**

Positive and negative fair values of derivatives are offset if certain criteria are fulfilled. Note G32 provides more information.

Notes – Danske Bank Group

G12. Trading portfolio assets and liabilities continued

(d) Explanation of hedge accounting

An overview over the risks the Group is exposed to and how they are defined is provided on the first page of note G40. For some of those risks hedge accounting is applied. The Group uses fair value hedge accounting for hedges of interest rate risk. Further, the Group hedges part of the foreign currency risk on net investment in foreign entities.

Hedge of interest rate risk

The Group manages the fixed interest rate risk on financial assets and liabilities measured at amortised cost as a combination of economic hedges (matching of interest rate risk from assets and liabilities at amortised cost across the Group's banking units) and hedges using interest rate swaps. Group Treasury is responsible for the risk management of the interest rate risk (the so-called interest rate risk in the banking book). In the risk management process, economic hedges are established and/or identified. This includes the acquisition of 'hold to collect' fixed interest rate bonds in Group Treasury and the identification of fixed-rate loans extended by the Group's banking units to hedge the fixed interest rate risk on liabilities (including core demand deposits). Interest rate risk on fixed-rate liabilities (such as long dated funding via bond issuance) is generally hedged by interest rate swaps and the interest rate risk on certain fixed-rate assets can be hedged using derivatives as well. For further information see the sections Market risk in relation to non-trading portfolios at Group Treasury and Interest rate risk in the banking book (IRRBB) in G40.

When the Group uses swaps to hedge the fixed interest rate risk on financial instruments, the Group applies fair value hedge accounting using the option in IFRS 9 to continue to apply the fair value hedge accounting provisions in IAS 39. Fair value hedge accounting can be applied if changes in the fair value of the hedging swaps are expected to be effective in offsetting changes in the fair value of the hedged fixed interest rate risk. This requires (1) a formal designation and documentation of the hedging relationship, including a risk management objective and strategy for the hedge, (2) that the hedge is expected to be highly effective in achieving offsetting changes in fair value of the hedged interest rate risk, (3) the effectiveness of the hedge can be reliably measured and (4) the hedge on an ongoing basis has proven to be effective in actually offsetting of changes in fair value. With effective hedging, the hedged interest rate risk on hedged assets and liabilities is measured at fair value and recognised as a value adjustment of the hedged items. Value adjustments on the hedged item and the hedging swaps are presented in the income statement under Net trading income or loss. Any ineffective portion of a hedge that lies within the range for effective hedging is therefore also included under Net trading income or loss.

The interest rate is considered fixed if the interest rate resets to a reference rate with a term longer than three months. Once a financial instrument has been designated as a hedged item it will remain as hedged item for the life of the instrument. For hedged assets and liabilities to which a fixed rate of interest applies for a specified period of time starting at the commencement date of the agreement, future interest payments are split into basis interest and a customer margin and into periods of time. By entering into swaps or forwards with matching payment profiles in the same currencies and for the same periods, the Group hedges the risk at portfolio level from the commencement date of the hedged items. The fair values of the hedged interest rate risk and the hedging derivatives to ensure that changes in the fair value of the hedged interest rate risk lie within a band of 80-125% of the changes in the fair value of the hedging derivatives. Portfolios of hedging derivatives are adjusted if necessary.

The primary reasons for changes in the fair value of fixed interest rate financial assets are changes in the interest rate risk and the credit risk.

Hedge ineffectiveness relates to the fact that fair value changes on the hedged items are measured based on the interest rate curve relevant for each hedged item while the fair value of the fixed legs of the hedging derivatives are measured based on a swap curve. Further, the adjustment of the portfolios of hedging derivatives to changes in hedged positions is not done instantly, and some hedge ineffectiveness can therefore exist.

The Interest Rate Benchmark Reform is progressively replacing inter-bank offered rates (IBORs) with alternative risk-free rates. The Group had established an IBOR Transition Programme, the main objectives being to identify how the IBOR transition would affect the Group financially and operationally, and to identify how cessation of IBOR publications would affect the Group's ability to service its customer base. The IBOR Transition programme has achieved its aims and will be wound down during the first quarter of 2024. Interest rate developments are continuously monitored, and any future introduction of new risk-free rates will be managed and resourced as required.

As at 31 December 2023, there are no derivatives that are yet to transition to alternative benchmark rates (31 December 2022: DKK 2,738 million).

Notes – Danske Bank Group

G12. Trading portfolio assets and liabilities continued

The tables below show the hedging derivatives and the hedged fixed interest rate financial instruments.

Hedging derivatives (DKK millions)	Nominal amount	Carrying amount Assets	Carrying amount Liabilities	Changes in fair value used for calculating hedge ineffectiveness
Interest rate swaps, 2023				
Total	**539,762**	**6,207**	**12,950**	**12,381**
Interest rate swaps, 2022				
Total	**515,807**	**3,380**	**21,377**	**-21,295**

Profile of the timing of the nominal amount of the hedging derivatives

(DKK millions)	2023	2022
< 12 months	168,795	151,844
1-5 years	358,068	348,754
> 5 years	12,899	15,210
Total	**539,762**	**515,807**

Hedged fixed interest rate risk (DKK millions)	Carrying amount of hedged items Assets	Carrying amount of hedged items Liabilities	Accumulated amount of fair value hedge adjustments on the hedged item included in the carrying amount of the hedged item Assets	Accumulated amount of fair value hedge adjustments on the hedged item included in the carrying amount of the hedged item Liabilities	Change in fair value used for calculating hedge ineffectiveness
2023					
Amounts due from credit institutions	-		-		-
Loans	11,232		-537		293
Bonds 'held to collect and sell'	749		68		-8
Amounts due to credit institutions		8,587		3	-9
Deposits		18,899		105	-128
Issued bonds		200,015		-5,044	-9,204
Non-preferred senior debt		87,166		-2,537	-2,669
Subordinated debt		22,974		-997	-846
Total	**11,980**	**337,641**	**-470**	**-8,470**	**-12,572**
2022					
Amounts due from credit institutions	-		-		-
Loans	13,706		-844		-2,260
Bonds 'held to collect and sell'	837		76		-24
Amounts due to credit institutions		2,432		-6	10
Deposits		4,205		-24	23
Issued bonds		155,541		-14,296	15,760
Non-preferred senior debt		83,028		-5,206	5,889
Subordinated debt		22,069		-1,843	1,871
Total	**14,544**	**267,276**	**-768**	**-21,375**	**21,270**

Hedge ineffectiveness recognised in the income statement, 2023	-191
Hedge ineffectiveness recognised in the income statement, 2022	-26

Notes – Danske Bank Group

G12. Trading portfolio assets and liabilities continued

Hedge of foreign exchange risk on net investments in foreign entities

The Group hedges its foreign exchange risk on net investments in foreign currency units. Foreign exchange risk is defined as risk of losses from translating the net investments in foreign entities that are denominated in a foreign currency other than DKK. The net investment in foreign currency units includes the net assets and goodwill of the units. The Group has granted loans in the currency of the foreign unit to its branches in Sweden, Norway and Finland for a total of DKK 37,999 million (2022: 34,573 million). The loans represent the capital allocated to these units. The settlement of the loans is neither planned nor likely to occur in the foreseeable future and they are a part of the net investment in those units. Further, Danske Bank A/S has granted the subsidiary Northern Bank an additional tier 1 capital instrument that together with shareholders' equity in Northern Bank is considered part of the net investment in Northern Bank. The exchange differences from translating net profit in the foreign units at the date of underlying transactions and assets and liabilities at the closing rate and from translating the opening net assets at a closing rate that differs from the previous closing rate are recognised in Other comprehensive income (translation differences).

The Group hedges the foreign exchange risk of net investments in branches and subsidiaries outside Denmark by designating funding arrangements in the matching currencies as a hedge of the foreign exchange risk on the net investments. The foreign exchange differences on the funding arrangements are recognised in Other comprehensive income to offset the exchange differences on the net investments. The funding arrangements consist primarily of issued bonds. Realised net profit is hedged in the beginning of the next month. The Group does not hedge the expected financial results of units outside Denmark or other future transactions. In terms of assessing hedge effectiveness, this is applied by comparing the nominal value of the funding arrangement to the nominal value of the net investments. Hedge ineffectiveness can arise to the extent the funding arrangements exceed the net investments. However, when the net investments are decreased, e.g. when the net investments are reduced by paying out dividend, the same amount of funding arrangements are de-designated as hedges and the funding arrangements designated as hedges will therefore, in general, not exceed the net investments.

Part of the funding of the loans granted to the branches in Sweden, Norway and Finland is in DKK in order to create a so-called structural FX hedge position in accordance with banking regulation, i.e. to reduce the impact on capital ratios resulting from changes in the risk exposure amount due to changes in currency rates. The Group's net investment in its subsidiaries Danske Hypotek AB (Sweden) and Danske Mortgage Bank Plc (Finland) is included in the structural 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 investment 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 decrease the hedge of the currency risk on the net investments in those units. At the end of 2023, the structural FX hedge position totalled DKK 37,641 million (2022: DKK 41,350 million) and a loss of DKK 730 million has been recognised in Other comprehensive income due to a weakening of the NOK against the DKK, of which, a loss of DKK 786 million has been realised and reclassified from Other comprehensive income to the Income statement (and therefore has no impact on total shareholders' equity). This is due to an adjustment made for the structural FX hedge position held in NOK, to reflect the reduction in long term risk exposure amount (REA) in NOK coming from the announced sale of personal customer business in Norway. For comparison, a loss of DKK 2,071 million was recognised in Other comprehensive income during 2022 mainly due to a weakening of the SEK against the DKK. For further information, see the section on Market risk – Structural FX risk in G40.

The cumulative exchange differences on the hedging instrument and the translation differences related to the net investment are reclassified from Other comprehensive income to the income statement on the disposal of the foreign entities.

The table below provides information on the hedge of net investments in foreign entities.

Hedging of foreign entities

(DKK millions)	2023	2022
Net investment in foreign units	47,909	44,585
Funding arrangements designated as a hedge of net investments in foreign units*	10,269	3,236
Portion of net investment in foreign units not hedged, structural FX position	**37,641**	**41,350**
Hedge ineffectiveness		
Exchange differences on the hedging instruments	589	2,463
Exchange differences on the net investment used for recognising hedge ineffectiveness	-589	-2,463
Hedge ineffectiveness recognised in the income statement (net trading income)	-	-
Hedging gains or losses recognised in OCI	589	2,463
Reclassified to the income statement on disposal of foreign units**	806	-

*Primarily included on the line item 'Issued bonds at amortised cost'

**Included in the item 'Net trading income in the Income statement'

Notes – Danske Bank Group

G13. Investment securities

Investment securities consist of bonds and shares held by non-trading units in the Group. It consists primarily of the liquidity portfolio managed by Group Treasury. The liquidity portfolio includes different portfolios with different business models. Some portfolios are managed on a fair value basis and mandatorily measured at fair value through profit or loss under IFRS 9, whereas other portfolios are either 'hold to collect and sell' and measured at fair value through other comprehensive income or 'hold to collect'.

Accounting policy

Financial assets measured at fair value through profit or loss (FVPL)

Financial assets measured at fair value include securities that are managed on a fair value basis with no short-term profit taking. Realised and unrealised capital gains and losses and dividends are carried in the income statement under Net trading income or loss. Further, all shares (including unlisted shares) and bonds held in Group Treasury that do not have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding (i.e. that does not pass the SPPI test in IFRS 9) are mandatorily measured at FVPL and, consequently, included in this category.

Financial assets measured at fair value through other comprehensive income (FVOCI)

This category comprises bonds only, and primarily bonds listed in a liquid market, as the Group does not use the option to designate equity instruments at FVOCI. The bonds are held within a business model for the purpose of collecting contractual cash flows and selling (hold to collect and sell). The bonds have cash flows that are solely payments of principal and interest on the principal amount outstanding (i.e. that pass the SPPI test in IFRS 9). FVOCI results in the assets being recognised at fair value in the balance sheet and at amortised cost in the income statement, including the recognition of expected credit losses as described in note G15. Gains and losses, except for expected credit losses and foreign exchanges gains and losses, are therefore recognised in other comprehensive income until the bond is derecognised. When a fixed interest rate risk is hedged in a hedge that qualifies for fair value hedge accounting, the fair value changes of the hedged interest risk are presented in the income statement under Net trading income or loss. When bonds are sold unrealised value adjustments recognised under Other comprehensive income are reclassified to the income statement and presented under Net trading income or loss. The Group recognises interest income according to the effective interest method, including amortisation of the difference between cost and the redemption value over the term to maturity of the bonds.

Financial assets measured at amortised cost (AMC)

This category consists of bonds held within a business model for the purpose of collecting the contractual cash flows (hold to collect) and with cash flows that are solely payments of principal and interest on the principal amount outstanding (i.e. that pass the SPPI test in IFRS 9). The bonds are measured at amortised cost. Interest income is recognised according to the effective interest method, including amortisation of the difference between cost and the redemption value over the term to maturity of the bonds. A change in the contractual cash flows that is required by the Interest Rate Benchmark Reform is accounted for by updating the effective interest rate, without recognising a gain or loss. This can only be applied if the change is necessary as a direct consequence of the reform, and the new basis for determining the contractual cash flows is economically equivalent to the previous basis. The bonds are subject to the expected credit model in IFRS 9 as described in note G15. The interest rate risk on fixed-rate bonds is not hedged.

(a) Investment securities

(DKK millions)	2023	2022*
Financial assets at fair value through profit or loss		
Listed bonds	20,798	18,234
Unlisted shares	493	1,187
Total financial assets designated at fair value through profit or loss	**21,291**	**19,421**
Bonds hold to collect and sell (FVOCI)		
Listed bonds	107,226	116,429
Total bonds hold to collect and sell (FVOCI)	**107,226**	**116,429**
Total at fair value	**128,517**	**135,850**
Bonds hold to collect (AMC)		
Listed bonds	155,398	151,573
Total investment securities	**283,914**	**287,423**

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

Listed green bonds held for liquidity purposes amounted to DKK 15,669 million at the end of 2023 (2022: 15,775 million). The green bonds held are central and local government bonds, quasi-government bonds, Danish mortgage bonds and covered bonds (Swedish and other). The green bonds are measured at FVPL, FVOCI and AMC.

Notes – Danske Bank Group

G13. Investment securities continued

(b) Further explanation

Investment securities consist of the liquidity portfolio held by Group Treasury. The liquidity portfolio is part of the balance sheet management to optimise the balance sheet composition, to hedge the interest rate risk in the banking book and to manage the Group's liquidity need. The management of the interest rate risk in the banking book is carried out through a combination of hedges with derivatives and partly through matching the duration on the fixed interest rate deposits (the interest risk on core deposits) with bond holdings with a matching duration. The latter is carried out through the acquisition of portfolios of bonds.

Financial assets measured at fair value through profit or loss (FVPL)

This portfolio includes the part of the liquidity bond portfolio that is actively traded although less frequently than what is required to be classified as a held-for-trading portfolio. These bonds are held in a business model being neither 'hold to collect' nor 'hold to collect and sell' and are therefore mandatorily recognised at fair value through profit or loss under IFRS 9.

The portfolio comprises primarily Danish mortgage bonds. Further, the portfolio includes listed and unlisted shares.

Financial assets measured at fair value through other comprehensive income (FVOCI)

This portfolio includes the part of the liquidity bond portfolio where both the collection of the contractual cash flows and sales are an integral part of achieving the objectives with the acquired bond portfolio. Further, the bonds included in the portfolio have contractual cash flows that pass the SPPI test.

The performance of the portfolio is measured on a combination of the collection of the contractual cash flows and sales proceeds. Sales typically occur when market opportunities arise, or when there is a need to adjust the portfolio to hedge part of the interest rate risk on the Group's core deposits. There is no objective of short-term profit taking and the performance reporting related to this portfolio reflects a combination of the collection of the contractual cash flows and realising fair value changes. The business model is therefore 'hold to collect and sell'.

The portfolio comprises primarily highly-rated covered, sovereign, supranational and agency bonds.

Financial assets measured at amortised cost (AMC)

This portfolio includes the part of the liquidity bond portfolio that is held in a business model being 'hold to collect', i.e. with the purpose of generating a return until maturity. Further, the bonds included in the portfolio have contractual cash flows that pass the SPPI test.

The performance is measured based on the collection of the contractual cash flows. The fair value of the portfolio is monitored for liquidity purposes as the bonds can be used in repo transactions. Sales from the portfolio are infrequent. When sales are made, they reflect:

- sales close to maturity (the proceeds from the sale approximate the collection of contractual cash flows)
- sales are made to manage risk concentration (e.g. the sale of bonds is made due to a concentration of currency risk)
- sales made due to increase in credit risk above a certain level (i.e. outside the investment policy)

The bonds are primarily Danish mortgage bonds, government bonds and government-guaranteed bonds. Some 94.0% of the portfolio is rated AA or higher (2022: 95.5%), while the remaining portfolio has investment grade ratings.

SPPI test applied for bonds at FVOCI or AMC

The SPPI test is applied for each bond to assess whether the contractual cash flows represent repayment of principal amount and interest on the principal amount outstanding. Bonds that are included in the portfolios at FVOCI or AMC are generally plain vanilla bonds that:

- have a fixed maturity, i.e. no perpetual bonds
- do not have terms that introduce exposure to risk or volatility, e.g. by a yield that refers to changes in equity or commodity prices
- are not subordinated or convertible bonds
- can be prepaid (e.g. at par plus accrued interest), with the fair value of the prepayment option being insignificant at initial recognition. In general, this will be the case if the premium/discount to the contractual par amount is insignificant at initial recognition

Bonds that are not compliant with the SPPI test are included in the portfolio of bonds at FVPL.

Notes – Danske Bank Group

G14. Due from credit institutions and central banks

The item due from credit institutions and central banks includes both balances that are measured at amortised cost and balances that are measured at fair value through profit or loss, depending on the business model for the management of the amounts due from credit institutions.

Accounting policy

For balances due from credit institutions in the Group's banking units (Personal & Business Customers, General Banking in Large Corporates & Institutions, Northern Ireland and Non-core), the business model is 'hold to collect'. As the contractual cash flows represent basic lending feature, these balances are measured at amortised cost. For further information on the accounting policy etc., see note G15.

For balances due from credit institutions and central banks in the Group's trading units (Markets and Investment Banking & Securities in Large Corporates & Institutions) the business model is neither 'hold to collect' nor 'hold to collect and sell' and these balances are mandatorily recognised at fair value through profit or loss. For further information on the accounting policy, see note G16.

Cash in hand and demand deposits with central banks

Includes cash in hand of DKK 6,419 million (2022: DKK 6,630 million) and demand deposits of DKK 252,737 million (2022: DKK 168,422 million) (measured at amortised cost).

Due from credit institutions and central banks

(DKK millions)	2023	2022*
Due from credit institutions and central banks measured at fair value through profit or loss:		
Reverse transactions	92,389	37,379
Other amounts due	595	768
Total at fair value through profit or loss	**92,984**	**38,147**
Due from credit institutions and central banks measured at amortised cost:		
Reverse transactions	3,727	-
Other amounts due	18,118	22,686
Allowance account	16	47
Total at amortised cost	**21,829**	**22,639**
Due from credit institutions and central banks, total	**114,813**	**60,786**

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

Due from credit institutions and central banks includes amounts due within three months and totalled DKK 106,453 million at the end of 2023 (2022: DKK 57,479 million). This amount is included under Cash and cash equivalents in the cash flow statement.

Notes – Danske Bank Group

G15. Loans at amortised cost

In general, the loans in the Group's banking units (Personal Customers, Business Customers, General Banking in LC&I, Northern Ireland and Non-core) are held with the objective of collecting the contractual cash flows. Therefore, most of the Group's loans in the banking units are classified as 'hold to collect' under IFRS 9. Further, the loans have basic lending features with the contractual cash flows solely representing repayment of principal and interest on the principal amount outstanding (the SPPI test). Therefore, the loans in the Group's banking units are recognised at amortised cost. The only exception is loans granted by Realkredit Danmark (see note G16) that are recognised at fair value, as the contractual cash flows do not represent basic lending features only, i.e. they do not pass the SPPI test in IFRS 9.

Accounting policy

At initial recognition, loans are measured at fair value plus transaction costs less origination fees and other charges that are an integral part of the effective interest rate on loans. This usually corresponds to the amount disbursed to the customer. Subsequently, they are measured at amortised cost, using the effective interest method, less impairment charges for expected credit losses. The difference between the value at initial recognition and the redemption value is amortised over the term to maturity as part of the effective interest. If fixed-rate loans are hedged effectively by derivatives, the fair value of the hedged interest rate risk is added to the carrying amount of the hedged assets.

Impairment for expected credit losses

The impairment charge for expected credit losses depends on whether the credit risk has increased significantly since initial recognition and follows a three stage model:

- Stage 1: 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 2: If the credit risk has increased significantly, the loan is transferred to stage 2 and an impairment charge equal to the lifetime expected credit losses is recognised.
- Stage 3: If the loan is in default, it is transferred to stage 3, for which the impairment charge continues to equal the lifetime expected credit losses but with interest income being recognised on the net carrying amount.

The expected credit loss is calculated for all individual facilities as a function of the probability of default (PD), the exposure at default (EAD) and the loss given default (LGD) and incorporates forward looking elements. For facilities in stages 2 and 3, the lifetime expected credit losses cover the expected remaining lifetime of a facility.

Expected credit loss impairment charges are booked in an allowance account and allocated to individual exposures.

(a) Loans at amortised cost

(DKK millions)	2023	2022
Reverse transactions	1,763	1,747
Other loans	930,823	1,094,792
Allowance account	13,958	13,721
Total at amortised cost	**918,628**	**1,082,818**

Loans included payments due under finance leases of DKK 35,628 million at the end of 2023 (2022: DKK 31,789 million).

(b) Further explanation

Classification and measurement – business model assessment

The business model assessment in Danske Bank Group is applied separately for each business unit represented by the Group's reportable segments. The assessment is based on observable factors for the different portfolios, such as (1) how the performance of the business model and the financial assets held within that business model are evaluated and reported to the Executive Board and the Board of Directors, (2) the risks that affect the performance of the business model and the way such risks are managed and (3) past and expected frequency, value and timing of sales for the portfolio.

In the Group's banking units (Personal Customers, Business Customers, General Banking in LC&I, Northern Ireland and Non-core), the management and reporting of performance are based on collecting the contractual cash flows, and loans are only very infrequently sold. Therefore, the business model has been assessed as being 'hold to collect'.

Notes – Danske Bank Group

G15. Loans at amortised cost continued

Once a year, the Group assesses if past sales are consistent with the business model for loans in the Group's banking unit being 'hold to collect'. In general, if sales are below 5% of the size of a portfolio the sales are considered to be insignificant. Larger sales are considered individually in relation to consistency with the business model. The following sales are consistent with the business model being 'hold to collect':

- Loans are sold after having previously been transferred to one of the Group's debt collection units
- Loans are sold to manage credit concentration risk (specific countries or industries)
- Loans to customers that have refocused their activities out of the Nordic region, i.e. the customers are no longer Nordic customers
- The sale of loans that are no longer profitable, e.g. due to changes in the regulatory environment or the like

Classification and measurement – The SPPI test (solely payment of principal and interest on the principal amount outstanding)

For each loan in the Group's banking units, it is assessed if the contractual cash flows are consistent with the SPPI test. The principal amount reflects the fair value at initial recognition less any subsequent changes, e.g. due to repayment. The interest represents consideration for the time value of money, credit risk, other basic lending risks and a margin consistent with basic lending features only. If the cash flows introduce more than de minimis exposure to risk or volatility that is not consistent with basic lending features, the loan is mandatorily recognised at fair value through profit or loss. Features that are not genuine do not affect the classification. A feature is not genuine if it affects the contractual cash flows only on the occurrence of an event that is extremely rare, highly abnormal and very unlikely to occur.

In general, the SPPI test of the Group's portfolios of loans covers, for instance, the following elements:

- Compensation for the time value of money. For some of the Group's variable-rate loans, the market standard for these loans is that the reset frequency and the tenor of the reference rate do not match. It has been assessed that the mismatch does not significantly modify the compensation for the time value of money. No loans have interest rates that are leveraged or linked to, for instance, the development in share prices etc.
- Prepayment options are consistent with the SPPI test, if the prepayment amount represents the principal amount outstanding and accrued interest and may include a reasonable compensation for early repayment. This is generally the case with the Group's loans, except loans granted by Realkredit Danmark (see further below).
- Extension options are consistent with the SPPI test if the cash flows during the extension period represent cash flows that are solely payments of principal and interest on the principal amount outstanding. Only very few loans include a contractual right for the customer to extend the loan, and for such loans, the interest rate will be updated to the current market rate for such loans.
- Compensation for credit risk and other basic lending risks. The interest rate includes a credit margin to compensate the Group for the credit risk, and it may be fixed initially. The Group does not incorporate profit sharing agreements, for example by contractual terms that increase the credit margin if the customer's earnings increase.
- Non-recourse features. In general, the Group does not grant loans that legally are non-recourse. However, in some cases a financial asset represents an investment in particular assets or cash flows in which case the contractual cash flows are not solely payments of principal and interest on the principal amount outstanding. This could be the case when the Group's claim is limited to specified assets of a debtor or the cash flows from specified assets, e.g. related to loans granted to a company/a special purpose entity with limited assets and with no guarantee from the owner/parent company. The Group only grants such loans if the cash flows from the underlying asset(s) are large compared to the contractual cash flows from the loans. Therefore, non-recourse-like features are limited and excluded from the assessment.
- Non-payment is not considered a breach of contract. The Group does not grant loans where non-payment would not constitute a breach of contract.
- The Group grants loans with sustainability-linked features. These are loans granted to support customers in achieving sustainability targets. The loans include incentives in the form of a change to the margin applicable to the loan if certain predetermined sustainability targets specific to the customer are met. These loans have been assessed and the contractual cash flows are considered to fulfil the SPPI test criteria and are consistent with a basic lending arrangement. As a result, the loans are held at amortised cost.

Loans granted under Danish mortgage finance law are funded by issuing listed mortgage bonds with matching terms. Such loans are granted by the Realkredit Danmark subsidiary only. Borrowers may repay such loans by delivering the underlying bonds. This represents an option to prepay at fair value that can be both above and below the principal amount plus accrued interest and include other elements than the effect of changes in the relevant benchmark interest rate. The loans do not pass the SPPI test and are mandatorily recognised at fair value through profit or loss, see further in note G16.

Financial instruments in scope of the expected credit loss impairment model in IFRS 9

Impairment charges for expected credit losses apply to all financial assets recognised at amortised cost or at fair value through other comprehensive income, lease receivables and certain loan commitments and financial guarantee contracts. Therefore, the Group's expected credit loss model also applies to bond portfolios included in the line item Investment securities, except for the bonds that are recognised at fair value through profit or loss.

Further, the adjustment for fair value of credit risk on loans granted by Realkredit Danmark is based on the expected credit loss impairment model in IFRS 9. Further information can be found in note G16 in the box on Accounting policy.

Notes – Danske Bank Group

G15. Loans at amortised cost continued

Significant increase in credit risk (transfer from stage 1 to stage 2)
The classification of facilities between stages 1 and 2 for the purpose of calculating expected credit losses depends on whether the credit risk has increased significantly since initial recognition. The assessment of whether credit risk has increased significantly since initial recognition is performed by considering the change in the risk of default occurring over the remaining life of the facility and incorporating forward-looking information. A facility is transferred from stage 1 to stage 2 based on observed increases in the probability of default:

- For facilities originated below 1% in PD: An increase in the facility's 12-month PD of at least 0.5 percentage points and a doubling of the facility's lifetime PD since origination.
- For facilities originated above 1% in PD: An increase in the facility's 12 month PD of 2 percentage points or a doubling of the facility's lifetime PD since origination.

In addition, facilities that are more than 30 days past due are moved to stage 2. 30 days past due is considered a backstop. Finally, customers subject to forbearance measures are placed in stage 2, if the Group, in the most likely outcome, expects no loss, or if the customers are subject to the two-year probation period for performing forborne exposures.

Stage 3 (credit-impaired facilities)
A facility is transferred from stage 2 to stage 3 when it becomes credit-impaired. A facility becomes credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows have occurred. This includes observable data about (a) significant financial difficulty of the issuer or the borrower; (b) a breach of contract, such as a default or past due event; (c) the borrower, for financial or contractual reasons relating to the borrower's financial difficulty, having been granted a concession that would not otherwise have been considered; (d) it is becoming probable that the borrower will enter into bankruptcy or other financial restructuring; and (e) the purchase or origination of a financial asset at a deep discount that reflects the incurred credit loss. It may not be possible to identify a single individual event – instead, the combined effect of several events may cause financial asset to become credit-impaired. Credit-impaired facilities are placed in rating category 11. For rating category 11 (default), all facilities are classified as stage 3 exposures.

Definition of default
The definition of default is used in the measurement of expected credit losses and the assessment to determine movements between stages. The definition of default is also used for internal credit risk management and capital adequacy purposes.

To support a more harmonised approach regarding the application of the definition of default, the European Banking Authority (EBA) has issued the following products that guides the application of the definition of default: the Guidelines on the application of the definition of default, EBA/GL/2016/07 and the Regulatory Technical Standards (RTS) on the materiality threshold for credit obligations past due, EBA/RTS/2016/06.

The Group's definition of default for accounting aligns with the regulatory purposes. All exposures that are considered default are also considered Stage 3 exposures. This is applicable for exposures that are default due to either the 90 days past due default trigger or the unlikeliness to pay default triggers. A small amount of credit exposure in stage 3 can be found outside default. This is due to impairment staging being updated monthly (after each month-end), whereas default is updated daily.

Purchased or originated credit-impaired facilities (POCI)
A facility that is credit-impaired at initial recognition is classified as a POCI financial asset. This is the case if the financial asset is purchased or originated at a deep discount that reflects the incurred credit losses. For such assets, life-time expected credit losses are recognised for the remaining lifetime of the asset. In general, the Group does not purchase credit-impaired financial assets and the category therefore relates to originated credit-impaired facilities, typically originated in relation to forbearance measures.

Calculation of expected credit losses
The expected credit loss is calculated for all individual facilities as a function of the probability of default (PD), the exposure at default (EAD) and the loss given default (LGD). In general, the Group's IFRS 9 impairment models and parameters draw on the bank's internal models in order to ensure alignment of models across the Group. New models and calculations have been developed especially for IFRS 9 purposes, including models for lifetime PD, prepayment and forward-looking LGD. All expected credit loss impairment charges are allocated to individual exposures. For significant loans in stage 3, the Group determines the expected credit losses individually.

Expected remaining lifetime
For most facilities, the expected lifetime is limited to the remaining contractual maturity and is adjusted for expected prepayment. For exposures with weak credit quality, the likelihood of prepayment is not included. For exposures that include both a loan and an undrawn commitment and where a contractual ability to demand prepayment and cancellation of the undrawn commitment does not limit the Group's exposure to credit losses to the contractual notice period, the expected lifetime is the period during which the Group expects to be exposed to credit losses. This period is estimated on the basis of the normal credit risk management actions. Products identified as in scope of an expected lifetime longer than the remaining contractual maturity include credit cards, overdraft balances and certain revolving credit facilities.

Notes – Danske Bank Group

G15. Loans at amortised cost continued

Incorporation of forward-looking information

The forward-looking elements of the calculation reflect the current expectations of the Group's senior management. The Group's independent macroeconomic research unit in Markets creates macroeconomic scenarios (base case, upside and downside), including an assessment of the probability of 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 Afterwards there is a process to ensure a review and sign-off of the scenarios. Management's approval of the scenarios can include adjustments to the scenarios or to which scenarios are used, the assigned probability weighting and post-model adjustments to cover the outlook for particular high-risk portfolios which are not provided by the Group's macroeconomists. The approved scenarios are used to calculate the impairment levels. Technically, the forward-looking information is used directly in the PDs through an estimate of general changes to the PDs and the LGDs in the expected credit loss calculation. However, for significant exposures in stage 3, an individual assessment of the scenarios, changes to expected credit losses and the related probabilities are performed by senior credit officers.

The forward-looking information is based on a three year forecast period converging to steady state in year seven. The base case is based on the macroeconomic outlook as disclosed in the Group's Nordic Outlook reports. Further information on the macroeconomic scenarios used can be found in note G40.

Sustainability risk

Credit risk is deemed to be the risk type most materially affected by sustainability risk in the long term, of which climate risk is currently the most urgent of all ESG-related drivers capable of affecting the Group's credit risk.

The Group takes a risk-based approach in prioritising risk management efforts for credit portfolios that are likely to be most exposed to transition and physical risks. For that purpose, the Group applies a mix of qualitative and quantitative input to define the credit exposures most exposed to transition and physical risks.

High transition risk exposures are identified using a mix of insights, including financed emissions estimates, findings from conducting climate scenario analysis as well as qualitative judgment to account for e.g., credible transition plans, potential future technology and demand risks to a given sector. Most of the emissions are attributable to only a few sectors, e.g., Shipping, Oil and Gas, which the Group actively monitors and manages. From the initial assessment of customers subject to high transition risk, the exposure to the lagging transition category remains limited but will be monitored on an ongoing basis.

The Group has identified flooding risk (river and coastal flooding) as the key physical hazard applicable to the portfolio on the basis of the report on high confidence of hazard increase in Northern Europe issued by the Intergovernmental Panel on Climate Change. The current analyses on flooding risk focus on residential and commercial property and the risk is assessed to be limited.

Moreover, the Group performs ad-hoc climate stress tests to assess physical and transition risks of climate changes. Stress tests in relation to physical risks cover collateral-related exposures and are based on river and coastal flooding. Stress tests in relation to transition risks consider an introduction of carbon taxes.

The Group will continue to refine its assessment methodology as more climate risk data becomes available to support the identification of both transition and physical risks for the purpose of determining financial significance, however, conclusions have not led to adjustments to staging or modelled expected credit losses, as the impacts either manifest over a longer time period than loan maturities, or as transition risks are concentrated on a few sectors with downside risks already recognised in the Group's modelled expected credit losses. Both transition and physical risks are either managed through risk tolerances or strategic targets, or already have post model adjustments/management overlays allocated covering the climate related risks.

Write-off policy

Loans considered uncollectible are written off. Write-offs are debited to the allowance account. Loans are written off once the usual collection procedure has been completed and the loss on the individual loan can be calculated. If the full loss is not expected to be realised until after a number of years, for example in the event of administration of complex estates, a partial write-off is recognised, reflecting the Group's claim less collateral, estimated dividend and other cash flows.

Modification

When a loan is modified the Group assesses whether the modification results in derecognition. This depends on whether the changes to the contractual cash flows or other contractual terms are significant or not, or whether they are as a result of the Interest Rate Benchmark Reform.

A change in the contractual cash flows that is required by the reform is accounted for by updating the effective interest rate, without recognising a gain or loss. This can only be applied if the change is necessary as a direct consequence of the reform, and the new basis for determining the contractual cash flows is economically equivalent to the previous basis.

Otherwise, if the changes are not related to the reform and are significant, the modification is accounted for as derecognition of the original loan and recognition of a new loan. If the changes are not significant, the modification is accounted for as a modification of the original loan. The assessment is based on the following considerations:

- The Group differentiates between changes in the cash flows or other terms within the original contract and modifications of the contract, i.e. a new contract.
- In general, a significant modification is defined as a full credit process, a pricing decision and the signing of a new contract.
- An assessment of whether the modification is caused as a forbearance measure or made on commercial terms.

Notes – Danske Bank Group

If the financial asset is not derecognised, the original effective interest rate remains unchanged, and the net present value of the changed contractual cash flows represents the gross carrying amount of the financial asset after the modification. The difference between the net present value of the original contractual cash flows and the modified contractual cash flows is recognised in the income statement as a modification gain or loss.

If the original financial asset is derecognised, a derecognition gain or loss is recognised in the income statement. The derecognition gain or loss represents the difference between the carrying amount of the original financial asset (updated to reflect current expected credit losses) and the initial carrying amount of the new financial asset plus/minus any cash payments between the parties in relation to the modification.

Modifications in the form of forbearance measures include interest reduction schedules, interest only schedules, temporary payment holidays, term extensions, cancellation of outstanding fees, waiver of covenant enforcement and debt forgiveness. For modifications that are not significant, the modification loss is recognised in the Income statement within Loan impairment charges.

In terms of stage allocation, a modification that leads to derecognition of the initial loan and recognition of a new loan, the loan will (unless the new loan is credit-impaired at initial recognition) be recognised in stage 1 at initial recognition, i.e. the initial credit risk is reset. If the replacing loan is considered an amendment to the original loan, the initial credit risk is not reset. Loans modified as part of the Group's forbearance policy, where the modification does not result in derecognition, the loss allowance on the forborne loans will generally only be measured based on 12-months expected credit losses when there is evidence of the borrower's improved repayment behaviour. When a loan in stage 3 is modified, and the modification results in derecognition, the Group assesses if the new loan is originated credit impaired. The assessment includes factors such as whether the customer's repayment behaviour has improved significantly prior to the modification or not, and whether the pricing on the new loan reflects the actual credit risk etc. New loans that are originated credit impaired remains under a lifetime ECL calculation for the remaining term of the exposure.

Notes – Danske Bank Group

G15. Loans at amortised cost continued

(c) Reconciliation of total allowance account and gross credit exposure

Below the allowance account and the gross credit exposure is reconciled by measurement category. Loans at amortised cost includes besides the balance sheet line item Loans at amortised cost, also exposures under Due from credit institutions that are carried at amortised cost and demand deposits with central banks, see note G14. Loans at fair value consists of loans granted by Realkredit Danmark, for which the allowance account represents the fair value adjustment of the credit risk (for further information see note G16). Loan commitments and guarantees consists of guarantees, loan commitments shorter than 1 year and loan commitments longer than 1 year, see note G27. The allowance account for loans at amortised cost and at fair value is credited against the related loans, whereas the allowance account related to loan commitments and guarantees is recognised as a liability and presented under Other liabilities.

Reconciliation of total allowance account

	Loans at amortised cost			Loans at fair value			Loan commitments and guarantees			Total
(DKK millions)	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 2022	**1,481**	**4,629**	**11,103**	**642**	**1,221**	**1,334**	**594**	**957**	**786**	**22,746**
Transferred to stage 1	773	-734	-39	227	-189	-37	152	-145	-6	-
Transferred to stage 2	-242	547	-306	-112	202	-90	-52	84	-33	-
Transferred to stage 3	-9	-446	454	-16	-136	152	-1	-40	41	-
ECL on new assets	404	1,299	600	127	216	27	99	127	217	3,117
ECL on assets derecognised	-616	-1,200	-3,632	-148	-258	-88	-114	-52	-342	-6,448
Impact of net remeasurement of ECL (incl. changes in models)	177	1,509	910	-93	317	-103	55	273	226	3,271
Write offs debited to the allowance account*	-	-1	-2,958	-	-2	-56	-	-	-	-3,016
Foreign exchange adjustments	-44	-86	117	-	-	-	-7	-21	-57	-99
Other	-3	5	72	-	-	112	-	3	-115	74
As at 31 December 2022	**1,922**	**5,524**	**6,322**	**627**	**1,372**	**1,251**	**724**	**1,186**	**717**	**19,645**
Transferred to stage 1	1,317	-1,237	-80	749	-722	-28	340	-315	-24	-
Transferred to stage 2	-118	401	-283	-15	37	-22	-78	230	-152	-
Transferred to stage 3	-18	-404	421	-3	-29	32	-2	-72	74	-
ECL on new assets	354	1,025	501	141	45	22	106	179	85	2,457
ECL on assets derecognised	-306	-846	-802	-146	-149	-50	-61	-147	-88	-2,595
Impact of net remeasurement of ECL (incl. changes in models)	-1,277	1,073	775	-272	107	165	-374	213	604	1,014
Write offs debited to the allowance account	-5	-	-327	-	-	-37	-	-	-	-370
Foreign exchange adjustments	-15	17	-2	-	-	-	-3	6	-24	-22
Other	-1	-49	92	-1	49	-119	6	-6	39	10
As at 31 December 2023	**1,854**	**5,503**	**6,617**	**1,080**	**710**	**1,215**	**658**	**1,273**	**1,230**	**20,140**

* DKK 1.0 billion of Write-offs debited to the allowance account in 2022 relates to the Group's debt collection customers.

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 year. The table above excludes the allowance account of DKK 4 million (2022: DKK 4 million) relating to bonds at amortised cost or fair value through other comprehensive income (all in stage 1). It also excludes the adjustment for credit risk on Loans held for sale (loan portfolios within the non-core segment where the Group has entered into sales agreements). For further information on the decomposition of the allowance account on facilities in stages 1-3, see the notes on credit risk.

Notes – Danske Bank Group

G15. Loans at amortised cost continued

Reconciliation of gross credit exposure

(DKK millions)	Loans at amortised cost Stage 1	Loans at amortised cost Stage 2	Loans at amortised cost Stage 3	Loans at fair value Stage 1	Loans at fair value Stage 2	Loans at fair value Stage 3	Loan commitments and guarantees Stage 1	Loan commitments and guarantees Stage 2	Loan commitments and guarantees Stage 3	Total
Gross carrying amount at 1 January 2022	**1,265,007**	**76,419**	**26,036**	**761,316**	**34,492**	**17,035**	**537,512**	**19,678**	**3,784**	**2,741,278**
Transferred to stage 1	14,623	-14,178	-445	7,194	-5,638	-1,556	2,211	-2,173	-37	-
Transferred to stage 2	-40,100	41,487	-1,387	-15,439	19,643	-4,204	-11,731	11,866	-135	-
Transferred to stage 3	-1,035	-2,479	3,513	-918	-960	1,879	-54	-192	246	-
New assets	493,510	35,194	6,020	132,584	6,083	672	249,258	7,646	896	931,863
Assets derecognised	-549,726	-27,689	-12,325	-122,459	-7,024	-3,063	-266,791	-6,518	-1,314	-996,908
Changes due to modifications that did not result in derecognition	-	-	-13	-3	-	-1	-	-	-	-17
Other changes	-18,490	-4,864	-1,409	-87,301	-3,444	-1,586	-22,484	-1,313	-379	-141,270
As at 31 December 2022	**1,163,791**	**103,889**	**19,991**	**674,974**	**43,152**	**9,175**	**487,921**	**28,993**	**3,060**	**2,534,946**
Transferred to stage 1	24,436	-23,919	-517	19,977	-19,269	-707	4,419	-4,295	-124	-
Transferred to stage 2	-32,018	33,463	-1,445	-5,314	6,194	-880	-8,569	8,948	-379	-
Transferred to stage 3	-2,006	-2,730	4,736	-887	-909	1,796	-1,339	-805	2,144	-
New assets	271,614	19,443	5,491	93,294	2,191	495	193,950	6,879	434	593,790
Assets derecognised	-259,668	-31,272	-6,955	-60,819	-6,542	-1,369	-201,248	-11,898	-1,388	-581,160
Changes due to modifications that did not result in derecognition	-	-	-303	-4	-	-	-	-	-	-308
Other changes	38,434	-6,645	-227	2,035	-186	-113	-9,681	-459	-228	22,931
As at 31 December 2023	**1,204,582**	**92,229**	**20,770**	**723,254**	**24,631**	**8,397**	**465,453**	**27,364**	**3,519**	**2,570,200**

(d) Significant accounting estimates related to expected credit losses

For information on significant accounting estimates related to expected credit losses, see note G1(b).

Notes – Danske Bank Group

G16. Loans and issued bonds at fair value

The Group has two types of portfolios of loans and issued bonds that are measured at fair value through profit or loss. The first portfolio consists of loans granted and bonds issued by the subsidiary Realkredit Danmark, a Danish mortgage institution covered by Danish mortgage finance law. The other portfolio consists of loans and bonds issued by the Group's trading units (Markets and Investment Banking & Securities in LC&I).

Accounting policy

Loans granted and bonds issued by Realkredit Danmark

Loans granted by Realkredit Danmark have contractual cash flows that are not solely payment of principal and interest on the principal amount outstanding. Therefore, the loans are mandatorily recognised at fair value through profit or loss. The issued bonds that are funding the loans are designated at fair value through profit or loss in order not to create an accounting mismatch. For the issued bonds, changes in fair value attributable to the Group's own credit risk is presented in the income statement, as an accounting mismatch would otherwise be introduced.

The fair value of the bonds issued by Realkredit Danmark is normally defined as their quoted market price. A small number of the issued bonds are illiquid, however, and the fair value of these bonds is calculated on the basis of a discounted cash flow valuation technique. The fair value of the loans is based on the fair value of the underlying bonds which ensures that changes in the fair value of the interest rate risk on the loans are measured based on market implied input. This fair value is adjusted for changes in the fair value of cash flows from the loans that differ from the cash flows from the issued bonds. The most important component is the credit risk on the borrowers (covered by the Group and not by the bond holders and therefore not priced into the price of the issued bonds).

Changes in fair value of credit risk etc on the loans

The IFRS 13 estimate of the fair value of the credit risk on the loans is based on the expected credit losses estimated in the models developed in connection with the Group's implementation of the expected credit loss impairment model in IFRS 9, including the allocation of loans between stage 1, stage 2 and stage 3. The expected credit losses are calculated for all loans as a function of PD, EAD and LGD and incorporates forward looking information, see further in note G15. The latter reflects management's expectations of expected credit losses and involves multiple scenarios (base case, upside and downside), including an assessment of the probability for each scenario.

On top of the expected credit losses, a collective assessment determines the need for further adjustments to reflect other components in the fair value measurement, such as an assessment of lifetime expected credit losses for loans in stage 1, an investors risk premium, compensation for administrative costs related to the loans and the possibility to increase the margin on the loans if the credit risk etc increases. It is acknowledged that the possibility to increase the margin depends on the economic resources of the customers. The possibility to increase the margin is therefore only considered in the measurement if it is very likely that the margin can be increased without the customer defaulting. Further, the possibility to increase the margin is only relevant if it does not give the customer an incentive to "move" to another mortgage institution. Therefore, the possibility to increase the margin is only relevant for the measurement of loans to customers with neither a relatively high credit risk nor a relatively low credit risk.

The discount rate used to discount the cash flows represents the interest rate on the funding bonds. This is considered to be close to a risk-free interest rate. The risk premium is incorporated into the cash flows. The risk premium is assumed to be higher for customers with high credit risk than for customers with low credit risk. Further, the adjustments for changes in the fair value of the credit risk and other components cannot increase the value of a loan (the adjustment cannot be positive).

Other loans and issued bonds measured at fair value through profit or loss

The loans in the Group's trading units (Markets and Investment Banking & Securities in LC&I) are managed and their performance reported on a fair value basis and the loans are under IFRS 9 mandatorily measured at fair value through profit or loss. In order not to introduce an accounting mismatch by measuring the financial assets in the trading units at fair value through profit or loss and the financial liabilities at amortised cost, the financial liabilities in the trading units are designated at fair value through profit or loss with fair value changes attributable to the Group's own credit risk presented in other comprehensive income.

Notes – Danske Bank Group

G16. Loans and issued bonds at fair value continued

(a) Loans at fair value

(DKK millions)	2023	2022
Loans granted by Realkredit Danmark:		
Nominal value	806,157	802,025
Fair value adjustment of underlying bonds	-49,874	-74,724
Adjustment for credit risk	3,006	3,250
Fair value of loans granted by Realkredit Danmark	**753,277**	**724,051**
Loans in the Group's trading units:		
Reverse transactions	174,963	208,626
Other loans	-	-
Total	**928,239**	**932,677**

(b) Issued bonds at fair value

(DKK millions)	2023	2022*
Bonds issued by Realkredit Danmark:		
Nominal value	848,774	840,922
Fair value adjustment of funding of current loans	-49,874	-74,735
Holding of own mortgage bonds	57,837	54,414
Fair value of bonds issued by Realkredit Danmark	**741,062**	**711,773**
Bonds issued by the Group's trading units:		
Commercial papers and certificates of deposit	7,718	12,150
Total	**748,780**	**723,923**

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

(c) Further explanation on loans granted and bonds issued by Realkredit Danmark

Each loan granted by Realkredit Danmark is funded by issuing listed mortgage bonds with matching characteristics (e.g. amount outstanding, reference interest rate, term and currency). The borrower may repay the loan by delivering the underlying bonds to Realkredit Danmark.

The loans are held in a business model being similar to other loans in the Group's banking units, i.e. the business model under IFRS 9 is 'held to collect'. The customers' right to prepay a loan by delivering the underlying bonds represents an option to prepay at fair value. Under this prepayment option, the prepayment amount can be both above and below the principal amount plus accrued interest. Changes in the fair value of the underlying bonds include other elements than the effect of changes in the relevant benchmark interest rate and the prepayment option is therefore not consistent with the SPPI test in IFRS 9 and are mandatorily measured at FVPL.

To eliminate the accounting mismatch that would exist if the loans are measured at fair value through profit or loss and the issued bonds at amortised cost, the issued bonds are designated at fair value through profit or loss using the fair value option for financial liabilities in IFRS 9. As the fair value of the loans is based on the fair value of the issued bonds, fair value changes of the issued bonds are offset by fair value changes of the loans, including the changes related to the fair value of the own credit risk of the issued bonds. For example, if the credit quality of the bonds worsens the fair value of the liability decreases and the fair value of the loans also decreases. Therefore, fair value changes of own credit risk on the issued bonds are recognised in the income statement, as an accounting mismatch would otherwise be created if changes in own credit risk were recognised in other comprehensive income.

The value of the loans is affected by changes in the credit risk on the loans. In 2023, the Group recognised DKK -109 million regarding changes in the credit risk on loans at fair value (2022: DKK 15 million) see note G11. At the end of 2023, the accumulated changes in the credit risk amounted to DKK 3,006 million (2022: DKK 3,250 million). The amounts are determined as the amount of the change in fair value that is not attributable to changes in market conditions that give rise to market risk, with the latter being represented by the fair value of the funding issued bonds. The Group does not use credit derivatives or similar instruments to mitigate the exposure to credit risk.

The holding of own mortgage bonds includes pre-issued bonds of DKK 31 billion (2022: DKK 29 billion) used for FlexLån® refinancing in January 2024.

The nominal value of bonds issued by Realkredit Danmark equals the amount to be redeemed on maturity.

Notes – Danske Bank Group

G16. Loans and issued bonds at fair value continued

Fair value adjustment for the credit risk on issued mortgage bonds is calculated on the basis of the option-adjusted spread (OAS). The calculation incorporates maturity, nominal holdings and OAS sensitivity. As a number of estimates are made, the calculation is subject to uncertainty.

In 2023, the Danish mortgage bond yield spread increased and the fair value of issued mortgage bonds thus decreased by approximately DKK 6.6 billion. In 2022, the Danish mortgage bond yield spread narrowed, causing an increase in the fair value of issued mortgage bonds. Based on the outstanding portfolio at the end of 2023, Realkredit Danmark estimates that there has been a net narrowing of the spread since the issuance of the bonds, which produces a negative fair value of approximately DKK 0.05 billion (2022: positive fair value of approximately DKK 0.3 billion). Net profit and shareholders' equity remain unaffected by the change in fair value because the spread narrowing increased the value of mortgage loans correspondingly.

Fair value adjustment for the credit risk on issued mortgage bonds may also be calculated on the basis of changes in similar AAA rated mortgage bonds offered by other Danish issuers. The market for such bonds is characterised by an absence of measurable price differences between bonds with similar features from different issuers. Using this method, no fair value adjustment for credit risk in 2023 or the period since the issue has been required.

(d) Further explanation on loans, deposits and issued bonds by the Group's trading units

The loans in the Group's trading units (Markets and Investment Banking & Securities in LC&I) are managed and their performance reported on a fair value basis. The loans are mandatorily recognised at fair value through profit or loss as the business model is neither 'held to collect' nor 'held to collect and sell'. The loans consist primarily of reverse transactions and short-term loans. In order not to introduce an accounting mismatch, the financial liabilities in the trading units are designated at fair value through profit or loss, using the fair value option in IFRS 9.

The financial liabilities consist of issued bonds (certificates of deposits and commercial papers) and deposits (including repo transactions) with a maturity no longer than six months in general. Fair value changes attributable to the Group's own credit risk are presented in other comprehensive income. During 2023, changes in fair value attributable to the Group's own credit risk recognised in Other Comprehensive Income amounted to DKK 0 million (2022: DKK 0 million). In the balance sheet, deposits in the trading units are presented together with other deposits. The amount that the Group would be contractually required to pay at maturity amounts to DKK 8,066 million (2022: DKK 12,636 million) for bonds issued by the Group's trading units.

Notes – Danske Bank Group

G17. Assets and deposits under pooled schemes and unit-linked investment contracts

Assets and deposits under pooled schemes and unit-linked investment contracts comprises contributions to pooled schemes and unit-linked contracts defined as investment contracts. Assets include intra-group balances, which are eliminated. Consequently, the value of the line item Deposits under pooled schemes and unit-linked investment contracts exceeds that of Assets under pooled schemes and unit-linked investment contracts.

Accounting policy

Assets earmarked for customer savings are measured at fair value and recognised under Assets under pooled schemes and unit-linked investment contracts. Deposits made by customers are recognised under Deposits under pooled schemes and unit-linked investment contracts. These deposits are measured at the value of savings, corresponding to the fair value of the assets.

The Group has elected not to deduct own shares from equity that are held on behalf of customers. Therefore total assets under pooled schemes and unit-linked contracts includes these own shares that meet this criterion.

	Pooled schemes		Unit-linked contracts		Total	
(DKK millions)	2023	2022*	2023	2022*	2023	2022*
(a) Assets						
Bonds	16,992	18,493	6,024	4,891	23,016	23,384
Shares	14,676	13,421	11,146	7,579	25,822	21,000
Unit trust certificates	16,434	14,228	2,564	7,124	18,998	21,352
Other	38	115	3,379	875	3,417	990
Total	48,140	46,256	23,113	20,469	71,253	66,725
including other intra-group balances	263	-104	90	91	353	-13
Total assets recognised in balance sheet	**47,877**	**46,360**	**23,023**	**20,378**	**70,900**	**66,739**
(b) Deposits	**48,140**	**46,256**	**23,113**	**20,469**	**71,253**	**66,725**

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

Assets under pooled schemes include DKK 198 million of own shares that are not eliminated (2022: DKK 207 million). Assets under unit-linked contracts include DKK 60 million of own shares that are not eliminated (2022: DKK 33 million).

Notes – Danske Bank Group

G18. Assets and liabilities under insurance contracts

Insurance contracts are contracts under which the Group accepts significant insurance risk from a policyholder, by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder. The Group issues contracts for life insurance and health and accident insurance.

Assets under insurance contracts comprise assets earmarked for policyholders because most of the return accrues to policyholders. As the assets can be used only for payment of insurance liabilities, they are presented as a single line in the balance sheet.

Liabilities under insurance contracts comprise liabilities as defined by IFRS 17 and other other liabilities in the insurance business.

Accounting policy

Assets under insurance contracts

Assets under insurance contracts are managed on a fair value basis with no short-term profit taking. The business model for managing the assets is therefore neither 'held to collect' nor 'held to collect and sell' and the financial assets are therefore mandatorily recognised at fair value through profit or loss. The valuation technique used matches the Group's accounting policy for similar assets.

The Group has elected to not deduct own shares and own bonds from equity and liabilities respectively that are underlying items of insurance contracts with direct participation features. Therefore total Assets under insurance contracts includes these own shares and own bonds.

Liabilities under insurance contracts

The Group has divided all insurance contracts into portfolios and groups and determined measurement methods for the individual groups of contracts. The classification of insurance contracts in the four portfolios is based on an assessment of similar risks and on an overall management approach:

- An average-rate portfolio
- A unit-linked portfolio
- A portfolio of legacy life insurance products in run-off
- A portfolio containing health and accident insurance contracts.

The Group applies the annual cohort exemption from the EU to the average-rate portfolio.

The Group measures liabilities under insurance contracts using the General Measurement Model (GMM), Variable Fee Approach (VFA) or Premium Allocation Approach (PAA). The majority of the Group's life insurance contracts are measured using VFA because they meet the definition of insurance contracts with direct participation features. GMM is used for legacy life insurance products in run-off.

Insurance contracts measured using GMM or VFA are initially measured as the total of fulfilment cash flows (which comprise estimated future cash flows, an adjustment for time value of money and effect of financial risks, and a risk adjustment for non-financial risk) and contractual service margin (CSM; unearned profit that will be recognised as the Group provides insurance contract services). At each reporting date, the group of insurance contracts is subsequently measured as the sum of the liability for remaining coverage (comprising fulfilment cash flows relating to future service and CSM) and liability for incurred claims (comprising fulfilment cash flows relating to past service).

PAA is applied to the Health and accident insurance portfolio, which comprises only one-year insurance contracts.

Notes – Danske Bank Group

G18. Assets and liabilities under insurance contracts continued

(a) Assets under insurance contracts (DKK millions)	2023	2022*
Due from credit institutions	6,922	2,094
Investment securities	468,312	472,975
Holdings in associates	11,612	11,162
Investment property	21,716	27,373
Tangible assets	-	45
Reinsurance contract assets	213	23
Other assets	9,780	16,200
Total	**518,555**	**529,872**
including		
own bonds	5,984	7,302
other intra-group balances	16,540	19,575
Total assets under insurance contracts	**496,031**	**502,995**

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

Assets under insurance contracts include DKK 27,794 million of own bonds that are not eliminated (2022: DKK 26,535 million) and DKK 1,040 million of own shares that are not eliminated (2022: DKK 782 million).

Investment properties held on behalf of insurance customers amount to DKK 21,716 million (2022: DKK 27,373 million). Changes in the fair value of these investment properties will only to a limited extent affect the Group's net profit. The valuation is based on the same principles as investments made for own investment purposes. The required rate of return ranged between 2.5-7.0% (2022: 2.5-7.0%) and averaged 4.8% (2022: 4.6%). An increase in the required rate of return of 1.0 percentage point would reduce fair value at the end of 2023 by DKK 3,937 million (2022: DKK 4,112 million).

Investment securities under insurance contracts (DKK millions)	2023	2022*
Listed bonds	191,938	196,557
Unlisted bonds	2,458	3,608
Listed shares	146,591	112,276
Unlisted shares	34,755	36,376
Unit trust certificates	27,742	30,490
Other securities	64,828	93,668
Total	**468,312**	**472,975**

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

(b) Liabilities under insurance contracts (DKK millions)	2023	2022
Life insurance	399,330	379,358
Health and accident	16,084	15,424
Total liabilities under insurance contracts	415,414	394,782
Other insurance-related liabilities	78,130	112,344
Total	**493,544**	**507,126**
including		
Intra-group balances	10,914	18,235
Total liabilities under insurance contracts	**482,630**	**488,891**

The Group implemented IFRS 17 on 1 January 2023. Refer to note G2 for details on the implementation.

Other insurance-related liabilities are those held within the insurance business. They comprise mostly derivatives and liabilities due to credit institutions, and are measured in accordance with the Group's accounting policies for such liability types.

Notes – Danske Bank Group

G18. Assets and liabilities under insurance contracts continued

(c) Liabilities under insurance contracts – Life insurance

Analysis by remaining coverage and incurred claims	2023			2022		
(DKK millions)	Liabilities for remaining coverage	Liabilities for incurred claims	Total	Liabilities for remaining coverage	Liabilities for incurred claims	Total
Balance as at 1 January	**379,358**	**-**	**379,358**	**433,571**	**-**	**433,571**
Insurance revenue	-3,826	-	-3,826	-3,349	-	-3,349
Insurance service expenses						
Incurred claims and other insurance service expenses	-	2,096	2,096	-	1,620	1,620
Total insurance service expenses	**-**	**2,096**	**2,096**	**-**	**1,620**	**1,620**
Investment component	-25,545	25,545	-	-27,950	27,950	-
Net finance income or expense from insurance contracts issued	31,859	-	31,859	-54,325	-	-54,325
Cash flows						
Premiums received	33,547	-	33,547	31,192	-	31,192
Incurred claims and other insurance service expenses paid	-	-27,641	-27,641	-	-29,570	-29,570
Changes in amounts due from policyholders	221	-	221	-	-	-
Total cash flows	**33,768**	**-27,641**	**6,127**	**31,192**	**-29,570**	**1,622**
Other	-16,284	-	-16,284	219	-	219
Total as at 31 December	**399,330**	**-**	**399,330**	**379,358**	**-**	**379,358**

The Group implemented IFRS 17 on 1 January 2023. Refer to note G2 for details on the implementation.

Danica Pension has changed an accounting policy in 2023 in relation to the recognition of deferred pension returns tax, which has resulted in an adjustment of DKK 11.4 billion to Liabilities under insurance contracts in 2022. In the Group, this has been presented as an in-year adjustment to "Other" in 2023. See Annual Report 2023 for Danica Pension for more detail.

The fair value approach was applied to insurance contracts on transition to IFRS 17, since the full retrospective approach was impracticable. DKK 3.6 billion of insurance revenue in 2023 relates to contracts that existed at the transition date (2022: DKK 2.7 billion).

Notes – Danske Bank Group

G18. Assets and liabilities under insurance contracts continued

Analysis by measurement components (DKK millions)	Estimated present value of future cash flows	Risk adjustment for non-financial risk	CSM for contracts existing at transition date	CSM for other contracts	Total
Balance as at 1 January 2023	**364,881**	**1,007**	**13,194**	**276**	**379,358**
Changes that relate to current service					
CSM recognised for services provided	-	-	-1,506	-85	-1,591
Change in risk adjustment for non-financial risk for risk expired	-	-28	-	-	-28
Experience adjustments	-41	-	-	-	-41
Total changes that relate to current service	-41	-28	-1,506	-85	-1,660
Changes that relate to future service					
Contracts initally recognised during the year	-883	-	-	883	-
Changes in estimates that adjust the CSM	-3,864	-77	3,060	881	-
Total changes that relate to future service	-4,747	-77	3,060	1,764	-
Insurance service result	-4,788	-105	1,554	1,679	-1,660
Net finance income or expense from insurance contracts issued	31,851	8	-	-	31,859
Cash flows					
Premiums received	33,547	-	-	-	33,547
Incurred claims and other insurance service expenses paid	-27,641	-	-	-	-27,641
Changes in amounts due from policyholders	221	-	-	-	221
Total cash flows	6,127	-	-	-	6,127
Other	-16,354				-16,354
Balance as at 31 December 2023	**381,717**	**910**	**14,748**	**1,955**	**399,330**

The Group implemented IFRS 17 on 1 January 2023. Refer to note G2 for details on the implementation.

Danica Pension has changed an accounting policy in 2023 in relation to the recognition of deferred pension returns tax, which has resulted in an adjustment of DKK 11.4 billion to Liabilities under insurance contracts in 2022. In the Group, this has been presented as an in-year adjustment to "Other" in 2023. See Annual Report 2023 for Danica Pension for more detail.

Notes – Danske Bank Group

G18. Assets and liabilities under insurance contracts continued

Analysis by measurement components (DKK millions)	Estimated present value of future cash flows	Risk adjustment for non-financial risk	CSM for contracts existing at transition date	CSM for other contracts	Total
Balance as at 1 January 2022	**415,827**	**1,426**	**16,318**	**-**	**433,571**
Changes that relate to current service					
CSM recognised for services provided	-	-	-1,670	-16	-1,686
Change in risk adjustment for non- financial risk for risk expired	-	1	-	-	1
Experience adjustments	-44	-	-	-	-44
Total changes that relate to current service	-44	1	-1,670	-16	-1,729
Changes that relate to future service					
Contracts initally recognised during the year	-292	-	-	292	-
Changes in estimates that adjust the CSM	1,848	-394	-1,454	-	-
Total changes that relate to future service	1,556	-394	-1,454	292	-
Insurance service result	1,512	-393	-3,124	276	-1,729
Net finance income or expense from insurance contracts issued	-54,299	-26	-	-	-54,325
Cash flows					
Premiums received	31,192	-	-	-	31,192
Incurred claims and other insurance service expenses paid	-29,570	-	-	-	-29,570
Changes in amounts due from policyholders	-	-	-	-	-
Total cash flows	1,622	-	-	-	1,622
Other	219	-	-	-	219
Balance as at 31 December 2022	**364,881**	**1,007**	**13,194**	**276**	**379,358**

The Group implemented IFRS 17 on 1 January 2023. Refer to note G2 for details on the implementation.

The fair value approach was applied to insurance contracts on transition to IFRS 17, since the full retrospective approach wa s impracticable. As at 31 December 2023, DKK 14.8 billion of total CSM relates to contracts that existed at the transition date (31 December 2022: 13.2 billion).

Life insurance contracts issued during the year (DKK millions)	2023	2022
Estimate of the present value of future cash outflows	24,365	26,014
Estimate of the present value of future cash inflows	-25,249	-26,306
Risk adjustment for non-financial risk	-	-
Contractual service margin	884	292
Increase in insurance contract liabilities recognised during the year	**-**	**-**

The Group implemented IFRS 17 on 1 January 2023. Refer to note G2 for details on the implementation.

Expected timing of Contractual service margin recognition (DKK millions)	2023	2022
Less than 1 year	1,513	1,196
1 - 5 years	6,061	4,796
5 - 10 years	3,948	3,175
More than 10 years	5,181	4,302
Total Contractual service margin	**16,703**	**13,469**

The Group implemented IFRS 17 on 1 January 2023. Refer to note G2 for details on the implementation.

Notes – Danske Bank Group

G18. Assets and liabilities under insurance contracts continued

(d) Liabilities under insurance contracts – Health and accident

Analysis by remaining coverage and incurred claims (DKK millions)

	2023					2022				
	Liabilities for remaining coverage		Liabilities for incurred claims			Liabilities for remaining coverage		Liabilities for incurred claims		
(DKK millions)	Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment for non-financial risk	Total	Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment for non-financial risk	Total
Balance as at 1 January	**62**	**1,196**	**13,094**	**1,072**	**15,424**	**81**	**1,825**	**14,583**	**1,109**	**17,598**
Insurance revenue	-1,750	-	-	-	-1,750	-1,579	-	-	-	-1,579
Insurance service expenses										
Incurred claims and other insurance service expenses	-	-887	2,979	436	2,528		-1,402	2,214	554	1,366
Adjustments to liabilities for incurred claims (past service)	-	-	-375	-682	-1,057	-	-	-229	-493	-722
Losses and reversals of losses on onerous contracts (future service)	-	1,303	-	-	1,303	-	986	-	-	986
Total insurance service expenses	**-**	**416**	**2,604**	**-246**	**2,774**	**-**	**-416**	**1,985**	**61**	**1,630**
Investment component	-	-57	553	-15	481		-213	-1,135	-98	-1,446
Net finance income or expense from insurance conracts issued	-	-	-	-	-	-	-	-	-	-
Cash flows										
Premiums received	1,752	-	-	-	1,752	1,560	-	-	-	1,560
Insurance acquisition cash flows					-					-
Incurred claims and other insurance service expenses paid	-	-	-2,710	-	-2,710	-	-	-2,339	-	-2,339
Changes in amounts due from policyholders	-	-	-3	-	-3	-	-	-	-	-
Total cash flows	**1,752**	**-**	**-2,713**	**-**	**-961**	**1,560**	**-**	**-2,339**	**-**	**-779**
Other	-	-5	121	-	116	-	-	-	-	-
Total as at 31 December	**64**	**1,550**	**13,659**	**811**	**16,084**	**62**	**1,196**	**13,094**	**1,072**	**15,424**

The Group implemented IFRS 17 on 1 January 2023. Refer to note G2 for details on the implementation.

Danica Pension has changed an accounting policy in 2023 in relation to the recognition of deferred pension returns tax, which has resulted in an adjustment of DKK 11.4 billion to Liabilities under insurance contracts in 2022. In the Group, this has been presented as an in-year adjustment to "Other" in 2023. See Annual Report 2023 for Danica Pension for more detail.

The table below shows a maturity analysis of the Group's insurance contracts, reflecting the timing of estimated present value of futur e cash flows.

(e) Maturity analysis of insurance contracts

(DKK millions)	2023	2022
1 year	40,866	37,628
1-2 years	35,284	32,124
2-3 years	32,920	29,938
3-4 years	30,546	27,796
4-5 years	28,125	25,621
More than 5 years	247,673	241,675
Total	**415,414**	**394,782**

The Group implemented IFRS 17 on 1 January 2023. Refer to note G2 for details on the implementation.

Danica Pension has changed an accounting policy in 2023 in relation to the recognition of deferred pension returns tax, which has resulted in an adjustment of DKK 11.4 billion to Liabilities under insurance contracts in 2022. In the Group, this has been presented as an in-year adjustment to "Other" in 2023. See Annual Report 2023 for Danica Pension for more detail.

Notes – Danske Bank Group

G19. Intangible assets

Intangible assets consist of goodwill and customer relations taken over on the acquisition of undertakings. Further, acquired and internally developed software is recognised as an asset if certain criteria are fulfilled.

The Group did not make any acquisitions of undertakings in 2023 and in 2022. No impairment charge was recognised in 2023 (2022: DKK 1.6 billion); see further below.

Accounting policy

Goodwill

Goodwill arises on the acquisition of an undertaking and is calculated as the difference between the cost (until 1 January 2010 including direct transaction costs) of the undertaking and the fair value of its net assets, including contingent liabilities, at the time of acquisition. Goodwill is allocated to cash-generating units at the level at which management monitors the investment.

Goodwill is not amortised; instead, each cash-generating unit is tested for impairment once a year, or more frequently if indications of impairment exist. Goodwill is written down to its recoverable amount through profit and loss if the carrying amount of the net assets of the cash-generating unit exceeds the higher of the assets' fair value less costs to sell and their value in use, which equals the present value of the future cash flows expected from the unit.

Goodwill on associates is recognised under Holdings in associates.

Other intangible assets

Software acquired is measured at cost, including expenses incurred to make a software application ready for use. Software acquired is amortised over its expected useful life, usually three years, according to the straight-line method.

Software developed by the Group is recognised as an asset if the cost of development is reliably measurable and analyses show that future earnings from using the individual software applications exceed the cost. Cost includes expenses incurred to make a software application ready for use. Once a software application has been developed, the cost is amortised over its expected useful life, usually three years, according to the straight-line method. The cost of development consists primarily of direct remuneration and other directly attributable development costs. Costs incurred in the planning phase are not included but are expensed when incurred.

Software is tested for impairment if indications of impairment exist and is written down to its value in use.

(a) Intangible assets

(DKK millions)	2023	2022*
Goodwill	4,437	4,427
Software, acquired or internally developed	1,627	1,618
Total	6,064	6,045

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

In 2023, the Group recognised software development costs of DKK 1,546 million as an asset (2022: DKK 1,529 million) and expensed DKK 2,531 million (2022: DKK 2,563 million). An impairment loss of DKK 26 million was recognised in 2023 on software development costs (2022: DKK 41 million).

(b) Further explanation of impairment testing of goodwill

The Group's goodwill is tested for impairment at least once a year by testing at the level of identifiable cash-generating units to which goodwill has been allocated. Further, if goodwill in a cash-generating unit is fully impaired, a further impairment loss is recognised as an impairment loss on intangible or tangible assets, if any.

The impairment tests conducted in 2023 resulted in no impairment charges on goodwill. In 2022, impairment charges of DKK 1.6 billion was, due to increasing discount rates and lower financial outlook, recognised to the goodwill in Danica Pension amounting to DKK 1.6 billion.

Notes – Danske Bank Group

G19. Intangible assets continued

(DKK millions)	1 January 2022 Goodwill	Sale	Impairment charges	Foreign currency translation	31 December 2022 Goodwill	Foreign currency translation	31 December 2023 Goodwill
LC&I, General Banking	507	-	-	-	507	1	508
LC&I, Markets and Investment Banking & Securities	2,094	-	-	-	2,094	5	2,099
LC&I, Asset Management	1,807	-	-	-	1,807	4	1,811
Danica Pension	1,627	-	1,627	-	-	-	-
Others	96	-73	-	-4	19	-	19
Total	**6,131**	**-73**	**1,627**	**-4**	**4,427**	**10**	**4,437**

Model applied in the goodwill impairment tests for 2023 and 2022

The impairment test compares the recoverable amount and the carrying amount for each cash-generating unit. The recoverable amount is represented by the present value of expected future cash flows (value in use). The special debt structure of financial institutions requires the use of a discounted dividend (equity) model to calculate the present value of expected future cash flows, as the interest on lending and borrowings is included as part of the cash flows.

The carrying amount for each cash-generating unit is the aggregate of the cash-generating unit's goodwill and allocated capital. The cash-generating unit's allocated capital is derived using the Group's capital allocation framework. The capital framework is based on a regulatory approach to identify the individual business unit's capital consumption and is in accordance with the Group's capital targets. In the 2023 test, allocated capital is allocated as 14.0% of the cash-generating unit`s risk exposure amount (2022: 14.0%).

For each cash generating unit, the expected future cash flow is based on approved strategies and earnings estimates for the budget period representing the first five years. For the terminal period, the steady state normalised level of earnings (expected dividend) is expected to grow at a constant growth rate equal to expected real GDP growth. Cash flow estimates are post-tax, and the risks of the individual cash-generating units are reflected in the estimated earnings. Accordingly, the risk-adjusted cash flows carry a similar risk profile. The estimated cash flows are discounted at the Group's risk-adjusted required rates of return post-tax.

Cash generating units with goodwill

Large Corporates & Institutions, General Banking

In 2007, Danske Bank acquired the shares of the Sampo Bank group and incorporated its banking activities into the business structure of Danske Bank's banking activities. In the beginning of 2011, General Banking was separated from banking activities into an independent unit, resulting in reallocation of goodwill to the unit. As a result of organisational changes in 2012, General Banking became part of Corporates & Institutions as a separate cash generating unit. At the organisational changes in 2021, Corporates & Institutions was renamed to Large Corporates & Institutions.

Large Corporates & Institutions, Markets and Investment Banking & Securities

The trading activities of Sampo Bank were incorporated into the business structure of Danske Markets in 2007. As a result of organisational changes in 2012, Danske Markets became part of Corporates & Institutions as a separate cash generating unit. In 2015, the unit was renamed to FI&C and Capital Markets. At the organisation changes in 2021, Corporates & Institutions was renamed to Large Corporates & Institutions and FI&C and Capital Markets to Markets and Investment Banking & Securities.

Large Corporates & Institutions, Asset Management

The asset management activities of Sampo Bank were incorporated into the business structure of Danske Capital in 2007. In addition to the acquisition of Sampo Bank, goodwill recognised by Danske Capital is attributable to a number of smaller acquisitions. As a result of organisational changes in 2016, Danske Capital became part of Wealth Management as a separate cash generating unit. At the organisational changes in 2021, the Wealth Management segment was dissolved and the asset management activities were transferred to Large Corporates & Institutions as a separate subsegment.

Danica Pension

This includes the acquisition of Danica Pensionsforsikring (formerly SEB Pension Danmark) in 2018 by the subsidiary Danica Pension. In 2019, Danica Pensionsforsikring was merged with Danica Pension. After the merger and integration of Danica Pensionsforsikring into Danica Pension, this goodwill is tested on the cash generating unit consisting of Danica Pension's Danish activities. Danica Pension used to be part of the Wealth Management segment. At the organisational changes in 2021, the Wealth Management segment was dissolved and Danica Pension became a separate segment.

Key assumptions for goodwill impairment tests

Discount rate

The discount rate used to calculate the present value of expected future cash flows was changed from 8% after tax in the 2022 test to 9% after tax in the 2023 test due to an increase in the risk-free rate and market risk premium compared to the test in year 2022. The discount rate has been determined on the basis of the Capital Asset Pricing Model and comprises a risk-free interest rate, the market risk premium and a factor covering the systematic market risk (beta factor). The values for the risk-free interest rate, the market risk premium and the beta factor are determined and updated yearly using external sources of information. The Group applies the same discount rate to all cash-generating units, as the risks of the individual cash-generating units are reflected in their estimated cash flows.

Notes – Danske Bank Group

G19. Intangible assets continued

Cash flows in the terminal period

Cash flows in the terminal period reflect net earnings (dividend) in the preceding year growing at a constant rate. The growth estimates are determined on the basis of Danske Research's forecasts of real GDP growth for the relevant markets For Asset Management, (2022: 1.3%), General Banking (2022:1.5%) as well as for Markets and Investment Banking & Securities (2022: 1.5%), the assumed growth rate in the terminal period is 1.3%. Around 77% of the net present value of future cash flows is expected to be generated in the terminal period (2022: 74%).

Large Corporates & Institutions, General Banking

Earnings are primarily affected by expectations for the interest level and its resulting effect on net interest income, as well as expectations for net fee income, on operating expenses and on credit losses.

The *interest rate levels* used in the impairment test are based on Danske Research's expectations for developments in overnight money market interest rates. When interest rate levels increase, the return on allocated capital will increase. Earnings on lending and deposits depend on the growth in lending and deposits volumes and on changes in lending and deposit margins. Expectations for growth in lending is due to the Forward '28 Strategy above Danske Research's forecasts for real GDP growth. The growth in lending is 6% in 2024 and from 2025 to 2028 between 5% and 6%. Deposits are expected to decline from the high level during Covid-19 towards end 2024 and from 2025 to 2028 to reflect Danske Research's forecasts for real GDP growth. As lending and deposit margins are assumed to be constant regardless of the interest rate level, earnings from lending and deposits are not particularly sensitive to changes in the interest rate level.

Fee income is in especially 2024 to 2026 expected to increase driven by growth in corporate daily banking above GDP due to the Forward '28 strategy. Increase in fee income is also expected, but at a lower level, in the years 2027 and 2028.

For 2024-2028 operating expenses is due to Forward '28 strategy, higher level for wages and general inflation compared to last year, expected to increase.

The expectations for *credit losses* are for the budget period based on Danske Bank's estimates for the through-the-cycle level throughout the budget period, reflecting historical data adjusted to reflect the current situation, including the increasing macroeconomic risk due to the uncertainty related to the elevated inflation and severity of the economic downturn as well as the global tension uncertainty. Level for credit losses is expected to increase and stabilise at a higher level compared to the test in 2022.

Large Corporates & Institutions, Markets and Investment Banking & Securities

Earnings are primarily affected by expectations for net fee income, net trading income and costs.

Fee and trading income have been forecasted initially with the growth in GDP and reduced due to uncertainty in the financial markets. Projections are based on expected fee and trading income for 2024. Income is impacted by interest on calculated equity and Capital cost. Interest on calculated equity is calculated based on the overnight money market interest rate and the allocated capital.

For 2024 *operating expenses* is expected to increase based on the investment in the Forward '28 strategy together with general assumptions for expected wage inflation and other costs with general inflation. 2025 to 2028 is based on expected wage inflation and other costs with general inflation.

Large Corporates & Institutions, Asset Management

Earnings at Asset Management depend primarily on the management fee on assets under management. Expected cash flows therefore depend on expectations for changes in assets under management and the average margin on those assets. For the period until the terminal period, changes in assets under management depend on net sales and on the accumulation of market returns on the assets. Assets under management decreased in 2023 compared to 2022. Asset under management is expected to grow using Rådet for Afkastforventningers' assumptions. The average margin on assets under management is expected to be 0.37% (2022: 0.36%). The budgeted average margin on assets under management is in line with the realised margin for 2023. Staff related costs are forecasted based on expectations about inflation for wages and other costs based on general inflation. All assumptions reflect management's expectations.

Sensitivity analysis

For *General Banking*, the excess value (the amount by which the recoverable amount exceeds the carrying amount of goodwill) amounts to DKK 9,683 million (2022: DKK 26,471 million). The decrease in excess value is, despite a higher level of profit after tax, mainly driven by an increase in allocated capital caused by increased regulatory requirements together with the increase in the discount rate. If the growth in the terminal period is reduced from 1.3% to -2.7% (2022: from 1.5% to -12.6%) or the discount rate is increased from 9.0% to 11.7% (2022: increased from 8.0% to 15.5%) the excess value would be zero.

For *Markets and Investment Banking & Securities*, the excess value amounts to DKK 6,055 million (2022: DKK 10,540 million). The decrease in the excess value is mainly due to the increase in the discount rate from 8.0% in the 2022 test to 9.0% in the 2023 test but also affected by slightly lower earnings. If the growth in the terminal period is reduced from 1.3% to -3.2% (2022: from 1.5% to -5.1%) or the discount rate is increased from 9.0% to 12.0% (2022: increase from 8.0% to 12.2%), the excess value would be zero.

Notes – Danske Bank Group

G19. Intangible assets continued

For *Asset Management*, the excess value amounts to DKK 1,160 million (2022: DKK 913 million). The increase in excess value is mainly driven by increase in income due to growth in asset under management, and a higher average margin. If the growth in the terminal period is reduced from 1.3% to -6.2% (2022: from 1.3% to -6.5%) or the discount rate is increased from 9.0% to 13.5% (2022: from 8.0% to 11.2%), the excess value would be zero.

Notes – Danske Bank Group

G20. Due to credit institutions and central banks and Deposits

Amounts due to credit institutions and central banks and Deposits also include amounts received under repo transactions (sales of securities which the Group agrees to repurchase at a later date). Such transactions are presented as collateralised borrowings.

Accounting policy

Amounts due to credit institutions and central banks and Deposits in the Group's trading units (Markets and Investment Banking & Securities in LC&I) are designated at fair value through profit or loss. However, the amount of the change in fair value attributable to the Group's own credit risk is recognised in other comprehensive income.

All other balances are measured at amortised cost. If fixed-rate deposits are hedged effectively by derivatives, the fair value of the hedged interest rate risk is added to the amortised cost of the liabilities.

(a) Due to credit institutions and central banks (DKK millions)	2023	2022
Designated at fair value:		
Repo transactions	80,108	47,618
Other amounts due	5,440	4,634
Total designated at fair value	**85,548**	**52,252**
Amortised cost:		
Repo transactions	3,727	-
Other amounts due	65,333	86,525
Total amortised cost	**69,060**	**86,525**
Total	**154,608**	**138,777**

(b) Deposits (DKK millions)	2023	2022
Designated at fair value:		
Repo transactions	113,306	90,168
Time deposits	6,907	7,749
Total designated at fair value	**120,213**	**97,917**
Amortised cost:		
Repo transactions	-	134
Transaction accounts	930,083	1,023,795
Time deposits	158,222	124,872
Pension savings etc.	13,685	15,574
Total amortised cost	**1,101,990**	**1,164,375**
Total	**1,222,203**	**1,262,293**

(c) Further explanation on balances designated at fair value through profit or loss

Any changes in the fair value that is attributable to changes in the Group's own credit risk of the liabilities are recognised in other comprehensive income. As the deposits are collateralised and/or with a short maturity, no change in the fair value is attributable to changes in the Group's own credit risk. The amount that the Group would be contractually required to pay at maturity amounts to DKK 85.5 billion (2022: DKK 52.3 billion) for Due to credit institutions and central banks and DKK 120.2 billion (2022: DKK 97.9 billion) for Deposits.

Notes – Danske Bank Group

G21. Tax

Tax assets and liabilities are divided into current and deferred tax in this note. Current tax relates to expected tax to be paid on the profit for the year, whereas deferred tax relates to temporary differences between the tax base of assets and liabilities and their carrying amount in the balance sheet. Further, this note gives an overview of the Group's tax expense for the year and the effective tax rate broken down by country.

Accounting policy

Current tax

Current tax assets and liabilities are recognised in the balance sheet as the estimated tax payable on the profit for the year adjusted for prepaid tax and prior-year tax payables and receivables. Tax assets and liabilities are offset if the Group has a legally enforceable right to set off such assets and liabilities and intends either to settle the assets and liabilities on a net basis or to realise the assets and settle the liabilities simultaneously.

Deferred tax

Deferred tax on all temporary differences between the tax base of assets and liabilities and their carrying amounts is accounted for in accordance with the balance sheet liability method. Deferred tax is measured on the basis of enacted or substantially enacted tax regulations and rates that are applicable in the relevant countries at the time the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement on the basis of expected cash flows. The Group does not recognise deferred tax on temporary differences between the tax base and the carrying amounts of goodwill not subject to amortisation for tax purposes and other items if the temporary differences arose at the time of acquisition without effect on net profit or taxable income. If the tax base may be calculated according to several sets of tax regulations, deferred tax is measured in accordance with the regulations that apply to the use of the asset or settlement of the liability as planned by management. Tax assets arising from unused tax losses are only recognised if it is expected that such tax losses can be offset against tax on future profit in the next five years. Deferred tax assets and liabilities are offset when they relate to the same tax jurisdiction, a legally enforceable right to offset exists and the Group intends to settle on a net basis.

Current and deferred tax is calculated on the profit for the year, and adjustments of prior-year tax charges are recognised in the income statement. Tax on items recognised under Other comprehensive income is recognised under Other comprehensive income. Similarly, tax on items recognised in equity is recognised in equity. When uncertainty over tax treatment exists, the uncertainty is reflected by using either the most likely outcome (if the possible outcomes are binary or are concentrated on one value) or the expected value, probability weighted amounts in a range of possible outcomes (if there is a range of possible outcomes that are neither binary nor concentrated on one value).

Notes – Danske Bank Group

G21. Tax continued

(a) Tax assets and liabilities

(DKK millions)	Tax assets 2023	Tax assets 2022*	Tax liabilities 2023	Tax liabilities 2022*
Current tax charge	2,018	4,230	450	712
Deferred tax	1,246	969	1,107	1,391
Total	**3,264**	**5,199**	**1,557**	**2,103**

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

(b) Change in deferred tax

(DKK millions)

2023	1 January	Foreign currency translation	Recognised in profit for the year	Recognised in shareholders' equity	Deduction due to sale	31 December
Intangible assets	217	-2	310		-	525
Tangible assets	-179	-16	-794	-4	-	-993
Securities	94	-6	447		-	535
Provisions for obligations	391	7	1,166	-359	-	1,205
Tax loss carry forwards	-504	-8	-111		-	-623
Other	404	-6	-1,273	88	-	-787
Total	**422**	**-31**	**-255**	**-275**	**-**	**-139**
2022*						
Intangible assets	145	2	120	-	-50	217
Tangible assets	1,446	-13	-1,606	-6	-	-179
Securities	10	-	90	-6	-	94
Provisions for obligations	116	-21	474	-178	-	391
Tax loss carry forwards	-251	12	-265	-	-	-504
Other	-643	13	1,119	-85	-	404
Total	**822**	**-7**	**-68**	**-275**	**-50**	**422**

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

Recognition of deferred tax requires management to assess the probability and amount of future profit. Deferred tax assets arising from unused tax losses are recognised to the extent that such losses can be offset against tax on future profit in the next five years. The tax base of unrecognised tax loss carry-forwards, relating primarily to the Group's banking operations in Ireland, amounted to DKK 2.4 billion (2022: DKK 2.6 billion).

Notes – Danske Bank Group

G21. Tax continued

(c) Tax expense

Tax 2023

(DKK millions)	Denmark	Finland	Sweden	Norway	UK	Ireland	Other	Total
Profit before tax	18,444	2,375	552	2,461	2,052	364	434	26,682
Tax on profit for the year	3,686	494	176	596	374	-44	138	5,420
Tax on other comprehensive income	201	-	-26	-	-170	-	-	5
Tax on profit for the year								
Current tax charge	4,847	573	114	333	511	-	80	6,458
Transferred to other comprehensive income	201	-	-26	-	-170	-	-	5
Change in deferred tax	29	-99	36	300	158	44	10	478
Adjustment recognised tax loss	-	-	-	-	-134	-44	-	-178
Adjustment of prior-year tax charges	-1,391	20	52	-37	3	-44	48	-1,349
Change in deferred tax charge as a result of increased tax rate	-	-	-	-	6	-	-	6
Total	**3,686**	**494**	**176**	**596**	**374**	**-44**	**138**	**5,420**
Effective tax rate %								
Tax rate	25.2	20.0	20.6	25.0	26.2	12.5		
Non-recognised tax loss						-12.5		
Non - taxable income	-0.9	-0.1	-0.4	-0.5	-2.2	-		
Non-deductible expenses**	3.2	-	2.2	1.2	0.3	-		
Tax on profit for the year	**27.5**	**19.9**	**22.4**	**25.7**	**24.3**	**-**		
Adjustment of prior-year tax charges	-7.5	0.9	9.4	-1.5	0.1	-12.0		
Adjustment recognised tax loss	-	-	-	-	-6.5	-		
Change in deferred tax charge as a result of increased tax rate*	-	-	-	-	0.3	-		
Effective tax rate	**20.0**	**20.8**	**31.8**	**24.2**	**18.2**	**-12.0**	**-**	**20.3**
Tax on other comprehensive income								
Remeasurement of defined benefit plans	-18	-	-26	-	-257	-	-	-301
Hedging of units outside Denmark	-10	-	-	-	-	-	-	-10
Unrealised value adjustments of bonds	229	-	-	-	87	-	-	316
Total	**201**	**-**	**-26**	**-**	**-170**	**-**	**-**	**5**

Notes – Danske Bank Group

G21. Tax continued

Tax 2022*

(DKK millions)	Denmark	Finland	Sweden	Norway	UK	Ireland	Other	Total
Profit before tax	-9,495	1,706	2,118	2,586	577	113	697	-1,697
Tax on profit for the year	1,555	348	376	690	-89	-130	133	2,883
Tax on other comprehensive income	-594	-	-6	-	-253	-	-	-853
Tax on profit for the year								
Current tax charge	1,197	341	371	615	356	-	194	3,074
Transferred to other comprehensive income	-594	-	-6	-	-253	-	-	-853
Change in deferred tax	944	20	-14	58	17	130	-17	1,138
Adjustment recognised tax loss					-155	-130	-	-285
Adjustment of prior-year tax charges	-139	-13	25	17	-113	-130	-44	-397
Change in deferred tax charge as a result of increased tax rate**	147	-	-	-	59	-	-	206
Total	**1,555**	**348**	**376**	**690**	**-89**	**-130**	**133**	**2,883**
Effective tax rate %								
Tax rate	22.0	20.0	20.6	25.0	23.5	12.5		
Non-recognised tax loss	-	-	-	-	-	-12.5		
Non-taxable income	3.1	-0.1	-4.4	-1.3	-3.3	-		
Non-deductible expenses***	-41,4	1.2	0.4	2.3	0.6	-		
Tax on profit for the year	**-16,3**	**21.1**	**16.6**	**26.0**	**20.8**	**-**		
Adjustment of prior-year tax charges	1.4	-0.7	1.2	0.7	-19.5	-114.9		
Adjustment recognised tax loss	-	-	-	-	-26.9	-		
Change in deferred tax charge as a result of increased tax rate**	-1.5	-	-	-	10.1	-		
Effective tax rate	**-16,4**	**20.4**	**17.8**	**26.7**	**-15.5**	**-114.9**	**-**	**-169,9**
Tax on other comprehensive income								
Remeasurement of defined benefit plans	-5	-	-6	-	-168	-	-	-179
Hedging of units outside Denmark	-311	-	-	-	-	-	-	-311
Bonds at fair value (OCI)	-278	-	-	-	-85	-	-	-363
Total	**-594**	**-**	**-6**	**-**	**-253**	**-**	**-**	**-853**

* Comparative information has been restated, as described in note G2(a).
** The corporate tax rate for credit institutions and insurance companies in Denmark increase from 22% in 2022 to 25,2% in 2023 and 26% for 2024 and onwards. Balances for deferred taxes in Denmark by end of 2022 has been adjusted accordantly.
*** Non-deductible expenses affecting the effective tax rate in Denmark include the additional provision for the Estonia matter DKK 13,800 million and impairment charges on goodwill DKK 1,627 million.

During 2023, a provision to cover an expected tax payment of DKK 576 million was reversed following a final decision from the tax authorities regarding the exit from the international joint taxation scheme in 2019. A further payment of DKK 670 million was received during 2023 due to a correction of tax paid in previous years on certain financial assets and liabilities measured at amortised cost.

(c) Pillar II disclosure

The Global Anti-Base Erosion Model Rules (GLoBE Rules or Pillar Two model rules) apply to multinational enterprises (MNEs) with revenue in excess of EUR 750 million per their consolidated financial statements. The Pillar Two model rules introduce new taxing mechanisms under which MNEs would pay a minimum level of tax (the Minimum Tax). The new taxing mechanisms impose a minimum Tax on the income arising in each jurisdiction in which an MNE operates by imposing a Top-up Tax in a jurisdiction whenever the effective tax rate (ETR), determined on a jurisdictional basis under the GloBE Rules, is below a 15% minimum rate (Minimum Rate).

Pillar Two legislation has been enacted or substantively enacted in most jurisdictions where Danske Bank Group operates. The legislation will be effective for the Group's financial year beginning 1 January 2024. The Danske Bank Group is in scope of the enacted or substantively enacted legislation and has performed an assessment of the potential exposure to Pillar Two income taxes. The assessment of the potential exposure to Pillar Two income taxes is based on the most recent tax filings and country-by-country reporting for the entities in the Group. Based on the assessment, the Pillar Two effective tax rates in almost all the jurisdictions in which the Group operates are above 15%. In one jurisdiction the Pillar Two effective tax rate is close to 15%. However, no material exposure to Pillar Two income taxes affecting the income statement for Danske Bank Group are expected in this jurisdiction.

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Notes – Danske Bank Group

G22. Issued bonds

The issued bonds presented in this note consist of preferred senior, non-preferred senior and subordinated bonds issued by the Group, with the exception of additional tier 1 capital accounted for as equity. Note G16 provides more information about issued bonds measured at fair value through profit or loss and note G25 provides more information about additional tier 1 capital accounted for as equity.

Preferred senior bonds are presented under the balance sheet item Issued bonds at amortised cost, while non-preferred senior and subordinated bonds are presented as separate line items in the balance sheet. Non-preferred senior bonds rank senior to subordindated debt and junior to other debt. Subordinated bonds are liabilities in the form of subordinated loan capital and other capital instruments which, in case of the Group's voluntary or compulsory winding-up, will not be repaid until the claims of its ordinary and non-preferred senior creditors have been met. Subordinated bonds include additional tier 1 capital that converts into a variable number of ordinary shares if the common equity tier 1 capital ratio falls below 7% for Danske Bank A/S or Danske Bank Group (the trigger event). The number of shares the additional tier 1 capital could potentially convert into a function of the share price at the time of conversion, however, minimised to USD 23.97 per share (a maximum of 62.6 million shares for the outstanding amount of the capital of USD 1.5 billion). This capital utilises 70% of the Board of Directors' authorisation to issue shares without pre-emption rights. For further information on the Group's additional tier 1 capital, see note G25.

Accounting policy

Issued bonds, both senior, non-preferred senior and subordinated bonds, are at initial recognition measured at fair value less transaction costs and subsequently measured at amortised cost plus the fair value of the hedged interest rate risk. Interest expense is recognised according to the effective interest rate method, including amortisation of any difference between the amount received on issue and the redemption amount.

The Group issues perpetual bonds with discretionary interest payments that fulfil the requirements for additional tier 1 capital under the Capital Requirements Regulation (CRR). If a trigger event occurs, those bonds must be either written down temporarily or converted into a variable number of ordinary shares, depending on the terms of the individual bond issue. Bonds that convert into a variable number of ordinary shares are accounted for as liabilities, while bonds that are temporarily written down are accounted for as equity. For liability accounted bonds, the interest expense is recognised in the income statement, i.e. the bonds are accounted for as liabilities in their entirety.

The yield on some issued bonds depends on an index that is not closely linked to the bonds' financial characteristics, for example an equity or commodity index. Such embedded derivatives are bifurcated and measured at fair value in the trading portfolio.

(a) Other issued bonds

Issued bonds at fair value

(DKK millions)	2023	2022*
Bonds issued by Realkredit Danmark (covered bonds)	741,062	711,773
Commercial papers and certificates of deposits	5,228	9,119
Structured retail notes	2,489	3,032
Issued bonds at fair value, total	**748,780**	**723,923**

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

Bonds issued by Realkredit Danmark under the Group's green finance framework amounted to a nominal value of DKK 27,153 million outstanding at the end of 2023 (2022: DKK 21,544 million).

Issued bonds at amortised cost

(DKK millions)	2023	2022
Commercial papers and certificates of deposits	24,419	-
Preferred senior bonds*	63,345	48,356
Covered bonds	124,703	140,829
Structured retail notes*	1,766	3,498
Issued bonds at amortised cost, total	**214,234**	**192,682**
Non-preferred senior bonds	93,194	93,235

* DKK 3.5 billion of Structured retail bonds that were included within Preferred senior bonds as at 31 December 2022 have been reclassified in the table above. There is no change to the total balance of Issued bonds at amortised cost as at 31 December 2022.

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

Notes – Danske Bank Group

G22. Issued bonds continued

Nominal value (DKK millions)	1 January 2023	Issued	Redeemed*	Foreign currency translation	31 December 2023
Commercial papers and certificate of deposits	9,128	66,432	36,812	-9,135	29,613
Preferred senior bonds**	59,348	39,700	27,843	-1,583	69,621
Covered bonds	156,740	33,000	65,850	5,529	129,419
Non-preferred senior bonds	100,586	22,500	23,700	-1,486	97,900
Other issued bonds	**325,801**	**161,633**	**154,206**	**-6,675**	**326,553**

*Redeemed covered bonds includes DKK 25,8 billion of covered bonds that have been reclassified to Liabilities in disposal groups held for sale. See note G23 for more detail.

** Preferred senior bonds includes structured retail notes.

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

* Preferred senior bonds includes structured retail notes.

The Group has issued non-preferred senior bonds and preferred senior bonds in accordance with the Group's green bond framework. At the end of 2023, the nominal value of green non-preferred senior bonds issued amounted to DKK 24,223 million (2022: DKK 13,014), and the nominal value of green preferred senior bonds issued amounted to DKK 9,134 million (2022: DKK 0 million).

Broken down by maturity (DKK millions)	2023	2022
Redeemed bonds 2023		92,355
2024	96,248	70,143
2025	69,343	57,229
2026 or later	160,961	106,075
Nominal value of other issued bonds	326,553	325,801
Fair value hedging of interest rate risk	-7,389	-19,351
Premium/discount	-432	18
Own holding of bonds issued	3,586	8,401
Total other issued bonds	**315,145**	**298,068**

Notes – Danske Bank Group

G22. Issued bonds continued

(b) Subordinated debt

Subordinated debt consists of liabilities in the form of issued subordinated bonds. Some of these bonds (presented as liability accounted additional tier 1 capital below) rank below other subordinated bonds. Early redemption of subordinated debt must be approved by the Danish FSA. Subordinated debt is included in total capital in accordance with the CRR.

The issuance and redemption of subordinated debt during the year and the maturity of the outstanding debt are presented in the tables below.

Nominal value (DKK millions)	1 January 2023	Issued	Redeemed	Foreign currency translation	31 December 2023
Subordinated debt, excluding liability accounted additional tier 1 capital	24,837	-	-	58	24,895
Liability accounted additional tier 1 capital	15,676	-	-	-503	15,174
Total subordinated debt	**40,514**	**-**	**-**	**-445**	**40,069**

Nominal value (DKK millions)	1 January 2022	Issued	Redeemed	Foreign currency translation	31 December 2022
Subordinated debt, excluding liability accounted additional tier 1 capital	24,895	-	-	-58	24,837
Liability accounted additional tier 1 capital	14,754	-	-	922	15,676
Total subordinated debt	**39,649**	**-**	**-**	**864**	**40,514**

Currency	Borrower	Note	Nominal (millions)	Interest rate	Year of issue	Maturity	Redemption price	2023 (DKK m)	2022 (DKK m)
Subordinated debt, excluding liability accounted additional tier 1 capital									
Redeemed loans 2023									-
EUR	Danica	a	500	4.375	2015	29.09.2045	100	3,727	3,718
EUR	Danske Bank A/S	b	750	2.50	2019	21.06.2029	100	5,590	5,577
SEK	Danske Bank A/S	c	1,000	var	2019	14.11.2029	100	672	669
EUR	Danske Bank A/S	d	750	1.375	2019	12.02.2030	100	5,590	5,577
EUR	Danske Bank A/S	e	500	1.50	2020	02.09.2030	100	3,727	3,718
EUR	Danske Bank A/S	f	750	1.00	2021	15.05.2031	100	5,590	5,577
Subordinated debt, excluding liability accounted additional tier 1 capital								**24,895**	**24,837**
Liability accounted additional tier 1 capital									
USD	Danske Bank A/S	g	750	6.125	2017	Perpetual	100	5,058	5,225
USD	Danske Bank A/S	h	750	7.00	2018	Perpetual	100	5,058	5,225
USD	Danske Bank A/S	i	750	4.375	2021	Perpetual	100	5,058	5,225
Liability accounted additional tier 1 capital								**15,174**	**15,676**
Nominal subordinated debt								40,069	40,514
Discount								-72	-128
Fair value hedging of interest rate risk								-997	-1,843
Own holding of subordinated debt								-226	-193
Total subordinated debt								**38,774**	**38,350**
Portion included in total capital as additional tier 1 or tier 2 capital instruments								**36,342**	**36,795**

As at 31 December 2023, the Group has no additional tier 1 bond issues accounted for as equity (31 December 2022: DKK 0 billion).

Notes – Danske Bank Group

G22. Issued bonds continued

a Optional redemption from September 2025. If the debt is not redeemed, the annual interest rate will be reset at 4.38 percentage points above the 10-year EUR swap rate every tenth year until maturity. Solvency II compliant tier 2 capital and included in Danica's capital base.

b Optional redemption in June 2024. If the debt is not redeemed, the annual interest rate will be reset at 2.50 percentage points above the 5 year EUR swap rate for the remaining five years until maturity. CRR compliant tier 2 capital.

c Optional redemption in November 2024. If the debt is not redeemed, the quarterly interest rate will be reset at 1.90 percentage points above the 3-month STIBOR rate for the remaining five years until maturity. CRR compliant tier 2 capital.

d Optional redemption in February 2025. If the debt is not redeemed, the annual interest rate will be reset at 1.70 percentage points above the 5-year EUR swap rate for the remaining five years until maturity. CRR compliant tier 2 capital.

e Optional redemption in September 2025. If the debt is not redeemed, the annual interest rate will be reset at 1.90 percentage points above the 5-year EUR swap rate for the remaining five years until maturity. CRR compliant tier 2 capital.

f Optional redemption in May 2026. If the debt is not redeemed, the annual interest rate will be reset at 1.40 percentage points above the 5-year EUR swap rate for the remaining five years until maturity. CRR compliant tier 2 capital.

g Optional redemption from March 2024. If the debt is not redeemed, the annual interest rate will be reset at 3.896 percentage points above 7-year USD swap rate. CRR compliant tier 1 capital. The capital converts into a variable number of shares if Danske Bank Group's or Danske Bank A/S' common equity tier 1 capital ratio falls below 7%. The instrument is included as a CRR compliant additional tier 1 capital instrument in the statement of capital.

h Optional redemption from June 2025. If the debt is not redeemed, the annual interest rate will be reset at 4.130 percentage points above 5-year CMT rate. CRR compliant tier 1 capital. The capital converts into a variable number of shares if Danske Bank Group's or Danske Bank A/S' common equity tier 1 capital ratio falls below 7%. The instrument is included as a CRR compliant additional tier 1 capital instrument in the statement of capital.

i Optional redemption from May 2026. If the debt is not redeemed, the annual interest rate will be reset at 3.387 percentage points above the 5 year CMT rate. The capital converts into a variable number of shares if Danske Bank Group's or Danske Bank A/S's common equity tier 1 capital ratio falls below 7%. The instrument is included as a CRR compliant additional tier 1 capital instrument in the statement of capital.

Notes – Danske Bank Group

G23. Assets held for sale and Liabilities in disposal groups

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

Accounting policy

Assets held for sale and Liabilities in disposal groups

Assets held for sale are disposal groups of assets actively marketed for sale and for which a sale is expected to occur within 12 months. A disposal group is a group of assets that will be disposed of in a single transaction and includes any directly associated liabilities. A disposal group includes for example companies (subsidiaries) or properties taken over under non-performing loan agreements. Further, loans that are marketed for sale are transferred to Assets held for sale. The loans are written down to their expected selling price.

The net assets in the disposal group are remeasured at the lower of the carrying amount of the net assets in the disposal group at the time of reclassification and fair value less expected cost to sell.

If a disposal group of assets and liabilities represents a separate major line of business (typically a reportable segment) or a geographical area of operation or is a subsidiary acquired exclusively with a view of resale, it is presented as a discontinued operation. For a discontinued operation, net profit is presented as a single item 'Net profit from discontinued operations' in the income statement, i.e. no longer included as income and expenses from the Group's continuing operations.

(DKK millions)	2023	2022
Assets held for sale		
Loans held for sale	110,415	-
Other	289	350
Total	**110,704**	**350**
Liabilities in disposal groups		
Deposits held for sale	30,599	-
Issued bonds at amortised cost	25,877	-
Total	**56,476**	**-**

Loans held for sale and associated deposits consists of loan portfolios where the Group has entered into sales agreements. As announced in July 2023, Danske Bank has entered into an agreement to sell its personal customers business Norway. The sale will include loans, deposits and issued bonds at amortised cost. On reclassification to held for sale, a loss of DKK 0.7 billion was recognised in relation to the expected loss and the expected costs directly attributable to the sale, and is included in Gain or loss on sale of disposal groups.

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

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

G24. Other assets and Other liabilities

The Group uses quantitative and qualitative materiality considerations when aggregating line items in the balance sheet that are not considered individually material. Such line items are presented under Other assets or Other liabilities and consist of net assets or net liabilities in defined benefit pension plans, investment property, tangible assets, right-of-use lease assets and lease liabilities and holdings in associates.

The Group uses clean pricing of financial instruments, and accrued interest is therefore included in Other assets and Other liabilities. In addition, prepayments and accrued income and expenses are included under Other assets and Other liabilities. Other staff commitments includes provisions for holiday payments, variable remuneration, severance pay etc. The provisions recognised represent the compensation that the employee has earned and that is expected to be paid to the employee.

Accounting policy

Defined benefit pension plans

When the Group has entered into defined benefit pension plans, the amounts payable are recognised on the basis of an actuarial computation of the present value of expected benefits. The present value is calculated on the basis of expected future trends in salaries and interest rates, the time of retirement, mortality rates and other factors. The present value of pension benefits less the fair value of pension assets is recognised as a pension obligation for each plan under Other liabilities. If the net amount of a defined benefit pension plan is positive and may be repaid to the Group or reduce its future contributions to the plan, the net amount is recognised under Other assets. The discount rate is determined by reference to yields on high-quality corporate bonds with terms matching the terms of the pension obligations.

Right of use lease assets and lease liabilities

The Group recognise a right-of-use asset and a lease liability at the commencement date, for all lease agreements, that the Group has entered into as lessee, except short-term leases and leases of low value asset. The lease liability is initially measured at the present value of the future payments from lease components, discounted using the incremental borrowing rate for the individual lease. The lease liability is subsequently measured by increasing the carrying amount, to reflect interest and by reducing the carrying amount to reflect the lease payments made. Further lease liabilities are changed when remeasurements are needed, corresponding adjustment is the related right-of-use asset. Gain or loss from a lease modification, (excluding modifications that change the basis for determining future lease payments as a result of the Interest Rate Benchmark Reform) that are not accounted for as a separate lease, is recognised in profit and loss. If a lease modification is necessary as a direct consequence of the interest rate benchmark reform, and the new basis for determining the lease payments is economically equivalent to the previous basis immediately preceding the modification, then the lease liability shall be remeasured by discounting the revised lease payments. The initial right-of-use asset comprise the amount of the initial measurement of the lease liability, lease payments made at or before the commencement day, initial direct costs and costs to restore the underlying asset. The right-of-use asset are subsequently measured at cost less accumulated depreciation and impairment losses. The right-of-use assets are depreciated over the shorter period of the lease term and the useful life of the underlying asset. When the Group is an intermediate lessor, the Group accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Tangible assets

Tangible assets include domicile property and plant and equipment. Plant and equipment cover equipment, vehicles, furniture, fixtures and leasehold improvements. Tangible assets also include lease assets, i.e. assets let under operating leases, except real property. Lease assets includes cars, lorries and equipement. Tangible assets are measured at cost and depreciated over the estimated useful life. The estimated useful life is 20-50 years for domicile property, 3-10 years for plant and equipment and three years for lease assets. Depreciation charges are recognised under Operating expenses.

Tangible assets are tested for impairment if indications of impairment exist. An impaired asset is written down to its recoverable amount, which is the higher of its fair value less costs to sell and its value in use.

Loan commitments and guarantees

The Group issues a number of loan commitments and guarantees. Such exposures are subject to impairment for expected credit losses. Further information can be found in note G15.

Other provisions, including litigations

Provisions for other obligations, such as lawsuits, are recognised if the obligation is likely to result in a payment obligation and the amount can be measured reliably. Liabilities are recognised at the present value of expected payments.

Notes – Danske Bank Group

G24. Other assets and Other liabilities continued

(a) Other assets and other liabilities

(DKK millions)	2023	2022*
Other assets		
Accrued interest and commissions due	7,264	2,256
Prepayments, accruals and other amounts due	10,811	17,048
Defined benefit pension plan, net assets	806	1,486
Investment property	157	146
Tangible assets	7,418	7,586
Right of use lease assets	4,010	2,615
Holdings in associates	612	536
Total	**31,079**	**31,673**
Other liabilities		
Sundry creditors	33,005	35,823
Estonia settlement	-	15,300
Accrued interest and commissions due	12,902	7,634
Defined benefit pension plans, net liabilities	301	366
Other staff commitments	1,175	1,804
Lease liabilities	4,102	2,743
Loan commitments and guarantees etc.	3,161	2,627
Reserves subject to a reimbursement obligation	2	4
Provisions, including litigations	2,398	2,676
Total	**57,046**	**68,978**

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

Information on defined benefit plans and holdings in associates is provided in notes G9 and G38, respectively.

(a) Further explanation other assets

Right-of-use lease assets consists of domicile property of DKK 4,010 million (2022: DKK 2,615 million). The depreciation charge is respectively DKK 704 million (2022: DKK 660 million). The interest expense on the corresponding lease liability is DKK 91 million (2022: DKK 50 million). There has been no significant impairment losses of the right-of-use lease assets in 2023 and 2022.

Tangible assets consist primarily of lease assets (where the Group acts as lessor). Further, it includes domicile property (not held for sale) amounting to DKK 86 million (2022: DKK 119 million). If indications of impairment exist, the properties are written down to the lower of the carrying amount and its value in use determined on the basis of the rate of return used for investment property. There was no write-down in 2023, nor in 2022. The fair value of the properties was DKK 255 million (2022: DKK 267 million). The required rate of return of 7.8% (2022: 7.8%) was determined in accordance with Danish FSA rules.

Notes – Danske Bank Group

G24. Other assets and Other liabilities continued

(b) Further explanation other liabilities

(DKK millions)

The table below shows an analysis of provisions by class of provision

Provisions	Customer remediations	Regulatory and legal proceedings	Restructuring cost	Other provisions	Total
Balance as at 1 January 2023	1,930	2	312	433	2,676
Additional provisions made	415	23	46	33	517
Amounts used	732	-	62	5	798
Reversals	58	-	-61	4	2
Transfer to other liabililties				-	-
Foreign exchange adjustments	4	-	-	1	4
Balance as at 31 December 2023	**1,559**	**24**	**357**	**457**	**2,398**

Customer remediation refers to activities to compensate customers for losses or damages associated with a failure to comply with regulations or to treat customers fairly. Customer remediation is often initiated by the Group in response to customer complaints and/or industry developments in sales practices and is not necessarily initiated by regulatory action. Customer remediation includes the provision for customer compensation in the debt collection case, issues with the Group's tax services and other investor protection cases. In 2023, DKK 0.7 billion has been paid out from the provision for debt collection customers in Denmark. The payments will continue in 2024.

Regulatory and legal proceedings include civil court, arbitration or tribunal proceedings brought against companies within the Danske Bank Group (whether by way of claim or counterclaim) or civil disputes that may, if not settled, result in court, arbitration or tribunal proceedings. Regulatory matters refer to investigations, reviews and other actions carried out by, or in response to the actions of, regulators or law enforcement agencies in connection with alleged wrongdoing by companies within the Danske Bank Group. For further information on regulatory and legal proceedings, including the Estonia matter, see note G27(c).

Restructuring costs include provisions for severance pay in connection with termination of employees and provisions for branch mergers and closure of office sites. Other provisions includes a provision of DKK 0.4 billion (2022: DK 0.3 billion) for restoration of lease assets.

Notes – Danske Bank Group

G25. Equity

Equity is the residual interest in the assets after deducting all liabilities recognised in the balance sheet. Equity is divided between capital and reserves that are attributable to holders of shares issued by the Group (owners of Danske Bank A/S) and other parties holding an interest in the net assets of the Group.

At the end of 2023, the nominal value of issued additional tier 1 capital in Danske Bank Group amounted to DKK 15,174 million (2022: DKK 15,676 million), all accounted for as liability instruments; see note G22. Danske Bank A/S may, at its sole discretion, omit interest and principal payments to bondholders. Additional tier 1 capital that are accounted for as equity instruments are included in equity as a non-controlling interest. This means that equity was increased at the time of issue by the net proceeds received. When interest is paid, the amount paid to investors reduces equity at the time of payment and does not affect net profit. If the Group decides to repay the capital, equity will be reduced by the redemption amount at the time of redemption. The capital issued is included in tier 1 capital instruments in the statement of capital as it meets the criteria of the CRR for such instruments.

Accounting policy

Equity is the residual interest in recognised assets after deduction of recognised liabilities. In this context, the following items are of particular interest:

Own shares

Amounts received or paid for the Group's sale or purchase of Danske Bank shares that are neither held on behalf of customers or are underlying items of insurance contracts with direct participation features are recognised directly in equity under transactions with owners. The same applies to premiums received or paid for derivatives entailing settlement in own shares. A capital reduction by cancellation of own shares will lower the share capital by an amount equal to the nominal value of the shares at the time of registration of the capital reduction.

With effect from 1 January 2023 the Group has elected to not deduct from equity own shares that are held on behalf of customers or those that are underlying items of insurance contracts with direct participation features.

Additional tier 1 capital

The capital instruments accounted for as equity instruments include no contractual obligation to deliver cash or another financial asset to the holders, as Danske Bank A/S may, at its sole discretion, omit payment of interest and principal payments to the bondholders. Therefore, the issue does not fall under the definition of financial liabilities under IAS 32. The net amount received at the time of issue is recognised as an increase in equity. Interest payments are accounted for as dividends, which are recognised directly in equity at the time the payment obligation arises. If Danske Bank A/S chooses to redeem the bonds, equity will be reduced by the redemption amount at the time of redemption. Amounts received or paid for the sale or acquisition of own holdings of additional tier 1 capital instruments are recognised directly in equity, similarly to holdings of own shares.

(a) Further explanation

Equity consists of various components, including the accumulated balance of each class of other comprehensive income, retained earnings and issued additional tier 1 capital. The various components of equity are described below. Tax on items recognised directly in equity is recognised under Retained earnings.

Foreign currency translation reserve

Assets and liabilities of units outside Denmark are translated into DKK at the applicable exchange rates at the balance sheet date. Income and expenses are translated at the applicable exchange rates at the transaction date. Gains and losses arising at the translation of net investments in units outside Denmark are recognised under Other comprehensive income and recognised in the foreign currency translation reserve in equity. Net investments include the net assets and goodwill of the units as well as holdings in the form of subordinated loan capital and other loans to the units for which settlement is neither planned nor likely to occur in the foreseeable future. Exchange rate adjustments of financial liabilities used for hedging the Group's net investments are also recognised under Other comprehensive income and in the foreign currency translation reserve. Further information can be found in Note G12(d).

If the net investment in a unit outside Denmark is sold, translation differences, including the impact from hedge, are reclassified from Other comprehensive income to the income statement.

Reserve for bonds at fair value through other comprehensive income

The reserve covers unrealised fair value adjustments, other than expected credit losses and foreign exchanges gains and losses, of bonds measured at fair value through other comprehensive income. Unrealised fair value adjustments of hedged interest rate risks that qualify for fair value hedge accounting are recognised in the income statement and are not included in the reserve. When bonds are sold, the Group reclassifies unrealised value adjustments from the reserve to the income statement.

Proposed dividends

The Board of Directors' proposal for dividends for the year submitted to the general meeting is included as a separate reserve in equity. The dividends are recognised as a liability when the general meeting has adopted the proposal. Any interim dividend payments approved by the Board of Directors during the year are deducted from retained earnings at time of payment, and are therefore not included in proposed dividends.

Notes – Danske Bank Group

G25. Equity continued

Share-based payments

Share-based payments by the Group are settled in Danske Bank shares. The fair value at the grant date is expensed over the vesting period and set off against equity. At the time of exercise, payments by employees are recognised as an increase in equity. As with other purchases of Danske Bank shares, shares acquired for hedging purposes reduce equity by the amount paid.

Additional tier 1 capital holders

This reserve includes the net proceed received at the time of issuance and accrued interest not yet paid to the holders of the capital.

As described above, Danske Bank A/S may, at its sole discretion, cancel interest payments to additional tier 1 bond holders (equity accounted as well as liability accounted bonds). Any interest payments must be paid out of distributable items, which primarily consist of retained earnings at Danske Bank A/S and Danske Bank Group. The additional tier 1 capital will be either written down temporarily or converted into a variable number of shares (depending on if the common equity tier 1 ratio falls below 7% for Danske Bank A/S or Danske Bank Group). The ratio at year-end is disclosed in the statement of capital for Danske Bank A/S and Danske Bank Group. Bonds that are temporarily written down are accounted for as equity, while bonds that convert into a variable number of ordinary shares are accounted for as liabilities (included in note G22).

There was no issue or redemption during 2023. In April 2022, the Group redeemed EUR 750 million of additional tier 1 capital, which led to a reduction in shareholders' equity of DKK 5,419 million.

Notes – Danske Bank Group

G26. Note to the cash flow statement

This note provides further information on the cash flow statement, including a reconciliation of the cash flows arising from financing activities.

Accounting policy

The cash flow statement is prepared according to the indirect method. The statement is based on pre-tax profit for the year and shows the cash flows from operating, investing and financing activities as well as the increase or decrease in cash and cash equivalents during the year. Cash and cash equivalents consists of cash in hand and demand deposits with central banks as well as amounts due from credit institutions and central banks with an original maturity shorter than three months.

In the cash flow statement, cash flows are divided into cash flows from operations, investing activities and financing activities. Investing activities include cash flows from the sale or acquisition of tangible and intangible assets as well as businesses. Financing activities include cash flows from the Group's issued non-preferred senior bonds, subordinated debt, additional tier 1 capital (both liability- and equity-accounted bonds) and share capital.

All credit institutions and insurance companies supervised by national FSAs are subject to local statutory capital requirements. These requirements restrict intra-group facilities. Note G31 provides information on amounts due from credit institutions that are provided as collateral for liabilities or contingent liabilities.

Adjustment for non-cash operating items

(DKK millions)	2023	2022
Unrealised income from holdings in associates	110	-8
Amortisation/depreciation of intangible, tangible and right-of-use assets	4,244	4,706
Impairment charge on goodwill	-	1,627
Loan impairment charges	262	1,502
Provisions	-	13,800
Other	3,810	-168
Total	**8,426**	**21,459**

Other mostly comprises change in accrued interest and commissions due and payable.

Reconciliation of liabilities from financing activities

		Cash flows		Non-cash changes		
(DKK millions)	1 January 2023	Issued	Redeemed	Foreign exchange movement	Fair value changes	31 December 2023
Subordinated debt	**38,350**	**-**	**-**	**-445**	**869**	**38,774**
Non-preferred senior bonds	**93,235**	**22,425**	**23,696**	**-1,486**	**2,716**	**93,194**

		Cash Flows		Non-Cash Changes		
(DKK millions)	1 January 2022	Issued	Redeemed	Foreign exchange movement	Fair Value changes	31 December 2022
Subordinated debt	**39,321**	**-**	**-**	**-58**	**-914**	**38,350**
Non-preferred senior bonds	**107,654**	**20,052**	**30,590**	**2,913**	**-6,794**	**93,235**

Fair value changes include the impact from fair value hedge accounting, amortisation of transaction costs and changes in own holdings. The cash flows from debt issued and redeemed are based on the applicable foreign exchange rate at the transaction date and net of any transaction costs etc. In note G22, which shows changes in the nominal value of subordinated debt, issue and redemption amounts excludes transaction costs etc.

Liabilities from financing activities includes lease liabilities that are recognised on the balance sheet under IFRS 16. At the end of 2023, lease liabilities amounted to DKK 4,102 million (2022: DKK 2,743 million). The cash flows included in the cash flow statement as cash flows from financing activities relates to the principal portion of the lease payments. Other changes are non-cash changes, which primarily consists of interest expenses, new leases, terminated leases and modifications of existing leases.

Notes – Danske Bank Group

G27. Guarantees, commitments and contingent liabilities

The Group uses a variety of loan-related financial instruments to meet customers' financial requirements. Such instruments include loan commitments, loan offers, other credit facilities and guarantees. This note provides information on such instruments and on other contingent liabilities.

Accounting policy

Guarantees and loan commitments are subject to the expected credit loss impairment model in IFRS 9. For further information, see note G15.

Contingent liabilities consist of possible obligations arising from past events. The existence of such obligations will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the Group's control. Further, contingent liabilities consists of present obligations arising from past events, for which it is either not probable that the obligation will result in an outflow of financial resources, or it is not possible to reliably estimate the amount of the obligation.

A contingent liability is not recognised in the financial statement but disclosed, unless the possibility of an outflow of financial resources is remote.

(a) Guarantees

(DKK millions)	2023	2022
Financial guarantees	4,348	5,512
Other guarantees	71,536	75,884
Total	**75,883**	**81,396**

(b) Commitments

(DKK millions)	2023	2022
Loan commitments shorter than 1 year	197,007	236,062
Loan commitments longer than 1 year	220,285	199,888
Other unutilised commitments	16,719	15,196
Total	**434,011**	**451,146**

In addition to credit exposure from lending activities, loan offers made and uncommitted lines of credit granted by the Group amounted to DKK 232 billion (2022: DKK 216 billion). These items are included in the calculation of the total risk exposure amount in accordance with the CRR.

(c) Regulatory and legal proceedings

Estonia matter

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

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

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

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

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

Notes – Danske Bank Group

G27. Guarantees, commitments and contingent liabilities continued

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

Other

Owing to its business volume, Danske Bank is continually a party to various other lawsuits and disputes, and has an ongoing dialogue with public authorities, such as the Danish FSA and the Danish Tax Agency on other matters. In general, Danske Bank does not expect the outcomes of any of these other pending lawsuits and disputes, or its dialogue with public authorities to have any material effect on its financial position. Provisions for litigations are included in Other Liabilities, see note G24.

(d) Other contingent liabilities

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 thr ee 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 with drawal of distressed banks from data centres etc. Payments to the Danish Restructuring Fund are calculated on the basis of the individual credit institution's share of covered deposits relative to other credit institutions in Denmark. However, each institution's contribution to the Danish Restructuring Fund may not exceed 0.2% of its covered deposits.

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

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

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

Notes – Danske Bank Group

G28. Balance sheet items broken down by expected due date

The Group presents the balance sheet items in order of liquidity instead of distinguishing between current and non-current items. The table below shows the balance sheet items expected to mature within one year and after more than one year.

	2023		2022*	
(DKK millions)	Within 1 year	After 1 year	Within 1 year	After 1 year
Assets				
Cash in hand and demand deposits with central banks	259,156	-	175,052	-
Due from credit institutions and central banks	113,743	1,070	59,665	1,121
Trading portfolio assets	283,012	265,177	305,290	333,509
Investment securities	75,036	208,878	73,025	214,398
Loans at amortised cost	181,752	736,876	306,048	776,770
Loans at fair value	195,394	732,846	229,001	703,676
Assets under pooled schemes and unit-linked investments contracts	-	70,900	-	66,739
Assets under insurance contracts	30,561	465,470	58,957	444,038
Assets held for sale	110,704	-	350	-
Intangible assets	-	6,064	-	6,045
Tax assets	2,018	1,246	4,230	969
Other assets	18,076	13,003	19,303	12,370
Total	**1,269,452**	**2,501,529**	**1,230,921**	**2,559,635**
Liabilities				
Due to credit institutions and central banks	151,367	3,242	133,557	5,220
Trading portfolio liabilities	131,915	322,572	148,901	405,420
Deposits	243,913	978,290	219,387	1,042,905
Issued bonds at fair value	162,084	586,695	120,468	603,455
Issued bonds at amortised cost, including Non-preferred senior bonds*	56,910	250,517	73,657	212,261
Deposits under pooled schemes and unit-linked investment contracts*	11,346	59,907	10,509	56,216
Liabilities under insurance contracts*	57,415	425,215	59,409	429,482
Liabilities in disposal groups held for sale	56,476	-	-	-
Tax liabilities	450	1,107	630	1,473
Other liabilities	52,641	4,406	65,864	3,114
Subordinated debt	-	38,774	-	38,349
Total	**924,516**	**2,670,724**	**832,382**	**2,797,896**

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

Deposits include fixed-term deposits and demand deposits. Fixed-term deposits are recognised according to maturity. Demand deposits have short contractual maturities but are considered a stable funding source with an expected maturity of more than one year.

Notes – Danske Bank Group

G29. Contractual due dates of financial liabilities

The table below shows the contractual due dates of non-derivative financial liabilities broken down by maturity time bands. The maturity analysis is based on the earliest date on which the Group can be required to pay and does not reflect the expected due date. The section on liquidity risk in note G40 provides information about the Group's liquidity risk and liquidity risk management.

2023

(DKK millions)	0-1 month	1-3 months	3-12 months	1-5 years	> 5 years
Due to credit institutions and central banks	138,074	9,418	8,898	3,819	2
Deposits	1,147,929	53,941	37,648	12,705	9,807
Repurchase obligation under reverse transactions	113,569	-	-	-	-
Issued bonds at fair value	48,366	3,650	126,288	465,071	237,077
Issued bonds at amortised cost	-	18,874	66,343	283,666	10,401
Subordinated debt	141	282	1,269	85,667	-
Other financial liabilities	941	1,701	9,061	23,443	36,107
Financial and loss guarantees	75,883	-	-	-	-
Loan commitments shorter than 1 year	197,007	-	-	-	-
Loan commitments longer than 1 year	220,285	-	-	-	-
Other unutilised loan commitments	75	-	-	-	-
Total	**1,942,270**	**87,865**	**249,507**	**874,371**	**293,394**

2022

(DKK millions)	0-1 month	1-3 months	3-12 months	1-5 years	> 5 years
Due to credit institutions and central banks	90,912	9,603	33,885	5,376	1
Deposits	1,173,421	44,719	27,500	11,284	9,521
Repurchase obligation under reverse transactions	119,180	-	-	-	-
Issued bonds at fair value	22,547	9,151	92,477	473,389	181,087
Issued bonds at amortised cost	-	4,858	70,626	223,330	9,021
Subordinated debt	141	281	1,267	82,625	-
Other financial liabilities	2,123	1,267	7,119	22,178	34,039
Financial and loss guarantees	81,397	-	-	-	-
Loan commitments shorter than 1 year	236,062	-	-	-	-
Loan commitments longer than 1 year	199,888	-	-	-	-
Other unutilised loan commitments	85	-	-	-	-
Total	**1,925,755**	**69,880**	**232,873**	**818,182**	**233,669**

(a) Further explanation

Disclosures comprise agreed payments, including principal and interest. For liabilities with variable cash flows, for example variable-rate financial liabilities, disclosure is based on the contractual conditions at the balance sheet date.

Usually, deposits are contractually very short-term funding, but in practice, they are considered a stable funding source, as amounts disbursed largely equal deposits received. A number of loan commitments and guarantees expire without being utilised. Loan commitments and guarantees are included at the earliest date on which the Group can be required to pay. To take into account potential drawings under loan commitments, the Group factors in the effect of the unutilised portion of the facilities in the calculation of liquidity risk.

For guarantees to result in a payment obligation to the Group, a number of individual conditions must be met. As it is not possible to break down the earliest dates on which such conditions are met by maturity time bands, all guarantees are included in the 0-1 month column.

The table excludes investment commitments in Danica Pension of DKK 16,644 million (2022: 15,111 million). The investment commitments relate primarily to commitments to participate in alternative investments where the insurance policyholders' assume the majority of the risks on the investments.

Notes – Danske Bank Group

G30. Transferred financial assets that are not derecognised

The Group enters into transactions that transfer ownership of financial assets, such as bonds and shares, to a counterparty, while the Group retains the risks associated with the holding of the assets. If the Group retains all significant risks, the securities remain in the balance sheet, and the transactions are accounted for as loans received against collateral. Such transactions are repo transactions and securities lending. The transactions involve selling the securities to be repurchased at a fixed price at a later date. Counterparties are entitled to sell the securities or deposit them as collateral for loans.

Trading portfolio	2023		2022	
(DKK millions)	Bonds	Shares	Bonds	Shares
Carrying amount of transferred assets				
Repo transactions	164,189		139,807	
Securities lending		1,047		2,008
Total transferred assets	**164,189**	**1,047**	**139,807**	**2,008**
Repo transactions, own issued bonds	33,693		31,064	
Carrying amount of associated liabilities	197,140	1,099	171,384	2,109
Net positions	**-742**	**52**	**513**	**100**

The Group has not entered into any agreements on the sale of assets that entail the Group's continuing involvement in derecognised financial assets.

Notes – Danske Bank Group

G31. Assets provided or received as collateral

At the end of 2023, the Group had deposited securities (including bonds issued by the Group) worth DKK 4.5 billion as collateral with Danish and international clearing centres and other institutions (2022: DKK 30.6 billion).

At the end of 2023, the Group had provided cash and securities (including bonds issued by the Group) worth DKK 90.6 billion as collateral for derivatives transactions (2022: DKK 90.4 billion).

At the end of 2023, the Group had registered assets (including bonds and shares issued by the Group) under insurance contracts and unit-linked investment contracts worth DKK 443.2 billion (2022: DKK 417.5 billion) as collateral for policyholders' savings of DKK 426.0 billion (2022: DKK 404.6 billion).

At the end of 2023, the Group had registered loans at fair value and securities worth a total of DKK 759.6 billion (2022: DKK 728.6 billion) as collateral for bonds issued by Realkredit Danmark. Note G16 provides additional information. Similarly, the Group had registered DKK 308.8 billion worth of loans and other assets (2022: DKK 306.3 billion) as collateral for covered bonds issued under Danish, Swedish and Finnish law.

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

	2023			2022*		
(DKK millions)	Repo	Other	Total	Repo	Other	Total
Due from credit institutions	-	15,922	15,922	-	22,917	22,917
Trading and investment securities	164,189	48,326	212,514	139,807	57,162	196,969
Loans at fair value	-	753,277	753,277	-	724,051	724,051
Loans at amortised cost	-	340,297	340,297	-	328,800	328,800
Assets under insurance contracts and unit-linked investment contracts	-	420,701	420,701	-	390,651	390,651
Total	164,189	1,578,522	1,742,711	139,807	1,523,581	1,663,388
Own issued bonds	33,693	30,665	64,358	31,064	76,754	107,818
Total, including own issued bonds	**197,882**	**1,609,187**	**1,807,069**	**170,871**	**1,600,335**	**1,771,206**

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

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 164.2 billion at the end of 2023 (2022: DKK 139.8 billion).

At the end of 2023, the Group had received DKK 315.5 billion worth of securities (2022: DKK 303.8 billion) as collateral for reverse repo transactions, securities lending, derivatives transactions and other transactions entered into on the standard terms for such transactions. As the party receiving the collateral, the Group is entitled in many 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. At the end of 2023, the Group had sold securities or provided securities as collateral worth DKK 113.6 billion (2022: DKK 119.2 billion).

The Group also receives many other types of assets as collateral in connection with its ordinary lending activities. The Group has not transferred the ownership of these assets. Note G40 provide more details on assets received as collateral.

Notes – Danske Bank Group

G32. Offsetting of financial assets and liabilities

Offsetting of financial assets and liabilities in the financial statements requires some criteria to be fulfilled. In the event that the counterparty or the Group defaults, further offsetting will take place. This note shows the offsetting in the financial statements, further netting according to enforceable master netting agreements and similar agreements (i.e. in the event of default) and collateral provided or received under such agreements.

Accounting policy

Assets and liabilities are offset when the Group and the counterparty have a legally enforceable right to offset recognised amounts and have agreed to settle the balances on a net basis or to realise the asset and settle the liability simultaneously. Positive and negative fair values of derivatives with the same counterparty are offset if the Group has agreed with the counterparty to settle contractual cash flows net and to make cash payments or provide collateral on a daily basis to cover changes in the fair value of the derivative position. Master netting agreements or similar agreements give the right to additional offsetting in the event of default. Such agreements reduce the exposure further in the event of default, but do not qualify for offsetting in accordance with IFRS.

2023 (DKK millions)	Gross amount	Offsetting	Net amount presented in balance sheet	Further offsetting, master netting agreements	Collateral	Net amount
Financial assets						
Derivatives with positive market value	892,840	541,118	351,722	262,273	80,713	8,736
Reverse transactions	487,614	214,772	272,841	-	272,841	-
Other financial assets	69,447	62,241	7,206	-	-	7,206
Total	**1,449,901**	**818,132**	**631,769**	**262,273**	**353,555**	**15,942**
Financial liabilities						
Derivatives with negative market value	882,036	541,118	340,918	262,273	58,337	20,308
Repo transactions	411,912	214,772	197,140	-	197,882	-742
Other financial liabilities	134,011	62,241	71,770	-	-	71,770
Total	**1,427,959**	**818,132**	**609,828**	**262,273**	**256,219**	**91,336**
2022 (DKK millions)						
Financial assets						
Derivatives with positive market value	1,202,931	772,809	430,123	340,984	78,549	10,590
Reverse transactions	442,430	194,678	247,752	-	247,752	-
Other financial assets	7,474	-4,686	12,160	-	-	12,160
Total	**1,652,836**	**962,801**	**690,034**	**340,984**	**326,302**	**22,749**
Financial liabilities						
Derivatives with negative market value	1,207,950	772,809	435,141	340,984	63,486	30,671
Repo transactions	366,063	194,678	171,384	-	170,871	513
Other financial liabilities	64,684	-4,686	69,370	-	-	69,370
Total	**1,638,696**	**962,801**	**675,895**	**340,984**	**234,357**	**100,554**

Notes – Danske Bank Group

G33. Fair value information for financial instruments

Financial instruments are carried in the balance sheet at fair value or amortised cost. The Group breaks down its financial instruments according to the valuation method (note G1 provides additional information).

	2023		2022*	
(DKK millions)	Fair value	Amortised cost	Fair value	Amortised cost
Financial assets				
Cash in hand and demand deposits with central banks	-	259,156	-	175,052
Due from credit institutions and central banks	92,985	21,829	38,147	22,639
Trading portfolio assets	548,189	-	638,799	-
Investment securities held at amortised cost	-	155,398	-	151,573
Investment securities held at fair value	128,516	-	135,850	-
Loans at amortised cost	-	918,628	-	1,082,818
Loans at fair value	928,239	-	932,677	-
Assets under pooled schemes and unit-linked investment contracts	70,900	-	66,739	-
Assets under insurance contracts	460,747	-	465,720	-
Loans held for sale	-	110,415	-	-
Total	**2,229,576**	**1,465,426**	**2,277,932**	**1,432,082**
Financial liabilities				
Due to credit institutions and central banks	85,548	69,060	52,252	86,525
Trading portfolio liabilities	454,487	-	554,321	-
Deposits	120,213	1,101,990	97,917	1,164,375
Issued bonds at fair value	748,780	-	723,923	-
Issued bonds at amortised cost	-	214,234	-	192,682
Deposits under pooled schemes and unit-linked investment contracts	71,253	-	66,725	-
Liabilities held for sale	-	56,476	-	-
Non-preferred senior bonds	-	93,194	-	93,235
Subordinated debt	-	38,774	-	38,350
Loan commitments and guarantees	-	3,161	-	2,627
Total	**1,480,281**	**1,576,889**	**1,495,138**	**1,577,795**

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

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

(a) Financial instruments at fair value

The fair value is the amount for which a financial asset or a financial liability can be exchanged between knowledgeable, willing parties. Fair value is measured on the basis of the following hierarchy:

The fair value hierarchy

- Quoted price (level 1) consists of financial instruments that are quoted in an active market. The Group uses the price quoted in the principal market.
- Valuation based on observable input (level 2) consists of financial instruments valued substantially on the basis of observable input other than a quoted price for the instrument itself. If a financial instrument is quoted in a market that is not active, the Group bases its measurement on the most recent transaction price. Adjustment is made for subsequent changes to market conditions, for instance, by including transactions in similar financial instruments that are assumed to be motivated by normal business considerations. For a number of financial assets and liabilities, no market exists. In such cases, the Group uses recent transactions in similar instruments and discounted cash flows or other generally accepted estimation and valuation techniques based on market conditions at the balance sheet date to calculate an estimated value. 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.
- Valuation based on significant non-observable input (level 3): The valuation of certain financial instruments is based substantially on non-observable input. Such instruments include unlisted shares, some unlisted bonds and a limited portion of the derivatives portfolio (2%).

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 reclassifications 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 instead become liquid and have been moved from the Observable input to the Quoted prices category.

Notes – Danske Bank Group

G33. Fair value information for financial instruments continued

Valuation techniques

The most frequently used valuation techniques include the pricing of transactions with future settlement and swap models that apply present value calculations, credit pricing models and options models, such as Black & Scholes models. As part of the Group's control environment, valuation models are validated by units that are independent of the business units that develop the models and trade in the products covered by the models. Validation is made to test the implementation, quality and operating stability of models to ensure that the models can be used for pricing and risk management of financial products.

Loans granted and bonds issued by Realkredit Danmark are recognised at the fair value of the issued bonds (the quoted price in an active market). The Group adjusts for changes to the fair value of the credit risk on borrowers etc. The adjustment is described further in note G16.

The value of derivatives, primarily long-term contracts, is determined on observable yields extrapolated to yield curves for the full duration of the contracts. Moreover, the very limited portfolio of credit derivatives is valued on the basis of observable input as well as assumptions about the probability of default (recovery rate). Unlisted shares are measured at fair value in accordance with the International Private Equity and Venture Capital Valuation Guidelines (IPEV) which are compliant with IFRS. IPEV guides the calculation of the estimated fair value of unlisted shares as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Valuation methods include discounted cash flow models and pricing based on a multiple of earnings or equity.

Fair value adjustments

Management estimates underlie the valuation of financial instruments for which the value is based on valuation techniques. The Group makes fair value adjustments to cover changes in counterparty risk (CVA) on derivatives, funding risk (FVA and ColVA), bid-offer spreads on the net open position of portfolios with offsetting market risk, and model risk on level 3 derivatives.

Credit value adjustment (CVA) and funding value adjustment (FVA and ColVA)

The Group makes a fair value adjustment to cover the counterparty credit risk on derivatives with a positive fair value (CVA). For a given counterparty's portfolio of derivatives, CVA is calculated as a function of the probability of default (PD), the expected positive exposure (EPE) and the loss given default in the event of bankruptcy (LGD). The Group enters into derivatives transactions mainly with counterparties in the Scandinavian market.

The PDs used in the CVA model are derived from single name liquid credit default swap (CDS). If this is not available, the PDs are derived using proxy-mapping to a CDS index. For the calculation of EPE, the Group uses simulations to estimate the expected positive exposures to the counterparty's portfolio over the term of the derivatives. The exposure model is based fully on market-implied data. For the calculation of LGD, the Group uses market compliant LGD. However, for customers classified in stage 3 in relation to the expected credit loss impairment, CVA is calculated as if the derivatives were loans subject to impairment because of credit losses.

A fair value adjustment for derivatives to cover expected funding costs (FVA and ColVA) is calculated. FVA primarily arises from the cost or benefit of funding uncollateralised derivatives. The adjustment is a function of the unsecured funding curve and expected future exposures. ColVA takes into account the funding cost and benefit on collateralised derivatives. The ColVA adjustment is a function of expected collateral balances and cross-currency basis and repo spreads.

At the end of 2023, CVA, DVA, FVA and ColVA came to a net amount of DKK 153 million (2022: DKK -94 million), including the adjustment for credit risk on derivatives in stage 3.

Bid-offer spread

For portfolios of assets and liabilities with offsetting market risk, the Group bases its measurement of the portfolios on mid-market prices and makes fair value adjustments to recognise net assets at the bid price and net liabilities at the offer price (exit prices). At the end of 2023, these fair value adjustments totalled DKK 138 million (2022: DKK 151 million).

Model risk

To account for the uncertainty associated with measuring the value of derivatives on the basis of non-observable input (level 3 in the fair value hierarchy), the Group has established guidelines to quantify risk. The Group calculates and monitors the reserve on an ongoing basis. At the end of 2023, the reserve totalled DKK 1 million (2022: DKK 0 million).

Notes – Danske Bank Group

G33. Fair value information for financial instruments continued

Amortisation of initial margin

If, at the time of acquisition, a difference arises between the model value of a financial instrument, calculated on the basis of non-observable input and actual cost (day-one profit or loss), and the difference is not the result of transaction costs, the Group adjusts model parameters to actual cost to take the initial margin into account. Accordingly, the valuation of derivatives includes amortisation of the value of initial margins over the remaining term to maturity. The initial margins relate to elements not covered by the above CVA and FVA adjustments, such as future administrative expenses and capital consumption. At 31 December 2023, the value of unamortised initial margins was DKK 1,176 million (2022: DKK 1,101 million).

(DKK millions)	2023	2022
Unamortised initial margins at 1 January	1,101	1,381
Amortised to the income statement during the year	-342	-592
Initial margins on new derivatives contracts	596	530
Terminated derivatives contracts	-179	-218
Unamortised initial margins as at 31 December	**1,176**	**1,101**

(DKK millions)	Quoted prices	Observable input	Non-observable input	Total
31 December 2023				
Financial assets				
Due from credit institutions and central banks	-	92,985	-	92,985
Derivatives	6,723	343,134	1,865	351,722
Interest rate contracts	6,723	232,885	1,014	240,621
Currency contracts etc.	-	110,250	851	111,101
Trading portfolio bonds	168,031	9,532	-	177,563
Trading portfolio shares	18,785	-	119	18,904
Investment securities, bonds	100,554	27,470	-	128,023
Investment securities, shares	-	-	493	493
Loans at fair value	-	928,239	-	928,239
Assets under pooled schemes and unit-linked investment contracts	70,900	-	-	70,900
Assets under insurance contracts, bonds	189,297	22,318	2,458	214,073
Danish mortgage bonds	92,182	10,865	334	103,381
Other covered bonds	97,115	11,453	2,124	110,692
Assets under insurance contracts, shares	153,310	5,121	34,755	193,186
Assets under insurance contracts, derivatives	141	52,436	911	53,488
Total	**707,741**	**1,481,235**	**40,601**	**2,229,576**
Financial liabilities				
Due to credit institutions and central banks	-	85,548	-	85,548
Derivatives	7,360	331,954	1,604	340,918
Interest rate contracts	7,360	204,035	803	212,198
Currency contracts etc.	-	127,919	801	128,720
Obligations to repurchase securities	111,657	1,853	59	113,569
Deposits	-	120,213	-	120,213
Issued bonds at fair value	748,780	-	-	748,780
Deposits under pooled schemes and unit-linked investment contracts	-	71,253	-	71,253
Total	**867,797**	**610,821**	**1,663**	**1,480,281**

Notes – Danske Bank Group

G33. Fair value information for financial instruments continued

(DKK millions)	Quoted prices	Observable input	Non-observable input	Total
31 December 2022*				
Financial assets				
Due from credit institutions and central banks	-	38,147	-	38,147
Derivatives	6,942	421,917	1,263	430,123
Interest rate contracts	6,942	298,988	317	306,248
Currency contracts etc.	-	122,929	946	123,875
Trading portfolio bonds	183,205	17,190	-	200,395
Trading portfolio shares	8,198	-	83	8,281
Investment securities, bonds	97,209	37,454	-	134,663
Investment securities, shares	-	-	1,187	1,187
Loans at fair value	-	932,677	-	932,677
Assets under pooled schemes and unit-linked investment contracts	66,739	-	-	66,739
Assets under insurance contracts, bonds	188,260	23,834	3,369	215,463
Danish mortgage bonds	82,523	13,308	327	96,158
Other covered bonds	105,737	10,526	3,042	119,305
Assets under insurance contracts, shares	124,338	4,788	47,045	176,171
Assets under insurance contracts, derivatives	817	72,406	863	74,086
Total	**675,708**	**1,548,413**	**53,810**	**2,277,932**
Financial liabilities				
Due to credit institutions and central banks	-	52,252	-	52,252
Derivatives	4,967	429,138	1,036	435,141
Interest rate contracts	4,967	292,552	332	297,852
Currency contracts etc.	-	136,585	704	137,289
Obligations to repurchase securities	113,830	5,327	23	119,180
Deposits	-	97,917	-	97,917
Issued bonds at fair value	723,923	-	-	723,923
Deposits under pooled schemes and unit-linked investment contracts	-	66,725	-	66,725
Total	**842,721**	**651,358**	**1,059**	**1,495,138**

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

Financial instruments valued on the basis of non-observable input

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

		Sensitivity (change in fair value)		Gains/losses for the period	
(DKK millions)	Carrying amount	Increase	Decrease	Realised	Unrealised
31 December 2023					
Unlisted shares					
allocated to insurance contract policyholders	34,755	-	-	472	-522
other	553	55	55	352	-160
Illiquid bonds	2,458	56	56	2	-152
Derivatives, net fair value	1,172	-	-	-	234
31 December 2022					
Unlisted shares					
allocated to insurance contract policyholders	47,045	-	-	6,423	-706
other	1,247	125	125	175	-31
Illiquid bonds	3,369	67	67	-128	-61
Derivatives, net fair value	1,090	-	-	-	-420

Notes – Danske Bank Group

G33. Fair value information for financial instruments continued

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 2023 were attributable to various unlisted shares.

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

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

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

Reconciliation from beginning to end of period	2023			2022		
(DKK millions)	Shares	Bonds	Derivatives	Shares	Bonds	Derivatives
Fair value at 1 January	48,292	3,369	1,090	46,573	5,300	2,504
Value adjustment through profit or loss	142	-150	234	5,861	-189	-420
Acquisitions	3,152	161	-250	20,800	107	186
Sale and redemption	-16,278	-922	-272	-24,942	-1,849	-42
Transferred from quoted prices and observable input	-	-	295	-	-	-
Transferred to quoted prices and observable input	-	-	74	-	-	-1,136
Fair value end of period	**35,308**	**2,458**	**1,172**	**48,292**	**3,369**	**1,090**

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

(b) Financial instruments at amortised cost

In this section, the fair value of financial instruments recognised at amortised cost is presented. The fair value is based on quoted market prices, if available. If quoted prices are not available, the value is approximated to reflect the price that would have been fixed had the terms been agreed at the balance sheet date.

The fair values disclosed below are determined on the basis of the following principles:

Investment securities (bonds classified as held-to-collect), other issued bonds and subordinated debt
Quoted prices in an active market exist for a significant part of these financial instruments. If quoted prices in an active market do not exist, the Group uses an estimate of the current return required by the market to estimate the fair value.

Other financial instruments
The determination of the fair value of financial instruments recognised at amortised cost is based on the following preconditions relating to interest rate risk:

- For a significant number of the Group's deposits and loans, the interest rate depends on the standard variable rate fixed by the Group. The rate is adjusted only upon certain changes in market conditions. Such deposits and loans are considered to carry interest at a variable rate, as the standard variable rate fixed by the Group at any time applies to both new and existing arrangements.
- The interest rate risk on some fixed-rate loans extended by the Group is designated as a hedge of the interest rate risk on liabilities. Interest rate risk not hedging the interest rate risk on liabilities is hedged by derivatives. Such hedges are accounted for as fair value hedges, and the fair value of the hedged interest risk is adjusted in the carrying amount of the hedged financial instruments. Consequently, only fair value changes related to fixed-rate loans not hedged by derivatives are adjusted in the fair values presented in the table below.

For financial instruments that are only to a limited extent influenced by changes in credit risk, the amortised cost, including the adjustment for the fair value hedge accounting of the interest rate risk, is a reasonable approximation of fair value. This is the case for Due from/to credit institutions and central banks and Deposits.

It is assessed that the expected credit loss impairment model used for loans measured at amortised cost is a reasonable proxy for the fair value of the credit risk.

Notes – Danske Bank Group

G33. Fair value information for financial instruments continued

In the table below, fair value is presented for classes of financial instruments for which the carrying amount is not a reasonable approximation of fair value.

2023 (DKK millions)	Carrying amount	Fair value	Quoted prices	Observable input	Non-observable input
Financial assets					
Investment securities	155,398	148,908	141,789	7,119	-
Loans at amortised cost	918,628	918,474	-	150	918,324
Financial liabilities					
Issued bonds, including non-preferred senior bonds	307,428	307,523	273,830	19,286	14,406
Subordinated debt	38,774	38,172	37,924	248	-

2022 (DKK millions)					
Financial assets					
Investment securities	151,573	139,815	128,391	11,424	-
Loans at amortised cost	1,082,818	1,075,778	-	7,972	1,067,807
Financial liabilities					
Issued bonds, including non-preferred senior bonds	285,918	285,755	259,335	8,230	18,189
Subordinated debt	38,350	36,579	37,091	-512	-

For investment securities classified as hold-to-collect, amortised cost exceeded fair value as at 31 December 2023 by DKK 6,489 million (31 December 2022: DKK 11,758 million). This portfolio mainly contains Danish mortgage bonds and central and local government bonds, and has a weighted average rating factor of 4.8 following Moody's numerical rating factor to scale, which corresponds to a strong Aa1 rating. The interest rate risk duration for the portfolio is 3.3 years. Without any reinvestments, respectively 24%, 57% and 19% of this portfolio will reach maturity within a period of 1 year, 1 to 5 years, and after 5 years. The difference between amortised cost and fair value will reduce along with time to maturity of the bonds running off.

(c) Impact of IBOR Reform on financial instruments

The Interest Rate Benchmark Reform is progressively replacing inter-bank offered rates (IBORs) with alternative risk-free rates. The Group had established an IBOR Transition Programme, the main objectives being to identify how the IBOR transition would affect the Group financially and operationally, and to identify how cessation of IBOR publications would affect the Group's ability to service its customer base. The IBOR Transition programme has achieved its aims and will be wound down during the first quarter of 2024. Interest rate developments are continuously monitored, and any future introduction of new risk-free rates will be managed and resourced as required.

As at 31 December 2023, there are no non-derivative financial assets or non-derivative financial liabilities that are yet to transition to alternative benchmark rates (31 December 2022: DKK 5,191 million and 2,608 million respectively).

Notes – Danske Bank Group

G34. Related parties

Danske Bank A/S acts as the bank of a number of its related parties. Payment services, trading in securities and other instruments, depositing of surplus liquidity and provision of short- and long-term financing are the primary services provided by Danske Bank A/S.

Danica Pension manages the pension plans of a number of related parties, and Danske Bank manages the assets of a number of the Group's pension funds.

Accounting policy

A related party to the Group is either a party over which the Group has control or significant influence or a party that has control or significant influence over the Group. All entities over which the Group has control are consolidated and are therefore not considered a related party to the Group.

Entities that are related parties to the Group comprise shareholders that have a significant holding of shares (significant influence over the Group), associates, joint venture partners or defined benefit pension plan providers (the Group has significant influence over the entity). Further, key management personnel, defined as members of the Board of Directors and the Executive Leadership Team, are related parties to the Group.

Transactions with related parties are settled on an arm's-length basis and recognised in the financial statements according to the same accounting policy as for similar transactions with unrelated parties.

(a) Related parties	Parties with significant influence*		Associates		Board of Directors		Executive Leadership Team	
(DKK millions)	2023	2022	2023	2022	2023	2022	2023	2022
Loans and loan commitments	7,060	7,544	2,065	2,644	46	47	33	28
Securities and derivatives	1,197	1,035	10,545	11,698	-	-	-	-
Deposits	12,353	9,889	1,358	1,218	30	29	16	12
Derivatives	203	387	19	34	-	-	-	-
Pension obligation	-	-	-	-	-	-	-	-
Guarantees issued	260	166	4	6	-	-	-	-
Guarantees and collateral received	1,131	288	308	192	33	31	23	16
Interest income	333	121	125	77	1	1	1	-
Interest expense	485	19	61	15	-	-	-	-
Fee income	28	15	6	84	-	-	-	-
Dividend income	242	125	-	-	-	-	-	-
Other income	3	1	-	1	-	-	-	-
Loan impairment charges*	1	1	-9	-	-	-	-	-
Trade in Danske Bank shares								
Acquisitions	-	-	-	-	2	2	1	6
Sales	-	-	-	-	-	-	-	-

* For parties with signifiant influence, all exposures are in stage 1.

The Group is a listed company, with no shareholder having control over the Group. Related parties with significant influence include shareholders with holdings exceeding 20% of Danske Bank A/S's share capital. The A.P. Møller and Chastine Mc-Kinney Møller Foundation and companies of A.P. Møller Holding Group, Copenhagen, hold 21.3% of the share capital. Note G38 lists significant holdings in associates. The Board of Directors and Executive Leadership Team columns list the personal facilities, deposits, etc. held by members of the Board of Directors and the Executive Leadership Team and their dependants, and facilities with businesses in which these parties have control, joint control or significant influence.

In 2023, the average interest rates on credit facilities granted to members of the Board of Directors and the Executive Leadership Team were 2.0% (2022: 1.2%) and 2.1% (2022: 1.7%), respectively. Notes G35 and G36 specify the remuneration and shareholdings of management.

Pension funds set up for the purpose of paying out pension benefits to employees of the Danske Bank Group are also considered related parties. The Danske Bank Group has entered into transactions with these funds. Such transactions are not eliminated in the consolidated financial statements. Transactions with pension funds comprised loans in the amount of DKK 6 million (2022: DKK 6 million), deposits amounting to DKK 62 million (2022: DKK 79 million), DKK 10 million worth of bonds issued (2022: DKK 10 million), derivatives with a positive fair value of DKK 0 million (2022: DKK 0 million), derivatives with a negative fair value of DKK 464 million (2022: DKK 404 million), interest expenses of DKK 2 million (2022: DKK 2 million), fee income of DKK 0 million (2022: DKK 0 million) and pension contributions of DKK 96 million (2022: DKK 12 million).

The figures above do not include debt to related parties in the form of issued notes or bonds. Such notes or bonds are bearer securities, which means that Danske Bank does not know the identity of the holders. Danske Bank shares may be registered by name. Related parties' holdings of Danske Bank shares equalling 5% or more of Danske Bank's share capital are determined on the basis of the most recent reporting of holdings to Danske Bank.

Notes – Danske Bank Group

G35. Remuneration of management and material risk takers

This note gives information on the total remuneration of the Group's management in the form of the Board of Directors and the Executive Leadership Team, and remuneration of other material risk takers. This note further includes information on the Group's share-based payment. Remuneration Report 2023 available at danskebank.com/remuneration provides a detailed description of remuneration paid to the Board of Directors and the Executive Leadership team.

(a) Remuneration of the Board of Directors

The Board of Directors receive fixed remuneration and are not covered by any of the Group's incentive programmes. In addition, the Directors also receive a fee for board committee membership. The Board of Directors is remunerated by the parent company, Danske Bank A/S. The Group has no pension obligations towards the directors. At the end of 2023 there were 12 members of the Board (2022: 13 members).

Remuneration of the Board of Directors (DKK thousands)	2023	2022
Directors' remuneration	10,699	11,156
Remuneration for committee work	4,518	4,350
Total	**15,217**	**15,506**

(b) Remuneration of the Executive Leadership Team

For the Executive Leadership Team, a total remuneration of DKK 130.2 million for 2023 (2022: DKK 95.1 million) has been expensed,

Remuneration of the Executive Leadership Team (DKK millions)	2023	2022
Fixed remuneration	90	84
Variable remuneration*	40	11
Total	**130**	**95**

* Variable remuneration in 2023 includes sign-on fee. See Remuneration Report 2023 for details.

At the end of 2023, the Executive Leadership Team had 9 members (2022: 8 members). Changes in the Executive Leadership Team during 2023 are detailed in the Management Report.

Part of the variable remuneration of the Executive Leadership Team is provided as a share-based long-term incentive programme and deferred variable payments from the short-term incentive. The incentive programmes are further described in section (d).

In the Remuneration Report, the value of the long-term incentive programme grant is the grant value of the award for the performance period 2023-2025, of which one third of the award granted is included within total variable remuneration in this note. In the Remuneration Report, the value of the long-term incentive corresponds to the grant value of the award for the three-year performance period, 2023-2025. In accordance with EBA regulations, prorated provisions for the long-term incentive and deferrals from the short-term incentive, will be paid in future financial years.

Membership of the Board of Directors in one or more of the Group's subsidiaries is not remunerated separately but considered part of the Executive Leadership Team's responsibilities and as such part of the remuneration of the Executive Leadership Team. Danske Bank Group's Remuneration Policy provides more information about remuneration in the Group. The policy is available at danskebank.com/remuneration-policy.

Notes – Danske Bank Group

G35. Remuneration of management and material risk takers continued

(c) Remuneration of other material risk takers

Danske Bank Group is required to identify all employees whose professional activities could have a material impact on the risk profile of Danske Bank in accordance with current legislation. Other material risk takers do not include members of the Board of Directors or the Executive Leadership Team.

At the end of 2023, 429 other material risk takers were designated (end of 2022: 429 other material risk takers). During 2023, 421 full-time-equivalents (FTEs) were designated as other material risk takers (2022: 451 FTEs). The 421 FTEs designated as other material risk takers earned remuneration of DKK 1,000 million (2022: 451 FTEs earned remuneration of DKK 1,088 million), with fixed remuneration amounting to DKK 774 million and variable remuneration amounting to DKK 227 million (2022: DKK 864 million and DKK 224 million, respectively). Fixed and Variable pay for 2023 is estimated and the final figure is determined at the end of February, 2024. The final fixed and variable pay for material risk takers will be published in the quantitative disclosure on material risk takers' remuneration, compliant with the Danish FSA and EBA requirements. The disclosure will be available at danskebank.com/remuneration in May, 2024.

Of the above remuneration for 2023, 271 FTEs designated as other material risk takers at the parent company, Danske Bank A/S, earned remuneration of DKK 787 million (2022: DKK 830 million to 299 FTEs), with fixed remuneration amounting to DKK 588 million and variable remuneration amounting to DKK 199 million (2022: DKK 650 million and DKK 180 million, respectively).

The Group's pension obligations towards other material risk takers amounted to DKK 84 million to 22 employees at year-end 2023 (2022: DKK 139 million and 62 employees). Variable payment for other material risk takers is split into cash and equity shares according to EBA regulations. Further, 40-60% of variable payments are deferred for a minimum of three years. All variable payments are subject to back testing and claw-back if granted on the basis of results which has subsequently proven to not be sustainable or accurate.

(d) Share-based payment

The total expense recognised as Operating expenses in 2023 arising from share-based payments was DKK 172 million (2022: DKK 57 million). All share-based payments are equity-settled. The exact number of shares granted for 2023 will be determined at the end of March, 2024.

The Group has granted rights to conditional shares under the bonus structure for material risk takers and other employees as part of their variable remuneration. Such employees have a performance agreement based on the performance of the Group, the business unit and the individual employee. Part of the Danske Bank shares granted to material risk takers are deferred, as required by the EBA (see section (c) above on variable payment). The fair value at the grant date is measured at the monetary value of the underlying performance agreement.

The variable remuneration of the Executive Leadership Team is provided as part of a short-term incentive- and a long-term incentive programme.

The short-term incentive programme is structured similarly to that of other material risk takers, as described above. However, the rights to Danske Bank shares are deferred for five years, followed by a one year retention period before shares are available to trade.

The long-term incentive programme is based on total shareholder return performance relative to peers over a three-year performance period. In 2023, there were three long-term incentive programmes running.. The programmes running during 2023 were the 2021-2023, the 2022-2024 and the 2023-2025. After the vesting period of three years, part of the shares will be paid out. The remaining shares are deferred for five years from the grant date followed by a one year retention period before shares are available to trade.
The remuneration is subject to backtesting and claw back.

The fair value of the long-term incentive programmes at the grant date was DKK 6.1 million for the 2023-2025 programme and DKK 5.6 million for the 2022-2024 programme. The fair value of the shares is calculated at the grant date and is based on relevant assumptions, which relate to volatility relative to peers. The fair value at grant date is expensed over the three-year vesting period.

Notes – Danske Bank Group

G35. Remuneration of management and material risk takers continued

Conditional shares	Number				Fair value	Fair value
	Executive Leadership Team	Other staff	Total	Employee payment price (DKK)	At issue (DKK m)	End of year (DKK m)
Granted in 2016						
1 January 2022	-	239	239	-	-	-
Vested 2022	-	-	-	-		
Forfeited 2022	-	-	-	-		
Other changes 2022	-	-	-	-		
31 December 2022	-	239	239	-	-	-
Vested 2023	-	-	-	-		
Forfeited 2023	-	-	-	-		
Other changes 2023	-	-	-	-		
31 December 2023	-	239	239	-	-	-
Granted in 2017						
1 January 2022	-	5,378	5,378	-	1.3	1.0
Vested 2022	-	-	-	-		
Forfeited 2022	-	-	-	-		
Other changes 2022	-	-	-	-		
31 December 2022	-	5,378	5,378	-	1.3	1.0
Vested 2023	-	-2,998	-2,998	-		
Forfeited 2023	-	-	-	-		
Other changes 2023	-	-	-	-		
31 December 2023	-	2,380	2,380	-	0.6	0.4
Granted in 2018						
1 January 2022	7,071	31,794	38,865	-	9.1	7.0
Vested 2022	-	-3,517	-3,517	-		
Forfeited 2022	-	-	-	-		
Other changes 2022	-6,009	-14,253	-20,262	-		
31 December 2022	1,062	14,024	15,086	-	3.5	2.7
Vested 2023	-1,062	-10,391	-11,453	-		
Forfeited 2023	-	-3,075	-3,075	-		
Other changes 2023	-	-558	-558	-		
31 December 2023	-	-	-	-	-	-
Granted in 2019						
1 January 2022	40,874	464,167	505,041	-	62.7	91.1
Vested 2022	-837	-357,950	-358,787	-		
Forfeited 2022	-	-13,588	-13,588	-		
Other changes 2022	-40,037	-61,507	-101,544	-		
31 December 2022	-	31,122	31,122	-	3.9	5.6
Vested 2023	-	-9,390	-9,390	-		
Forfeited 2023	-	-	-	-		
Other changes 2023	-	-19,397	-19,397	-		
31 December 2023	-	2,335	2,335	-	0.3	0.4
Granted in 2020						
1 January 2022	118,852	692,589	811,441	-	78.4	146.4
Vested 2022	-	-844	-844	-		
Forfeited 2022	-	-13,579	-13,579	-		
Other changes 2022	-38,632	38,632	-	-		
31 December 2022	80,220	716,798	797,018	-	77.0	143.8
Vested 2023	-2,922	-526,301	-529,223	-		
Forfeited 2023	-64,350	-133,887	-198,237	-		
Other changes 2023	-6,543	3,347	-3,196	-		
31 December 2023	6,405	59,957	66,362	-	6.4	12.0

Notes – Danske Bank Group

G35. Remuneration of management and material risk takers continued

Conditional shares	Number				Fair value	Fair value
	Executive Leadership Team	Other staff	Total	Employee payment price (DKK)	At issue (DKK m)	End of year (DKK m)
Granted in 2021						
1 January 2022	161,622	713,516	875,138	-	103.2	157.9
Vested 2022	-	-	-	-		
Forfeited 2022	-	-36,838	-36,838	-		
Other changes 2022	-48,001	42,061	-5,940	-		
31 December 2022	113,621	718,739	832,360	-	98.7	150.2
Vested 2023	-	-5,523	-5,523	-		
Forfeited 2023	-	-28,586	-28,586	-		
Other changes 2023	-769	125	-644	-		
31 December 2023	112,852	684,755	797,607	-	94.5	143.9
Granted in 2022						
1 January 2022	201,501	1,491,389	1,692,890	-	194.3	305.4
Vested 2022	-	-443,007	-443,007	-		
Forfeited 2022	-	-23,465	-23,465	-		
Other changes 2022	-28,873	28,873	-	-		
31 December 2022	172,628	1,053,790	1,226,418	-	140.7	221.2
Vested 2023	-7,389	-299,858	-307,247	-		
Forfeited 2023	-	-14,126	-14,126	-		
Other changes 2023	-39,217	2,534	-36,683	-		
31 December 2023	126,022	742,340	868,362	-	99.7	156.7
Granted in 2023						
Granted in 2023	140,524	633,671	774,195	-	109.6	139.7
Vested 2023	-549	-269,062	-269,611	-		
Forfeited 2023	-	-11,834	-11,834	-		
Other changes 2023	-12,396	15,451	3,055	-		
31 December 2023	127,579	368,226	495,805	-	70.2	89.4

Other staff includes material risk takers and other employees eligible for share-based payment.

At the end of 2023, the Executive Leadership Team held a total of 372,858 conditional shares with fair value of DKK 67.3 million (2022: 367,531 conditional shares with fair value of DKK 50.5 million). See Remuneration Report 2023 for further details of the Executive Leadership Team's holdings.

In 2023, the average price at the vesting date for rights to conditional shares was DKK 141.5 (2022: DKK 113.3).

Notes – Danske Bank Group

G36. Danske Bank shares held by the Board of Directors and the Executive Leadership Team

(Number)	Beginning of 2023	Upon appointment/ retirement	Additions	Disposals	End of 2023
Board of Directors					
Martin Blessing	15,000	-	6,000	-	21,000
Jan Thorsgaard Nielsen	20,000	-	5,000	-	25,000
Carol Sergeant	7,023	-	-	-	7,023
Lars-Erik Brenøe	29,295	-	3,591	-	32,886
Jacob Dahl	-	-	13,408	-	13,408
Raija-Leena Hankonen-Nybom	5,890	-	2,110	-	8,000
Allan Polack	4,466*	-	-	-	4,466
Helle Valentin	600	-	-	-	600
Bente Bang	1,262	-	-	-	1,262
Kirsten Ebbe Brich	3,796	-	-	-	3,796
Aleksandras Cicasovas	-	-	600	-	600
Louise Aggerstrøm Hansen	676	-	-	-	676
Bente Avnung Landsnes	8,000	-8,000	-	-	-
Total	**96,008**	**-8,000**	**30,709**	**-**	**118,717**

* Beginning of 2023 balance has been adjusted from 3,800 to 4,466 shares

Executive Leadership Team					
Carsten Rasch Egeriis	24,474	-	7,087	-	31,561
Magnus Agustsson	-	-	-	-	-
Joachim Alpen	-	-	-	-	-
Christian Bornfeld	8,000	-	-	-	8,000
Karsten Breum	62,013	-	1,600	-	63,613
Stephan Engels	23,000	-	-	-	23,000
Johanna Norberg	16,307	-	4,385	-	20,692
Dorthe Tolborg	-	-	5,000	-	5,000
Frans Woelders	5,000	-	-	-	5,000
Berit Behring	19,966	-19,966	-	-	-
Total	**158,760**	**-19,966**	**18,072**	**-**	**156,866**

Danske Bank discloses all additions, disposals and total holdings of members of the Board of Directors and the Executive Leadership Team and their immediate family. The total holdings of conditional shares of the members of the Executive Leadership Team is disclosed in note G35.

Notes – Danske Bank Group

G37. Group holdings and undertakings

This note provides information on subsidiaries.

Accounting policy
The financial statements consolidate Danske Bank A/S and group undertakings in which the Group has control over financial and operating policy decisions. Control is said to exist if Danske Bank A/S, directly or indirectly, is exposed, or has rights, to variable returns from the involvement with the entity and has the ability to affect these returns through the power over the entity. Power exists if Danske Bank A/S, directly or indirectly, holds more than half of the voting rights in an undertaking or otherwise has power to control management and operating policy decisions. Operating policy control may be exercised through agreements about the undertaking's activities. In the rare situations where potential voting rights exist, these are taken into account if Danske Bank has the practical ability to exercise these rights.

When assessing whether to consolidate investment funds, the Group reviews all facts and circumstances to determine whether the Group, as fund manager, is acting as agent or principal. The Group is deemed to be a principal, and the Group controls and consolidates a fund when it acts as fund manager and cannot be removed without cause (i.e. when kick-out rights are weak), has variable returns through significant holdings, and is able to influence the returns of the funds by exercising its power. Holdings where all returns belong to customers (pooled schemes and unit-linked investment contracts) are not considered as exposure to variable returns, whereas holdings where the majority of the returns belong to customers (holdings related to insurance contracts) are considered only limited exposure to variable returns.

The consolidated financial statements are prepared by consolidating items of the same nature and eliminating intra-group transactions, balances and trading profits and losses.

Undertakings acquired are included in the financial statements at the time of acquisition. The net assets of such undertakings (assets, including identifiable intangible assets, less liabilities and contingent liabilities) are measured at fair value at the date of acquisition according to the acquisition method.

If the cost of acquisition (until 1 January 2010 including direct transaction costs) exceeds the fair value of the net assets acquired, the excess amount is recognised as goodwill. Goodwill is recognised in the functional currency of the undertaking acquired. The portion of the acquisition that is attributable to non-controlling interests does not include goodwill.

Divested undertakings are included in the financial statements until the transfer date. Changes in the ownership share in a subsidiary that do not result in loss of control are accounted for as equity transactions. This implies that the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in the relative interest in the subsidiary, and any difference between the fair value of the consideration paid/received and the adjustment made to non-controlling interests is attributed to the shareholders of Danske Bank A/S. If changes in the ownership share in a subsidiary result in the loss of control, any investment retained in the former subsidiary is recognised at fair value, and amounts recognised under Other comprehensive income are reclassified to the income statement or transferred directly to retained earnings if so required by other IFRSs. The difference between the fair value of the consideration received plus any investment retained in the former subsidiary and the carrying amount of the net assets in the subsidiary less the carrying amounts of any non-controlling interests is recognised in the income statement.

Held-for-sale group undertakings
Companies taken over by the Group under non-performing loan agreements and actively marketed for sale and expected to be sold within 12 months of classification are recognised as held-for-sale. Assets and liabilities in such companies are presented under Assets held for sale and Liabilities in disposal groups held for sale. The assets are recognised at the lower of cost and fair value less expected costs to sell.

(a) Further explanation
All credit institutions and insurance companies supervised by national FSAs are subject to local statutory capital requirements. These requirements restrict intra-group facilities and dividend payouts.

Danica Pension has an obligation to allocate part of the margin by which Danica Pension's equity exceeds the statutory solvency requirement to certain policyholders who were previously policyholders of Statsanstalten for Livsforsikring (now part of Danica Pension). This applies only if the margin exceeds the margin in Statsanstalten for Livsforsikring before the privatisation in 1990 and relates to any excess included in the shareholders' equity or paid out as dividend. Such special allotments are expensed and recognised under Net insurance benefits.

Restrictions impacting the Group's ability to use assets are disclosed in note G31 and include, among others, assets pledged as collateral under repo transactions funded by covered bonds and assets held by insurance subsidiaries that are primarily held to satisfy obligations to policyholders' savings.

The Group has established a number of investment funds in which the Group acts as fund manager. The Group has consolidated investment funds of DKK 6,357 million (2022: DKK 6,033 million), as the Group is deemed to be acting as principal rather than agent in its role as fund manager and as the Group is the sole investor. The investments are held to satisfy obligations towards insurance policyholders and are recognised under Assets under insurance contracts. The Group does not have consolidated structured entities in the form of securitisation vehicles or asset-backed financing vehicles.

(b) Acquisition of subsidiary undertakings
The Group did not make any acquisitions of undertakings in 2023 or 2022.

Notes – Danske Bank Group

G37. Group holdings and undertakings continued

(c) List of significant subsidiaries

		Share capital (thousands)	Net profit (DKK m)	Shareholders' equity (DKK m)	Share capital (%)
Danske Bank A/S, Copenhagen	DKK	8,621,846	21,262	175,739	
Credit institutions					
Danske Hypotek AB (publ), Stockholm	SEK	50,000	375	5,225	100
Danske Mortgage Bank Plc, Helsinki	EUR	70,000	206	2,734	100
Northern Bank Limited, Belfast	GBP	218,170	1,576	5,892	100
Realkredit Danmark A/S, Copenhagen	DKK	630,000	4,394	50,223	100
Insurance operations					
Danica Pension, Livsforsikringsaktieselskab, Copenhagen	DKK	1,101,000	1,140	20,525	100
Investment and real estate operations etc.					
Danica Ejendomsselskab ApS, Copenhagen	DKK	4,410,000	-1,336	34,738	100
Danica Kapitalforvaltning K/S	DKK	10,000	590	600	100
Danske Invest Asset Management AS, Trondheim	NOK	6,000	35	86	100
Danske Invest Management A/S, Copenhagen	DKK	120,000	130	377	100
Danske Leasing A/S, Birkerød	DKK	10,000	442	2,262	100
Danske Markets Inc., New York	USD	2,000	21	359	100
Danske Private Equity A/S, Copenhagen	DKK	6,000	66	121	100
DDB Invest AB, Stockholm	SEK	100,000	2	159	100
home a/s, Åbyhøj	DKK	15,000	21	124	100

The list above includes significant active subsidiary operations only.

During 2023, the Group sold Danske IT, a fully-owned subsidiary in India, to Infosys. See note G23 for more information. In addition, the voluntary solvent liquidation of the Danske Bank International S.A. in Luxembourg was completed during the third quarter of 2023.

As of 31 December 2023, Danske Finance Oy (Finland) no longer exists as it has been merged with Danske Bank A/S.

The Group´s ownership share of the other subsidiaries is unchanged from 2022 to 2023. The financial information above is extracted from the companies´ most recent annual reports prior to 2 February 2024.

Notes – Danske Bank Group

G38. Interests in associates and joint arrangements

This note provides information about the Group's interests in associates and joint arrangements.

Accounting policy

Joint ventures and associates are entities other than group undertakings in which the Group has holdings and joint control with one or more parties or significant but not controlling influence, respectively. The Group generally classifies entities as joint ventures/associates if Danske Bank A/S, directly or indirectly, holds 20-50% of the share capital and has influence over management and operating policy decisions. Holdings in joint ventures and associates are recognised at cost at the date of acquisition and are subsequently measured according to the equity method. The proportionate share of the net profit or loss of the individual entity is included under Income from holdings in associates. The share is calculated on the basis of data from financial statements with balance sheet dates no earlier than three months before the Group's balance sheet date. If objective evidence of impairment exists, the investment is recognised at the lower of carrying amount and the present value of future cash flows.

The proportionate share of the profit or loss on transactions between associates/joint ventures and group undertakings is eliminated.

Ownership shares held by the Group's insurance business are treated as held by a venture capital organisation and are measured at fair value.

		Share capital (thousands)	Net profit (DKK m)	Shareholders' equity (DKK m)	Share capital (%)
Vipps MobilePay, Oslo	NOK	23,123	-79	1,721	27.8

The financial information above is extracted from the most recent annual reports prior to 2 February 2024.

The total carrying amount of holdings in associates amounted to DKK 612 million (2022: DKK 536 million) and is presented under Other assets in note G24. The list above includes significant associates held at end 2023.

In October 2022, the agreement between Danske Bank and the consortium of banks behind Vipps to merge MobilePay and Vipps was approved by all relevant authorities, including the EU Commission. The parties completed the transaction during the fourth quarter of 2022, resulting in a gain DKK 415 million for Danske Bank. Danske Bank now owns 27.8% of the new parent company, Vipps AS, which is classified as a joint venture.

The Group does not have any other significant holdings in joint ventures or joint operations.

There are no other significant restrictions on the ability of associates to transfer funds to Danske Bank Group in the form of dividends or to repay loans granted.

Notes – Danske Bank Group

G39. Interests in unconsolidated structured entities

The Group has established a number of investment funds in which the Group acts as fund manager. The Group is entitled to receive management fees based on the assets under management. The Group may also retain units in these funds. The assets in unconsolidated investment funds managed by the Group totalled DKK 764.7 billion (2022: DKK 660.8 billion). The Group retained holdings of DKK 113.8 billion (2022: DKK 64.6 billion) in these funds. Substantially all of these holdings are related to pooled schemes, unit-linked investment contracts and insurance contracts. Income generated to the Group in the form of management fees amounted to DKK 3.3 billion (2022: DKK 3.7 billion). In addition, the Group has holdings in private equity investment funds of DKK 0.1 billion (2022: DKK 0.1 billion).

The Group has limited exposure to structured securitisation entities. The exposure dates back to the period between 2001-2007 when the Group acted as an investor. This involved the purchase of bonds and entering into facilities for securitisation assets that were either structurally senior or triple A-rated by at least one of the major rating agencies. The Group has not acted as a sponsor or an orginator, and none of the assets of the structured entities were previously held on the Group's balance sheet. The remaining exposure consists mainly of liquidity facilities and is reported as part of the credit exposure in the Non-core segment. At the end of 2023, the gross exposure amounted to DKK 2.5 billion (2022: DKK 2.4 billion). During the year, the Group did not provide any non-contractual financial or other support to any of the structural entities. The key risk on the portfolio relates to the underlying securitisation transactions, which consist mainly of commercial and residential mortgage loans originated in the UK and Germany.

Notes – Danske Bank Group – Risk management

G40. Risk management notes

The Danske Bank Group assumes risks to support the activities of the Group's customers, while ensuring stability of the Group's financial position to the benefit of a shareholders, society, customers and employees. The Group applies an enterprise risk management (ERM) framework approach that sets common standards for how the Group manages risk across all risk types and organisational entities. The framework defines the Group's risk taxonomy, risk roles and responsibilities, risk governance, approach to risk appetite, and risk culture. The framework is supported by policies approved by the Board of Directors.

Risk management

The Group's risk management practices are organised in line with the principles of the three-lines-of-defence model. The three lines of defence segregate duties between 1) units that enter into business transactions with customers or otherwise expose the Group to risk (risk ownership), 2) units in charge of risk oversight and challenge in respect of risk owners (risk oversight), and 3) Group Internal Audit (risk assurance).

The first line of defence owns and manages the business activities and related risks. It consists of business units and support functions, which are responsible for identifying, assessing, managing and reporting risks, in line with delegated responsibilities and policies as set by the second line of defence and approved by the Board of Directors.

The second line of defence consists of Group Risk Management and Group Compliance. These units set policies and the overall risk management. The second line of defence supports, challenges and is responsible for the risk oversight of the first line of defence, and operates independently of the first line of defence. The second line of defence has the authority to veto any decisions proposed by the first line of defence that fall outside the set risk appetite or are not aligned with agreed policies.

The chief risk officer (CRO) as head of Group Risk Management and the chief compliance officer (CCO) as head of Group Compliance are responsible for the independent risk and compliance functions. The CRO and CCO are both members of the Executive Leadership Team (ELT). In cooperation with and under the responsibility of the chief executive officer (CEO), the CRO and CCO submit risk and compliance reports to the ELT and Board of Directors.

Group Risk Management is organised in risk functions with group-wide risk type oversight responsibility. Furthermore, each business unit is assigned a separate CRO who has oversight responsibility across all risk types for their unit.

Group Compliance is responsible for monitoring and assessing the Group's compliance with applicable laws, rules and regulations. Group Compliance has specific second-line responsibility for organising compliance training, providing independent advice, guidance and challenge, undertaking risk assessments and risk-based monitoring, and providing independent reporting to senior management and the Board of Directors on compliance risks and issues. Group Compliance also undertakes compliance oversight assessments to evaluate the adequacy and effectiveness of other risk management frameworks.

The third line of defence consists of Group Internal Audit (GIA). GIA is an independent and objective assurance entity that assists the Board of Directors and the ELT in protecting the assets, reputation and sustainability of the Group by evaluating the effectiveness of risk management, controls and governance. GIA is headed by the chief audit executive (CAE) who reports directly to the Board of Directors.

The Management's report and Risk Management 2023 provide a detailed description of Danske Bank Group's risk management practices, including non-financial risk. Risk Management 2023 is available at danskebank.com/reports. The publication is not covered by the statutory audit.

Risk governance

The Board of Directors approves the Group's risk appetite, policies and instructions on the basis of recommendation of the ELT. In addition the Board of Directors receives regular reports, oversees the main risks, and reviews the largest credit exposures.

The ELT is responsible for the Group's day-to-day management. It supervises the Group's risk management practices, oversees developments in Group Compliance's methods, approves credit applications up to a defined limit, and ensures that bookkeeping and asset management are both sound and consistent with the Group's strategy and in compliance with applicable legislation.

Risk exposure

The risk taxonomy organises and visualises the most material risk types applicable to the Group and is intended to ensure adequate risk identification and ownership across the Group. The risk types cover both financial and non-financial risks. The taxonomy is reviewed on an annual basis to ensure its relevance.

The main categories of risks are the following:

- Credit risk: The risk of losses because debtors or counterparties fail to meet all or part of their payment obligations to the Group.
- Market risk: The risk of losses because the fair value of the Group's assets, liabilities and off-balance-sheet items varies with changes in market conditions.
- Liquidity risk: The risk that a lack of funding leads to excessive costs or prevents the Group from maintaining its business model, or from fulfilling its payment obligations.
- Life insurance risk: All types of risk at Danica Pension, including pension-related market risk, insurance risk and operational risk and ESG risk.
- Non-financial risks: The risk of financial losses or gains, regulatory impact, reputational impact or customer impact resulting from inadequate or failed internal processes, people or systems or from external events, including legal and compliance risks.

Notes – Danske Bank Group – Risk management

Cross-taxonomy risk drivers are elements that can impact all the risk types listed in the risk taxonomy. These must be considered as part of the risk assessment process, as they can affect the size of the risk. Cross-taxonomy risk drivers include Conduct risk and Sustainability risk. As an example, the Group defines sustainability risk as the risk of a significant negative impact on the Group's performance – including financial and reputational impacts – as a result of current or future environmental, social and governance (ESG) events or conditions.

Danica Pension is a wholly-owned subsidiary of Danske Bank A/S. As required by Danish law and the Danish Executive Order on the Contribution Principle, Danica Pension has notified the Danish Financial Supervisory Authority (the Danish FSA) of its profit policy. The contribution principle and the profit policy mean that policyholders assume risks and receive the returns on assets allocated to them. Assets are allocated to policyholders to secure their guaranteed benefits. Market risk and other risks on assets and liabilities allocated to policyholders are therefore not consolidated in the tables of this section, but are treated in the section on life insurance risk.

Notes – Danske Bank Group – Risk management

Total capital

Capital risk is the risk of not having enough capital to cover all material risks arising from the Group's chosen business strategy.

The Danske Bank Group (the Group) has licences to provide financial services and must therefore comply with the capital requirements of the Capital Requirements Regulation (CRR) and the Danish Financial Business Act. The Danish rules are based on the EU Capital Requirements Directive (CRD) and apply to both Danske Bank A/S (the Parent Company) and the Group. Similarly, the Group's financial subsidiaries in and outside Denmark must comply with local capital requirements. The regulatory requirements stipulate a minimum capital level of 8% of the total risk exposure amount (REA) under Pillar I (including risk exposure amounts for credit risk, counterparty credit risk, market risk and operational risk). In addition, financial institutions are required to calculate their solvency need under Pillar II to reflect all relevant risks. As stipulated in the CRD, a combined buffer requirement (CBR) applies to financial institutions in addition to the solvency need ratio. The Group's CBR consists of a systemic risk buffer, a countercyclical buffer, a capital conservation buffer and a SIFI buffer and must be funded with common equity tier 1 (CET1) capital. Because Danske Bank A/S is designated a systemically important financial institution (SIFI) in Denmark, the Group must meet a SIFI buffer requirement of 3%.

The Group's total capital consists of tier 1 capital (share capital and additional tier 1 capital after deductions) and tier 2 capital (subordinated loan capital after deductions).

The Group's CET1 capital is based on the carrying amount of shareholders' equity and adjusted with the following main deductions.

- Adjustments to eligible capital instruments
- Deferred tax assets that rely on future profitability
- Defined benefit pension fund assets
- Intangible assets of banking operations, including goodwill
- Minimum loss coverage for non-performing exposures
- Expected/proposed dividends
- Prudent valuation
- Prudential filters
- Reversal of the effect of IFRS 9 (expected credit losses) implementation due to transitional rules
- Statutory deductions for insurance subsidiaries

The presentation of the Group's total capital in the statement of capital shows the difference between the carrying amount of shareholders' equity and CET1 capital. At the end of 2023, the Group's CET1 capital amounted to DKK 155.3 billion (2022: DKK 149.2 billion), and its CET1 capital ratio was 18.8% (2022: 17.8%)

The Group's additional tier 1 capital and tier 2 capital may, subject to certain conditions, be included in total capital. The conditions are described in the CRR. Notes G22 and G25 show additional tier 1 capital and tier 2 capital. At the end of 2023, the Group's total capital was DKK 190.9 billion (2022: DKK 185.3 billion), and its total capital ratio was 23.1% (2022: 22.1%). The Group's tier 1 capital was DKK 170.1 billion (2022: DKK 164.5 billion), and its tier 1 capital ratio was 20.5% (2022: 19.6%).

Internal Capital Adequacy Assessment 2023 provides a description of the Group's solvency need.

The target for the CET1 capital ratio of above 16% was reaffirmed at the Group's Investor Update on 7 June 2023 and ensures a sufficiently prudent buffer in relation to the capital requirement. This implies a capital target buffer of at least 18.8% in relation to the fully phased-in CET1 capital requirement.

The Group aspires to improve its credit ratings, which are important for its access to liquidity and for the pricing of its long-term funding. The Group therefore includes rating targets in its capital considerations.

Notes – Danske Bank Group – Risk management

Credit risk

The Group offers loans, credits, guarantees and other products as part of its business model and thus takes on credit risk.

Credit risk is the risk of losses because debtors or counterparties fail to meet all or part of their payment obligations to the Group.

In accordance with the Group's Credit Policy, the Group carefully assesses the financial situation of customers to ensure that loans granted are suited to their needs and financial capacity and that customers understand their financial obligations.

In order to mitigate credit risk, the Group uses a number of measures, including collateral, guarantees and covenants.

Further information on the Group's risk management practices related to credit risk can be found in the report Risk Management 2023.

Sustainability risk

The Group may be exposed to sustainability drivers. Credit risk is deemed to be the risk type most materially affected by sustainability drivers. Sustainability and ESG considerations are integrated into the Group's lending practices.

Sustainability and credit risk

Sustainability risks are identified, assessed and monitored at the portfolio level as part of the annual sector reviews, which include an in-depth assessment of sub-sectors and the largest customers. This enables the Group to map the most material sustainability risks facing the individual portfolios, monitor aggregate risk levels on an ongoing basis, and identify additional Credit Risk Policy requirements. When deemed necessary, the sustainability risk findings are integrated into the Group's credit risk tolerance to allow for portfolio management.

Relationship managers use a digital system to identify and assess each customer's sustainability risk level through a set of sector-specific environmental, social and governance questions for both new and existing business customers. The customer-level sustainability risk assessments serve as input factors in the overall credit decision process and also enable the Group to monitor the overall sustainability risk level. On the back of results from the ESG Tracker tool, relationship managers are required to engage with customers with a significant exposure and a high level of identified risks in order to agree on a future action plan to mitigate these risks.

The Group implemented functional enhancements to facilitate customer engagement in human rights and a more in-depth analysis of drivers of customers' ESG risk levels. These bottom-up customer assessments will increasingly be tied to the top-down portfolio risk management efforts. This will ensure a consistent feedback loop between strategic and customer considerations in the Group's sustainability risk management.

Climate risk management

Climate risk is currently the most urgent of all ESG-related drivers capable of affecting the Group's credit risk. From a financial significance perspective, climate-related risks have been deemed most relevant for the Group's lending activities and risk practices are being enhanced in accordance with regulatory and industry developments.

Climate risk pertains to transition risks, which are the risks associated with shifting to a low-carbon economy, and to physical risks arising from projected climate changes, including both long-term shifts (chronic changes) and event-driven changes (acute changes) to weather patterns. Credit risk will be affected by both of these climate-related risks in the medium and long term, and efforts are being made to obtain improved climate data to refine the long-term view of climate risk across sectors.

The Group has identified flooding risk (river and coastal flooding) as the key physical hazard applicable to the portfolio on the basis of the report on high confidence of hazard increase in Northern Europe issued by the Intergovernmental Panel on Climate Change. The current mapping of exposures subject to the risk of flooding focuses on residential and commercial property.

The Group has taken into consideration the financed emissions of the sector portfolios identified as climate change contributors and has identified that most of the emissions are attributable to only a few sectors, which the Group actively monitors and manage. For instance, this is evidenced by the decline in the oil and gas books in recent years.

Moreover, the Group performs ad-hoc climate stress tests to assess physical and transition risks of climate changes. Stress tests in relation to physical risks cover collateral-related exposures and are based on river and coastal flooding. Stress tests in relation to transition risks consider an introduction of carbon taxes.

Customer transition risk assessments

Managing transition risks takes place at both portfolio and customer levels. At the portfolio level, the Group sets long-term targets for sectors with high financed emissions such as for the segments Shipping, Utilities etc. Climate risks are also taken into consideration when the Group determines its risk tolerance process for high-risk segments to further manage the portfolios.

The Group has also developed a methodology to assess transition risks at the customer level to gain a more granular overview of transition risks in relevant high-emitting sectors. The methodology considers the customers' current performance as well as their short-, medium-, and long-term ambitions and plans to meet their decarbonisation strategy and targets. In addition, the assessments include an evaluation of the customers' risk of not executing on their strategies because of external factors that affect their ability to transition, i.e. technology and government support factors.

Notes – Danske Bank Group – Risk management

On the basis of the alignment assessment, technology and government factors, it is possible to break down transition risk assessment scores into four categories. The transition risk assessments contribute to the overall credit evaluation of customers.

The Group has an intensified focus on customers that are considered to be lagging in the transition process but have started from weak financial positions. For these customers, the Group has identified relevant mitigating actions, including increased recognition of the expected credit loss to anticipate losses during the transition phase. From the initial assessment of customers subject to high transition risk, the exposure to the lagging transition category remains limited but will be monitored on an ongoing basis.

See the Group's risk management report; Risk Management 2023 for more information on Sustainability risk and the Group's additional Pillar III Disclosures for more information on Climate risk. The publications are available at danskebank.com/investor-relations. The publications are not covered by the statutory audit.

Notes – Danske Bank Group – Risk management

Credit exposure continued

Credit exposure

Credit exposure consists of balance sheet items and off-balance-sheet items that carry credit risk. Most of the exposure derives from lending activities in the form of secured and unsecured loans. The Non-core business unit is not considered part of Danske Bank's core activities and is stated separately. Securities positions taken by the Group's trading and investment units also entail credit risk and are presented as credit exposure from trading and investment securities as well as derivatives and loans at the Group's trading units.

The overall management of credit risk thus covers credit risk from direct lending activities, counterparty credit risk on derivatives and loans at the Group's trading units and credit risk from securities positions.

The Group's exposure to the risk on some balance sheet items is limited. This is the case for assets under customer-funded investment pools, unit-linked investment contracts and insurance contracts. The risk on assets under pooled schemes and unit-linked investment contracts is assumed solely by the customers, while the risk on assets under insurance contracts is assumed primarily by the customers. The section on life insurance risk describes the Group's credit risk on insurance contracts.

Breakdown of credit exposure

(DKK billions)		Lending activities				
31 December 2023	Total	Core	Non-core	Counterparty credit risk	Trading and investment securities	Customer-funded investments
Balance sheet items						
Demand deposits with central banks	252.7	252.7	-	-	-	-
Due from credit institutions and central banks	114.8	21.8	-	93.0	-	-
Trading portfolio assets	548.2	-	-	351.7	196.5	-
Investment securities	283.9	-	-	-	283.9	-
Loans at amortised cost	918.6	917.1	1.5	-	-	-
Loans at fair value	928.2	753.3	-	175.0	-	-
Assets under pooled schemes and unit-linked investment contracts	70.9	-	-	-	-	70.9
Assets under insurance contracts	496.0	-	-	-	-	496.0
Assets held for sale	110.4	110.4	-	-	-	-
Off-balance-sheet items						
Guarantees	75.9	75.9	-	-	-	-
Loan commitments shorter than 1 year	197.0	196.1	0.9	-	-	-
Loan commitments longer than 1 year	220.3	220.3	-	-	-	-
Other unutilised commitments	16.7	-	-	-	0.1	16.6
Total	**4,233.8**	**2,547.6**	**2.5**	**619.7**	**480.5**	**583.6**
31 December 2022*						
Balance sheet items						
Demand deposits with central banks	168.4	168.4	-	-	-	-
Due from credit institutions and central banks	60.8	22.7	-	38.1	-	-
Trading portfolio assets	638.8	-	-	430.1	208.7	-
Investment securities	287.4	-	-	-	287.4	-
Loans at amortised cost	1,082.8	1,081.7	1.2	-	-	-
Loans at fair value	932.7	724.1	-	208.6	-	-
Assets under pooled schemes and unit-linked investment contracts	66.7	-	-	-	-	66.7
Assets under insurance contracts	503.0	-	-	-	-	503.0
Assets held for sale	-	-	-	-	-	-
Off-balance-sheet items						
Guarantees	81.4	81.4	-	-	-	-
Loan commitments shorter than 1 year	236.1	234.8	1.3	-	-	-
Loan commitments longer than 1 year	199.9	199.9	-	-	-	-
Other unutilised commitments	15.2	-	-	-	0.1	15.1
Total	**4,273.2**	**2,512.8**	**2.5**	**676.9**	**496.2**	**584.8**

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

In addition to credit exposure from lending activities, the Group had made uncommitted loan offers and granted uncommitted lines of credit of DKK 232 billion at 31 December 2023 (2022: DKK 216 billion). These items are included in the calculation of the total risk exposure amount in accordance with the Capital Requirements Directive.

Notes – Danske Bank Group – Risk management

Credit exposure continued

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.

For details about the Group's credit risk management and the use of information on expected credit losses for risk management purposes, see Risk Management 2023.

Classification of customers

The main objectives of risk classification are to rank the Group's customers according to risk and to estimate each customer's probability of default (PD). As part of the credit process, the Group classifies customers according to risk and updates their classifications upon receipt of new information. Risk classification comprises rating and credit scoring of customers. While all large customers are rated, the Group uses fully automated and statistically-based scoring models for small customers such as personal customers and small businesses. Credit scores are updated monthly in a process subject to automated controls.

The Group has developed a number of classification models to assess customer PD and to classify customers in various segments.

In its credit risk management, the Group uses point in time (PIT) PD estimates for risk classification. These PIT PD estimates express a customer's probability of default within the next 12 months in the current economic situation. The Group's classification scale consists of 11 main rating categories with fixed PD bands. During a downturn, a customer's PIT PD may increase, and the customer may migrate to a lower rating category. The effect from a downturn is thus larger when PIT PD is used than if the classification were based on through-the-cycle (TTC) PD, which the Group uses to calculate the risk exposure amount for credit risk.

The classification of facilities between stage 1 and 2 for the purpose of calculating expected credit losses under IFRS 9 depends on whether the credit risk has increased significantly since initial recognition. The assessment of whether the credit risk has increased significantly since initial recognition is performed by considering the change in the risk of default occurring over the remaining life of the individual facility and incorporating forward-looking information. A facility is transferred from stage 1 to stage 2 on the basis of observed increases in the probability of default:

- For facilities originated below 1% in PD: an increase in the facility's 12-month PD of at least 0.5 of a percentage point since initial recognition and a doubling in the facility's lifetime PD since origination.
- For facilities originated above 1% in PD: an increase in the facility's 12-month PD of 2 percentage points since origination or a doubling of the facility's lifetime PD since origination.

In addition, facilities that are more than 30 days past due are moved to stage 2. 30 days past due is considered a backstop. Finally, customers subject to forbearance measures are placed in stage 2 if the Group, in the most likely outcome, expects no loss or the customers are in the two-year probation period for performing forborne exposures.

A facility is transferred from stage 2 to stage 3 when it becomes credit-impaired. A facility becomes credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows have occurred. This includes observable data about (a) significant financial difficulty of the issuer or the borrower; (b) a breach of contract, such as a default or past due event; (c) the borrower, for financial or contractual reasons relating to the borrower's financial difficulty, having been granted a concession that would not otherwise have been considered; (d) it is becoming probable that the borrower will enter into bankruptcy or other financial restructuring; and (e) the purchase or origination of a financial asset at a deep discount that reflects the incurred credit loss. It may not be possible to identify a single discrete event – instead, the combined effect of several events may cause a financial asset to become credit-impaired. Credit-impaired facilities are placed in rating category 10 or 11. For customers in rating category 10, the stage 3 classification applies only to customers where a loss is expected in the most likely scenario. For rating category 11 (default), all facilities are classified as stage 3 exposures.

Exposures which are considered to be in default for regulatory purposes will always be categorised as stage 3 exposures under IFRS 9. This applies to 90-days-past-due considerations and unlikely-to-pay factors leading to regulatory default.

Management applies judgement and recognises post-model adjustments to cover risks that are not reflected sufficiently in the Group's expected credit loss model. Besides increasing the expected credit losses, the post-model adjustments may lead to the transfer of part of the gross exposure covered by the post-model adjustments from stage 1 to stage 2 through targeted PD pushes to the current point in time estimates of PD (i.e. increases in the PD for the underlying customers in the selected portfolios covered by the post-model adjustments) to ensure consistency between the methods used for disclosing information about expected credit losses and exposures subject to significant increase in credit risk. While the distribution of customers between the Group's 11 rating categories is unchanged and reflects the current point-in-time estimate of the underlying customers' PDs, the PD pushes may lead to the transfer of gross exposures to stage 2 as the assessment of the increase in credit risk is performed by comparing the initial PD with the current PD (after the adjustment for the targeted PD pushes).

Notes – Danske Bank Group – Risk management

Credit exposure continued

Expected credit losses

The expected credit loss is calculated for all individual facilities as a function of the probability of default (PD), the exposure at default (EAD) and the loss given default (LGD). For exposures in stage 1, 12- month expected credit losses are recognised, while lifetime expected credit losses are recognised for exposures in stage 2-3. For further information see note G15.

Credit portfolio in core activities broken down by rating category

The Group's definition of default for accounting aligns with the regulatory purposes. All exposures in stage 3 are considered default. As a result, all non-performing loans are 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 out side default. This is due to impairment staging being updated monthly (after each month-end), whereas default is updated daily. For the same reason, some credit exposure in default is outside stage 3.

For further details about the Group's credit risk management and the use of information on expected credit losses for risk ma nagement purposes, see Risk Management 2023.

The table below breaks down the credit exposure by rating categories and stages.

31 December 2023	PD level		Gross exposure			Expected credit loss			Net exposure			Net exposure, ex collateral		
(DKK billions)	Upper	Lower	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
1	-	0.01	127.3	0.1	-	-	-	-	127.3	0.1	-	108.9	-	-
2	0.01	0.03	287.2	0.3	-	-	-	-	287.2	0.3	-	178.3	-	-
3	0.03	0.06	536.9	0.7	-	0.1	-	-	536.8	0.6	-	263.2	0.4	-
4	0.06	0.14	607.8	1.9	-	0.2	-	-	607.6	1.9	-	274.9	0.5	-
5	0.14	0.31	434.8	8.1	0.1	0.4	-	-	434.5	8.0	0.1	136.5	5.5	-
6	0.31	0.63	290.0	36.9	0.1	0.7	0.6	-	289.3	36.3	0.1	87.2	18.7	-
7	0.63	1.90	92.3	47.3	0.1	1.2	1.9	-	91.1	45.3	0.1	27.9	17.7	-
8	1.90	7.98	12.2	28.1	0.4	0.9	2.8	-	11.3	25.2	0.4	1.7	6.3	0.2
9	7.98	25.70	1.0	4.8	-	-	1.0	-	1.0	3.8	-	0.2	1.0	-
10	25.70	99.99	0.6	14.8	1.3	-	1.0	0.5	0.6	13.8	0.8	0.2	3.7	0.5
11 (default)	100.00	100.00	0.6	1.5	30.7	-	-	8.6	0.6	1.5	22.1	0.4	0.2	2.2
Total			**2,390.8**	**144.2**	**32.7**	**3.6**	**7.5**	**9.1**	**2,387.2**	**136.7**	**23.6**	**1,079.4**	**54.1**	**3.0**

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

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

The stage 3 coverage ratio is 75% (31 December 2022: 85%).

Notes – Danske Bank Group – Risk management

Credit exposure continued

Credit portfolio in core activities broken down by industry (NACE)
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 adapted to the Group's business risk approach used for the active management of the credit portfolio.

31 December 2023	Gross exposure			Expected credit loss			Net exposure			Net exposure, ex collateral		
(DKK billions)	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Public institutions	298.6	1.0	0.3	-	-	-	298.6	1.0	0.3	295.9	-	-
Financials	147.5	3.4	0.4	0.1	0.1	0.1	147.5	3.3	0.2	131.7	2.7	0.2
Agriculture	54.8	4.6	2.2	0.3	0.7	0.6	54.5	3.9	1.7	13.1	0.9	-
Automotive	24.9	2.5	0.3	-	0.1	0.1	24.9	2.4	0.1	19.9	1.1	-
Capital goods	82.7	13.3	1.2	0.1	0.3	0.5	82.6	13.0	0.7	74.3	10.9	0.3
Commercial property*	258.0	32.4	4.7	0.8	1.8	0.9	257.3	30.6	3.8	28.8	4.7	0.4
Construction and building materials	42.8	6.5	2.1	0.3	1.0	0.9	42.5	5.6	1.2	30.3	2.8	0.5
Consumer goods	67.5	8.3	1.3	0.1	0.4	0.5	67.4	7.8	0.9	53.5	5.6	0.2
Hotels, restaurants and leisure	12.7	1.8	0.7	-	0.1	0.2	12.7	1.8	0.5	3.0	0.5	0.1
Metals and mining	14.6	1.2	-	-	-	-	14.6	1.2	-	12.6	0.9	-
Other commercials	11.6	0.3	0.3	0.1	-	0.1	11.5	0.3	0.2	7.9	0.1	-
Pharma and medical devices	44.1	2.9	-	-	-	-	44.0	2.9	-	40.6	2.5	-
Private housing co-ops and non-profit associations	191.1	4.5	0.6	0.1	0.3	0.2	191.1	4.2	0.5	22.6	1.0	0.1
Pulp, paper and chemicals	40.7	3.7	0.9	-	0.1	0.2	40.7	3.6	0.7	29.4	2.6	0.3
Retailing	27.7	5.2	1.9	0.1	0.3	0.7	27.6	4.9	1.2	17.6	3.8	0.5
Services	63.4	7.6	1.0	0.2	0.3	0.4	63.2	7.3	0.6	51.3	5.9	0.3
Shipping, oil and gas	36.3	1.9	2.4	-	0.1	0.4	36.3	1.9	2.0	20.4	0.6	-
Social services	29.5	1.3	0.3	-	0.1	0.1	29.4	1.2	0.2	13.0	0.7	-
Telecom and media	23.7	0.8	1.7	-	0.1	0.7	23.7	0.7	0.9	18.4	0.6	-
Transportation	15.6	2.1	0.4	-	0.1	0.1	15.6	2.0	0.3	7.2	0.7	-
Utilities and infrastructure	84.0	1.3	-	-	-	-	84.0	1.3	-	62.2	1.2	-
Personal customers	819.0	37.7	10.2	1.4	1.6	2.5	817.5	36.1	7.7	125.5	4.2	-
Total	**2,390.8**	**144.2**	**32.7**	**3.6**	**7.5**	**9.1**	**2,387.2**	**136.7**	**23.6**	**1,079.4**	**54.1**	**3.0**

* As at 31 December 2023, DKK 139 billion of the net exposure in Commercial property is towards residential assets.

As at 31 December 2023, oil and gas exposures (within the Shipping, oil and gas industry) represent a gross exposure of DKK 18.1 billion (31 December 2022: DKK 19.3 billion) and expected credit losses of DKK 0.3 billion (31 December 2022: DKK 0.7 billion). Those exposures represent the majority of the exposures in stage 3 within the Shipping, oil and gas industry at the end of 2023.

Notes – Danske Bank Group – Risk management

Credit exposure continued

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

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

Notes – Danske Bank Group – Risk management

Credit exposure continued

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

Credit portfolio in core activities broken down by business unit

31 December 2023	Gross exposure			Expected credit loss			Net exposure			Net exposure, ex collateral		
(DKK billions)	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Personal Customers												
Personal Customers DK	424.0	18.6	6.2	1.0	0.9	1.3	423.0	17.7	4.9	49.4	1.8	-
Personal Customers Nordic	304.6	12.9	2.8	0.3	0.5	0.8	304.2	12.3	1.9	66.4	1.3	-
Global Private Banking	76.5	3.1	0.7	-	0.1	0.2	76.4	3.0	0.5	16.2	1.0	-
Total Personal Customers	**805.0**	**34.6**	**9.6**	**1.3**	**1.6**	**2.4**	**803.7**	**33.0**	**7.3**	**132.1**	**4.1**	**-**
Business Customers												
Asset Finance	52.7	9.4	1.4	0.1	0.5	0.5	52.6	8.8	0.9	19.5	1.6	-
Business Customers	309.6	36.8	10.4	1.1	3.0	3.7	308.5	33.8	6.7	93.3	13.8	0.6
Commercial Real Estate	308.0	24.9	2.3	0.4	1.1	0.3	307.6	23.8	2.0	44.8	3.9	0.1
Business Customers Other	0.4	-	0.1	-	-	-	0.4	-	0.1	0.4	-	-
Total Business Customers	**670.6**	**71.1**	**14.2**	**1.6**	**4.7**	**4.5**	**669.0**	**66.4**	**9.7**	**158.0**	**19.3**	**0.6**
Large Corporates & Institutions	**595.9**	**33.8**	**6.9**	**0.4**	**1.1**	**1.8**	**595.5**	**32.7**	**5.1**	**511.5**	**29.8**	**2.1**
Northern Ireland	**89.4**	**4.7**	**1.9**	**0.3**	**0.1**	**0.4**	**89.1**	**4.6**	**1.5**	**48.1**	**0.8**	**0.2**
Group Functions	**229.8**	**0.1**	**-**	**-**	**-**	**-**	**229.8**	**0.1**	**-**	**229.7**	**-**	**-**
Total	**2,390.8**	**144.2**	**32.7**	**3.6**	**7.5**	**9.1**	**2,387.2**	**136.7**	**23.6**	**1,079.4**	**54.1**	**3.0**

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

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

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

Notes – Danske Bank Group – Risk management

Concentration risk

The Group has implemented a set of frameworks to manage the concentration risk to which the Group is exposed. These frameworks cover single-name concentrations, industry concentrations and geographical concentrations.

Industry concentrations

The Group manages industry concentrations as part of its credit risk tolerance framework by setting exposure limits on selected industries. For commercial property, this also includes reducing the number of low-quality customers to ensure creditworthiness within the concentration limits. The industry concentrations are updated on an ongoing basis and at least once a year. The Group accepts the risks on material concentrations in accordance with the industry-specific guidelines that outline the use of credit policies within the industry. For personal customers, the Group also manages key concentrations in relation to high loan-to-value (LTV) ratios and short-term interest loans, for example.

Geographical concentrations

Credit reporting includes a breakdown by country. For selected countries, exposures to sovereigns, financial institutions and counterparties in derivatives trading are managed within country limits.

Single-name concentrations and large exposures

Limits are set on credit risk exposures to single names, thus protecting the Group from excessive losses resulting from the default of a single customer group. The limits on large exposures are defined within the large exposure restrictions of article 391 of the Capital Requirements Regulation (EU) No 575/2013 (CRR):

- an absolute limit on the largest single aggregate exposure
- the sum of the 20 largest exposures

Notes – Danske Bank Group – Risk management

Collateral

The Group uses a number of measures to mitigate credit risk, including collateral, guarantees and covenants. The main method is obtaining collateral.

The value of collateral is monitored and reassessed by advisers, internal or external assessors, and automatic valuation models to ensure it reflects current market prices. The Groups Collateral System supports this process by only accepting up-to-date values, thus ensuring that the Group complies with regulatory requirements.

The validity of the internal and external inputs on which the valuation models depend is assessed regularly and the performance of the models themselves is validated annually by an independent unit, to assess their performance and highlight any deficiencies that need to be addressed.

The market value of collateral is subject to a haircut to reflect the fact that the Group may not be able to obtain the estimated market value upon the sale of the individual asset in a distressed situation. Hence, the haircut includes a forced sale reduction, price volatility during the sales period, realisation costs and maintenance costs. The haircut applied depends on the type of collateral. For regulatory purposes, the Group also applies more conservative haircuts in order to capture the risk of an economic downturn.

Type of collateral in core activities (after haircuts)

	Personal Customers		Business Customers		Large Corporates & Institutions		Northern Ireland		Other areas (ex - Group Functions)		Total	
(DKK billions)	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Real property	696.2	730.4	489.9	458.1	42.6	38.0	40.3	36.5	0.1	0.2	1,269.1	1,263.2
- Personal	687.3	717.4	1.5	1.8	-	-	26.6	24.7	0.1	0.1	715.6	744.0
- Commercial	6.8	10.8	452.4	419.3	40.7	36.4	11.4	9.8	-	0.1	511.4	476.3
- Agricultural	2.0	2.2	36.0	37.0	1.9	1.6	2.2	2.1	-	-	42.1	42.9
Bank accounts	0.2	0.2	0.4	0.4	-	0.1	-	-	-	-	0.6	0.7
Custody account and securities	3.6	3.0	4.1	4.4	10.2	6.6	-	-	-	-	17.9	14.0
Vehicles	2.0	1.8	19.7	19.0	3.2	2.8	-	-	-	-	24.9	23.6
Equipment	-	-	12.2	11.7	3.4	3.3	2.5	2.5	-	-	18.1	17.5
Vessels	-	-	1.1	1.0	18.1	13.3	-	-	-	-	19.2	14.3
Guarantees	6.2	6.2	3.6	3.6	12.1	11.6	1.9	2.5	-	-	23.8	23.8
Amounts due	0.1	0.2	2.3	2.5	0.8	0.6	0.2	0.2	-	-	3.3	3.5
Other assets	0.1	-	29.2	29.8	3.5	3.4	1.4	1.3	-	-	34.3	34.4
Total collateral	**708.3**	**741.8**	**562.5**	**530.5**	**94.0**	**79.6**	**46.2**	**42.9**	**0.1**	**0.2**	**1,411.2**	**1,395.1**
Total unsecured credit exposure	**135.7**	**140.8**	**182.7**	**214.8**	**539.3**	**568.7**	**49.0**	**46.2**	**-**	**-**	**906.7**	**970.6**
Unsecured portion of credit exposure (%)	**16.1**	**16.0**	**24.5**	**28.8**	**85.2**	**87.7**	**51.4**	**51.8**	**-**	**-**	**39.1**	**41.0**

Notes – Danske Bank Group – Risk management

Past due amounts in core activities (excluding loans in rating category 10 and 11)

Past due amounts

	Personal Customers		Business Customers		Large Corporates & Institutions		Northern Ireland		Other areas (ex Group Functions)		Total past due amount		Total due under loans	
(DKK millions)	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
6-30 days	43	23	39	24	14	1	2	2	-	-	98	49	1,592	1,547
31-60 days	23	20	17	3	3	-	2	-	-	-	44	24	588	467
> 60 days	34	58	12	4	-	1	5	-	-	-	52	64	454	487
Total past due amounts	**100**	**101**	**68**	**31**	**17**	**2**	**8**	**2**	**-**	**-**	**194**	**136**		**-**
Total due under loans	**1,640**	**1,627**	**887**	**788**	**17**	**2**	**89**	**83**	**1**	**2**			**2,634**	**2,501**

For the past due amounts, the average unsecured portion of the claims recorded was 23.6% at the end of 2023 (2022: 22.0%). Real property accounted for 59.7% of collateral provided (2022: 67.2%).

Forbearance practices and repossessed assets

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

If it proves impossible to improve the customer's financial situation by forbearance measures, the Group will consider whether to subject the customer's assets to a forced sale or whether the assets could be realised later at higher net proceeds. At the end of 2023, the Group had recognised properties taken over in Denmark at a carrying amount of DKK 17 million (2022: DKK 4 million), and there were no properties taken over in other countries (2022: DKK 0 million). The properties are held for sale and included under Assets held for sale in the balance sheet.

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

Exposures subject to forbearance measures

(DKK millions)	31 December 2023	31 December 2022
Stage 1	297	367
Stage 2	5,279	3,029
Stage 3	7,023	6,165
Total	**12,598**	**9,561**

Notes – Danske Bank Group – Risk management

Expected credit losses (allowance account) in core activities

The expected credit loss is calculated for all individual facilities as a function of the probability of default (PD), the exposure at default (EAD) and the loss given default (LGD). In general, the Group's IFRS 9 impairment models and parameters draw on the bank's internal models in order to ensure alignment of models across the Group. New models and calculations have been developed especially for IFRS 9 purposes, including models for lifetime PD, prepayment and forward-looking LGD. All expected credit loss impairments are allocated to individual exposures. For significant stage 3 exposures, the Group determines the expected credit losses individually.

(DKK millions)	Stage 1	Stage 2	Stage 3	Total
ECL allowance account as at 1 January 2022	2,733	6,804	12,397	21,935
Transferred to stage 1 during the period	1,144	-1,062	-83	-
Transferred to stage 2 during the period	-405	834	-428	-
Transferred to stage 3 during the period	-26	-617	642	-
ECL on new assets	630	1,643	844	3,116
ECL on assets derecognised	-870	-1,487	-3,971	-6,329
Impact of net remeasurement of ECL (incl. changes in models)	120	2,101	1,032	3,253
Write-offs debited to the allowance account	-	-2	-2,195	-2,198
Foreign exchange adjustments	-51	-107	-15	-173
Other changes	-1	-26	27	1
ECL allowance account as at 31 December 2022	3,273	8,082	8,251	19,605
ECL allowance account as at 1 January 2023	3,273	8,082	8,251	19,605
Transferred to stage 1 during the period	2,406	-2,274	-132	-
Transferred to stage 2 during the period	-211	668	-457	-
Transferred to stage 3 during the period	-22	-505	527	-
ECL on new assets	601	1,249	607	2,457
ECL on assets derecognised	-513	-1,142	-936	-2,591
Impact of net remeasurement of ECL (incl. changes in models)	-1,923	1,393	1,579	1,048
Write-offs debited to the allowance account	-5	-	-364	-370
Foreign exchange adjustments	-18	23	-26	-22
Other changes	5	-7	12	10
ECL allowance account as at 31 December 2023	3,592	7,486	9,062	20,140

The stage 3 allowance account includes DKK 1.9 billion (2022: DKK 2.5 billion) relating to originated credit impaired financial assets. Originated credit impaired financial assets are granted as part of restructuring non-performing loan exposures, and are otherwise outside the Group's credit policy. The Group has not acquired any credit impaired financial assets.

Expected credit losses (allowance account) in core activities broken down by segment

(DKK millions)	Personal Customers	Business Customers	Large Corporates & Institutions	Northern Ireland	Group Functions	Allowance account Total
ECL allowance account as at 1 January 2022	5,654	10,186	5,227	850	17	21,935
ECL on new assets	606	2,107	330	67	6	3,116
ECL on assets derecognised	-713	-2,100	-3,383	-128	-4	-6,329
Impact on remeasurement of ECL (incl. change in models)	837	663	1,494	244	15	3,253
Write-offs debited to allowance account	-946	-438	-684	-129	-	-2,198
Foreign currency translation	-32	-166	67	-41	-1	-173
Other changes	22	-16	-2	-	-3	1
ECL allowance account as at 31 December 2022	5,427	10,235	3,050	863	31	19,605
ECL on new assets	483	1,544	351	84	-4	2,457
ECL on assets derecognised	-673	-1,825	-43	-44	-5	-2,591
Impact on remeasurement of ECL (incl. change in models)	265	874	16	-115	9	1,048
Write-offs debited to allowance account	-172	-150	-32	-15	-	-370
Foreign currency translation	-8	5	-39	21	-1	-22
Other changes	-16	22	7	-	-3	10
ECL allowance account as at 31 December 2023	5,306	10,705	3,308	794	26	20,140

The method used for calculating expected credit losses is described in detail in note G15.

Notes – Danske Bank Group – Risk management

Expected credit losses (allowance account) in core activities continued

Gross credit exposure in core activities

(DKK millions)	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount at 1 January 2022	2,560,945	130,588	46,012	2,737,545
Transferred to stage 1	24,028	-21,990	-2,038	-
Transferred to stage 2	-67,270	72,996	-5,726	-
Transferred to stage 3	-1,991	-3,614	5,605	-
New assets	874,798	48,923	7,588	931,309
Assets derecognised	-938,904	-41,249	-15,928	-996,081
Changes due to modifications that did not result in derecognition	-3	-	-14	-17
Other changes	-127,364	-9,620	-3,366	-140,350
As at 31 December 2022	**2,324,240**	**176,034**	**32,132**	**2,532,406**
Transferred to stage 1	48,832	-47,483	-1,348	-
Transferred to stage 2	-45,901	48,605	-2,704	-
Transferred to stage 3	-4,232	-4,443	8,676	-
New assets	558,458	28,512	6,420	593,390
Assets derecognised	-520,788	-49,712	-9,618	-580,117
Changes due to modifications that did not result in derecognition	-4	-	-303	-308
Other changes	30,219	-7,289	-568	22,361
As at 31 December 2023	**2,390,822**	**144,224**	**32,686**	**2,567,733**

In the table above, 'Changes due to modifications that did not result in derecognition' includes partial forgiveness of debt assessed to be uncollectible. The modification loss is recognised within the income statement as part of Loan impairment charges. The contractual amount of loans written off in 2023 and for which the Group retains the right to enforce its claims amounted to DKK 1,873 million (2022: DKK 3,300 million).

Allowance account in core activities broken down by balance sheet item

(DKK millions)	2023	2022
Due from credit institutions and central banks	15	47
Loans at amortised cost	13,959	13,682
Loan commitments and guarantees	3,161	2,627
ECL Impairment, Total	**17,134**	**16,356**
Fair value credit risk adjustment on loans at fair value	3,005	3,250
Total	**20,140**	**19,605**

Notes – Danske Bank Group – Risk management

Expected credit losses (allowance account) in core activities continued

Forward-looking information

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

Given the long-term nature of climate scenario analysis, it is not included in the three-year macroeconomic scenarios used to calculate expected credit loss. See Sustainability risk section of this note for further information.

Macroeconomic scenarios

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

The applied scenarios that drive the expected credit loss calculation in 2023 have been updated with the latest macroeconomic data. Compared to the end of 2022, the base case and upside scenarios have been revised to reflect expectations of higher GDP and lower unemployment, but also higher interest rates and lower house prices outside Denmark. The scenario weighting have been updated to increase the weight on the upside scenario to 20% (10% in 2022), by decreasing the weight on the base case scenario to 60% (70% in 2022). The weight on the downside scenario remains at 20% (20% in 2022) despite the use of a severe stagflation scenario.

The base case is an extension of the Group's official view of the Nordic economies (the Nordic Outlook report). At 31 December 2023, the base case scenario reflects a slowdown in the Nordic economies however, with a soft landing. Inflation is expected to come down and interest rates will slowly begin to decrease. GDP growth will remain weak across the Nordic economies and labour markets remain tight with only modest increases in unemployment. Interest rates is expected to continue to weigh on house prices, however, the worst part is expected to be behind us.

The upside scenario represents a slightly better outlook than the base case scenario across the macroeconomic parameters. In this scenario, sentiment improves, and consumers follow the US in running down a significant proportion of the savings accumulated during the pandemic. The consumer-led recovery causes inflation to take longer to return to target, prompting further policy rate hikes and high rates for longer. Higher demand supports the housing markets, but higher interest rates become an increasing headwind. The housing market fares somewhat better than in the base case.

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

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

Notes – Danske Bank Group – Risk management

Expected credit losses (allowance account) in core activities continued

Denmark	Base-case			Downside			Upside		
31 December 2023	2024	2025	2026	2024	2025	2026	2024	2025	2026
GDP	1.0	1.6	1.6	-3.4	-2.0	-	2.5	1.8	0.4
Unemployment	3.1	3.3	3.4	6.3	7.5	7.9	2.7	2.6	3.2
Inflation	2.0	1.9	1.8	4.0	3.0	2.0	2.4	2.5	1.4
Property prices - Residential	1.5	2.0	2.1	-19.7	-11.0	-6.0	3.5	3.0	2.1
Interest rate - 3 month	3.1	2.3	2.0	5.4	6.4	3.9	4.3	3.5	2.5

Sweden	Base-case			Downside			Upside		
31 December 2023	2024	2025	2026	2024	2025	2026	2024	2025	2026
GDP	1.2	1.8	2.4	-3.5	-3.4	-1.0	2.6	2.1	1.3
Unemployment	8.2	8.0	7.9	9.4	10.3	10.7	7.9	7.5	7.7
Inflation	1.9	1.3	1.6	4.9	3.9	2.9	2.0	1.6	1.5
Property prices - Residential	-1.0	4.0	5.0	-22.0	-13.0	-7.0	1.0	5.0	5.0
Interest rate - 3 month	3.4	2.3	2.0	5.7	5.7	3.7	4.6	3.6	2.6

Norway	Base-case			Downside			Upside		
31 December 2023	2024	2025	2026	2024	2025	2026	2024	2025	2026
GDP	1.1	2.1	1.5	-2.7	-1.1	0.6	2.5	2.4	0.4
Unemployment	2.3	2.5	2.5	5.5	6.4	6.5	2.0	2.0	2.3
Inflation	3.0	2.0	2.0	4.5	3.0	2.0	3.2	2.3	1.8
Property prices - Residential	-1.0	5.0	4.0	-19.0	-13.0	-7.0	-	6.0	4.0
Interest rate - 3 month	3.7	2.9	2.5	6.3	6.3	4.3	5.0	4.0	3.0

Finland	Base-case			Downside			Upside		
31 December 2023	2024	2025	2026	2024	2025	2026	2024	2025	2026
GDP	0.3	1.9	1.3	-2.4	-2.0	-0.3	1.3	2.2	0.4
Unemployment	-0.1	2.0	1.5	9.9	10.9	10.9	7.6	6.9	6.4
Inflation	7.8	7.2	6.5	4.0	3.0	2.0	2.2	1.8	1.7
Property prices - Residential	1.9	1.5	2.0	-14.2	-7.0	-5.0	3.0	4.0	2.0
Interest rate - 3 month	0.5	1.2	1.3	5.1	5.1	3.1	4.3	3.5	2.5

Notes – Danske Bank Group – Risk management

Expected credit losses (allowance account) in core activities continued

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

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

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

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

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

At 31 December 2023, the upside scenario represented a slightly better outlook than the base case scenario across the macroeconomic parameters.

The base case scenario enters with a probability of 60% (2022: 70%), the upside scenario with a probability of 20% (2022: 10%) and the downside scenario with a probability of 20% (2022: 20%). On the basis of these assessments, the allowance account as at 31 December 2023 amounted to DKK 20.1 billion (2022: DKK 19.6 billion). If the base case scenario was assigned a probability of 100%, the allowance account would decrease DKK 2.0 billion (2022: DKK 2.1 billion). Compared to the base case scenario, the allowance account would increase DKK 10.2 billion (2022: DKK 10.9 billion), if the downside scenario was assigned a probability of 100%. The increase reflects primarily the transfer of exposures from stage 1 to stage 2 and increased expected credit losses within stage 2. If instead the upside scenario was assigned a probability of 100%, the allowance account would decrease by DKK 0.2 billion (2022: DKK 0.4 billion) compared to the base case scenario. It should be noted that the expected credit losses in the individual scenarios (i.e. without the weighting) do not represent forecasts of expected credit losses (ECL).

Notes – Danske Bank Group – Risk management

Expected credit losses (allowance account) in core activities continued

Post-model adjustments

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

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

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

Post-model adjustments by type and mostly impacted industries

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

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

The total balance of post-model adjustments displayed a very modest increase in 2023 compared to the end of 2022.

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

Notes – Danske Bank Group – Risk management

Credit exposure from Non-core lending activities

The Non-core business unit includes certain customer segments that are no longer considered part of the core business. The Non-core unit is responsible for the controlled winding-up of this part of the loan portfolio. The portfolio consists primarily liquidity facilities for Special Purpose Vehicles (SPVs) and conduit structures.

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

31 December 2023	Gross exposure			Expected credit loss			Net exposure			Net exposure, ex collateral		
(DKK millions)	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Non-core banking	-	-	-	-	-	-	-	-	-	-	-	-
Non-core conduits etc.	2,468	-	-	-	-	-	2,468	-	-	-	-	-
Total	**2,468**	**-**	**-**	**-**	**-**	**-**	**2,468**	**-**	**-**	**-**	**-**	**-**

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

Notes – Danske Bank Group – Risk management

Credit exposure from Non-core lending activities continued

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

31 December 2023	PD level		Gross exposure			Expected credit loss			Net exposure			Net exposure, ex collateral		
(DKK millions)	Upper	Lower	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
1	-	0.01	568	-	-	-	-	-	568	-	-	-	-	-
2	0.01	0.03	908	-	-	-	-	-	908	-	-	-	-	-
3	0.03	0.06	992	-	-	-	-	-	992	-	-	-	-	-
4	0.06	0.14	-	-	-	-	-	-	-	-	-	-	-	-
5	0.14	0.31	-	-	-	-	-	-	-	-	-	-	-	-
6	0.31	0.63	-	-	-	-	-	-	-	-	-	-	-	-
7	0.63	1.90	-	-	-	-	-	-	-	-	-	-	-	-
8	1.90	7.98	-	-	-	-	-	-	-	-	-	-	-	-
9	7.98	25.70	-	-	-	-	-	-	-	-	-	-	-	-
10	25.70	99.99	-	-	-	-	-	-	-	-	-	-	-	-
11 (default)	100.00	100.00	-	-	-	-	-	-	-	-	-	-	-	-
Total			**2,468**	**-**	**-**	**-**	**-**	**-**	**2,468**	**-**	**-**	**-**	**-**	**-**

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

Notes – Danske Bank Group – Risk management

Counterparty credit risk

Exposure to counterparty credit risk and credit exposure from trading and investment securities

(DKK billions)	2023	2022*
Counterparty credit risk		
Derivatives with positive fair value	351.7	430.1
Reverse transactions and other loans at fair value[1]	267.9	246.8
Credit exposure from other trading and investment securities		
Bonds	461.0	486.7
Shares	19.4	10.2
Other unutilised commitments[2]	0.1	0.1
Total	**1,100.1**	**1,173.8**

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

[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 267.4 billion (2022: DKK 246.0 billion), of which DKK 92.4 billion relates to credit institutions and central banks (2022: DKK 37.4 billion), and other primarily short-term loans of DKK 0.6 billion (2022: DKK 0.8 billion), of which DKK 0.6 billion (2022: DKK 0.8 billion) relates to credit institutions and central banks.

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

Counterparty credit risk (derivatives)

Counterparty credit risk is the risk that the counterparty to a transaction defaults before the final settlement of the transaction's cash flows. It is a combination of credit risk (a deterioration in the creditworthiness of a counterparty) and market risk (the potential value of derivatives contracts).

Derivatives are subject to credit risk. Positive and negative fair values of derivatives with the same counterparty are offset in the balance sheet if certain conditions are fulfilled.

Danske Bank Group takes on counterparty credit risk when it enters into over-the-counter (OTC) derivatives, securities financing transactions (SFTs), and/or exchange-traded derivatives (ETDs).

The Group mitigates counterparty credit risk through pre-deal controls, post-deal monitoring, clearing, close-out netting agreements and collateral agreements. Those agreements include rights to additional set-off in the event of default by a counterparty, they reduce the exposure further, but they do not qualify for offsetting under IFRSs. The net current exposure to derivatives with positive market value after offsetting under master netting agreements amounted to DKK 89.5 billion (2022: DKK 89.1 billion) (see note G32). The exposure is broken down by rating category in the table below.

NET current exposure broken down by category (DKK millions)	2023	2022
1	14,293	15,039
2	16,110	14,741
3	43,279	47,198
4	11,946	9,195
5	2,309	2,153
6	921	627
7	463	98
8	86	74
9	1	-
10	24	5
11	18	8
Total	**89,450**	**89,139**

The Group uses a range of measures to capture counterparty credit risk, including current exposure, potential future exposure (PFE) and exposure at default (EAD). Current exposure is a simple measure of counterparty credit risk exposure that takes into account only current mark-to-market values and collateral.

Customer-level counterparty risk is managed by means of PFE lines on a set of maturity buckets. It is measured at the 97.5% percentile for a set of future time horizons. PFE lines are approved by the relevant credit unit and all transactions are assumed to be held to contractual maturity. The Group carries out daily counterparty credit risk measurement and monitoring as well as intraday line utilisation monitoring.

The Danish FSA approved the Group's simulation model for calculating the regulatory capital requirement for counterparty credit risk in 2015. More advanced measures such as EAD, which is a regulatory measure, express potential future losses and are based on internal models for future scenarios of market data. EAD figures are provided in the Additional Pillar III Disclosures (accessible at danskebank.com/investor-relations).

An overview of counterparty credit risk exposures (at counterparty and portfolio levels) is reported to the Executive Leadership Team and other senior management on a monthly basis. The Group uses a simulation-based model to calculate counterparty credit risk exposure for the majority of its portfolio.

The Group makes fair value adjustments to cover the counterparty credit risk on derivatives with positive fair value (CVA) that are recognised in the financial statements. For more information, see note G33.

Notes – Danske Bank Group – Risk management

Bond portfolio

(DKK millions)	Central and local government bonds	Quasi-government bonds	Danish mortgage bonds	Swedish covered bonds	Other covered bonds	Corporate bonds	Total
31 December 2023							
Held-for-trading (FVPL)	117,986	1,179	29,084	20,862	3,272	5,179	177,563
Managed at fair value (FVPL)	1,845	291	17,069	1,307	286	-	20,798
Held to collect and sell (FVOCI)	23,669	2,905	49,470	4,776	25,077	1,330	107,226
Held to collect (AMC)	47,892	8,551	92,699	5,093	1,013	150	155,398
Total	**191,392**	**12,926**	**188,321**	**32,038**	**29,648**	**6,659**	**460,984**
31 December 2022*							
Held-for-trading (FVPL)	149,059	3,452	13,729	19,753	5,543	8,859	200,395
Managed at fair value (FVPL)	2,339	594	13,577	1,011	409	304	18,233
Held to collect and sell (FVOCI)	15,730	4,597	63,108	6,695	25,045	1,253	116,429
Held to collect (AMC)	53,681	9,292	81,991	5,599	1,011	-	151,573
Total	**220,809**	**17,935**	**172,405**	**33,057**	**32,007**	**10,417**	**486,630**

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

At 31 December 2023, the Group had an additional bond portfolio, including bond-based unit trust certificates, worth DKK 214,073 million (2022: DKK 215,463 million) recognised as assets under insurance contracts and thus not included in the table above. The section on life insurance risk provides more information.

Notes – Danske Bank Group – Risk management

Bond portfolio continued

Bond portfolio broken down by geographical area

(DKK millions)	Central and local government bonds	Quasi-government bonds	Danish mortgage bonds	Swedish covered bonds	Other covered bonds	Corporate bonds	Total
31 December 2023							
Denmark	28,754	-	188,321	-	-	870	217,945
Sweden	61,267	-	-	32,038	-	1,362	94,667
UK	11,141	291	-	-	3,518	1,009	15,959
Norway	6,049	-	-	-	23,902	1,358	31,309
USA	15,529	3,274	-	-	-	7	18,810
Spain	1,243	-	-	-	1	-	1,244
France	4,703	19	-	-	237	116	5,075
Luxembourg		5,205	-	-	-	123	5,328
Finland	10,224	2,954	-	-	1,089	909	15,176
Ireland	550	-	-	-	--	94	643
Italy	1,413	-	-	-	-	5	1,418
Portugal	3	-	-	-	-	-	3
Austria	4,513	-	-	-	66	113	4,691
Netherlands	3,349	1	-	-	17	510	3,877
Germany	42,152	-	-	-	216	96	42,465
Belgium	503	442	-	-	1	-	946
Other	-	740	-	-	602	87	1,429
Total	**191,392**	**12,926**	**188,321**	**32,038**	**29,648**	**6,659**	**460,984**
31 December 2022*							
Denmark	46,390	-	172,405	-	-	4,573	223,369
Sweden	77,432	-	-	33,057	-	2,628	113,117
UK	6,795	-	-	-	2,680	897	10,371
Norway	3,902	-	-	-	28,163	-	32,065
USA	16,534	4,361	-	-	-	-	20,895
Spain	2,372	-	-	-	1	-	2,372
France	11,163	17	-	-	229	96	11,505
Luxembourg	-	6,123	-	-	-	82	6,205
Finland	8,293	4,637	-	-	362	1,253	14,544
Ireland	1,120	-	-	-	-	26	1,145
Italy	1,322	-	-	-	-	2	1,324
Portugal	14	-	-	-	-	-	14
Austria	4,393	-	-	-	13	61	4,467
Netherlands	3,261	2	-	-	16	512	3,791
Germany	37,142	-	-	-	290	288	37,719
Belgium	676	2,195	-	-	1	-	2,872
Other	-	600	-	-	253	-	853
Total	**220,809**	**17,935**	**172,405**	**33,057**	**32,007**	**10,417**	**486,630**

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

Risk Management 2023 provides additional details about the risk on the Group's bond portfolio. The publication is not covered by the statutory audit.

Notes – Danske Bank Group – Risk management

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
31 December 2023							
AAA	137,601	12,461	187,903	32,017	28,925	1,623	400,530
AA+	27,061	442	-	-	28	2	27,533
AA	8,556	-	-	21	692	965	10,234
AA-	15,515	23	-	-	-	117	15,654
A+	-	-	-	-	-	266	266
A	1,132	-	418	-	4	984	2,538
A-	3	-	-	-	-	196	199
BBB+	111	-	-	-	-	505	617
BBB	377	-	-	-	-	987	1,364
BBB-	1,036	-	-	-	-	596	1,632
BB+	-	-	-	-	-	97	97
BB	-	-	-	-	-	187	187
BB-	-	-	-	-	-	36	36
Sub. "investment-grade" or unrated	-	-	-	-	-	97	97
Total	**191,392**	**12,926**	**188,321**	**32,038**	**29,648**	**6,659**	**460,984**
31 December 2022*							
AAA	180,479	15,513	172,222	33,048	31,728	1,521	434,510
AA+	9,542	2,207	-	-	64	222	12,035
AA	19,234	215	-	10	117	1,292	20,868
AA-	6,727	-	-	-	-	27	6,754
A+	1,120	-	-	-	-	267	1,387
A	2,204	-	179	-	98	2,207	4,688
A-	-	-	-	-	-	368	368
BBB+	167	-	-	-	-	863	1,030
BBB	230	-	5	-	-	2,242	2,477
BBB-	1,106	-	-	-	-	336	1,443
BB+	-	-	-	-	-	650	650
BB	-	-	-	-	-	247	247
BB-	-	-	-	-	-	15	15
Sub. "investment-grade" or unrated	-	-	-	-	-	161	161
Total	**220,809**	**17,935**	**172,405**	**33,057**	**32,007**	**10,417**	**486,630**

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

Notes – Danske Bank Group – Risk management

Market risk

The Group's market risk management is intended to ensure proper oversight of all market risks, including both trading-related market risk and non-trading-related market risk as well as market risk in relation to fair value adjustments. The market risk framework is designed to systematically identify, assess, monitor, control and report market risk.

The Market Risk Policy set by the Board of Directors lays out the overall framework for market risk management and identifies the boundaries within which the Group's market risk profile and business as well as Group Treasury's strategy are defined. Furthermore, the policy entails guidelines on trading and risk taking in the Group related to the trading and non-trading portfolio.

Market risks are managed by Large Corporates & Institutions (LC&I), Group Treasury (the first line of defence) through implementation of the Market Risk Policy into standard operating procedures and the control environment.

LC&I manages the market risk (such as interest rate risk, equity market risk and foreign exchange risk) associated with its trading activities in the financial markets. Market risk in relation to the trading portfolio can be defined as the risk of losses caused by changes in the market value of financial assets, liabilities and derivatives resulting from changes in market prices or rates. In particular, LC&I hedges the market risk incurred from market-making activities and client flows by taking positions in financial instruments, assets and liabilities that offset this market risk. In addition, LC&I uses financial instruments to hedge the fair value adjustments (xVA) in relation to derivatives trading.

Group Treasury manages the interest rate risk and structural foreign exchange risk associated with the assets and liabilities of the non-trading portfolio. Interest rate risk in the banking book refers to the current or prospective risk to the Group's capital and earnings arising from adverse movements in interest rates that affect the Group's non-trading portfolio positions. Changes in interest rates also affect the Group's earnings by altering interest rate-sensitive income and expenses, thus affecting the Group's net interest income. Group Treasury also monitors the risks associated with the Group's legacy defined benefit pension plans. Equity risk in the non-trading portfolio is managed by Group Strategic Steering.

Market, Liquidity & Non-Financial Risk (the second line of defence) at Group Risk Management owns the market risk framework and is in charge of market risk oversight and control of the first line of defence units. The Board of Directors and senior management regularly receive reports that provide an overview of the Group's portfolios, main risk drivers and stress testing results for decision-making purposes. Furthermore, detailed reporting provides granular metrics to senior management at LC&I and Group Treasury for day-to-day risk management purposes.

The market risk at Danica Pension is managed separately.

Trading-related market risk at Large Corporates & Institutions

The trading-related activities at LC&I cover trading in fixed income products, derivatives, foreign exchange, money markets, debt capital markets and equities. LC&I acts mainly as a market maker processing large client flows.

The table below shows the Value at Risk (VaR) for the trading-related activities at LC&I. VaR is a quantitative measure that shows, with a certain probability, the maximum potential loss that the Group may suffer within a specified holding period. In general, a VaR model estimates a portfolio's aggregate market risk by incorporating a range of risk factors and assets. All figures are calculated on a daily basis using full revaluations.

Value-at-Risk for trading-related activities at LC&I

	2023		2022	
(DKK millions)	Average	End of year	Average	End of year
Bond spread risk	22	20	26	15
Interest rate risk	49	45	46	51
Foreign exchange risk	5	8	4	8
Equity risk	4	5	3	3
Diversification effects	-31	-29	-31	-28
Total VaR	**49**	**49**	**48**	**49**

VaR is calculated at a confidence level of 95% for a 1-day horizon.

The high volatility in financial markets of 2022 continued into 2023 as central banks kept tightening monetary policy to curb inflationary pressures. Volatility spiked in March following the collapse of Silicon Valley Bank and Credit Suisse. In general, interest rates increased throughout the year, whereas credit markets remained stable. The stock markets remained stable during 2023 but ended the year on a high note with the rise of stocks where the artificial intelligence theme supports performance. Group Risk Management expects the high volatility in financial market to continue as the economic outlook is still highly uncertain. Trading related market risk measured by average value-at-risk (VaR 95% 1 day) increased in 2023 to DKK 49 million compared to DKK 48 million in 2022.

Notes – Danske Bank Group – Risk management

Market risk continued

Market risk in relation to fair value adjustments

The Group's fair value accounting includes various valuation adjustments (referred to as xVA) inherent in the Group's derivatives portfolio – specifically credit value adjustments (CVA), funding value adjustments (FVA) and collateral value adjustments (ColVA). The Group applies a market-implied approach that is in line with industry best practice. Hence, these valuation adjustments are sensitive to market risks that materialise due to changes in interest rates, funding spreads and credit spreads. These market risks can give rise to volatility in the fair value adjustments.

Because of the size and nature of the Group's derivatives portfolio, the credit, funding, and collateral valuation adjustments are substantial, and the associated market risks are similarly of a considerable size. The strategy is therefore to hedge large parts of the market risks, while the default risks are capitalised in accordance with regulation. When managing xVA, the Group focuses on managing economic risk rather than regulatory capital. This means that the Group also manages market risks originating from counterparties outside the scope of the CVA risk charge.

The Group manages all xVAs of the derivatives trading books centrally according to a clearly defined hedging strategy for each risk type associated with the xVA portfolio. The credit spread risk of CVA is significantly hedged using credit default swaps (CDS) based on liquid indices or selected single-name CDS contracts. Funding spread risk is a key risk factor for xVA and is managed collectively with credit spread risk. Overall, foreign exchange risks and interest rate risks from the xVA positions are almost fully hedged, with a very limited residual P/L effect.

Market risk in relation to the non-trading portfolio

The Group's exposure to market risk in the non-trading portfolio originates mainly from interest rate risk, credit spread risk in the banking book (CSRBB) and, to a far lesser extent, from the equity risk associated with a small portfolio of equity investments. Furthermore, the Group is exposed to market risk arising from the hedge of structural foreign exchange risk.

Interest rate risk in the banking book (IRRBB)

Interest rate risk in the banking book (IRRBB) derives from providing the Group's core banking customers with conventional banking products and from the Group's funding and liquidity management activities at Group Treasury. IRRBB arises from adverse movements in interest rates, and in turn they change the underlying value of the Group's assets, liabilities, and off-balance sheet items and its economic value.

The level of IRRBB is monitored using a number of risk measures, such as prescribed regulatory metrics, the risk appetites as set by the Board of Directors and other risk measures that are considered appropriate. The table below shows the Group's total interest rate sensitivity in the non-trading book (economic value-based measure) measured as the change in the net present value of assets, liabilities, and off-balance sheet items in the non-trading book subject to a parallel interest rate curve shift of +100bp and -100bp.

The sensitivity to falling interest rates changed from a loss of DKK 0.4 billion at the end of 2022 to a loss of DKK 0.1 billion in 2023, while the sensitivity to rising interest rates changed from a gain of DKK 0.5 billion at the end of 2022 to a gain of DKK 0.02 billion at the end of 2023.

Interest rate risk in the banking book (economic value-based measure)

	2023		2022	
(DKK millions)	+100bp	-100bp	+100bp	-100bp
Total	**21**	**-105**	517	-399

The net interest income (NII) risk metric is used for measuring the change in net interest income over a forecast horizon of 12 months in a number of different scenarios. A constant balance-sheet approach is used for creating a base scenario over the 12-month time horizon. Assuming a parallel downward yield curve shift of 1%, the Group's NII would be DKK 1.8 billion lower than the base scenario calculation at the end of December 2023 (end-2022: DKK 1.1 billion).

The change in both the economic value (EV) IRRBB measure and the NII sensitivity was affected mainly by rising interest rate volatility in the markets.

Credit spread risk in the banking book

CSRBB derives from bond positions primarily related to the Group's funding and liquidity management activities at Group Treasury.

On the basis of a 10-day 99% VaR measure, the Group's CSRBB was DKK 134 million at the end of December 2023, slightly down from DKK 178 million at the end of 2022.

Notes – Danske Bank Group – Risk management

Market risk continued

Structural foreign exchange risk

Structural foreign exchange risk arises as, the Group's CET1 capital is denominated in its domestic currency, DKK, while some of its assets and liabilities are denominated in foreign currencies. Although a fully matched foreign currency position will protect Danske Bank against losses from movements in exchange rates, the Group's CET1 capital ratio will fall if the domestic currency depreciates because of the imbalance between the CET1 capital in a particular foreign currency and the CET1 capital required to support the risk exposure amount (REA) denominated in that same currency.

The Group's objective is to manage structural foreign exchange risk in order to reduce the potential effect of fluctuations in exchange rates on the CET1 capital ratio in a manner that avoids income statement volatility, while at the same time acknowledging potential increased volatility in other comprehensive income. The Group pursues a strategy of hedging the foreign exchange sensitivity of the CET1 capital ratio stemming from the allocated capital that reflects credit and operational risk REAs in the three most significant balance sheet currencies (NOK, SEK and EUR). By nature, structural foreign exchange (hedge) positions are long-term and non-trading positions, and they also remain relatively stable over time.

Regulatory capital for market risk

The Group mainly uses the internal model approach (IMA) to measure the REA used for determining the minimum capital requirement for market risk in the trading book. The IMA comprises the VaR capital charge, the Stressed Value-at-Risk (SVaR) capital charge and the incremental risk charge (IRC). The Group uses the internal VaR model to calculate the VaR and SVaR capital charges, whereas the IRC is calculated on the basis of the incremental risk model. No diversification effects between capital charges are taken into account.

The REA for the Group's minor exposures to commodity risk and collective investment undertakings is calculated according to the standardised approach.

The REA for CVA risk is measured mainly using the internal VaR model based on exposure calculations from the counterparty risk exposure model and allocated CDS spread hedges. The risk exposure amount for CVA risk from the Group's minor exposures to transactions not included in the counterparty credit risk exposure model is calculated according to the standardised approach.

Notes – Danske Bank Group – Risk management

Liquidity risk

Liquidity risk is the risk that funding costs become excessive, lack of funding prevents the Group from maintaining its business model, or lack of funding prevents the Group from fulfilling its payment obligations.

Accepting and managing liquidity risk is an integral part of the Group's business strategy. Realkredit Danmark and Danica Pension each manage their liquidity separately. At Realkredit Danmark, the financing of mortgage loans through the issuance of listed mortgage bonds with matching conditions has eliminated liquidity risk in all material respects. Danica Pension's balance sheet contains long-term life insurance liabilities and assets, a large part of which are invested in readily marketable bonds and shares. Both companies are subject to statutory limits on their exposures to Danske Bank A/S. For liquidity management purposes, the term "Group" (the Danske Bank Group) does not include Danica Pension because it is not a credit institution. Realkredit Danmark is included in the prudential consolidation of the Group and recognised in Group aggregates, unless explicitly stated.

Liquidity risk management

The Board of Directors sets the overall principles and standards for managing liquidity and funding across the Group in the Liquidity Policy. It defines the overall liquidity risk profile and outlines the supporting principles and related governance. Managing the Group's liquidity in line with the set risk profile must not compromise the adherence to the Group's ESG principles, as outlined in the Code of Conduct Policy and other policies outlining key ESG principles and must consider vulnerabilities to potential future ESG events. However, currently the Group assesses the overall liquidity risk impact of ESG event as low. The Liquidity Policy also includes limits and guidelines to ensure that liquidity and funding risks are adequately captured, managed, and mitigated.

At Group level, day-to-day liquidity management is based on the monitoring and management of short- and long-term liquidity risks. Liquidity triggers make up a vital part of day-to-day liquidity management because they are used as early warnings of a potential liquidity crisis. The triggers are monitored by various functions across the Group, depending on the type of trigger. Liquidity management is organised to fulfill two pivotal objectives – sufficient distance to non-viability and limited market reliance. The framework applied to achieve these objectives is described in the following sections, although it is not limited to that framework.

Short-term liquidity and distance to non-viability

The principal aim of the Group's short-term risk management is to ensure that the liquidity reserve is sufficient to absorb the net effects of known future receipts and payments from current transactions. Cash and bond holdings eligible for repo agreements with central banks are considered liquid assets. Potential and expected outflows are monitored on an ongoing basis using different tools, notably the liquidity coverage ratio (LCR).

The LCR requirement stipulates that financial institutions must have a liquidity reserve in excess of projected net outflows during a severe stress scenario lasting 30 days. By executive order, Danish SIFIs are also subject to currency-specific liquidity requirements. The requirements apply individually and only for currencies that are significant to the individual bank. For Danske Bank, these currencies are USD and EUR. Additionally, Danske Bank has set internal limits on the LCRs for SEK and NOK.

The Group maintained a prudent liquidity position throughout 2023. The LCRs of Danske Bank A/S and the Group increased from 133% and 151% at the end of 2022 to 154% and 170% at the end of 2023, respectively. The Group's liquidity surplus increased due to mainly lower net lending and higher wholesale funding. The decrease in net lending was the result of lower lending volumes, but the effect was partly offset by lower deposit volumes. Issued new long-term debt was slightly higher than maturing long-term debt, and short-term funding was higher at the end of 2023 than at the end of 2022. In addition, the liquidity surplus was negatively affected by a repayment of the Group's TLTRO loans and positively affected by an increase in other inflows.

The LCR regulation effectively determines the minimum size of the liquidity reserve and imposes requirements on its composition. Consequently, Danske Bank's liquidity reserve mostly consists of liquid assets available in a stressed situation. Assets received as collateral are included in the reserve, while assets used as collateral – or otherwise encumbered - are excluded. The table below shows the value of the Group's LCR liquidity reserve after the application of the statutory haircuts which may differ from the ones available in the market and the ones used for internal stress testing. Most of the Group's bond holdings are highly liquid, because they are repo eligible with central banks and in money markets. Central bank eligibility is vital for intra-day liquidity management and overnight liquidity facilities as a backstop during severe market stress.

Liquidity reserve (Group) - LCR definition

(DKK billions after haircut)		2023	2022
Total high-quality liquid assets		**615**	**570**
Level 1a assets	Central bank reserves	260	214
	Central government debt	79	86
	Other level 1a assets	22	21
Level 1b assets	Extremely high-quality covered bonds	230	229
Level 2a assets	High-quality covered bonds	18	16
	Other level 2a assets	6	4
Level 2b assets		0.1	0.1

Notes – Danske Bank Group – Risk management

Liquidity risk continued

Funding and market reliance

The Group monitors its funding mix to ensure that it is well-diversified in terms of funding sources, maturities and currencies, as a diverse range of funding sources provides protection against market disruptions. With its large market share in Denmark, the Group has a net deposit surplus in DKK (deposits exceed lending). The same is true, though to a lesser degree for USD and GBP, while the opposite is the case for SEK and NOK. The net deposit surplus in Danish kroner is a valuable, stable funding source for the Group.

Retail deposits are a very important and stable funding source for the Group. Retail customers do not tend to make withdrawals based on short-term considerations, and most retail deposits are covered by a deposit guarantee scheme, which eliminates depositors direct credit exposure to the bank.

Additionally, managing reliance on wholesale deposits and market funding is a key concern for the Group. Such funding may be unstable, especially in the event of general market unrest or issues specific to Danske Bank. Large funding needs covered by market funding can make the Group vulnerable to investor sentiments, market stress and market dysfunctionalities. The size and maturity profile of wholesale funding must therefore be prudent.

Sensitivity analysis is also used to assess the Group's ability to withstand liquidity outflows related to changes in different balance sheet items, including when capital markets are inaccessible, i.e. market reliance.

The net stable funding ratio (NSFR) requires that banks maintain a stable funding profile in relation to the composition of their assets. The NSFR limits overreliance on short-term wholesale funding, promoting funding stability. Stable funding sources include, among other things, own capital, debt issues or deposits with a maturity of over a year. The amount of required stable funding is determined by assigning different weights to assets based on type and maturity.

In 2023, financial markets were generally working well and banks were able to access the funding markets, albeit at a higher cost. The NSFRs of Danske Bank A/S and the Group increased from 115% and 123% at the end of 2022 to 118% and 126% at the end of 2023, respectively. The increase in NSFR was driven mainly by a decrease in lending reducing the requirement for stable funding and an increase in long-term debt issues increasing the amount of available stable funding. This was partly offset by a decline in deposits and by changes in the composition of the liquidity reserve.

The following tables break down funding sources by type and currency. It does not include mortgage bonds issued by Realkredit Danmark.

Funding sources by type of liability (%)	2023	2022
Central banks/credit institutions	14	13
Repo transactions	-4	-5
Short-term bonds	2	1
Long-term bonds	9	9
Other covered bonds	9	8
Deposits (business)	27	29
Deposits (personal)	32	33
Subordinated debt	2	2
Shareholders' equity	10	9
Total	**100**	**100**

Funding sources by currency (%)	2023	2022
DKK	33	31
EUR	26	26
USD	10	12
SEK	13	13
NOK	9	11
GBP	8	7
Other	1	1
Total	**100**	**100**

Stress tests

Stress tests are a core element of managing liquidity risk. Stress tests are carried out monthly for the Group to measure the stressed liquidity survival horizon and to detect signs of possible vulnerabilities to different adverse events. The stressed liquidity survival horizon is defined as the period during which the liquidity reserve remains positive in a stress scenario. The stress tests estimate liquidity risk in various scenarios, including three standard scenarios: a scenario specific to the Group, a general market crisis scenario and a combination of the two.

All stress tests assume that the Group does not reduce its lending activities. This means that existing lending activities are maintained and require funding. The availability of funding varies depending on the scenario and the type of funding source. The assessment of funding stability is based on the maturity structure for debt and behavioural data for deposits.

Notes – Danske Bank Group – Risk management

Life insurance risk

The Danske Bank Group's life insurance risk consists of risks originating from its ownership of Danica Pension. This includes pension-related market risk and insurance risk. In addition, the operations of Danica Pension are exposed to non-financial risk as well as sustainability and conduct risk. The Group runs its life insurance operations with the aim of providing best-in-class services to customers, while at the same time maintaining a predictable risk profile. The Group is also subject to internal pension risk through its defined benefit plans established for current and former employees.

Danske Bank's financial results are affected by Danica Pension's financial position. Earnings from Danica Pension consist mainly of the risk allowance from with-profits policies, earnings from unit-linked products and from health and accident products, and the investment return on Danica Pension's equity capital.

The life insurance risk framework is governed by Danica Pension's Board of Directors. On a daily basis, Danica Pension's risk management function monitors both the risk and the asset-liability management (ALM) limits set by its Board of Directors, including limits set for its solvency capital requirement, for the solvency coverage ratio and for the own funds loss exposure in a risk scenario defined by Danica Pension's Board of Directors. The risk management function also follows up on investment limits and calculates key risk figures for ALM purposes.

Operating under Solvency II regulations, Danica Pension provides pensions as well as life and health insurance products in Denmark. As part of its product offerings, Danica Pension provides benefits and life annuities on retirement, insurance against death, disability and accident. Danica Pension no longer writes new business on guaranteed benefits and annuities but have large portfolio on existing customers in these products. This exposes Danica Pension to insurance risks (such as longevity and disability risks) and to pension related market risk.

Pension-related market risk

Pension-related market risk involves the risk of losses because of changes in the fair value of Danica Pension's assets and liabilities since assets and liabilities are not fully exposed to the same types of pension-related market risk. Pension-related market risk primarily covers changing market conditions, such as changes in interest rates, equity prices, property values, exchange rates and credit spreads. Pension-related market risk also includes:

- volatility risk, which relates primarily to the value of assets with embedded options, including equity options and swaptions, but also assets with build-in options like Danish callable mortgage bonds,
- inflation risk, which relates mainly to the indexation of benefits for part of Danica Pension's health and accident products,
- liquidity risk, which is the risk of losses because Danica Pension may be forced to sell investment assets to meet liquidity needs,
- counterparty credit risk, which is the risk of losses because counterparties default on their obligations,
- concentration risk, which is the risk of losses as a result of high exposure to a few asset classes, industries, issuers, etc.

Pension-related market risk may lead to financial losses for Danica Pension, either as losses of investment assets or as the technical provisions increases. Danica Pension has three sources of pension related market risk:

- with-profits products (conventional, average-rate products),
- unit-linked products (to which customers may have attached an investment guarantee),
- investments relating to assets allocated to the shareholders' equity of Danica Pension and other products with direct equity exposure.

The amount of pension-related market risk differs for the various products in Danica Pension's product range, but the most significant pension-related market risk is the market risk relating to its with-profit products.

Notes – Danske Bank Group – Risk management

Life insurance risk continued

The with-profit products offer guaranteed benefits based on a technical rate of interest and are called Danica Traditional. The portfolio of with-profit products is closed for new business, which means that it is in run-off.

The products offer policyholders an annuity or a lump sum consisting of a guaranteed minimum amount in nominal terms. Customers are divided into homogeneous interest rate groups on basis of the technical rates, and each group has its own investment strategy and asset allocation. In each interest rate group, customers participate in a collective investment pool that covers a range of different assets (such as equities, property and bonds).

The policyholders earn interest at a rate set at the discretion of Danica Pension and subject to change at any time.

The difference between the actual (set) interest rate and the return on the policyholders' (collective) assets is allocated to collective buffer accounts owned by the customers. The balances of these buffer accounts are gradually transferred to the individual customer accounts in subsequent years by means of a bonus allocation mechanism. This means that high investment returns may lead to higher benefits than those guaranteed.

The mark-to-market value of the guaranteed benefits depends on the level of the discount curve, which is defined under Solvency II and based primarily on EUR swap rates and also takes into account yields on Danish mortgage, credit and government bonds. The level of the long end of the discount curve, for which no reliable market data is available, is determined by the European Insurance and Occupational Pensions Authority (EIOPA).

For the portfolio of with-profit products Danica Pension will have to cover the shortfall if the value of the assets falls below the value of the liabilities. This will be the case if, for example, investment returns become sufficiently negative (reducing the asset values) or if the level of the discount curve, other things being equal, falls (increasing the value of the liabilities). Hence, the market risk on investments is borne by the customers to the extent that the negative returns can be covered by the collective buffer accounts. Once the buffer accounts have been depleted, negative investment returns on customer savings will force Danica Pension to step in with funds to ensure that it is possible to provide the benefits guaranteed to the policyholders. In that case, Danske Bank A/S will incur a loss in the form of a decrease in equity holdings in Danica Pension.

Furthermore, Danica Pension can book the annual risk allowance fee income for each of the individual interest rate groups only if the collective bonus potential for the interest rate group is sufficient to cover the risk allowance.

Managing the with-profits product thus involves a combination of managing risks on behalf of the policyholders and managing Danica Pension's risk of having to cover losses. For more information about the management of these risks, see Danica Pension's Annual Report 2023.

The pension related market risk associated with unit-linked products is primarily borne by the policyholders, particularly in respect of contracts without an investment guarantee.

In unit-linked products, policyholders receive the actual return on the investments rather than a fixed interest rate return. However, some of the unit-linked products give the policyholders the option to have their benefits guaranteed.

Danica Pension's main savings product – and the product recommended to most customers – is called Danica Balance. Danica Balance is a life-cycle product, meaning that the asset allocation between different risk categories (bonds or equities, for example) for each customer is adjusted gradually as the customer gets older and approaches retirement.

For unit-linked products with financial guarantees, Danica Pension hedges the risk on the financial guarantees by means of financial derivatives and by adjusting the investment allocation during the period leading up to retirement. The investment allocation is adjusted according to the guarantee amount, the investment horizon etc. However, if a guarantee is attached to the individual policy, Danica Pension bears the risk in relation to the guarantee.

The pension related market risk associated with assets allocated to shareholders' equity and other products concerns the following:

- Assets in which the shareholders' equity of Danica Pension is invested, i.e. investment returns have a full effect on Danica Pension profits.
- The investment results for Danica Pension's health and accident products
- Assets for some life insurance products with investment guarantees. This means, that Danica Pension bears the risk if the changes in the value of provisions for these products differ from the changes in the value of the corresponding assets. The provisions are the net present value of expected future pay-outs and are exposed to movements in the discount curve, which is defined under Solvency II. The corresponding assets may be exposed to changes in interest rates and also to changes in the values of equities and property.

Danica Pension has separate investment strategies for assets allocated to its equity, to health and accident products, and to life insurance products with investment guarantees.

Notes – Danske Bank Group – Risk management

Life insurance risk continued

Insurance risk

Insurance risks are linked to trends in policy surrender activity, mortality, disability, critical illness and other variables that could materialise unfavourably from Danica Pension's current assumptions and expectations. For example, an increase in longevity lengthens the period during which benefits are payable under certain pension plans and may potentially have a negative effect on Danica Pension's profits. Similarly, trends in mortality, sickness and recovery affect life insurance and disability benefits. The principal insurance risks are longevity risk and the risk of increased surrenders (i.e. the risk of customers leaving Danica Pension or ceasing to pay premiums). Most insurance risks materialise over long-time horizons during which the gradual changes in biometric conditions deviate from those assumed in contract pricing.

Insurance risk may also materialise through changes in the actuarial assumptions used for liability valuation. Unfavourable changes in assumptions resulting in an increase in liabilities will, to the extent possible, be covered by customer buffers. Once the buffer accounts have been depleted, Danica Pension will have to step in with funds to ensure that it is possible to provide the benefits guaranteed to the policyholders. In that case, Danske Bank A/S will incur a loss in the form of a decrease in equity holdings in Danica Pension.

Concentration risk relating to life insurance risk comprises the risk of losses as a result of high exposure to a few customer groups and to a few individuals. Danica Pension limits concentration risk by means of risk diversification of the insurance portfolio and by means of reinsurance.

To limit losses on individual life insurance policies subject to high-risk exposure, Danica Pension reinsures a small portion of the risk related to mortality and disability.

The various risk elements are subject to ongoing actuarial assessment for the purposes of calculating insurance obligations and making relevant business adjustments.

Monitoring and reporting

Danica Pension's Board of Directors has set overall risk limits on the potential loss in a number of stress scenarios. The risk management function monitors these limits on a daily basis. Any breaches are reported by the CRO to the ALM Committee and senior management.

Danica Pension's Board of Directors receives quarterly reports on Danica Pension's risk and solvency position, including stress and sensitivity figures. Stress and sensitivity figures are also reported to Danske Bank A/S via Group Risk Management and CFO Area (Capital Management).

The table below shows the changes in different risk factors that result in a solvency coverage ratio of 125%. However, for the interest rate risk sensitivity, the table shows the lowest possible solvency coverage ratio in the event of an interest rate change ranging from -2.0 percentage points to +2.0 percentage points.

Sensitivity analysis SCR

31 December 2023	Stress (%)	Own funds (DKK million)	Solvency capital requirement (DKK million)	Solvency capital ratio (%)
Interest rate risk	-2	30,352	20,101	151
Equity risk	73	21,678	17,342	125
Property risk	63	25,285	20,228	125
Credit spread risk				
- Danish government bonds	15	26,178	20,943	125
- Other government bonds	42	27,300	21,840	125
- Other bonds	43	25,973	20,778	125
Longevity risk	51	28,330	22,664	125
Life insurance option risk	622	30,428	22,539	135
Non-life catastrophe risk	n/a	n/a	n/a	n/a

Notes – Danske Bank Group – Risk management

Life insurance risk continued

The tables below provides information on the bond portfolio held in connection with with-profit and unit-linked products.

Bond portfolio (insurance business) broken down by geographical area

31 December 2023	Central and local govern-ment bond	Quasi-government bonds	Danish mortgage bonds	Swedish covered bonds	Other covered bonds	Corporate bonds	Total
Denmark	12,122	-	103,381	-	-	7,406	122,909
Sweden	-	-	-	-	16	1,882	1,898
UK	5	-	-	-	6	2,146	2,157
Norway	-	-	-	-	-	841	841
USA	11,570	986	-	-	9	12,482	25,047
Spain	1,323	-	-	-	-	744	2,067
France	5,893	-	-	-	-	2,859	8,752
Luxembourg		124	-	-	-	2,746	2,870
Canada	-	-	-	-	-	1,312	1,312
Finland	225	5	-	-	-	504	734
Ireland	638	-	-	-	-	438	1,076
Italy	3,055	-	-	-	-	1,082	4,137
Portugal	2	-	-	-	-	106	108
Austria	-	-	-	-	-	88	88
Netherlands	841	-	-	-	-	2,825	3,666
Germany	19,077	-	-	-	-	2,395	21,472
Other	7,018	842	-	-	-	7,079	14,939
Total	**61,769**	**1,957**	**103,381**	**-**	**31**	**46,935**	**214,073**
31 December 2022							
Denmark	14,320	-	56,608	-	-	27,905	98,833
Sweden	-	-	-	-	-	1,581	1,581
UK	4	-	-	-	5	2,243	2,252
Norway	-	-	-	-	-	816	816
USA	9,797	923	-	-	7	12,938	23,665
Spain	463	-	-	-	-	370	833
France	5,479	54	-	-	-	2,502	8,035
Luxembourg	-	84	-	-	-	2,520	2,604
Canada	-	-	-	-	-	943	943
Finland	215	6	-	-	-	172	393
Ireland	541	-	-	-	-	558	1,099
Italy	2,589	-	-	-	-	390	2,979
Portugal	2	-	-	-	-	56	58
Austria	-	-	-	-	-	36	36
Netherlands	121	-	-	-	-	2,514	2,635
Germany	17,524	1,694	-	-	-	1,734	20,952
Other	5,277	617	-	-	-	6,521	12,415
Total	**56,332**	**3,378**	**56,608**	**-**	**12**	**63,799**	**180,129**

Notes – Danske Bank Group – Risk management

Life insurance risk continued

Bond portfolio (insurance business) broken down by external ratings

31 December 2023	Central and local govern-ment bond	Quasi-government bonds	Danish mortgage bonds	Swedish covered bonds	Other covered bonds	Corporate bonds	Total
AAA	43,609	1,401	90,451	-	-	3,060	138,521
AA+	225	-	-	-	-	2,335	2,560
AA	6,978	68	-	-	-	149	7,195
AA-	134	-	-	-	17	1,268	1,419
A+	407	-	8,561	-	-	5,920	14,888
A	1,544	-	3,594	-	-	1,778	6,916
A-	792	47	-	-	-	2,947	3,786
BBB+	296	3	-	-	-	2,127	2,426
BBB	4,280	151	775	-	-	4,498	9,704
BBB-	974	96	-	-	-	1,841	2,911
Sub-inv. grade or unrated	2,530	191	-	-	14	21,012	23,747
Total	**61,769**	**1,957**	**103,381**	**-**	**31**	**46,935**	**214,073**
31 December 2022							
AAA	41,759	2,958	48,759	-	-	3,958	97,434
AA+	215	-	-	-	-	2,017	2,232
AA	6,217	62	-	-	-	338	6,617
AA-	616	-	-	-	-	1,758	2,374
A+	330	-	7,848	-	-	25,421	33,599
A	567	-	1	-	-	1,296	1,864
A-	549	58	-	-	-	2,750	3,357
BBB+	120	-	-	-	-	1,835	1,955
BBB	3,392	172	-	-	-	3,826	7,390
BBB-	514	39	-	-	-	1,298	1,851
Sub-inv. grade or unrated	2,053	89	-	-	12	19,302	21,456
Total	**56,332**	**3,378**	**56,608**	**-**	**12**	**63,799**	**180,129**

Danica Pension has set a separate investment strategy for assets in which its shareholders' equity is invested.

Notes – Danske Bank Group – Risk management

Non-financial risk

of financial losses or gains, regulatory impact, reputational impact or customer impact resulting from inadequate or failed internal processes, people or systems or from external events, including legal and compliance risks. According to the Group's risk taxonomy as set out in its enterprise risk management (ERM) framework, non-financial risk consists of five risk categories: operational risk, Information Technology (IT) and security risk, data risk, financial crime risk and regulatory compliance risk. In addition, to the five non-financial risk categories conduct risk and sustainability risk are embedded across the taxonomy and may arise as any or all other risk types materialise.

Implementation of the non-financial risk management framework is linked to building and maintaining a strong risk and compliance culture across the Group. The Group has a suite of mandatory training courses for all employees including the Executive Leadership Team. The internal w ebsite "DoRigh t" allows employees to share their concerns and is supported by a group-wide whistleblower system. The Executive Leadership Team uses a set of key performance indicators (KPIs) to measure the risk and compliance culture.

The Group's approach to non-financial risk management is set out in a number of governing documents. The Group Non-Financial Risk Policy is the overarching policy and lays down the principles and responsibilities for managing non-financial risks across the three lines of defence. Supplementa r y policies are in place and reviewed annually to ensure alignment with regulatory developments.

Given the varying levels of development and maturity across non-financial risk, an iterative approach has been taken to establish risk tolerance statements. The non-financial risk tolerance threshold is set for net losses after recoveries for events that occur in the calendar year. Compliance with this tolerance threshold is monitored and reported in accordance with internal procedures.

Risk assessment

The Group´s standard approach to risk assessment of its non-financial risks and controls is in line with industry standards and comprises the following steps: scoping, risk identification, inherent risk assessment, control identification and assessment, residual risk assessment, and mitigatio n actions/issues management The Group also conducts scenario analyses to understand exposure to low-frequency high-severity events. Results from risk assessments and stress tests are used as input for the Group's Intern al Capital Adequacy Assessment Process (ICAAP).

Event management

Event management aims to ensure timely and appropriate handling of detected events in order to minimise the impact on Group a nd its stakeholders and to prevent reoccurrence. Furthermore, event management provides timely, accurate and complete information f or both internal and external reporting, including timely notification to relevant supervisory authorities. Non-financial risk events are registered, categorised and handled according to reporting thresholds. Risk assessment and root-cause analyses are performed to effectively address underlying risks and provide mitigation plans. The Group strives to learn from materialised events and observed near-misses to continually improve its operational risk management framework. Event awareness and coverage continues to improve across the Group as registration, approval and escalations take place in an increasingly timely manner.
In 2023, the majority of the loss events fell into two broad categories: Execution, delivery and process management and Clien ts, products and business practises. There were losses relating to legacy systems and limitations in manual processes as well as pr oduct and services-related events.

Business Continuity

Business continuity risk management is a holistic approach resulting in proactive measures that enable the Group to identify potential threats and their impacts on business operations, effectively respond to them, and continue the delivery of its products and services supported by functions at acceptable predefined levels following a Disruption. The Business Continuity and Crisis Management Policy sets control requirements towards for business continuity risk.

Information Technology (IT) and security risk management

Information technology (IT) & security risk management is integrated into the Group's risk management framework and implement s the Board's policies for this area. Business units are responsible for managing IT and security risks supported by the Security, Resilience and Controls function reporting to the group Chief Security Officer (CSO). The Market, Liquidity and Non-Financial Risk (MLNFR) unit controls the IT and security risk management policy framework and monitors and regularly reports on risk managem ent per this framework in its second line of defence (2LoD) oversight role. The IT and Security risk management framework is part of a wider framework supporting the operational resilience of the Bank. Cyber risk management is managed as part of IT and security risk management framework and continues to adapt to prevent, detect, respond and recover from cyber related attacks. Business units and the Security, Resilience and Controls function regularly report the status of risk profiles and management in this area, along with mitigations to manage risks within tolerance, with MLNFR providing independent 2LoD oversight reporting.

Data risk management

Data risk management is integrated into the Group's risk management framework and implements the Board's policies for this ar ea. Business units are responsible for managing Data risks supported by the Group Data Management Office (GDMO) function reporting to the group Chief Data Officer (CDO). The Market, Liquidity and Non-Financial Risk (MLNFR) unit controls the Data risk management policy framework and monitors and regularly reports on risk management per this framework in its second line of defense (2LoD) oversight role. Business units and the GDMO function regularly report the statu s of risk profiles and management in this area, along with mitigations to manage risks within tolerance, with MLNFR providing i ndependent 2LoD oversigh t reporting.

Notes – Danske Bank Group – Risk management

Non-financial risk continued

Third-party risk management

Third-party risk management (TPRM) considers the risks associated with processes, services, or activities provided to the Group by third parties. The purpose of TPRM is to identify, manage and mitigate non-financial risks when the Group engages with a third party. Third-party arrangements classified as outsourcing, or critical or important outsourcing are subject to specific regulatory requirements listed in the EBA Guidelines on Outsourcing and the Danish Executive Order on Outsourcing. Outsourcing arrangements are to be managed in accordance with the Group's TPRM Policy.

As part of the Group's strategy, the Board of Directors approved the critical/important outsourcing arrangement for Danske IT India in June 2023. The change involved the divestment of Danske IT India and the outsourcing of people services to Infosys.

Financial Crime Risk

Financial crime risk is the risk that internal or external parties misuse the Group's infrastructure and services to steal, defraud, manipulate, or circumvent established rules, laws and regulations through money laundering, terrorist financing, sanctions violations, bribery and corruption, tax evasion or fraud. The Group's financial crime risk is managed and monitored through the Group's three lines of defence, and Financial Crime Compliance acts as the second line of defence.

The Group has made significant progress on the delivery and closure of the multi-year enhancement programme and has significantly expanded its financial crime risk management capabilities. The programme includes controls to prevent financial crime such as money laundering, terrorist financing, sanctions violations, fraud, tax evasion, and bribery and corruption. In addition, it reinforces already existing financial crime prevention and assessment processes, leveraging data and data analysis, internal and external reporting, and employee training.

Regulatory Compliance risk management

Regulatory compliance risk is defined as the risk that the Group receives regulatory, criminal or administrative sanctions, incurs material financial losses, or suffers a loss of reputation as a result of its failure to comply with laws, rules and regulations applicable to the Group's activities in the areas of fair treatment of customers, market integrity, data protection and confidentiality or because of a breach of licensing, accreditation and/or individual registration requirements.

In 2023, the Group continued to improve its regulatory compliance risk management framework with important enhancements.
The Complaints Handling Instructions were introduced to outline the standards for providing easy access for customers to express dissatisfaction and for handling customer complaints in a fair, timely and comprehensive manner. Moreover, Group Compliance continued to provide advice in respect of the work performed on the Group's customer remediation cases with a focus on the debt collection case. For market integrity a group-wide risk assessment was completed. The outcome of the risk assessment supports the identification and prioritisation of control enhancements by senior management across the Group. In data protection and confidentiality, a new version of the Group's Personal Data Protection Policy was approved by the Board of Directors. The policy sets out the principles and standards for managing data protection and confidentiality risks.

As part of the process to mature its product governance framework, the Group introduced the Product Governance Instructions to define obligations for manufacturers and distributors of investment products. The instructions also cover requirements in relation to sustainability.

Sustainability in non-financial risks

From a group perspective, the non-financial risks most materially affected by sustainability drivers relate specifically to the risk of not treating customers fairly, including marketing, branding and communications (Regulatory Compliance), as well as practices and arrangements for product governance (operational risks).

Sustainability and treating customers fairly

The standards for Treating Customers Fairly are laid out in the Group's relevant policy, underlying frameworks and processes that address customer needs, profiling and information.

When it comes to investments, advisers use a digital system to identify and assess each customer's sustainability preferences as part of the suitability assessment through a set of questions based on the MiFID II and the Insurance Distribution Directive regulatory requirements for sustainability preferences. To ensure a product match between customer sustainability preferences and product recommendation, the Group's sustainability preferences concept is designed to ensure a link between the individual customer's sustainability preferences and the Group's product offerings.

For product governance practices and arrangements, the Group's management of sustainability risk is laid out in frameworks and procedures subject to the Group's New & Amended Product Approval Policy and Product Governance Instructions. In this process, sustainability risks and factors are built into the screening processes for new product proposals and all stages of the product approval and review process. Similarly, the Group's position statements on various sustainability themes are integrated into the Group's investment product offerings to support the regulatory due diligence processes and the integration of sustainability risk into the investment decision-making process.

Notes – Danske Bank Group

Highlights

(DKK millions)	2023	2022*	2021*	2020	2019
Net interest and fee income	44,324	38,267	39,266	39,004	38,749
Value adjustments	6,165	-33,063	36,307	22,340	34,034
Staff costs and administrative expenses	23,885	24,994	24,973	26,289	24,700
Provision for Estonia matter	-	13,800	-	-	-
Loan impairment charges	262	1,502	141	7,089	1,729
Income from associates and group undertakings	-110	9	226	-93	386
Net profit	21,262	-4,580	13,001	4,589	15,072
Loans	1,846,867	2,015,496	2,051,903	2,047,930	2,150,059
Total equity	175,739	160,278	175,997	168,679	170,508
Total assets	3,770,981	3,790,556	3,981,082	4,109,231	3,761,050

Ratios	2023	2022*	2021*	2020	2019
Total capital ratio (%)	23.1	22.1	22.4	23.0	22.7
Tier 1 capital ratio (%)	20.5	19.6	20.0	20.5	20.4
Return on equity before tax (%)	15.9	-1.0	9.6	3.7	8.3
Return on equity after tax (%)	12.7	-2.7	7.5	2.7	9.0
Income/cost ratio (%)	191.5	96.4	153.5	115.8	140.3
Interest rate risk (%)	-	0.3	-1.0	1.9	2.9
Foreign exchange position (%)	1.9	4.6	1.9	23.4	4.0
Foreign exchange risk (%)	-	-	-	-	-
Loans plus impairment charges as % of deposits	146.7	155.3	153.7	149.1	181.5
Liquidity coverage ratio (%)	170.4	151.0	163.7	153.5	140.1
Sum of large exposures as % of CET1 capital	100.5	120.2	108.7	128.6	138.1
Impairment ratio (%)	-	0.1	-	0.3	0.1
Growth in loans (%)	-7.5	-1.7	-0.2	0.7	2.4
Loans as % of equity	10.5	12.6	11.6	12.1	12.6
Return on assets (%)	0.6	-0.1	0.3	0.1	0.4
Earnings per share (Nominal value DKK 100)	24.8	-5.4	14.6	4.7	16.7
Book value per share (DKK)	204.4	186.7	207.1	197.6	199.7
Dividend per share (DKK)**	14.5	-	2.0	2.0	-
Share price end of period/earnings per share (DKK)	7.3	-25.3	7.7	21.3	6.4
Share price end of period/book value per share (DKK)	0.88	0.74	0.55	0.51	0.54

* 2022 comparatives have been restated as described in note G2(a). 2021 comparatives have been restated for the change in treat ment of own shares, as described in note G2(a). Comparatives prior to 2021 have not been restated as it is impracticable.

** Dividend for 2023 of a total of DKK 14.5 per share consists of a proposed dividend of DKK 7.5 per share for the second half of 2023 and an interim dividend of DKK 7.0 per share that was paid in connection with the interim report for the first half of 2023.

The ratios and key figures are calculated in accordance with the requirements stipulated in the Danish FSA's Executive Order on Financial Reports for Credit Institutions and Investment Companies, etc., and on the basis of IFRS figures except where otherwise indicated.

Notes – Danske Bank Group

Definitions of ratios

Ratios	Definition
Earnings per share (DKK)	Net profit for the year divided by the average number of shares outstanding during the year. Net profit is stated after the deduction of interest on equity-accounted additional tier 1 capital.
Diluted earnings per share (DKK)	Net profit for the year divided by the average number of shares outstanding during the year, including the dilutive effect of share options and conditional shares granted as share-based payments. Net profit is stated after the deduction of interest on equity-accounted additional tier 1 capital.
Return on equity (%)	Net profit for the year divided by average equity (average equity as end of current and prior year), including equity-accounted additional tier 1 capital. For the definition used in the management report see page "Definition of alterntive Performance Measures".
Income/cost ratio (%)	Total income divided by expenses, including goodwill impairment charges and provision for Estonia matter.
Common equity tier 1 (CET1) capital	Primarily paid-up share capital and retained earnings. CET1 capital is defined in the Capital Requirements Regulation (CRR).
Additional tier 1 capital	Capital instruments that form part of tier 1 capital. Additional tier 1 capital is defined in CRR.
Tier 1 capital	Common equity tier 1 capital plus additional tier 1 capital, less certain deductions, such as intangible assets. The deductions are defined in CRR.
Tier 2 capital	Subordinated loan capital subject to certain restrictions that falls under the requirements for such instruments in CRR.
Total capital	Tier 1 capital plus tier 2 capital, less certain deductions as defined in CRR.
Risk exposure amount	Total risk exposure amount and off-balance-sheet items that involve credit risk, market risk and operational risk as calculated in accordance with the Capital Requirements Regulation (CRR).
Common equity tier 1 capital ratio	Common equity tier 1 capital divided by the total risk exposure amount.
Tier 1 capital ratio	Tier 1 capital divided by the total risk exposure amount.
Total capital ratio	Total capital divided by the total risk exposure amount.
Dividend per share (DKK)	The total of proposed dividend to be paid in the subsequent year and any interim dividend payment paid during the year, divided by the number of shares issued at the end of the year.
Share price at 31 December	Closing price of Danske Bank shares at the end of the year.
Book value per share (DKK)	Total equity at 31 December divided by the number of shares outstanding at the end of the year. For the definition used in the management report see page "Definition of alternative Performance Measures".
Number of full-time-equivalent staff at 31 December	Number of full-time-equivalent staff (part-time staff translated into full-time staff) at the end of the year.
Lending growth	Growth in lending from the beginning to the end of the year, excluding repo transactions.
Loans plus impairment charges as % of deposits	Loans at fair value and loans at amortised cost (gross of expected credit losses) divided by deposits including deposits under pooled schemes.
Return on assets	Net profit for the year divided by average assets (average assets as total assets end of current and prior year).

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, Executive Order No. 1593 of 9 November 2020 and Executive Order No. 116 of 27 January 2023. A description of policies for data ethics is available at danskebank.com/about-us/corporate-governance.

Note G2(a) provides further information on changes in accounting policies implemented as at 1 January 2023. Except for these changes, Danske Bank A/S has not changed its material accounting policies from those applied in the Annual Report 2022.

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. As of 31 December 2023, Danske Finance Oy (Finland) has been merged with Danske Bank A/S.

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 2023	Net profit 2022*	Equity 31 December 2023	Equity 31 December 2022*
Danske Bank Group based on IFRS	21,262	-4,580	175,739	160,278
Domicile properties	-1	16	211	217
Tax effect	1	-5	-27	-28
Parent company statement based on Danish FSA rules	**21,261**	**-4,569**	**175,923**	**160,466**

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

Note G37 lists the Group's significant holdings and undertakings.

Income statement – Danske Bank A/S

Note	(DKK millions)	2023	2022*
P2	Interest income	59,815	34,544
P3	Interest expense	37,864	18,777
	Net interest income	21,951	15,767
	Dividends from shares etc.	425	435
P4	Fee and commission income	13,002	13,420
	Fees and commissions paid	2,263	2,167
	Net interest and fee income	33,115	27,455
P5	Value adjustments	5,190	2,011
	Other operating income	1,895	1,718
P6	Staff costs and administrative expenses	20,822	21,342
P7	Amortisation, depreciation and impairment charges	2,783	2,864
P23	Other operating expenses	669	13,800
	Loan impairment charges etc.	525	1,041
	Income from associates and group undertakings	8,568	4,826
	Profit before tax	23,969	-3,036
P9	Tax	2,708	1,533
	Net profit	**21,261**	**-4,569**
	Proposed profit allocation		
	Equity method reserve	2,495	-2,813
	Dividends for the year**	12,501	-
	Additional tier 1 capital holders	-	86
	Retained earnings	6,265	-1,841
	Total	**21,261**	**-4,569**

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

** Dividend for 2023 of a total of DKK 14.5 per share consists of a proposed dividend of DKK 7.5 per share for the second half of 2023 and an interim dividend of DKK 7.0 per share that was paid in connection with the interim report for the first half of 2023.

Statement of comprehensive income – Danske Bank A/S

Note	(DKK millions)	2023	2022**
	Net profit	21,261	-4,569
	Other comprehensive income		
	Items that will not be reclassified to profit or loss		
	Remeasurement of defined benefit pension plans	-1,220	-968
P9	Tax*	-301	-179
	Items that will not be reclassified to profit or loss	**-919**	**-789**
	Items that are or may be reclassified subsequently to profit or loss		
	Translation of units outside Denmark	-1,404	-4,481
	Hedging of units outside Denmark	589	2,463
	Reclassification to the income statement on disposal of units outside Denmark***	806	-
	Unrealised value adjustments of bonds at fair value (OCI)	1,220	-1,546
	Realised value adjustments of bonds at fair value (OCI)	-8	-10
P9	Tax*	303	-672
	Items that are or may be reclassified subsequently to profit or loss	**900**	**-2,902**
	Total other comprehensive income	**-19**	**-3,691**
	Total comprehensive income	**21,243**	**-8,260**
	Portion attributable to		
	Shareholders of Danske Bank A/S (the Parent Company)	21,243	-8,346
	Additional Tier 1 capital holders	-	86
	Total comprehensive income	**21,243**	**-8,260**

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

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

*** Reclassified to the income statement on disposal of units outside Denmark includes a reduction in the structural FX hedge. See note G12.

Balance sheet – Danske Bank A/S

Note	(DKK millions)	2023	2022*
	Assets		
	Cash in hand and demand deposits with central banks	221,178	141,127
P10	Due from credit institutions and central banks	153,470	88,432
P11	Loans and other amounts due at fair value	174,963	208,635
P11	Loans and other amounts due at amortised costs	726,193	917,028
P13	Bonds at fair value	286,339	315,124
P13	Bonds at amortised cost	102,011	98,888
	Shares etc.	19,392	8,878
	Holdings in associates	612	536
	Holdings in group undertakings	87,868	88,751
P14	Assets under pooled schemes	47,877	46,360
	Intangible assets	6,047	6,038
	Land and buildings	4,106	2,698
P15	Investment property	-	-
P15	Domicile property	4,106	2,698
P16	Other tangible assets	6,080	5,042
	Current tax assets	3,296	4,813
P17	Deferred tax assets	1,418	1,215
P18	Assets held for sale	110,530	108
P19	Other assets	378,001	463,259
	Prepayments	2,045	1,345
	Total assets	**2,331,425**	**2,398,277**
	Liabilities and equity		
	Amounts due		
P20	Due to credit institutions and central banks	155,382	140,581
P21	Deposits and other amounts due	1,135,204	1,178,920
	Deposits under pooled schemes	48,140	46,256
P22	Issued bonds at fair value	7,718	12,150
P22	Issued bonds at amortised cost	206,278	197,875
	Current tax liabilities	989	2,220
P18	Liabilities in disposal groups held for sale	56,476	-
P23	Other liabilities	501,884	617,977
	Deferred income	1,501	1,050
	Total amounts due	**2,113,572**	**2,197,029**
	Provisions for liabilities		
	Provisions and pensions and similar obligations	164	175
P17	Provisions for deferred tax	1,115	340
	Provisions for losses on guarantees	3,466	2,974
	Other provisions for liabilities	2,011	2,427
	Total provisions for liabilities	**6,756**	**5,916**
P24	Subordinated debt	35,174	34,865
	Equity		
	Share capital	8,622	8,622
	Accumulated value adjustments	-2,935	-4,138
	Equity method reserve	29,333	26,838
	Retained earnings	134,436	129,145
	Proposed dividends	6,466	-
	Total equity	175,923	160,466
	Total liabilities and equity	**2,331,425**	**2,398,277**

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

Statement of capital – Danske Bank A/S

Changes in equity

(DKK millions)	Share capital	Accumulated value adjustments*	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
Effect of changes in accounting policy	-	-	-	-707	-	-707	-	-707
Restated total equity as at 1 January 2022	8,622	-564	29,651	131,243	1,724	170,676	5,497	176,174
Net profit	-	-	-2,813	-1,841	-	-4,655	86	-4,569
Other comprehensive income								
Remeasurement of defined benefit pension plans	-	-	-	-968	-	-968	-	-968
Translation of units outside Denmark	-	-4,481	-	-	-	-4,481	-	-4,481
Hedging of units outside Denmark	-	2,463	-	-	-	2,463	-	2,463
Unrealised value adjustments	-	-1,546	-	-	-	-1,546	-	-1,546
Realised value adjustments	-	-10	-	-	-	-10	-	-10
Tax	-	-	-	851	-	851	-	851
Total other comprehensive income	-	-3,575	-	-117	-	-3,691	-	-3,691
Total comprehensive income	-	-3,575	-2,813	-1,958	-	-8,346	86	-8,260
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	-	-	-	-18,022	-	-18,022	-	-18,022
Sale of own shares and additional tier 1 capital	-	-	-	17,773	-	17,773	-	17,773
Share based payments	-	-	-	57	-	57	-	57
Tax	-	-	-	33	-	33	-	33
Total equity as at 31 December 2022	8,622	-4,138	26,838	129,145	-	160,466	-	160,466
Total equity as at 1 January 2023	8,622	-4,138	26,838	129,185	-	160,506	-	160,506
Effect of changes in accounting policy**	-	-	-	-40	-	-40	-	-40
Restated total equity as at 1 January 2023	8,622	-4,138	26,838	129,145	-	160,466	-	160,466
Net profit	-	-	2,495	18,766	-	21,261	-	21,261
Other comprehensive income								
Remeasurement of defined benefit pension plans	-	-	-	-1,220	-	-1,220	-	-1,220
Translation of units outside Denmark	-	-1,404	-	-	-	-1,404	-	-1,404
Hedging of units outside Denmark	-	589	-	-	-	589	-	589
Reclassification on disposal of units outside Denmark	-	806	-	-	-	806	-	806
Unrealised value adjustments	-	1,220	-	-	-	1,220	-	1,220
Realised value adjustments	-	-8	-	-	-	-8	-	-8
Tax	-	-	-	-2	-	-2	-	-2
Total other comprehensive income	-	1,203	-	-1,222	-	-19	-	-19
Total comprehensive income	-	1,203	2,495	17,544	-	21,243	-	21,243
Transactions with owners								
Dividends paid***	-	-	-	-6,011	-	-6,011	-	-6,011
Proposed dividends***	-	-	-	-6,466	6,466	-	-	-
Acquisition of own shares and additional tier 1 capital	-	-	-	-23,028	-	-23,028	-	-23,028
Sale of own shares and additional tier 1 capital	-	-	-	23,082	-	23,082	-	23,082
Share based payments	-	-	-	172	-	172	-	172
Total equity as at 31 December 2023	8,622	-2,935	29,333	134,436	6,466	175,923	-	175,923

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

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

*** Dividend for 2023 of a total of DKK 14.5 per share consists of a proposed dividend of DKK 7.5 per share for the second half of 2023 and an interim dividend of DKK 7.0 per share that was paid in connection with the interim report for the first half of 2023. Dividends paid is net of dividends on own shares.

Statement of capital – Danske Bank A/S

Holding of own shares - Danske Bank A/S	Number of shares	Nominal value (DKK m)	Percentage of share capital	Sales/purchase price (DKK m)
Holding as at 1 January 2022	3,417,841	34	0.40	
Acquired in 2022	166,467,363	1,665	19.31	18,349
Sold in 2022	164,973,342	1,650	19.13	19,311
Holding as at 31 December 2022	**4,911,862**	**49**	**0.57**	
Acquired in 2023	148,720,278	1,487	17.25	23,077
Sold in 2023	150,508,483	1,505	17.46	23,199
Holding as at 31 December 2023 *	**3,123,657**	**31**	**0.36**	

Acquisitions in 2023 and 2022 comprised shares acquired for the trading portfolio and shares acquired on behalf of customers. As at 31 December 2023, 2,410,915 own shares are held on behalf of customers. With effect from 1 January 2023, the Group has elected not to deduct shares from equity that are held on behalf of customers (ie. held in pooled schemes). The acquisitions and sales of shares in pooled schemes are DKK 48 million and DKK 118 million respectively.

Danske Bank shares held by subsidiaries	Number of shares	Nominal value (DKK m)	Percentage of share capital	Sales/purchase price (DKK m)
Holding as at 1 January 2022	4,609,013	46	0.53	
Acquired in 2022	5,036,237	50	0.58	609
Sold in 2022	3,708,483	37	0.43	464
Holding as at 31 December 2022	**5,936,767**	**59**	**0.69**	
Acquired in 2023	1,006,704	10	0.12	148
Sold in 2023	846,625	8	0.10	134
Holding as at 31 December 2023	**6,096,846**	**61**	**0.71**	

Acquisitions in 2023 and 2022 comprised shares acquired on behalf of customers.

Statement of capital – Danske Bank A/S

Total capital and total capital ratio

(DKK millions)	31 December 2023	31 December 2022*
Total equity	175,923	160,506
Additional tier 1 capital instruments included in total equity	-	-
Accrued interest on additional tier 1 capital instruments	-	-
Common equity tier 1 capital instruments	175,923	160,506
Adjustment to eligible capital instruments	-914	-222
IFRS 9 reversal due to transitional rules	1,659	2,991
Prudent valuation	-865	-1,335
Prudential filters	-	-567
Expected/Proposed dividends	-6,466	-
Intangible assets of banking operations	-5,673	-5,521
Minimum Loss Coverage for Non-Performing Exposures	-600	-100
Deferred tax on intangible assets	312	241
Deferred tax assets that rely on future profitability, excluding temporary differences	-213	-169
Defined benefit pension plan assets	-725	-799
Statutory deduction for insurance subsidiaries	-6,111	-4,683
Common equity tier 1 capital	**156,326**	**150,342**
Additional tier 1 capital instruments	14,805	15,300
Tier 1 capital	**171,131**	**165,642**
Tier 2 capital instruments	20,790	20,765
Total capital	**191,920**	**186,407**
Total risk exposure amount	**715,395**	**739,653**
Common equity tier 1 capital ratio (%)	21.9%	20.3%
Tier 1 capital ratio (%)	23.9%	22.4%
Total capital ratio (%)	26.8%	25.2%

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

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

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

The Internal Capital Adequacy Assessment report provides more details about Danske Bank's solvency need. The report is available at danskebank.com/reports. The Internal Capital Adequacy Assessment report is not covered by the independent auditors' review.

Notes – Danske Bank A/S

P1. Net interest and fee income and value adjustments broken down by business segment

(DKK millions)	2023	2022*
Personal Customers	14,677	9,872
Business Customers	11,059	8,310
Large Corporates & Institutions	14,900	11,854
Other	-2,330	-569
Total	**38,305**	**29,466**
Geographical segmentation		
Denmark	21,798	13,775
Finland	5,155	4,525
Ireland	518	274
Norway	4,271	4,634
UK	314	244
Sweden	6,067	5,850
Baltics	-6	-4
Germany	-	24
Poland	189	145
Total	**38,305**	**29,466**

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

Geographical segmentation is based on the location in which the individual transaction is recorded. The figures for Denmark include financing costs related to investments in activities outside Denmark.

P2. Interest income

(DKK millions)	2023	2022
Reverse transactions with credit institutions and central banks	2,815	-9
Other transactions with credit institutions and central banks	7,485	2,701
Reverse loans	6,201	718
Loans and other amounts due	39,651	21,016
Bonds	6,900	3,896
Derivatives, total	-3,884	996
Currency contracts	4,531	2,171
Interest rate contracts	-7,008	-934
Equity contracts	-1,407	-241
Other interest income	628	135
Total	**59,796**	**29,453**

Negative interest income amounts to DKK 7 million (2022: DKK 1,248 million) and relates primarily to repo transactions. In the table above, negative interest income is offset against interest income. In the Income statement, negative interest income is presented as interest expenses and negative interest expenses as interest income.

P3. Interest expense

(DKK millions)	2023	2022
Repo transactions with credit institutions and central banks	4,244	542
Other transactions with credit institutions and central banks	385	2,177
Repo deposits	3,881	724
Deposits and other amounts due	18,862	3,591
Issued bonds	7,643	4,753
Subordinated debt	1,492	1,446
Other interest expenses	1,337	451
Total	**37,844**	**13,686**

Negative interest expenses amount to DKK 15 million (2022: DKK 2,843 million) and relates primarily to deposits and repo transactions. In the table above, negative interest expenses are offset against interest expenses. In the Income statement, negative interest expenses are presented as interest income and negative interest income as interest expenses.

Notes – Danske Bank A/S

P4. Fee and commission income

(DKK millions)	2023	2022
Securities trading and custody account fees	6,145	6,309
Payment services fees	2,444	2,599
Origination fees	1,753	2,009
Guarantee commissions	730	825
Other fees and commissions	1,930	1,677
Total	**13,002**	**13,420**

Origination fees includes mainly fee income from the establishment of Danish mortgage loans (received from Realkredit Danmark), and fee income for coordinating and arranging syndicated loan transactions, as well as issuing bonds on behalf of customers.

P5. Value adjustments

(DKK millions)	2023	2022*
Loans at fair value	-1,234	464
Bonds	3,504	-7,361
Shares etc.	1,354	-315
Currency	439	2,115
Derivatives	9,744	-10,408
Other liabilities	-8,618	17,515
Total	**5,190**	**2,011**

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

Value adjustments include the loss on the structural FX hedge that has been realised and reclassified from Other comprehensive income to the Income statement in relation to the sale of the personal customers business in Norway. See note G12 for further information.

P6. Staff costs and administrative expenses

(DKK millions)	2023	2022
Remuneration of the Executive Leadership Team and the Board of Directors		
Executive Leadership Team	130	95
Board of Directors	15	16
Total	**145**	**111**

The remuneration of the Executive Leadership Team includes remuneration for membership of the board of directors of one or more of the Group's subsidiaries. Such remuneration is deducted from the contractual remuneration.

Staff costs

(DKK millions)	2023	2022
Salaries	11,362	10,516
Pensions	1,282	1,277
Financial services employer tax and social security costs	1,729	1,669
Total	**14,373**	**13,462**
Other administrative expenses	**6,304**	**7,770**
Total staff costs and administrative expenses	**20,822**	**21,342**
Number of full-time-equivalent staff	**17,398**	**17,044**

Note G35 contains additional information about the remuneration of the Board of Directors, the Executive Leadership Team, and other material risk takers.

P7. Amortisation, depreciation and impairment charges

This item includes impairment charges for software of DKK 26 million (2022: DKK 41 million). Note G19 contains additional information.

Notes – Danske Bank A/S

P8. Audit fees

(DKK millions)	2023	2022
Audit firms appointed by the general meeting		
Fees for statutory audit of the parent company financial statements	21	17
Fees for other assurance engagements	7	4
Fees for other services	2	1
Total	**30**	**22**

P9. Tax

(DKK millions)	2023	2022
Calculated tax charge for the year	2,861	1,046
Deferred tax	1,295	778
Adjustment of prior-year tax charges	-1,415	-98
Increase of tax rate	-33	-193
Total	**2,708**	**1,533**
Effective tax rate	(%)	(%)
Danish tax rate	25.2	22.0
Non-taxable income and non-deductible expenses, excluding income from associates and group undertakings	1.9	-101.2
Difference between tax rates of units outside Denmark and Danish tax rate	-0.7	-0.2
Adjustment of prior-year tax charges	-5.9	2.8
Increase of tax rate	-0.1	5.5
Effective tax rate	20.4	-71.1
Portion included under Income from associates and group undertakings	-9.1	27.6
Total	**11.3**	**-43.5**
Tax on other comprehensive income		
Remeasurement of defined benefit plans	-301	-179
Hedging of units outside Denmark	303	-672
Total	**2**	**-851**

Notes – Danske Bank A/S

P10. Due from credit institutions and central banks

(DKK millions)	2023	2022
On demand	6,052	5,859
Up to 3 months	100,941	51,543
From 3 months to 1 year	13,318	2,195
From 1 to 5 years	32,861	28,563
Over 5 years	297	272
Total	**153,470**	**88,432**
Due from credit institutions	124,623	55,573
Term deposits with central banks	28,847	32,859
Total	**153,470**	**88,432**
Reverse transactions included in above item	**96,183**	**37,434**

DKK 93,051 million (2022: DKK 38,202 million) of Due from credit institutions and central banks are recognised at fair value through profit or loss. For further information see note G14.

P11. Loans and other amounts due

(DKK millions)	2023	2022
On demand	62,608	70,200
Up to 3 months	256,839	301,947
From 3 months to 1 year	136,041	147,350
From 1 to 5 years	304,099	343,925
Over 5 years	141,569	262,240
Total	**901,156**	**1,125,663**
Reverse transactions included in above item	**178,671**	**216,370**

Loans and other amounts due includes Loans and other amounts due at amortised cost and Loans and other amounts due at fair value.

Loans and guarantees broken down by sector and industry (%)

	2023	2022
Public sector	2.8	3.7
Business customers		
Agriculture, hunting, forestry and fisheries	3.1	2.8
Manufacturing industries and extraction of raw materials	13.1	10.9
Energy and utilities	3.4	3.8
Building and construction	1.7	1.4
Trade	6.1	5.2
Transport, hotels and restaurants	3.5	3.0
Information and communication	2.2	1.7
Finance and insurance	25.8	22.1
Property administration	15.2	13.6
Other	5.9	4.6
Total Business customers	79.8	69.1
Personal customers	17.3	27.1
Total	**100.0**	**100.0**

The relative distribution between industries includes loans at amortised cost, loans at fair value and guarantees.

Notes – Danske Bank A/S

P12. 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 2022	17	10	2	1,254	4,251	10,276	589	936	1,033	18,367
Transferred to stage 1 during the period	-	-	-	697	-673	-24	149	-143	-6	-
Transferred to stage 2 during the period	4	-4	-	-215	492	-278	-51	84	-33	-
Transferred to stage 3 during the period	-	1	-1	-7	-413	420	-1	-37	38	-
ECL on new assets	12	14	-	368	1,225	541	97	126	214	2,596
ECL on assets derecognised	-8	-8	-	-569	-1,115	-3,516	-113	-50	-337	-5,715
Impact of net remeasurement of ECL (incl. changes in models)	-2	9	-1	68	1,439	729	56	275	227	2,798
Write offs debited to the allowance account	-	-	-	-	-	-2,814	-	-	-	-2,814
Foreign exchange adjustments	-	-	1	-33	-79	142	-7	-21	-56	-52
Other changes	-7	6	1	-14	-9	69	-3	7	-	50
ECL allowance account as at 1 January 2023	**16**	**28**	**2**	**1,548**	**5,117**	**5,546**	**716**	**1,176**	**1,081**	**15,230**
Transferred to stage 1 during the period	10	-10	-	1,150	-1,094	-56	331	-308	-24	-
Transferred to stage 2 during the period	-	-	-	-112	357	-245	-78	224	-147	-
Transferred to stage 3 during the period	-	-1	1	-10	-377	387	-2	-72	74	-
ECL on new assets	-1	3	-	364	964	422	103	177	83	2,115
ECL on assets derecognised	-2	-1	-1	-295	-806	-707	-59	-144	-87	-2,100
Impact of net remeasurement of ECL (incl. changes in models)	-9	-13	2	-1,051	1,058	714	-369	215	596	1,142
Write offs debited to the allowance account	-	-	-	-5	-	-305	-	-	-	-311
Foreign exchange adjustments	-	-	-	-23	13	-12	-4	5	-24	-45
Other changes	-7	-	-	-66	-2	37	6	-6	-	-40
ECL allowance account as at 31 December 2023	**6**	**5**	**4**	**1,499**	**5,230**	**5,780**	**646**	**1,267**	**1,553**	**15,991**

For further information on the decomposition of the allowance account on facilities in stages 1-3 and originated credit-impaired facilities, see the section on credit risk for Danske Bank Group in note G40 in the consolidated financial statements of Danske Bank Group.

P13. Bonds at fair value and Bonds at amortised cost

Bonds at fair value

Bonds at fair value consists of bonds at fair value through profit or loss of DKK 187,382 million (2022: DKK 207,704 million) and bonds at fair value through other comprehensive income of DKK 98,957 million (2022: DKK 107,420 million).

Bonds at amortised cost

(DKK millions)	2023	2022
Fair value of held-to-collect bonds	96,959	90,144
Carrying amount of held-to-collect bonds	102,011	98,888

For further information on the difference between the fair value of held-to-collect bonds and carrying amount of held-to-collect bonds, see note G33.

Notes – Danske Bank A/S

P14. Assets under pooled schemes

(DKK millions)	2023	2022*
Bonds at fair value	16,992	18,493
Shares	14,676	13,421
Unit trust certificates	16,434	14,228
Cash deposits etc.	38	115
Total assets before elimination	48,140	46,256
Other internal balances	263	-104
Total	**47,877**	**46,360**

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

P15. Investment and domicile property

Domicile property includes property owned by Danske Bank A/S and leased properties (right-of-use assets). Investment property consists solely of owned properties.

Domicile property

(DKK millions)	2023	2022
Domicile property (owned properties)	1	1
Right-of-use-assets (leased properties)	4,105	2,697
Total	**4,106**	**2,698**

The reconciliation of the carrying amount of domicile property, owned by Danske Bank, and investment property is presented below.

Fair value of investment property and domicile property, owned

	2023		2022	
(DKK millions)	Investment property	Domicile property	Investment property	Domicile property
Fair value/revaluation at 1 January	-	1.0	159.4	1.0
Currency translation	-	-0.1	-10.2	-
Additions, including property improvement expenditure	-	-	-	-
Disposals	-	-	-	-
Depreciation charges	-	-	-	-
Value adjustment recognised through other comprehensive income	-	-	-	-
Value adjustment recognised through profit or loss	-	-	-	-
Other changes including properties moved to Assets held for sale	-	-0.3	-149.2	-
Fair value/revaluation at 31 December	**-**	**0.7**	**-**	**1.0**
Required rate of return for calculation of fair value/revaluation (% p.a.)	**5,0 - 6,0**	**5,0 - 8,0**	**5,0 - 6,0**	**5,0 - 8,0**

Fair value and revaluations are assessed by the Group's valuers.

P16. Other tangible assets

Other tangible assets includes assets owned by Danske Bank.

(DKK millions)	2023	2022
Other tangible assets (owned assets)	6,080	5,042
Other tangible assets, total	**6,080**	**5,042**

Reconciliation of the carrying amout of Other tangible assets, owned by Danske Bank, is presented below.

Notes – Danske Bank A/S

P16. Other tangible assets continued

Other tangible assets, owned

(DKK millions)	2023	2022
Cost at 1 January	10,737	9,960
Foreign currency translation	-47	-106
Additions, including leasehold improvements	2,688	2,106
Disposals	1,357	1,223
Cost at 31 December	**12,022**	**10,737**
Depreciation and impairment charges at 1 January	5,695	5,527
Foreign currency translation	-20	-54
Depreciation charges	1,119	975
Depreciation and impairment charges for assets sold	852	753
Depreciation and impairment charges at 31 December	**5,942**	**5,695**
Carrying amount at 31 December	**6,080**	**5,042**

P17. Change in deferred tax

2023 (DKK millions)	At 1 January	Foreign currency translation	Recognised in profit for the year	Recognised in shareholders' equity	Deduction due to sale	At 31 December
Intangible assets	37	-2	338	-	-	373
Tangible assets	-504	-16	-615	-	-	-1,135
Securities	92	-6	450	-	-	536
Provisions for obligations	400	3	466	-27	-	842
Tax loss carry forwards	-169	-	-72	-	-	-241
Other	-731	-1	54	-	-	-678
Total	**-875**	**-22**	**621**	**-27**	**-**	**-303**
2022						
(DKK millions)						
Intangible assets	-44	3	128	-	-50	37
Tangible assets	153	-13	-644	-	-	-504
Securities	-	-	92	-	-	92
Provisions for obligations	48	3	352	-3	-	400
Tax loss carry forwards	-35	-	-134	-	-	-169
Other	-718	7	-20	-	-	-731
Total	**-596**	**-**	**-226**	**-3**	**-50**	**-875**

Unrecognised tax loss carryforwards amounted to DKK 2.4 billion at the end of 2023 (31 December 2022: DKK 2.7 billion).

Deferred tax

(DKK millions)	2023	2022
Deferred tax assets	1,418	1,215
Provisions for deferred tax	1,115	340
Deferred tax asset/liability, net	**-303**	**-875**

P18. Assets held for sale and liabilities in disposal groups held for sale

Assets and liabilities amounting to DKK 110,530 million and DKK 56,476 million respectively are classified as held for sale as at 31 December 2023 (2022: DKK 108 million classified as held for sale). See note G23 for more detail.

Notes – Danske Bank A/S

P19. Other assets

(DKK millions)	2023	2022
Positive fair value of derivatives	363,468	448,113
Other assets	14,533	15,146
Total	**378,001**	**463,259**

P20. Due to credit institutions and central banks

(DKK millions)	2023	2022
On demand	28,680	30,311
Up to 3 months	117,801	76,335
From 3 months to 1 year	8,700	33,669
From 1 to 5 years	199	264
Over 5 years	1	1
Total	**155,382**	**140,581**
Reverse transactions included in above item	**86,405**	**49,619**

DKK 86,615 million (2022: DKK 52,252, million) of Due to credit institutions and central banks are designated at fair value through profit or loss. For further information see note G20.

P21. Deposits and other amounts due

(DKK millions)	2023	2022
On demand	860,713	952,427
Term deposits	37,346	44,904
Time deposits	110,899	75,711
Repo deposits	112,643	90,304
Special deposits	13,603	15,574
Total	**1,135,204**	**1,178,920**
On demand	860,713	952,427
Up to 3 months	227,143	185,185
From 3 months to 1 year	28,506	22,495
From 1 to 5 years	11,513	10,780
Over 5 years	7,328	8,032
Total	**1,135,204**	**1,178,920**

DKK 119,587 million (2022: DKK 98,053 million) of deposits are designated at fair value through profit or loss. For further information see note G20.

P22. Issued bonds

(DKK millions)	2023	2022
Up to 3 months	22,982	13,933
From 3 months to 1 year	51,560	50,570
From 1 to 5 years	139,454	145,374
Over 5 years	-	148
Total	**213,996**	**210,024**

Issued bonds include the line items Issued bonds at fair value and Issued bonds at amortised cost. Issued bonds at fair value consist of certificates of deposits designated at fair value through profit or loss. For further information see note G22.

Notes – Danske Bank A/S

P23. Other liabilities

(DKK millions)	2023	2022
Negative fair value of derivatives	353,088	450,457
Other liabilities	148,796	167,520
Total	**501,884**	**617,977**

Other liabilities includes an obligation to repurchase securities amounting to DKK 114 billion (2022: DKK 119 billion). In 2023, the provision for Estonia settlement increased by DKK 13.8 billion, which is included in other liabilities and other operating expenses.

P24. Subordinated debt

Subordinated debt consists of liabilities in the form of subordinated loan capital and hybrid capital, which, in the event of Danske Bank's voluntary or compulsory winding-up, will not be repaid until the claims of ordinary creditors have been met. Hybrid capital ranks below subordinated loan capital. Early redemption of subordinated debt must be approved by the Danish FSA.

Subordinated debt is included in the capital base in accordance with section 128 of the Danish Financial Business Act.

Currency	Nominal (millions)	Interest rate	Year of issue	Maturity	Redemption price	2023 (DKK millions)	2022 (DKK millions)
Subordinated debt, excluding liability accounted additional tier 1 capital							
Redeemed loans 2023							-
EUR	750	2.50	2019	21.06.2029	100	5,590	5,577
SEK	1,000	var	2019	14.11.2029	100	672	669
EUR	750	1.375	2019	12.02.2030	100	5,590	5,577
EUR	500	1.50	2020	02.09.2030	100	3,727	3,718
EUR	750	1.00	2021	15.05.2031	100	5,590	5,577
Subordinated debt, excluding liability accounted additional tier 1 capital						**21,169**	**21,119**
Liability accounted additional tier 1 capital							
USD	750	6.125	2017	Perpetual	100	5,058	5,225
USD	750	7.00	2018	Perpetual	100	5,058	5,225
USD	750	4.375	2021	Perpetual	100	5,058	5,225
Liability accounted additional tier 1 capital						**15,174**	**15,676**
Nominal subordinated debt						36,342	36,795
Fair value hedging of interest rate risk						-876	-1,619
Discount						-66	-119
Own holding of subordinated sebt						-226	-193
Total subordinated debt						**35,174**	**34,865**
Portion included in total capital as additional tier 1 or tier 2 capital instruments						**36,342**	**36,795**
Interest on subordinated debt and related items							
Interest						1,315	1,342
Origination and redemption costs						-	-
Extraordinary repayments						-	-

Danske Bank A/S has no additional tier 1 capital accounted for as equity as at 31 December 2023 (2022: DKK 0 million).

Note G22 contains additional information about subordinated debt and contractual terms.

Notes – Danske Bank A/S

P25. Assets deposited as collateral

At the end of 2023, Danske Bank A/S had deposited DKK 4,494 million worth of securities as collateral with Danish and international clearing centres and other institutions (2022: DKK 13,316 million). In addition, the Group had deposited DKK 0 million worth of own bonds (2022: DKK 17,282 million). The amount has been eliminated in the balance sheet.

In repo transactions, which involve selling securities to be repurchased at a later date, the securities remain in the balance sheet, and the amounts received are recognised as deposits. Repo transaction securities are treated as assets provided as collateral for liabilities. Counterparties are entitled to sell the securities or deposit them as collateral for other loans.

Assets sold in repo transactions

(DKK millions)	2023	2022
Bonds at fair value	178,599	165,332
Total	**178,599**	**165,332**

In addition, the Group had deposited DKK 36,133 million worth of own bonds as collateral for repo transactions and securities lending (2022: DKK 31,603 million). The amount has been eliminated in the balance sheet.

At the end of 2023, Danske Bank A/S had provided DKK 75,702 million worth of cash and securities as collateral for derivatives transactions (2022: DKK 71,250 million).

Danske Bank A/S had registered DKK 172,699 million worth of loans and advances and DKK 5,540 million worth of other assets as collateral for covered bonds at the end of 2023 (2022: DKK 190,438 million and DKK 0 million, respectively).

Notes – Danske Bank A/S

P26. Contingent liabilities

The Group uses a variety of loan-related financial instruments to meet the financial requirements of its customers. These include loan offers and other credit facilities, guarantees and instruments that are not recognised in the balance sheet.

(a) Guarantees and other liabilities

(DKK millions)	2023	2022
Guarantees		
Financial guarantees	4,271	5,385
Mortgage finance guarantees	32,484	39,109
Registration and remortgaging guarantees	8,259	14,285
Other guarantees	70,644	74,995
Total	**115,658**	**133,774**
Other liabilities		
Loan commitments shorter than 1 year	170,801	198,102
Loan commitments longer than 1 year	210,954	191,603
Other obligations	1,664	1,672
Total	**383,418**	**391,377**

(b) Regulatory and legal procedings

Estonia matter

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

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

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

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

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

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

Other

Owing to its business volume, Danske Bank is continually a party to various other lawsuits and disputes, and has an ongoing dialogue with public authorities, such as the Danish FSA and the Danish Tax Agency on other matters. In general, Danske Bank does not expect the outcomes of any of these other pending lawsuits and disputes, or its dialogue with public authorities to have any material effect on its financial position. Provisions for litigations are included in Other Liabilities, see note G24.

Notes – Danske Bank A/S

P26. Contingent liabilities continued

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

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.

Note G27 contains additional information about contingent liabilities.

Notes – Danske Bank A/S

P27. Related parties

	Parties with significant influence		Associates		Group undertakings		Board of Directors		Executive Leadership Team	
(DKK millions)	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Loans and loan commitments	7,057	7,540	1,211	1,067	53,079	45,837	17	3	4	5
Securities and derivatives	430	357	612	536	101,712	107,328	-	-	-	-
Deposits	12,353	9,889	483	592	13,400	12,823	30	29	16	12
Derivatives	203	387	-	-	9,996	13,398	-	-	-	-
Issued bonds	-	-	-	-	-	-	-	-	-	-
Pension obligation	-	-	-	-	-	-	-	-	-	-
Guarantees issued	260	166	1	1	41,165	54,397	-	12	-	-
Guarantees and collateral received	1,058	231	172	58	-	-	17	2	4	4
Interest income	328	118	38	16	8,943	2,277	1	-	-	-
Interest expense	485	19	12	2	4,592	1,632	-	-	-	-
Fee income	27	15	4	83	3,632	4,226	-	-	-	-
Fee expense	-	-	-	-	557	621	-	-	-	-
Dividend income	75	46	-	-	6,579	7,470	-	-	-	-
Other income	3	1	-	1	-	-	-	-	-	-
Loan impairment charges	1	-	-9	-	-	-	-	-	-	-
Trade in Danske Bank shares										
Acquisitions	-	-	-	-	-	-	2	2	1	6
Sales	-	-	-	-	-	-	-	-	-	-

Related parties with significant influence include shareholders with holdings exceeding 20% of Danske Bank A/S's share capital. The A.P. Møller and Chastine Mc-Kinney Møller Foundation and companies of A.P. Møller Holding Group, Copenhagen, hold 21.3% of the share capital. The consolidated financial statements specify significant group holdings and holdings in associates under Group holdings and undertakings. The Board of Directors and Executive Leadership Team columns list the personal facilities, deposits, etc. held by members of the Board of Directors and the Executive Leadership Team and their dependants, and facilities with businesses in which these parties have a controlling or significant influence.

In 2023, the average interest rates on credit facilities granted to members of the Board of Directors and the Executive Leadership Team were 3.8% (2022: 2.5%) and 4.4% (2022: 1.7%), respectively. Notes G35 and G36 of the consolidated financial statements specify the remuneration and shareholdings of management.

Pension funds set up for the purpose of paying out pension benefits to employees of Danske Bank A/S are also considered related parties. In 2023, transactions with these funds comprised loans and advances in the amount of DKK 1 million (2022: DKK 1 million), deposits in the amount of DKK 56 million (2022: DKK 59 million), derivatives with a positive fair value of DKK 0 million (2022: DKK 0 million), derivatives with a negative fair value of DKK 431 million (2022: DKK 404 million), interest expenses of DKK 2 million (2022: DKK 2 million) and pension contributions of DKK 87 million (2022: DKK 3 million).

Danske Bank A/S acts as the bank of a number of its related parties. Payment services, trading in securities and other instruments, depositing of surplus liquidity and provision of short- and long-term financing are the primary services provided by Danske Bank A/S. In addition, Danske Bank A/S and group undertakings receive interest on holdings, if any, of listed bonds issued by Realkredit Danmark A/S. Note G16 of the consolidated financial statements specifies the Group's holdings of own mortgage bonds.

Danske Bank A/S handles a number of administrative functions, such as IT operations and development, HR management, procurement and marketing activities for group undertakings. Danske Bank A/S received a total fee of DKK 1,501 million for services provided in 2023 (2022: DKK 1,597 million).

The figures above do not include debt to related parties in the form of issued notes or bonds. Such notes or bonds are bearer securities, which means that Danske Bank does not know the identity of the holders. Danske Bank shares may be registered by name. Related parties' holdings of Danske Bank shares equalling 5% or more of Danske Bank's share capital are determined on the basis of the most recent reporting of holdings to Danske Bank.

Transactions with related parties are settled on an arm's-length basis, whereas transactions with group undertakings are settled on a cost-reimbursement basis.

Notes – Danske Bank A/S

P28. Hedging of risk

(DKK millions)	2023 Carrying amount	2023 Amortised/ notional value	2022 Carrying amount	2022 Amortised/ notional value
Assets				
Loans	7,515	7,670	10,255	10,560
Total	**7,515**	**7,670**	**10,255**	**10,560**
Financial instruments hedging interest rate risk				
Derivatives	25	15,919	125	16,160
Liabilities				
Deposits	15,859	15,835	4,205	4,229
Due to credit institutions	8,587	8,584	2,432	2,439
Issued bonds	185,226	191,122	149,914	163,686
Subordinated debt	19,368	20,244	18,575	20,194
Total	**229,040**	**235,785**	**175,127**	**190,547**
Financial instruments hedging interest rate risk				
Derivatives	-6,181	357,005	-12,155	314,860

Note G12 includes additional information about hedge accounting.

P29. Group holdings and undertakings

Note G37 and G38 lists the Group's major holdings and undertakings as well as associates.

Notes – Danske Bank A/S

Highlights (DKK millions)	2023	2022*	2021*	2020	2019
Net interest and fee income	33,115	27,455	26,535	26,185	24,656
Value adjustments	5,190	2,011	2,776	1,739	2,623
Staff costs and administrative expenses	20,822	21,342	20,520	21,465	20,368
Other operating expenses	669	13,800	2	0	-0
Loan impairment charges etc.	525	1,041	-44	6,319	1,480
Income from associates and group undertakings	8,568	4,826	7,179	6,620	9,525
Net profit	21,261	-4,569	13,015	4,511	15,068
Loans	901,156	1,125,663	1,070,546	1,049,701	1,185,830
Total equity	175,923	160,466	177,539	168,836	170,741
Total assets	2,331,425	2,398,277	2,363,929	2,574,837	2,281,873

*2022 comparatives have been restated as described in note G2(a). 2021 comparatives have been restated for the change in treat ment of own shares, as described in note G2(a). Comparatives prior to 2021 have not been restated as it is impracticable.

Ratios

	2023	2022*	2021*	2020	2019
Total capital ratio (%)**	26.8	25.2	26.5	26.3	26.4
Tier 1 capital ratio (%)**	23.9	22.4	23.6	23.5	23.7
Return on equity before tax (%)	14.3	-1.8	8.4	2.6	7.0
Return on equity after tax (%)	12.6	-2.7	7.5	2.7	9.0
Income/cost ratio (%)	196.7	92.2	162.0	113.9	144.7
Interest rate risk (%)	0.6	0.7	-0.4	2.5	3.4
Foreign exchange position (%)	1.8	4.4	1.8	23.0	3.8
Foreign exchange risk (%)	-	-	-	-	-
Loans plus impairment charges as % of deposits	77.2	92.9	86.2	81.5	106.7
Liquidity coverage ratio (90 days) (%)	150.5	140.4	141.0	144.1	119.8
Sum of large exposures as % of CET1 capital	93.6	112.9	107.2	119.2	125.1
Impairment ratio (%)	-	0.1	-	0.5	0.1
Growth in loans (%)	-20.5	7.1	1.3	-2.4	2.8
Loans as % of equity	5.1	7.0	6.1	6.2	6.9
Return on assets (%)	0.9	-0.2	0.5	0.2	0.7
Earnings per share***	24.8	-5.5	14.6	4.6	16.7
Book value per share (DKK)	204.8	187.2	206.2	196.7	198.9
Dividend per share (DKK)****	14.5	-	2.0	2.0	-
Share price end of period/earnings per share (DKK)***	7.3	-24.9	7.7	21.7	6.4
Share price end of period/book value per share (DKK)	0.88	0.73	0.55	0.51	0.54

*2022 comparatives have been restated as described in note G2(a). 2021 comparatives have been restated for the change in treatment of own shares, as described in note G2(a). Comparatives prior to 2021 have not been restated as it is impracticable.

** Capital ratios have not been restated. See note G2(a) for more detail.

*** After the deduction of interest on equity accounted additional tier 1 capital

**** Dividend for 2023 of a total of DKK 14.5 per share consists of a proposed dividend of DKK 7.5 per share for the second half of 2023 and an interim dividend of DKK 7.0 per share that was paid in connection with the interim report for the first half of 2023.

The ratios are defined by the Danish FSA in, for example, the Executive Order on Financial Reports for Credit Institutions and Investment Companies, etc.

Statement by the management

The Board of Directors and the Executive Leadership Team (the management) have today reviewed and adopted the annual report of the Danske Bank Group for 2023.

The consolidated financial statements are presented in accordance with the IFRS Accounting Standards as adopted by the EU. The Parent Company's financial statements are prepared in accordance with the Danish Financial Business Act and the Executive Order on Financial Statements for Credit Institutions and Investment Firms, etc. Furthermore, the annual report has been prepared in accordance with legal requirements, including the disclosure requirements for annual reports of listed financial institutions in Denmark.

In our opinion, the consolidated financial statements and the Parent Company financial statements give a true and fair view of the Group's and the Parent Company's assets, liabilities, shareholders' equity and financial position at 31 December 2023 and of the results of the Group's and the Parent Company's operations and the consolidated cash flows for the financial year 2023.

Moreover, in our opinion, the management's report includes a fair view 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.

ESEF-compliant financial reports

In our opinion, the annual report of the Danske Bank Group for the financial year 1 January – 31 December 2023 with the file name danskebank-2023-12-31-en.zip has been prepared, in all material respects, in compliance with the ESEF Regulation.

The management will submit the annual report to the general meeting for approval.

Copenhagen, 2 February 2024

Executive Leadership Team

Carsten Egeriis
CEO

Magnus Agustsson

Joachim Alpen

Christian Bornfeld

Karsten Breum

Stephan Engels

Johanna Norberg

Dorthe Tolborg

Frans Woelders

Board of Directors

Martin Blessing
Chairman

Jan Thorsgaard Nielsen
Vice Chairman

Lars-Erik Brenøe

Jacob Dahl

Raija-Leena Hankonen-Nybom

Allan Polack

Carol Sergeant

Helle Valentin

Bente Bang
Elected by the employees

Kirsten Ebbe Brich
Elected by the employees

Aleksandras Cicasovas
Elected by the employees

Louise Aggerstrøm Hansen
Elected by the employees

Independent Auditor's report

To the shareholders of Danske Bank A/S

Report on the consolidated financial statements and the parent financial statements

Opinion

We have audited the consolidated financial statements and the parent financial statements of Danske Bank A/S for the financial year 1 January 2023 to 31 December 2023, pages 67-236, which comprise the income statement, statement of comprehensive income, balance sheet, statement of capital and notes, including material accounting policy information, for the Group as well as for the Parent, and the cash flow statement of the Group. The consolidated financial statements and the parent financial statements are prepared in accordance with IFRS Accounting Standards as adopted by the EU and additional disclosure requirements for listed financial companies in Denmark, and the parent financial statements are prepared in accordance with the Danish Financial Business Act.

In our opinion, the consolidated financial statements give a true and fair view of the Group's financial position at 31 December 2023, and of its financial performance and cash flows for the financial year 1 January 2023 to 31 December 2023 in accordance with IFRS Accounting Standards as adopted by the EU and additional disclosure requirements for listed financial companies in Denmark.

Also, in our opinion, the parent financial statements give a true and fair view of the Parent's financial position at 31 December 2023, and of its financial performance for the financial year 1 January 2023 to 31 December 2023 in accordance with the Danish Financial Business Act.

Our opinion is consistent with our audit book comments issued to the Audit Committee and the Board of Directors.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements" section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, we have not provided any prohibited non-audit services as referred to in Article 5(1) of Regulation (EU) No 537/2014.

We were appointed auditors of Danske Bank A/S for the first time on 18 March 2015 for the financial year 2015. We have been reappointed annually by decision of the general meeting for a total continuous engagement period of 9 years up to and including the financial year 2023.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements and the parent financial statements for the financial year 1 January 2023 to 31 December 2023. These matters were addressed in the context of our audit of the consolidated financial statements and the parent financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How the matters were addressed in our audit
Impairment charges for loans and provisions for guarantees	
Loans for the Group amounted to DKK million 1,846,867 at 31 December 2023 (DKK 2,015,495 million at 31 December 2022), and the total allowance account for the Group amounted to DKK 20,140 million at 31 December 2023 (DKK 19,645 million at 31 December 2022). Measurement of loan impairment charges for loans and provisions for guarantees is deemed a key audit matter as the determination of assumptions for expected credit losses is highly subjective due to the level of judgement applied by Management. The most significant judgements are: • Assumptions used in the expected credit loss models to assess the credit risk related to the exposure and the expected future cash flows of the customer. • Timely identification of exposures with significant increase in credit risk and credit impaired exposures. • Valuation of collateral and assumptions of future cash flows on manually assessed credit-impaired exposures. • Post-model adjustments for particular high-risk portfolios, which are not appropriately captured in the expected credit loss model. • Effects of macroeconomic uncertainties in relation to the significant judgements listed above. Management has provided further information about the loan impairment charges and provisions for guarantees in notes G1(b), G11, G15, G16 and G40 to the consolidated financial statements	Based on our risk assessment and industry knowledge, we have examined the impairment charges for loans and provisions for guarantees and evaluated the methodology applied as well as the assumptions made according to the description of the key audit matter. Our examination included the following elements: • Testing of key controls over assumptions used in the expected credit loss models to assess the credit risk related to the exposure and the expected future cash flows of the customer. • Obtaining and substantively testing evidence to support the assumptions used in the expected credit loss models concerning methods applied to derive loss given default. • Testing of key controls over timely identification of exposures with significant increase in credit risk and timely identification of credit impaired exposures. • Obtaining and substantively testing evidence of timely identification of exposures with significant increase in credit risk and timely identification of credit impaired exposures. • Testing of key controls over models and manual processes for valuation of collateral and assumptions of future cash flows. • Obtaining and substantively testing evidence to support appropriate determination of assumptions for loan impairment charges and provisions for guarantees including valuation of collateral and assumptions of future cash flows on manually assessed credit impaired exposures. • Testing of key controls over post-model adjustments applied to manage non-linearity that are not included in the modelled expected credit losses • Obtaining and substantively testing evidence of post-model adjustments for high-risk portfolios including industries affected by the macroeconomic uncertainties with particular focus on the methodology applied, evidence of assumptions-setting processes and the consistency thereof by: o Assessing the key developments since last year against industry standards and historical data. o Assessing the appropriateness of the different identified post-model adjustments compared with the embedded macro forecasts applied in the expected credit loss models. o Challenging the methodologies applied by using our industry knowledge and experience. o Challenging assumptions implemented due to expected effects of the macroeconomic uncertainties.
Measurement of liabilities under insurance contracts	
Liabilities under insurance contracts for the Group amounted to DKK 482,630 million at 31 December 2023 (DKK 488,891 million at 31 December 2022). Measurement of liabilities under insurance contracts is deemed a key audit matter as the determination of assumptions for the measurement of liabilities under life insurance contracts requires Management to apply complex judgements about future events including implementation of the International Accounting Standard IFRS 17. Changes in assumptions and the methodology applied may have a material impact on the measurement of liabilities under insurance contracts. Assumptions involving the most significant judgements are: • Determining disability rates, recapitalisation, mortality rates, surrender probabilities, paid-up policy probability and provisions for expected onerous health and accident insurance policies • Assumptions related to regulatory and reporting requirements, including risk and interest. Management has provided further information about liabilities under insurance contracts in notes G1(b) and G18 to the consolidated financial statements.	Based on our risk assessment, we have examined Management's valuation of liabilities under insurance contracts and evaluated the methodology applied and the assumptions made. Our examination included the following elements, where we also made use of our internationally qualified actuaries: • Testing of key controls over the actuarial models, data collection and analysis, including the assumptions-setting processes and the operating effectiveness of such controls. • Assessing methods, models and data used against market practice based on historical development and trends. • Evaluating the disability and mortality rates and surrender probabilities used in the calculation against historical data and market practice. • Evaluating revised principles and assumptions applied to calculate expected onerous health and accident insurance policies. • Assessing the key changes in the assumptions against regulatory and reporting requirements and industry standards. • Analysing developments in risk, interest and cost results, by using our industry knowledge and experience.

Statement by Management on the Management's report
Management is responsible for the Management's report.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the Management's report, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the Management's report and, in doing so, consider whether the Management's report is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's report provides the information required by the Danish Financial Business Act and article 8 of Regulation (EU) 2020/852 (EU Taxonomy Regulation).

Based on the work we have performed, we conclude that the Management's report is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements of the Danish Financial Business Act and article 8 of Regulation (EU) 2020/852 (EU Taxonomy Regulation). We did not identify any material misstatement of the Management's report.

Management's responsibilities for the consolidated financial statements and the parent financial statements
Management is responsible for the preparation of consolidated financial statements and parent financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU and additional disclosure requirements for listed financial companies in Denmark, as well as for the preparation of parent financial statements that give a true and fair view in accordance with the Danish Financial Business Act, and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and the Parent's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements unless Management either intends to liquidate the Group or the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and these parent financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the parent financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and, where applicable, safeguards put in place and measures taken to eliminate threats.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements and the parent financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on compliance with the ESEF Regulation

As part of our audit of the consolidated financial statements and the parent financial statements of Danske Bank A/S, we performed procedures to express an opinion on whether the annual report of Danske Bank A/S for the financial year 1 January 2023 to 31 December 2023, with the file name danskebank-2023-12-31-en.zip is prepared, in all material respects, in compliance with the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) which includes requirements related to the preparation of the annual report in XHTML format and iXBRL tagging of the consolidated financial statements including notes.

Management is responsible for preparing an annual report that complies with the ESEF Regulation. This responsibility includes:

- The preparing of the annual report in XHTML format;
- The selection and application of appropriate iXBRL tags, including extensions to the ESEF taxonomy and the anchoring thereof to elements in the taxonomy, for financial information required to be tagged using judgement where necessary;
- Ensuring consistency between iXBRL tagged data and the Consolidated Financial Statements presented in human readable format; and
- For such internal control as Management determines necessary to enable the preparation of an annual report that is compliant with the ESEF Regulation.

Our responsibility is to obtain reasonable assurance on whether the annual report is prepared, in all material respects, in compliance with the ESEF Regulation based on the evidence we have obtained, and to issue a report that includes our opinion. The nature, timing and extent of procedures selected depend on the auditor's judgement, including the assessment of the risks of material departures from the requirements set out in the ESEF Regulation, whether due to fraud or error. The procedures include:

- Testing whether the annual report is prepared in XHTML format;
- Obtaining an understanding of the company's iXBRL tagging process and of internal control over the tagging process;
- Evaluating the completeness of the iXBRL tagging of the Consolidated Financial Statements inclusive of notes;
- Evaluating the appropriateness of the company's use of iXBRL elements selected from the ESEF taxonomy and the creation of extension elements where no suitable element in the ESEF taxonomy has been identified;
- Evaluating the use of anchoring of extension elements to elements in the ESEF taxonomy; and
- Reconciling the iXBRL tagged data with the audited Consolidated Financial Statements.

In our opinion, the annual report of Danske Bank A/S for the financial year 1 January 2023 to 31 December 2023, with the file name danskebank-2023-12-31-en.zip is prepared, in all material respects, in compliance with the ESEF Regulation.

Copenhagen, 2 February 2024
Deloitte
Statsautoriseret Revisionspartnerselskab
Business Registration No 33 96 35 56

Kasper Bruhn Udam State-Authorised Public Accountant MNE no 29421	Jakob Lindberg State-Authorised Public Accountant MNE no 40824

Independent Auditor's Assurance Report on the ESG statement

To the stakeholders of Danske Bank A/S

Danske Bank A/S engaged us to provide limited assurance on the consolidated ESG Highlights for the year ended 31 December 2023, presented on page 14 in the Annual Report 2023, including the statement that Danske Bank A/S has offset its reported CO_2e emissions for own operations for 2023 (hereinafter referred to as "the ESG statement").

Management's responsibility

Management of Danske Bank A/S is responsible for designing, implementing, and maintaining internal controls over information relevant to the preparation of the ESG data and information in the ESG statement, ensuring it is free from material misstatement, whether due to fraud or error. Furthermore, Management is responsible for establishing objective accounting policies (hereinafter referred to as "the reporting principles") for the preparation of the ESG statement, for the overall content of the ESG statement, and for measuring and reporting ESG data in accordance with the reporting principles included on pages 63 to 65 in the Annual Report 2023.

Auditor's responsibility

Our responsibility is to express a limited assurance conclusion based on our engagement with Management and in accordance with the agreed scope of work. We have conducted our work in accordance with ISAE 3000 (Revised) Assurance Engagements Other than Audits or Reviews of Historical Financial Information and, in respect of the greenhouse gas emissions, in accordance with ISAE 3410 Assurance Engagements on Greenhouse Gas Statements, and additional requirements under Danish audit regulation, to obtain limited assurance about our conclusion. Greenhouse gas emissions quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emission factors and the values needed to combine emissions of different gasses.

We are responsible for:

- planning and performing the engagement to obtain limited assurance about whether the ESG statement, including the statement that the reported CO_2e emissions for own operations have been offset, are free from material misstatement, whether due to fraud or error, and prepared, in all material respects, in accordance with the reporting principles;
- forming an independent conclusion, based on the procedures we performed and the evidence we obtained; and
- reporting our conclusion to the stakeholders of Danske Bank A/S.

Deloitte Statsautoriseret Revisionspartnerselskab applies International Standard on Quality Management 1, ISQM 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We have complied with the requirements for independence and other ethical requirements of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour, and ethical requirements applicable in Denmark.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement.

Work performed

We are required to plan and perform our work in order to consider the risk of material misstatement in the ESG statement, including the statement that the reported CO_2e emissions for own operations have been offset.
To do so, we have:

- conducted interviews with data owners and internal stakeholders to understand the key processes and control activities for measuring, recording and reporting the ESG data;
- reviewed evidence on a selective basis to check that data has been appropriately measured, recorded collated and reported;
- performed analyses of data, selected based on risk and materiality;
- made inquiries regarding significant developments in the reported data;
- considered the presentation and disclosure of the ESG statement;
- assessed that the process for reporting greenhouse gas emissions data follows the principles of relevance, completeness, consistency, transparency and accuracy outlined in The Greenhouse Gas Protocol Corporate Standard Revised Edition (2015);
- performed further procedures to check the offset of the reported CO_2e emissions for own operations for 2023; and
- evaluated the evidence obtained.

Our conclusion

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us not to believe that the ESG statement for the year ended 31 December 2023, as presented on page 14, including the statement that Danske Bank A/S has offset its reported CO_2e emissions for own operations for 2023, has been prepared, in all material respects, in accordance with the reporting principles on pages 63 to 65.

Copenhagen, 2 February 2024
Deloitte
Statsautoriseret Revisionspartnerselskab
Business Registration No 33 96 35 56

Kasper Bruhn Udam State-Authorised Public Accountant MNE no 29421	Mads Stærdahl Rosenfeldt ESG Partner

Management and directorships – Board of Directors

Martin Blessing
Chairman
Elected by the general meeting

Born: July 1963
Nationality: German
Gender: Male
Joined the Board on 9 June 2020
Appointed Chairman on 17 March 2022
Most recently re-elected in 2023
Term expires in 2024
Independent

Chairman of the Remuneration Committee
Member of the Conduct & Compliance Committee and the Nomination Committee

Competencies:

- Extensive executive level experience as senior executive and CEO of major European financial institutions and board level experience from large and diverse companies and financial institutions
- Substantial experience with universal banking and the financial services provided by Danske Bank, including personal banking, private banking, corporate and institutional banking and wealth management
- Profound understanding of market demands, including customer needs as well as the importance of customer-centric service
- Accustomed to navigating within complex regulatory frameworks in a highly regulated industry and extensive experience with regulatory interaction

Directorships and other offices:
Private-sector directorships:
MB-Ventures GmbH (executive officer)
Unzer Group GmbH (chairman of the advisory board)

Jan Thorsgaard Nielsen
Vice Chairman

Elected by the general meeting

Chief Investment Officer, A.P. Møller Holding A/S

Born: June 1974
Nationality: Danish
Gender: Male
Joined the Board on 7 December 2018
Most recently re-elected in 2023
Term expires in 2024
Non-independent

Chairman of the Nomination Committee
Member of the Audit Committee

Competencies:

- Extensive experience in international business and management experience from large corporations
- Broad experience with funding through debt and equity capital markets and knowledge of the share and capital structure's impact on the strategy and long-term value creation
- Deep knowledge of and substantial experience with finance in most facets and in particular asset management
- Considerable experience with and knowledge of sustainable finance and investment practices and knowledge of regulatory frameworks related to sustainability, including disclosure and reporting requirements
- Extensive board experience from major corporations, including various chairmanship roles

Directorships and other offices:
Private-sector directorships:
APMH Invest A/S (chairman or member of the board of directors of this and 15 affiliated undertakings)
LEGO A/S (member of the board of directors)
Thorsgaard Holding ApS (executive officer)

Lars-Erik Brenøe
Elected by the general meeting

Lawyer

Born: March 1961
Nationality: Danish
Gender: Male
Joined the Board on 17 March 2016
Most recently re-elected in 2023
Term expires in 2024
Non-independent

Chairman of the Conduct & Compliance Committee
Member of the Remuneration Committee

Competencies:
- Deep knowledge of and substantial experience with regulatory compliance, including laws, regulations and administrative provisions relevant to Danske Bank
- Considerable knowledge of financial crime in all its facets and experience with managing remediation projects
- Knowledge of legal requirements relevant to financial institutions as well as governance arrangements, structures and challenges, including how to best design effective escalation processes, clear reporting lines and allocation of responsibilities
- Understanding of the banking industry and general banking products
- Substantial Board level experience and proven ability to navigate complex stakeholder environments

Directorships and other offices:
Private-sector directorships:
The A.P. Møller and Chastine Mc-Kinney Møller Family Foundation (member of the board of directors)
The A.P. Møller and Chastine Mc-Kinney Møller Foundation (member of the boards of directors or the executive board of one affiliated undertaking)
Maersk Broker Asia Ltd (chairman or vice chairman of the board of directors)
Maersk Broker Korea Ltd. (chairman or vice chairman of the board of directors)
Odense Havn (member of the board of directors)

Entities which do not pursue predominantly commercial objectives:
A.P. Møller og Hustru Chastine Mc-Kinney Møllers Familiefond (The A.P. Moller Family Foundation) (member of the board of directors)
Operapark Fonden (member of the board of directors)

Jacob Dahl
Elected by the general meeting

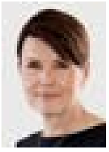
Born: February 1964
Nationality: Danish
Gender: Male
Joined the Board on 17 March 2022
Most recently re-elected in 2023
Term expires in 2024
Independent

Member of the Remuneration Committee
Member of the Risk Committee

Competencies:
- Extensive experience in international business and deep knowledge of related issues and market practices in the Nordic countries
- Global experience with multiple areas of banking and proven track record with managing strategy processes and implementing financial strategies within the banking industry
- Great knowledge of IT systems and business processes including understanding of risks pertaining to new technology, data and information and cyber security
- Extensive experience with and proven ability to navigate complex stakeholder environments
- Understanding of the risks, concentrations and dependencies related to the business model and of alternative/disruptive business models

Directorships and other offices:
CM Holding A/S (member of the Board of Directors)
Jaka1 ApS and Jaka2 ApS (executive director)
Matter DK ApS (member of the Board of Directors)
Safty ApS (chairman)

Raija-Leena Hankonen-Nybom
Elected by the general meeting



Born: August 1960
Nationality: Finnish
Gender: Female
Joined the Board on 9 June 2020
Most recently re-elected in 2023
Term expires in 2024
Independent

Chairman of the Audit Committee

Competencies:
- Strong ability to evaluate and apply financial facts and profound knowledge of financial accounting practices and financial reporting
- Deep knowledge of the requirements to the internal audit function and extensive experience in audit related matters from senior audit positions in major financial institutions
- Knowledge of banking in the markets in which the Bank operates in
- Board experience from major corporations including experience with audit committee work

Directorships and other offices:
Private-sector directorships:
Cargotec Oyj (member of the board of directors and chairman of the audit and risk committee)
Metsä Board Oyj (member of the board of directors and chairman of the audit committee)
Posti Group Oyj (member of the board of directors and chairman of the audit, risk and sustainability committee)

Entities which do not pursue predominantly commercial objectives:
Directors' Institute Finland (member of the board of directors)
Helsinki Deaconess Foundation sr (member of the board of directors and chairman of the audit committee)
Savonlinna Opera Festival (member of the board of directors)

Allan Polack
Elected by the general meeting

Born: May 1959
Nationality: Danish
Gender: Male
Joined the Board on 17 March 2022
Most recently re-elected in 2023
Term expires in 2024
Independent

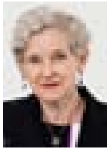
Member of the Audit Committee
Member of the Risk Committee

Competencies:
- Executive level experience from management of large financial institutions
- Extensive experience in managing strategy processes and stakeholder management
- Extensive experience with asset management and insurance operations in the various markets in which the Danske Bank Group operates and detailed insights into the banking industry in the Nordics
- Experience with implementation of sustainable business practices and setting measurable sustainability targets
- Extensive experience from non-executive board roles

Directorships and other offices:
Private-sector directorships:
Home.Earth K/S (chairman of the supervisory board)

Entities which do not pursue predominantly commercial objectives:
Human Practice Foundation (chairman of the board of directors)
Valdemar Frænkel og Moder Emmy Polack F. Berendts Mindelegat (member of the board of directors)
Ældresagens Senat (member)

Carol Sergeant
Elected by the general meeting



Born: August 1952
Nationality: Dual UK/Irish citizenship
Gender: Female
Joined the Board on 18 March 2013
Most recently re-elected in 2023
Term expires in 2024
Independent

Chairman of the Risk Committee
Member of the Conduct & Compliance Committee

Competencies:

- Senior executive and board level experience in central banking, financial regulation, complex financial services companies, the public, and charity sector in the UK and internationally
- Deep commercial and regulatory knowledge of banking, asset management and insurance products, markets, and customer needs
- Extensive experience with high-level regulatory interaction as board director of a major regulator, including membership of senior international regulatory committees, Chief Risk Officer of a major universal bank, and chairman of financial services board risk committees
- Expert knowledge of and experience with all types of risks and risk management, including governance, credit, market, liquidity and operational risk, compliance, risk modelling, AML and whistleblowing
- Strategic and practical experience with mergers, takeovers and integrating programmes

Directorships and other offices:
Private-sector directorships:
Belmont Green Finance Limited (deputy chairman of the board of directors and chairman of the risk committee and member of the Audit Committee)

Helle Valentin
Elected by the general meeting

Managing Partner, IBM Consulting, EMEA

Born: January 1967
Nationality: Danish
Gender: Female
Joined the Board on 17 March 2022
Most recently re-elected in 2023
Term expires in 2024
Independent

Member of the Nomination Committee

Competencies:

- Extensive experience with international business from senior positions in global corporations and international board experience
- Understanding of digital banking and knowledge of new/emerging technologies, including risks pertaining to new technology, data and information security and cyber security
- Profound knowledge of IT infrastructure, technological disruption, digital business models and enablers as well as digital transformation
- Experience with implementation of sustainable business practices and setting measurable sustainability targets
- Knowledge of the issues pertaining to the strategic themes climate and transition, nature and biodiversity and human rights and social impact

Directorships and other offices:
Private-sector directorships:
IBM Danmark ApS (member of the board of directors)
RWE AG (member of the supervisory board and member of the strategy & sustainability committee)

Bente Bang
Elected by the employees

Vice Chairman of Finansforbundet i Danske Bank

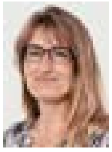
Born: January 1963
Nationality: Danish
Gender: Female
Joined the Board on 15 March 2018
Most recently re-elected in 2022
Term expires in 2026

Member of the Remuneration Committee

Competencies:
- Understanding of personal banking and general banking products in the personal banking area
- Knowledge of corporate values and behaviour
- Experience with negotiation and communication
- Board experience as employee-elected board member

Directorships and other offices:
Bikubens Personaleforening (chairman)
Danske Unions/Finansforbundet i Danske Bank (transnational association of local Danske Bank Group staff unions) (member of the board of directors)

Kirsten Ebbe Brich
Elected by the employees



Chairman of Finansforbundet i Danske Bank

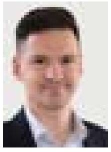
Born: July 1973
Nationality: Danish
Gender: Female
Joined the Board on 18 March 2014
Most recently re-elected in 2022
Term expires in 2026

Member of the Conduct & Compliance Committee

Competencies:
- Knowledge of corporate values and behaviour and experience with driving cultural transformation and change management processes
- Extensive experience with negotiation and communication
- Knowledge of compensation issues and models such as collective bargaining agreements
- Understanding of IT systems and digital transformation
- Board experience as employee-elected board member

Directorships and other offices:
Finansforbundet i Danske Banks Jubilæumsfond (chairman)
Danske Unions/Finansforbundet i Danske Bank (transnational association of local Danske Bank Group staff unions) (member of the board of directors)
Danske Banks Pensionskasse for Førtidspensionister (member of the board of directors)
Danske Banks Velfærdsfond af 1993 (member of the board of directors)
Finansforbundet (the Financial Services Union in Denmark) (member of the executive committee)

Aleksandras Cicasovas
Elected by the employees



Chapter Lead, Core Payments Platform Tribe, Danske Bank

Born: April 1992
Nationality: Lithuanian
Gender: Male
Joined the Board on 17 March 2022
Term expires in 2026

Competencies:
- Knowledge of IT systems and digital transformation
- Understanding of digital banking and new technologies
- Understanding of corporate values and culture, especially pertaining to Lithuania

Directorships and other offices:
Lithuanian Works Council, Danske Bank
European Works Council, Danske Bank

Louise Aggerstrøm Hansen
Elected by the employees

Chief Analyst, Danish Macro Research, Markets, Danske Bank

Born: November 1986
Nationality: Danish
Gender: Female
Joined the Board on 17 March 2022
Term expires in 2026

Member of the Risk Committee

Competencies:
- Deep knowledge and awareness of macroeconomic, financial, social and other developments in the Danish society
- Understanding of banking and general banking products pertaining to personal banking
- Extensive experience with communicating complex financial subjects

Directorships and other offices:
None

Management and directorships – Executive Leadership Team (ELT)

Carsten Egeriis
Chief Executive Officer

Born: June 1976
Nationality: Danish
Gender: Male
Joined the ELT on 1 August 2017

Directorships and other offices:
Danica Pension (chairman)
Climate Partnership on Finance (chairman)
Finans Danmark (2nd vice chairman)
FR I af 16. september 2015 A/S (chairman)

Joachim Alpen
Head of Large Corporates & Institutions

Born: February 1967
Nationality: Swedish
Gender: Male
Joined the ELT on 1 August 2023

Directorships and other offices:
None

Magnus Agustsson
Chief Risk Officer

Born: January 1973
Nationality: Icelandic
Gender: Male
Joined the ELT on 22 November 2021

Directorships and other offices:
Realkredit Danmark A/S (member of the board of directors)

Christian Bornfeld
Head of Personal Customers
and Financial Crime Risk & Prevention

Born: December 1976
Nationality: Danish
Gender: Male
Joined the ELT on 1 May 2022

Directorships and other offices:
Realkredit Danmark A/S (chairman of the board of directors)
Vipps AS (member of the board of directors)
Finans Danmark (personal substitute for the 2nd vice chairman of the board of directors)
FR I af 16. september 2015 A/S (personal substitute for the chairman of the board of directors)

Karsten Breum
Chief People Officer

Born: November 1972
Nationality: Danish
Gender: Male
Joined the ELT on 25 August 2020

Directorships and other offices:
Bikubens Pensionsfond (chairman)
Finanssektorens Arbejdsgiverforening (FA) (The employer association for the finance sector) (chairman)
Danske Banks Fond (member of the board of directors)
Finanskompetencepuljen (member of the board of directors)
Grænsefonden (member of the board of directors)

Dorthe Tolborg
Chief Compliance Officer

Born: August 1964
Nationality: Danish
Gender: Female
Joined the ELT on 1 June 2023

Directorships and other offices:
Appointed member of “Eksamensudvalget” (Danish Business Authority)
Appointed member of “Revisorrådet” (Danish Business Authority)

Stephan Engels
Chief Financial Officer

Born: March 1962
Nationality: German
Gender: Male
Joined the ELT on 1 April 2020

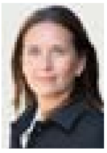
Directorships and other offices:
SimCorp A/S (member of the board of directors)

Frans Woelders
Chief Operating Officer

Born: August 1965
Nationality: Dutch
Gender: Male
Joined the ELT on 18 March 2020

Directorships and other offices:
Danske Bank, Belfast (Northern Bank Limited), Northern Ireland (member of the board of directors)

Johanna Norberg
Head of Business Customers &
Country Manager, Danske Bank Sweden



Born: June 1971
Nationality: Swedish
Gender: Female
Joined the ELT on 1 May 2022

Directorships and other offices:
Samuel Söderström Foundation (board member)
Svenska Bankföreningen (Swedish banker’s association) (member of the board)

Supplementary information

Financial calendar

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

Contacts

Claus Ingar Jensen
Head of Investor Relations
clauj@danskebank.dk

Links

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

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

ESEF data

Domicile of entity	Denmark
Description of nature of entity's operations and principal activities	Banking business
Country of incorporation	Denmark
Principal place of business	Denmark
Legal form of entity	A/S
Name of reporting entity or other names of identification	Danske Bank Group
Name of parent	Danske Bank A/S
Name of ultimate parent of group	Danske Bank A/S
Address of entity's registered office	Holmens Kanal 2-12, DK-1092 København K

Appendix: Management's report (cont.) Sustainability – EU Taxonomy disclosures

Reporting principles
The preparation of the EU Taxonomy reporting is based on prudential consolidation of the Danske Bank Group, excluding Danica Pension. The consolidation is in accordance with the supervisory reporting of financial institutions as defined in Regulation (EU) No 575/2013 of the European Parliament and of the Council, and the Commission Implementing Regulation (EU) 2021/451 (FINREP). Furthermore, the preparation of reporting is based on the Delegated Act supplementing Article 8 of the Taxonomy Regulation (Disclosures Delegated Act 2021/2178).

The EU Taxonomy is a classification system of economic activities that make a substantial contribution to environmental sustainability. Taxonomy Regulation (EU) 2020/852, Article 3, sets out the criteria that an economic activity must meet to qualify as environmentally sustainable. Such criteria include the following: substantially contributing to one or more of the six EU environmental objectives, doing no significant harm (DNSH) to the other five EU environmental objectives, complying with minimum safeguards covering social and governance standards, and complying with the technical screening criteria for the EU environmental objectives.

The six EU environmental objectives are:
1. climate change mitigation
2. climate change adaptation
3. water and marine resources
4. circular economy
5. pollution prevention and control
6. biodiversity and ecosystems

Substantial contribution to the EU environmental objectives
Through its financing of large undertakings subject to the Non-Financial Reporting Directive (NFRD) and investments in securities, Danske Bank supports a variety of economic activities that contribute substantially to the EU environmental objectives. Furthermore, Danske Bank's financing of energy-efficient residential housing and private transportation contributes to the EU environmental objective on climate change mitigation.

Do no significant harm (DNSH)
Counterparties that have economically sustainable activities must do no significant harm to any of the six EU environmental objectives (DNSH criteria). Assessment of whether non-financial and financial undertakings fulfil this requirement is based on the undertakings' own published Taxonomy reporting.

For mortgage lending to households, the assessment of DNSH in relation to climate adaptation, appendix A, is based on risk data on acute and chronic physical risks in our ESG Pillar III disclosure. The methodology for defining acute and chronic physical risk events is described in further detail in our Risk Management 2023 report. The Group has identified flooding risk (river and coastal flooding) as the key physical hazard applicable to the portfolio.

Minimum social safeguards
As part of the assessment of environmentally sustainable economic activities, it is required that economic activity is carried out in compliance with minimum safeguards as part of Article 18 of the EU Taxonomy Regulation (Regulation EU 2020/852). The purpose of the minimum safeguards in the EU Taxonomy Regulation is to prevent economic activities from being defined and considered as 'sustainable' when they involve negative impacts on human rights, including labour rights, corrupt practises in the business, or are associated with breaches of tax legislation.

In the Taxonomy reporting, compliance with minimum safeguards is an integral part of the non-financial undertakings' Taxonomy KPIs that we apply to our exposures. Households and public authorities are not required to meet Article 18 requirements on minimum safeguards.

Limitations in data
When assessing Taxonomy-eligible and Taxonomy-aligned activities for financial and non-financial undertakings, actual published information provided by counterparties is required. However, a complete data collection has been a constraint when reporting Taxonomy-aligned activities. Published reporting on Taxonomy-alignment KPIs from financial undertakings is not available at reporting date. Non-financial undertakings have not yet published data for 2023; consequently, the Taxonomy reporting of alignment for non-financial undertakings is based on published data from 2022.

Furthermore, reporting on Taxonomy-eligibility for the four additional environmental objectives implemented in 2023 is not possible due to lack of data.

Assessment of the technical screening criteria is also constrained by the lack of complete datapoints. For example, Energy Performance Certificate (EPC) labels are not recorded on all buildings in our home markets as registration is typically carried out in conjunction with a sales transaction or construction of new buildings.

Presentation of Taxonomy-aligned activities for the financial year 2023 can be summarised as follows:

Reporting item	Taxonomy-aligned activities	Limitations in data
Exposures towards financial undertakings under the NFRD	Based on gross carrying amount of exposure multiplied by financial undertakings' publicly reported green asset ratio (GAR) or investment ratio.	Published reporting on Taxonomy-alignment KPIs from financial undertakings is not available as at reporting date.
Exposures towards non-financial undertakings under the NFRD	Based on gross carrying amount of exposure multiplied by non-financial undertakings' reported turnover KPI or CAPEX KPI.	The Taxonomy KPIs are based on published financial information. At reporting date, non-financial undertakings have not published data for 2023; consequently, the Taxonomy reporting of alignment is based on published data from 2022. Reporting on Taxonomy-eligibility for the four additional environmental objectives implemented in 2023 is therefore not possible.
Exposures to households Mortgage lending	Based on the lowest value of collateral value or gross carrying amount for buildings with energy performance certificates (EPC) label A built before 31 December 2020 and no recording of physical risk event. For buildings built after 31 December 2020, calculation is based on the lowest value of collateral value or gross carrying amount for buildings with EPC label A2020 (DK) and EPC A (SE, NO, FI) and no recording of physical risk event.	The substantial contribution criteria include an option of selecting the top 15% of buildings. However, this option is not used in 2023. For collateral for which the EPC label is available, the latest accessible EPC label has been used. For collateral for which the EPC label is available, the latest accessible EPC label has been used.
Exposures to households Motor vehicles	Lending with the purpose of financing electric vehicles is recorded as a Taxonomy-eligible activity if the start date of the loan is after 1 January 2022. We do not report Taxonomy alignment in 2023 because assessment of DNSH is not feasible.	Assessment of Taxonomy alignment requires information about the tyres on the motor vehicle etc. However, data for screening of DNSH is not available.
Exposures to local governments	Taxonomy-eligible and aligned activities are not reported in 2023. Furthermore, as the financing of local governments is not known use-of-proceeds loans, we have not included lending to local governments in the numerator and denominator, when reporting our total green asset ratios.	Local governments do not report Taxonomy data.
Asset under management	Taxonomy-eligible and aligned activities are reported for stock in 2023.	Reporting of flow for assets under management is not reported as data is not available.

Taxonomy KPIs

Total green asset ratio = Taxonomy-aligned activities as a proportion of total covered assets

Total covered assets = Gross carrying amount of total assets excluding exposures towards central governments, central banks, supranational issuers, and the trading portfolio. Total assets are based on the prudential consolidation of the Danske Bank Group, excluding Danica Pension.

Coverage ratio = Taxonomy-aligned activities as proportion of gross carrying amount of total assets

Consolidated Group-level KPI
The consolidated Group-level KPI for Taxonomy-aligned activities is a weighted average of the Danske Bank Group's total green asset ratio and Danica Pension's green investment ratio. The weighting is made in accordance with the share of total income in the Danske Bank Group's consolidated IFRS financial statements.

Green investment ratio = The weighted average value of all investments in Danica Pension targeted economic activities that are in accordance with the Taxonomy, in relation to the value of the total investments.

Taxonomy reporting templates

The following pages present reporting forms in accordance with the Disclosures Delegated Act, Annex VI, and Annex XII related to nuclear and fossil gas activities. Comparative information for 2022 is not reported. Similarly, columns have been omitted from the reporting templates for the four environmental objectives implemented in 2023 as data is not available. The Sustainability Fact Book 2023 presents the full reporting forms.

Disclosures according to Annex VI - templates for the KPIs of Credit institutions

0. Summary of KPIs to be disclosed by credit institutions under Article 8 of the EU Taxonomy Regulation

Year 2023		Total environmentally sustainable assets* DKK millions	KPI turnover (%)	KPI CAPEX (%)	% coverage (over total assets)	% of assets excluded from the numerator of the GAR (Article 7(2) and (3) and Section 1.1.2. of Annex V)	% of assets excluded from the denominator of the GAR (Article 7(1) and Section 1.2.4 of Annex V)
Main KPI	Green asset ratio (GAR) stock	29,142	1.24	1.34	0.88	42.92	28.89

		Total environmentally sustainable assets DKK millions	KPI turnover (%)	KPI CAPEX (%)	% coverage (over total assets)	% of assets excluded from the numerator of the GAR (Article 7(2) and (3) and Section 1.1.2. of Annex V)	% of assets excluded from the denominator of the GAR (Article 7(1) and Section 1.2.4 of Annex V)
Additional KPIs	GAR (flow)**	5,285	3.35	3.69	0.16	N/A	N/A
	Trading book	N/A	N/A	N/A			
	Financial guarantees	0	0.01	0.01			
	Assets under management	8,087	1.16	1.82			
	Fees and commissions income	N/A	N/A	N/A			

** Total environmentally sustainable assets used for KPI CAPEX stock amounts to DKK 31,438 million*
***) The KPIs are based on the gross carrying amount of new exposures i.e. new covered assets within the numerator of GAR*

1. Assets for the calculation of GAR based on turnover

DKK millions

		31 December 2023														
			Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)				
		Total [gross] carrying amount	Of which towards Taxonomy-relevant sectors (Taxonomy-eligible)	Of which environmentally sustainable (Taxonomy-aligned)	Of which Use of Proceeds	Of which transitional	Of which enabling	Of which towards Taxonomy-relevant sectors (Taxonomy-eligible)	Of which environmentally sustainable (Taxonomy-aligned)	Of which Use of Proceeds	Of which enabling		Of which environmentally sustainable (Taxonomy-aligned)	Of which Use of Proceeds	Of which transitional	Of which enabling
	GAR - Covered assets in both numerator and denominator															
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	930,059	667,852	29,142	-	25,679	1,132	12	-	-	-	667,863	29,142	-	25,679	1,132
2	Financial undertakings	74,892	30,032	-	-	-	-	-	-	-	-	30,032	-	-	-	-
3	Credit institutions	68,899	26,837	-	-	-	-	-	-	-	-	26,837	-	-	-	-
4	Loans and advances	9,265	2,544	-	-	-	-	-	-	-	-	2,544	-	-	-	-
5	Debt securities, including UoP	59,634	24,293	-	-	-	-	-	-	-	-	24,293	-	-	-	-
6	Equity instruments	-	-	-		-	-	-	-		-	-	-		-	-
7	Other financial corporations	5,993	3,195	-	-	-	-	-	-	-	-	3,195	-	-	-	-
8	of which investment firms	138	51	-	-	-	-	-	-	-	-	51	-	-	-	-
9	Loans and advances	138	51	-	-	-	-	-	-	-	-	51	-	-	-	-
10	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Equity instruments	-	-	-		-	-	-	-		-	-	-		-	-
12	of which management companies	23	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Loans and advances	23	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity instruments	-	-	-		-	-	-	-		-	-	-		-	-
16	of which insurance undertakings	4,969	2,754	-	-	-	-	-	-	-	-	2,754	-	-	-	-
17	Loans and advances	4,969	2,754	-	-	-	-	-	-	-	-	2,754	-	-	-	-
18	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	Equity instruments	-	-	-		-	-	-	-		-	-	-		-	-
20	Non-financial undertakings	88,594	24,023	3,613	-	150	1,132	12	-	-	-	24,035	3,613	-	150	1,132
21	Loans and advances	88,594	24,023	3,613	-	150	1,132	12	-	-	-	24,035	3,613	-	150	1,132
22	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
23	Equity instruments	-	-	-		-	-	-	-		-	-	-		-	-
24	Households	766,555	613,797	25,529	-	25,529	-	-	-	-	-	613,797	25,529	-	25,529	-
25	of which loans collateralised by residential immovable property	666,479	613,231	25,529	-	25,529	-	-	-	-	-	613,231	25,529	-	25,529	-
26	of which building renovation loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
27	of which motor vehicle loans	13,100	566	-	-	-	-					566	-	-	-	-
28	Local governments financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29	Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31	Collateral obtained by taking possession: residential and commercial immovable properties	18	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32	Assets excluded from the numerator for GAR calculation (covered in the denominator)	1,416,211	-	-	-	-	-	-	-	-	-	-	-	-	-	-
33	Financial and Non-financial undertakings	1,182,944														
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	1,089,052														
35	Loans and advances	932,321														
36	of which loans collateralised by commercial immovable property	216,957														
37	of which building renovation loans	-														
38	Debt securities	156,310														
39	Equity instruments	421														
40	Non-EU country counterparties not subject to NFRD disclosure obligations	93,892														
41	Loans and advances	89,077														
42	Debt securities	4,744														
43	Equity instruments	71														
44	Derivatives	6,294														

1. Assets for the calculation of GAR based on turnover
DKK millions

			31 December 2023													
			Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)				
			Of which towards Taxonomy-relevant sectors (Taxonomy-eligible)					Of which towards Taxonomy-relevant sectors (Taxonomy-eligible)								
				Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)			
		Total [gross] carrying amount			Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
45	On demand interbank loans	3,001														
46	Cash and cash-related assets	6,420														
47	Other categories of assets (e.g. Goodwill, commodities etc.)	217,552														
48	**Total GAR assets**	**2,346,270**	**667,852**	**29,142**		**25,679**	**1,132**	**12**	**-**		**-**	**667,863**	**29,142**		**25,679**	**1,132**
49	Assets not covered for GAR calculation	953,035														
50	Central governments and Supranational issuers	235,681														
51	Central banks exposure	290,560														
52	Trading book	426,793														
53	Total assets	3,299,304	667,852	29,142	-	25,679	1,132	12	-	-	-	667,863	29,142	-	25,679	1,132
Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations																
54	Financial guarantees	5,488	33	-	-	-	-	-	-	-	-	33	-	-	-	-
55	Assets under management	697,060	52,290	8,084	-	665	4,593	5,502	3	-	3	57,792	8,087	-	665	4,596
56	Of which debt securities	268,004	8,162	1,560	-	39	666	405	2	-	2	8,567	1,563	-	39	668
57	Of which equity instruments	349,228	44,122	6,522	-	626	3,925	5,097	1	-	1	49,219	6,522	-	626	3,926

1. Assets for the calculation of GAR based on CAPEX

DKK millions

		31 December 2023														
			Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)				
		Total [gross] carrying amount	Of which towards Taxonomy-relevant sectors (Taxonomy-eligible)	Of which environmentally sustainable (Taxonomy-aligned)	Of which Use of Proceeds	Of which transitional	Of which enabling	Of which towards Taxonomy-relevant sectors (Taxonomy-eligible)	Of which environmentally sustainable (Taxonomy-aligned)	Of which Use of Proceeds	Of which enabling		Of which environmentally sustainable (Taxonomy-aligned)	Of which Use of Proceeds	Of which transitional	Of which enabling
	GAR - Covered assets in both numerator and denominator															
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	930,059	641,191	31,436	-	26,120	817	557	1	-	-	641,748	31,438	-	26,120	817
2	Financial undertakings	74,892	266	-	-	-	-	-	-	-	-	266	-	-	-	-
3	Credit institutions	68,899	259	-	-	-	-	-	-	-	-	259	-	-	-	-
4	Loans and advances	9,265	243	-	-	-	-	-	-	-	-	243	-	-	-	-
5	Debt securities, including UoP	59,634	16	-	-	-	-	-	-	-	-	16	-	-	-	-
6	Equity instruments	-	-	-		-	-	-	-		-	-	-		-	-
7	Other financial corporations	5,993	7	-	-	-	-	-	-	-	-	7	-	-	-	-
8	of which investment firms	138	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Loans and advances	138	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Equity instruments	-	-	-		-	-	-	-		-	-	-		-	-
12	of which management companies	23	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Loans and advances	23	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Debt securities, including UoP	-			-	-	-	-	-	-	-	-	-	-	-	-
15	Equity instruments	-	-	-		-	-	-	-		-	-	-		-	-
16	of which insurance undertakings	4,969	3	-	-	-	-	-	-	-	-	3	-	-	-	-
17	Loans and advances	4,969	3	-	-	-	-	-	-	-	-	3	-	-	-	-
18	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	Equity instruments	-	-	-		-	-	-	-		-	-	-		-	-
20	Non-financial undertakings	88,594	27,128	5,908	-	591	817	557	1	-	-	27,685	5,909	-	591	817
21	Loans and advances	88,594	27,128	5,908	-	591	817	557	1	-	-	27,685	5,909	-	591	817
22	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
23	Equity instruments	-	-	-		-	-	-	-		-	-	-		-	-
24	Households	766,555	613,797	25,529	-	25,529	-	-	-	-	-	613,797	25,529	-	25,529	-
25	of which loans collateralised by residential immovable property	666,479	613,231	25,529	-	25,529	-	-	-	-	-	613,231	25,529	-	25,529	-
26	of which building renovation loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
27	of which motor vehicle loans	13,100	566	-	-	-	-					566	-	-	-	-
28	Local governments financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29	Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31	Collateral obtained by taking possession: residential and commercial immovable properties	18	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32	Assets excluded from the numerator for GAR calculation (covered in the denominator)	1,416,211	-	-	-	-	-	-	-	-	-	-	-	-	-	-
33	Financial and Non-financial undertakings	1,182,944														
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	1,089,052														
35	Loans and advances	932,321														
36	of which loans collateralised by commercial immovable property	216,957														
37	of which building renovation loans	-														
38	Debt securities	156,310														
39	Equity instruments	421														
40	Non-EU country counterparties not subject to NFRD disclosure obligations	93,892														
41	Loans and advances	89,077														
42	Debt securities	4,744														
43	Equity instruments	71														
44	Derivatives	6,294														
45	On demand interbank loans	3,001														
46	Cash and cash-related assets	6,420														

1. Assets for the calculation of GAR based on CAPEX
DKK millions

		31 December 2023														
			Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)				
			Of which towards Taxonomy-relevant sectors (Taxonomy-eligible)					Of which towards Taxonomy-relevant sectors (Taxonomy-eligible)								
		Total [gross] carrying amount		Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)			
					Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
47	Other categories of assets (e.g. Goodwill, commodities etc.)	217,552														
48	**Total GAR assets**	**2,346,270**	**641,191**	**31,436**		**26,120**	**817**	**557**	**1**		**-**	**641,748**	**31,438**		**26,120**	**817**
49	Assets not covered for GAR calculation	953,035														
50	Central governments and Supranational issuers	235,681														
51	Central banks exposure	290,560														
52	Trading book	426,793														
53	Total assets	3,299,304	641,191	31,436	-	26,120	817	557	1	-	-	641,748	31,438	-	26,120	817
Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations																
54	Financial guarantees	5,488	33	-	-	-	-	1	-	-	-	34	-	-	-	-
55	Assets under management	697,060	30,758	12,649	-	708	5,982	30,209	26	-	1	60,967	12,675	-	708	5,983
56	Of which debt securities	268,004	6,917	2,142	-	203	816	6,926	9	-	-	13,843	2,150	-	203	816
57	Of which equity instruments	349,228	23,830	10,505	-	505	5,164	23,273	17	-	1	47,103	10,522	-	505	5,165

2. GAR sector information based on turnover

	Breakdown by sector - NACE 4 digits level (code and label)	Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)			
		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
		DKK millions	Of which environmentally sustainable (CCM)	DKK millions	Of which environmentally sustainable (CCM)	DKK millions	Of which environmentally sustainable (CCA)	DKK millions	Of which environmentally sustainable (CCA)	DKK millions	Of which environmentally sustainable (CCM + CCA)	DKK millions	Of which environmentally sustainable (CCM + CCA)
1	01.47 - Raising of poultry	-	-			-	-			-	-		
2	02.10 - Silviculture and other forestry activities	1,183	28			1,183	-			1,183	28		
3	03.21 - Marine aquaculture	3,639	-			3,639	-			3,639	-		
4	06.10 - Extraction of crude petroleum	34	-			34	-			34	-		
5	08.12 - Operation of gravel and sand pits, mining of clays and kaolin	4	-			4	-			4	-		
6	08.99 - Other mining and quarrying n.e.c.	-	-			-	-			-	-		
7	09.10 - Support activities for petroleum and natural gas extraction	-	-			-	-			-	-		
8	10.12 - Processing and preserving of poultry meat	-	-			-	-			-	-		
9	10.13 - Production of meat and poultry meat products	660	-			660	-			660	-		
10	10.61 - Manufacture of grain mill products	1	-			1	-			1	-		
11	10.71 - Manufacture of bread, manufacture of fresh pastry goods and cakes	16	-			16	-			16	-		
12	10.85 - Manufacture of prepared meals and dishes	375	-			375	-			375	-		
13	10.89 - Manufacture of other food products n.e.c.	-	-			-	-			-	-		
14	10.91 - Manufacture of prepared feeds for farm animals	689	7			689	-			689	7		
15	11.01 - Distilling, rectifying and blending of spirits	396	-			396	-			396	-		
16	11.05 - Manufacture of beer	964	-			964	-			964	-		
17	11.07 - Manufacture of soft drinks, production of mineral waters and other bottled waters	-	-			-	-			-	-		
18	13.92 - Manufacture of made-up textile articles, except apparel	27	-			27	-			27	-		
19	13.96 - Manufacture of other technical and industrial textiles	-	-			-	-			-	-		
20	16.10 - Sawmilling and planing of wood	306	85			306	-			306	85		
21	16.23 - Manufacture of other builders' carpentry and joinery	-	-			-	-			-	-		
22	16.29 - Manufacture of other products of wood, manufacture of articles of cork, straw and plaiting materials	2	-			2	-			2	-		
23	17.12 - Manufacture of paper and paperboard	3,295	162			3,295	-			3,295	162		
24	17.22 - Manufacture of household and sanitary goods and of toilet requisites	145	-			145	-			145	-		
25	17.29 - Manufacture of other articles of paper and paperboard	18	-			18	-			18	-		
26	18.11 - Printing of newspapers	-	-			-	-			-	-		
27	18.12 - Other printing	115	-			115	-			115	-		
28	19.20 - Manufacture of refined petroleum products	1,874	542			1,874	-			1,874	542		
29	20.13 - Manufacture of other inorganic basic chemicals	373	-			373	-			373	-		
30	20.14 - Manufacture of other organic basic chemicals	1,233	15			1,233	-			1,233	15		
31	20.20 - Manufacture of pesticides and other agrochemical products	-	-			-	-			-	-		
32	20.59 - Manufacture of other chemical products n.e.c.	178	-			178	-			178	-		
33	21.20 - Manufacture of pharmaceutical preparations	2,795	-			2,795	-			2,795	-		

2. GAR sector information based on turnover

	Breakdown by sector - NACE 4 digits level (code and label)	Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)			
		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
		DKK millions	Of which environmentally sustainable (CCM)	DKK millions	Of which environmentally sustainable (CCM)	DKK millions	Of which environmentally sustainable (CCA)	DKK millions	Of which environmentally sustainable (CCA)	DKK millions	Of which environmentally sustainable (CCM + CCA)	DKK millions	Of which environmentally sustainable (CCM + CCA)
34	22.11 - Manufacture of rubber tyres and tubes, retreading and rebuilding of rubber tyres	750	225			750	-			750	225		
35	22.21 - Manufacture of plastic plates, sheets, tubes and profiles	-	-			-	-			-	-		
36	22.22 - Manufacture of plastic packing goods	1,655	39			1,655	-			1,655	39		
37	22.29 - Manufacture of other plastic products	14	-			14	-			14	-		
38	23.51 - Manufacture of cement	-	-			-	-			-	-		
39	23.99 - Manufacture of other non-metallic mineral products n.e.c.	-	-			-	-			-	-		
40	24.10 - Manufacture of basic iron and steel and of ferro-alloys	1	-			1	-			1	-		
41	24.20 - Manufacture of tubes, pipes, hollow profiles and related fittings, of steel	-	-			-	-			-	-		
42	24.42 - Aluminium production	-	-			-	-			-	-		
43	24.44 - Copper production	-	-			-	-			-	-		
44	24.51 - Casting of iron	-	-			-	-			-	-		
45	25.11 - Manufacture of metal structures and parts of structures	20	11			20	-			20	11		
46	25.12 - Manufacture of doors and windows of metal	106	65			106	-			106	65		
47	25.21 - Manufacture of central heating radiators and boilers	1,035	-			1,035	-			1,035	-		
48	25.40 - Manufacture of weapons and ammunition	-	-			-	-			-	-		
49	25.61 - Treatment and coating of metals	40	-			40	-			40	-		
50	25.62 - Machining	23	1			23	-			23	1		
51	25.73 - Manufacture of tools	395	-			395	-			395	-		
52	25.93 - Manufacture of wire products, chain and springs	747	21			747	-			747	21		
53	25.94 - Manufacture of fasteners and screw machine products	79	-			79	-			79	-		
54	25.99 - Manufacture of other fabricated metal products n.e.c.	4	-			4	-			4	-		
55	26.11 - Manufacture of electronic components	1,029	-			1,029	-			1,029	-		
56	26.12 - Manufacture of loaded electronic boards	1	-			1	-			1	-		
57	26.20 - Manufacture of computers and peripheral equipment	-	-			-	-			-	-		
58	26.30 - Manufacture of communication equipment	1,195	50			1,195	-			1,195	50		
59	26.51 - Manufacture of instruments and appliances for measuring, testing and navigation	3,733	2			3,733	-			3,733	2		
60	26.60 - Manufacture of irradiation, electromedical and electrotherapeutic equipment	2,198	-			2,198	-			2,198	-		
61	27.11 - Manufacture of electric motors, generators and transformers	1	-			1	-			1	-		
62	27.12 - Manufacture of electricity distribution and control apparatus	-	-			-	-			-	-		
63	27.31 - Manufacture of fibre optic cables	-	-			-	-			-	-		
64	27.32 - Manufacture of other electronic and electric wires and cables	1	-			1	-			1	-		
65	27.40 - Manufacture of electric lighting equipment	749	37			749	-			749	37		
66	27.51 - Manufacture of electric domestic appliances	1,710	6			1,710	-			1,710	6		

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		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
		DKK millions	Of which environmentally sustainable (CCM)	DKK millions	Of which environmentally sustainable (CCM)	DKK millions	Of which environmentally sustainable (CCA)	DKK millions	Of which environmentally sustainable (CCA)	DKK millions	Of which environmentally sustainable (CCM + CCA)	DKK millions	Of which environmentally sustainable (CCM + CCA)
67	27.90 - Manufacture of other electrical equipment	1	-			1	-			1	-		
68	28.11 - Manufacture of engines and turbines, except aircraft, vehicle and cycle engines	90	3			90	-			90	3		
69	28.13 - Manufacture of other pumps and compressors	21	-			21	-			21	-		
70	28.21 - Manufacture of ovens, furnaces and furnace burners	37	-			37	-			37	-		
71	28.22 - Manufacture of lifting and handling equipment	765	91			765	-			765	91		
72	28.24 - Manufacture of power-driven hand tools	1,777	409			1,777	-			1,777	409		
73	28.25 - Manufacture of non-domestic cooling and ventilation equipment	-	-			-	-			-	-		
74	28.29 - Manufacture of other general-purpose machinery n.e.c.	5	-			5	-			5	-		
75	28.30 - Manufacture of agricultural and forestry machinery	76	-			76	-			76	-		
76	28.91 - Manufacture of machinery for metallurgy	3	1			3	-			3	1		
77	28.92 - Manufacture of machinery for mining, quarrying and construction	20	3			20	-			20	3		
78	28.93 - Manufacture of machinery for food, beverage and tobacco processing	9	-			9	-			9	-		
79	28.94 - Manufacture of machinery for textile, apparel and leather production	-	-			-	-			-	-		
80	28.95 - Manufacture of machinery for paper and paperboard production	49	2			49	-			49	2		
81	28.99 - Manufacture of other special-purpose machinery n.e.c.	-	-			-	-			-	-		
82	29.10 - Manufacture of motor vehicles	29	-			29	-			29	-		
83	29.20 - Manufacture of bodies (coachwork) for motor vehicles, manufacture of trailers and semi-trailers	2	-			2	-			2	-		
84	29.32 - Manufacture of other parts and accessories for motor vehicles	-	-			-	-			-	-		
85	30.11 - Building of ships and floating structures	-	-			-	-			-	-		
86	31.01 - Manufacture of office and shop furniture	-	-			-	-			-	-		
87	31.02 - Manufacture of kitchen furniture	178	-			178	-			178	-		
88	31.09 - Manufacture of other furniture	53	-			53	-			53	-		
89	32.50 - Manufacture of medical and dental instruments and supplies	2,143	-			2,143	-			2,143	-		
90	32.99 - Other manufacturing n.e.c.	2	-			2	-			2	-		
91	33.12 - Repair of machinery	1	-			1	-			1	-		
92	33.20 - Installation of industrial machinery and equipment	760	-			760	-			760	-		
93	35.11 - Production of electricity	915	788			915	-			915	788		
94	35.13 - Distribution of electricity	85	85			85	-			85	85		
95	35.22 - Distribution of gaseous fuels through mains	3	2			3	-			3	2		
96	35.30 - Steam and air conditioning supply	-	-			-	-			-	-		
97	37.00 - Sewerage	370	163			370	-			370	163		
98	38.11 - Collection of non-hazardous waste	23	7			23	-			23	7		

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		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
		DKK millions	Of which environmentally sustainable (CCM)	DKK millions	Of which environmentally sustainable (CCM)	DKK millions	Of which environmentally sustainable (CCA)	DKK millions	Of which environmentally sustainable (CCA)	DKK millions	Of which environmentally sustainable (CCM + CCA)	DKK millions	Of which environmentally sustainable (CCM + CCA)
99	38.12 - Collection of hazardous waste	15	7			15	-			15	7		
100	38.22 - Treatment and disposal of hazardous waste	15	7			15	-			15	7		
101	38.32 - Recovery of sorted materials	1	-			1	-			1	-		
102	41.10 - Development of building projects	183	15			183	-			183	15		
103	41.20 - Construction of residential and non-residential buildings	371	9			371	-			371	9		
104	42.11 - Construction of roads and motorways	413	114			413	-			413	114		
105	42.12 - Construction of railways and underground railways	6	-			6	-			6	-		
106	42.21 - Construction of utility projects for fluids	2	-			2	-			2	-		
107	42.22 - Construction of utility projects for electricity and telecommunications	2	-			2	-			2	-		
108	42.99 - Construction of other civil engineering projects n.e.c.	20	1			20	-			20	1		
109	43.11 - Demolition	5	-			5	-			5	-		
110	43.12 - Site preparation	44	1			44	-			44	1		
111	43.21 - Electrical installation	61	5			61	-			61	5		
112	43.22 - Plumbing, heat and air conditioning installation	1,489	90			1,489	-			1,489	90		
113	43.29 - Other construction installation	-	-			-	-			-	-		
114	43.31 - Plastering	-	-			-	-			-	-		
115	43.32 - Joinery installation	-	-			-	-			-	-		
116	43.33 - Floor and wall covering	2	-			2	-			2	-		
117	43.91 - Roofing activities	7	1			7	-			7	1		
118	43.99 - Other specialised construction activities n.e.c.	155	53			155	-			155	53		
119	45.11 - Sale of cars and light motor vehicles	796	1			796	-			796	1		
120	45.19 - Sale of other motor vehicles	6	-			6	-			6	-		
121	45.31 - Wholesale trade of motor vehicle parts and accessories	1	-			1	-			1	-		
122	45.32 - Retail trade of motor vehicle parts and accessories	425	-			425	-			425	-		
123	46.13 - Agents involved in the sale of timber and building materials	2	-			2	-			2	-		
124	46.14 - Agents involved in the sale of machinery, industrial equipment, ships and aircraft	3	-			3	-			3	-		
125	46.17 - Agents involved in the sale of food, beverages and tobacco	134	-			134	-			134	-		
126	46.19 - Agents involved in the sale of a variety of goods	-	-			-	-			-	-		
127	46.21 - Wholesale of grain, unmanufactured tobacco, seeds and animal feeds	565	6			565	-			565	6		
128	46.34 - Wholesale of beverages	32	-			32	-			32	-		
129	46.36 - Wholesale of sugar and chocolate and sugar confectionery	102	-			102	-			102	-		
130	46.39 - Non-specialised wholesale of food, beverages and tobacco	228	-			228	-			228	-		
131	46.42 - Wholesale of clothing and footwear	1	-			1	-			1	-		
132	46.43 - Wholesale of electrical household appliances	-	-			-	-			-	-		
133	46.44 - Wholesale of china and glassware and cleaning materials	8	-			8	-			8	-		
134	46.45 - Wholesale of perfume and cosmetics	1	-			1	-			1	-		

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		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
		DKK millions	Of which environmentally sustainable (CCM)	DKK millions	Of which environmentally sustainable (CCM)	DKK millions	Of which environmentally sustainable (CCA)	DKK millions	Of which environmentally sustainable (CCA)	DKK millions	Of which environmentally sustainable (CCM + CCA)	DKK millions	Of which environmentally sustainable (CCM + CCA)
135	46.46 - Wholesale of pharmaceutical goods	90	-			90	-			90	-		
136	46.47 - Wholesale of furniture, carpets and lighting equipment	-	-			-	-			-	-		
137	46.48 - Wholesale of watches and jewellery	742	-			742	-			742	-		
138	46.49 - Wholesale of other household goods	162	-			162	-			162	-		
139	46.51 - Wholesale of computers, computer peripheral equipment and software	800	-			800	-			800	-		
140	46.52 - Wholesale of electronic and telecommunications equipment and parts	1	-			1	-			1	-		
141	46.62 - Wholesale of machine tools	5	-			5	-			5	-		
142	46.63 - Wholesale of mining, construction and civil engineering machinery	42	-			42	-			42	-		
143	46.65 - Wholesale of office furniture	-	-			-	-			-	-		
144	46.66 - Wholesale of other office machinery and equipment	-	-			-	-			-	-		
145	46.69 - Wholesale of other machinery and equipment	5	-			5	-			5	-		
146	46.71 - Wholesale of solid, liquid and gaseous fuels and related products	1	-			1	-			1	-		
147	46.72 - Wholesale of metals and metal ores	1	-			1	-			1	-		
148	46.73 - Wholesale of wood, construction materials and sanitary equipment	147	-			147	-			147	-		
149	46.74 - Wholesale of hardware, plumbing and heating equipment and supplies	246	-			246	-			246	-		
150	46.75 - Wholesale of chemical products	6	-			6	-			6	-		
151	46.76 - Wholesale of other intermediate products	-	-			-	-			-	-		
152	46.90 - Non-specialised wholesale trade	1,337	-			1,337	-			1,337	-		
153	47.11 - Retail sale in non-specialised stores with food, beverages or tobacco predominating	1,421	-			1,421	-			1,421	-		
154	47.19 - Other retail sale in non-specialised stores	-	-			-	-			-	-		
155	47.30 - Retail sale of automotive fuel in specialised stores	-	-			-	-			-	-		
156	47.41 - Retail sale of computers, peripheral units and software in specialised stores	63	-			63	-			63	-		
157	47.51 - Retail sale of textiles in specialised stores	-	-			-	-			-	-		
158	47.52 - Retail sale of hardware, paints and glass in specialised stores	8	-			8	-			8	-		
159	47.71 - Retail sale of clothing in specialised stores	-	-			-	-			-	-		
160	47.76 - Retail sale of flowers, plants, seeds, fertilisers, pet animals and pet food in specialised stores	299	-			299	-			299	-		
161	47.78 - Other retail sale of new goods in specialised stores	-	-			-	-			-	-		
162	47.91 - Retail sale via mail order houses or via Internet	505	2			505	-			505	2		
163	49.32 - Taxi operation	-	-			-	-			-	-		

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164	49.41 - Freight transport by road	21	1			21	-			21	1		
165	49.42 - Removal services	31	-			31	-			31	-		
166	50.10 - Sea and coastal passenger water transport	1,024	107			1,024	-			1,024	107		
167	50.20 - Sea and coastal freight water transport	609	18			609	-			609	18		
168	51.10 - Passenger air transport	-	-			-	-			-	-		
169	51.21 - Freight air transport	-	-			-	-			-	-		
170	52.10 - Warehousing and storage	-	-			-	-			-	-		
171	52.22 - Service activities incidental to water transportation	-	-			-	-			-	-		
172	52.23 - Service activities incidental to air transportation	783	-			783	-			783	-		
173	52.24 - Cargo handling	-	-			-	-			-	-		
174	52.29 - Other transportation support activities	359	-			359	-			359	-		
175	53.10 - Postal activities under universal service obligation	111	11			111	-			111	11		
176	53.20 - Other postal and courier activities	-	-			-	-			-	-		
177	56.10 - Restaurants and mobile food service activities	-	-			-	-			-	-		
178	56.29 - Other food service activities	-	-			-	-			-	-		
179	58.11 - Book publishing	-	-			-	-			-	-		
180	58.13 - Publishing of newspapers	429	-			429	-			429	-		
181	58.14 - Publishing of journals and periodicals	-	-			-	-			-	-		
182	58.29 - Other software publishing	3	-			3	-			3	-		
183	59.11 - Motion picture, video and television programme production activities	-	-			-	-			-	-		
184	59.13 - Motion picture, video and television programme distribution activities	-	-			-	-			-	-		
185	59.20 - Sound recording and music publishing activities	-	-			-	-			-	-		
186	60.20 - Television programming and broadcasting activities	1,019	-			1,019	-			1,019	-		
187	61.10 - Wired telecommunications activities	1,676	6			1,676	-			1,676	6		
188	61.20 - Wireless telecommunications activities	278	2			278	-			278	2		
189	61.90 - Other telecommunications activities	155	1			155	-			155	1		
190	62.01 - Computer programming activities	139	4			139	-			139	4		
191	62.02 - Computer consultancy activities	1,333	73			1,333	-			1,333	73		
192	62.03 - Computer facilities management activities	158	-			158	-			158	-		
193	62.09 - Other information technology and computer service activities	-	-			-	-			-	-		
194	63.11 - Data processing, hosting and related activities	-	-			-	-			-	-		
195	63.12 - Web portals	1	-			1	-			1	-		
196	64.20 - Activities of holding companies	1,321	44			1,321	-			1,321	44		
197	64.30 - Trusts, funds and similar financial entities	1,368	11			1,368	-			1,368	11		
198	64.99 - Other financial service activities, except insurance and pension funding n.e.c.	523	31			523	-			523	31		
199	66.12 - Security and commodity contracts brokerage	-	-			-	-			-	-		

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		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
		DKK millions	Of which environmentally sustainable (CCM)	DKK millions	Of which environmentally sustainable (CCM)	DKK millions	Of which environmentally sustainable (CCA)	DKK millions	Of which environmentally sustainable (CCA)	DKK millions	Of which environmentally sustainable (CCM + CCA)	DKK millions	Of which environmentally sustainable (CCM + CCA)
200	66.19 - Other activities auxiliary to financial services, except insurance and pension funding	2	-			2	-			2	-		
201	66.30 - Fund management activities	-	-			-	-			-	-		
202	68.10 - Buying and selling of own real estate	269	1			269	-			269	1		
203	68.20 - Renting and operating of own or leased real estate	11,645	51			11,645	-			11,645	51		
204	68.31 - Real estate agencies	-	-			-	-			-	-		
205	69.20 - Accounting, bookkeeping and auditing activities, tax consultancy	567	-			567	-			567	-		
206	70.10 - Activities of head offices	2,693	19			2,693	-			2,693	19		
207	70.22 - Business and other management consultancy activities	3,212	44			3,212	-			3,212	44		
208	71.11 - Architectural activities	-	-			-	-			-	-		
209	71.12 - Engineering activities and related technical consultancy	1,167	3			1,167	-			1,167	4		
210	72.19 - Other research and experimental development on natural sciences and engineering	864	-			864	-			864	-		
211	72.20 - Research and experimental development on social sciences and humanities	1	1			1	-			1	1		
212	73.11 - Advertising agencies	-	-			-	-			-	-		
213	73.20 - Market research and public opinion polling	-	-			-	-			-	-		
214	74.10 - Specialised design activities	-	-			-	-			-	-		
215	74.90 - Other professional, scientific and technical activities n.e.c.	107	10			107	-			107	10		
216	77.11 - Renting and leasing of cars and light motor vehicles	144	-			144	-			144	-		
217	77.32 - Renting and leasing of construction and civil engineering machinery and equipment	17	1			17	-			17	1		
218	77.39 - Renting and leasing of other machinery, equipment and tangible goods n.e.c.	-	-			-	-			-	-		
219	78.10 - Activities of employment placement agencies	7	-			7	-			7	-		
220	78.20 - Temporary employment agency activities	-	-			-	-			-	-		
221	80.10 - Private security activities	656	-			656	-			656	-		
222	80.20 - Security systems service activities	24	2			24	-			24	2		
223	81.10 - Combined facilities support activities	282	-			282	-			282	-		
224	81.21 - General cleaning of buildings	56	-			56	-			56	-		
225	81.22 - Other building and industrial cleaning activities	2	1			2	-			2	1		
226	81.29 - Other cleaning activities	16	7			16	-			16	7		
227	82.11 - Combined office administrative service activities	661	-			661	-			661	-		
228	82.20 - Activities of call centres	-	-			-	-			-	-		
229	82.91 - Activities of collection agencies and credit bureaus	1,319	-			1,319	-			1,319	-		
230	82.99 - Other business support service activities n.e.c.	-	-			-	-			-	-		
231	85.31 - General secondary education	-	-			-	-			-	-		
232	85.41 - Post-secondary non-tertiary education	-	-			-	-			-	-		

2. GAR sector information based on turnover

	Breakdown by sector - NACE 4 digits level (code and label)	Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)			
		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
		DKK millions	Of which environmentally sustainable (CCM)	DKK millions	Of which environmentally sustainable (CCM)	DKK millions	Of which environmentally sustainable (CCA)	DKK millions	Of which environmentally sustainable (CCA)	DKK millions	Of which environmentally sustainable (CCM + CCA)	DKK millions	Of which environmentally sustainable (CCM + CCA)
233	85.42 - Tertiary education	-	-			-	-			-	-		
234	85.52 - Cultural education	-	-			-	-			-	-		
235	85.59 - Other education n.e.c.	-	-			-	-			-	-		
236	86.21 - General medical practice activities	822	-			822	-			822	-		
237	86.22 - Specialist medical practice activities	-	-			-	-			-	-		
238	86.90 - Other human health activities	-	-			-	-			-	-		
239	87.10 - Residential nursing care activities	-	-			-	-			-	-		
240	87.30 - Residential care activities for the elderly and disabled	-	-			-	-			-	-		
241	88.10 - Social work activities without accommodation for the elderly and disabled	492	-			492	-			492	-		
242	88.99 - Other social work activities without accommodation n.e.c.	-	-			-	-			-	-		
243	90.02 - Support activities to performing arts	-	-			-	-			-	-		
244	93.12 - Activities of sport clubs	-	-			-	-			-	-		
245	93.13 - Fitness facilities	-	-			-	-			-	-		
246	93.21 - Activities of amusement parks and theme parks	4	-			4	-			4	-		
247	94.12 - Activities of professional membership organisations	-	-			-	-			-	-		
248	95.12 - Repair of communication equipment	-	-			-	-			-	-		
249	96.01 - Washing and (dry-) cleaning of textile and fur products	21	-			21	-			21	-		
250	96.09 - Other personal service activities n.e.c.	-	-			-	-			-	-		

2. GAR sector information based on CAPEX

	Breakdown by sector - NACE 4 digits level (code and label)	Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)			
		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
		DKK millions	Of which environmentally sustainable (CCM)	DKK millions	Of which environmentally sustainable (CCM)	DKK millions	Of which environmentally sustainable (CCA)	DKK millions	Of which environmentally sustainable (CCA)	DKK millions	Of which environmentally sustainable (CCM + CCA)	DKK millions	Of which environmentally sustainable (CCM + CCA)
1	01.47 - Raising of poultry	-	-			-	-			-	-		
2	02.10 - Silviculture and other forestry activities	1,183	-			1,183	-			1,183	-		
3	03.21 - Marine aquaculture	3,639	-			3,639	-			3,639	-		
4	06.10 - Extraction of crude petroleum	34	-			34	-			34	-		
5	08.12 - Operation of gravel and sand pits, mining of clays and kaolin	4	-			4	-			4	-		
6	08.99 - Other mining and quarrying n.e.c.	-	-			-	-			-	-		
7	09.10 - Support activities for petroleum and natural gas extraction	-	-			-	-			-	-		
8	10.12 - Processing and preserving of poultry meat	-	-			-	-			-	-		
9	10.13 - Production of meat and poultry meat products	660	-			660	-			660	-		
10	10.61 - Manufacture of grain mill products	1	-			1	-			1	-		
11	10.71 - Manufacture of bread, manufacture of fresh pastry goods and cakes	16	-			16	-			16	-		
12	10.85 - Manufacture of prepared meals and dishes	375	9			375	-			375	9		
13	10.89 - Manufacture of other food products n.e.c.	-	-			-	-			-	-		
14	10.91 - Manufacture of prepared feeds for farm animals	689	21			689	-			689	21		
15	11.01 - Distilling, rectifying and blending of spirits	396	-			396	-			396	-		
16	11.05 - Manufacture of beer	964	-			964	-			964	-		
17	11.07 - Manufacture of soft drinks, production of mineral waters and other bottled waters	-	-			-	-			-	-		
18	13.92 - Manufacture of made-up textile articles, except apparel	27	-			27	-			27	-		
19	13.96 - Manufacture of other technical and industrial textiles	-	-			-	-			-	-		
20	16.10 - Sawmilling and planing of wood	306	160			306	-			306	160		
21	16.23 - Manufacture of other builders' carpentry and joinery	-	-			-	-			-	-		
22	16.29 - Manufacture of other products of wood, manufacture of articles of cork, straw and plaiting materials	2	-			2	-			2	-		
23	17.12 - Manufacture of paper and paperboard	3,295	563			3,295	-			3,295	563		
24	17.22 - Manufacture of household and sanitary goods and of toilet requisites	145	1			145	-			145	1		
25	17.29 - Manufacture of other articles of paper and paperboard	18	-			18	-			18	-		
26	18.11 - Printing of newspapers	-	-			-	-			-	-		
27	18.12 - Other printing	115	-			115	-			115	-		
28	19.20 - Manufacture of refined petroleum products	1,874	1,402			1,874	-			1,874	1,402		
29	20.13 - Manufacture of other inorganic basic chemicals	373	-			373	-			373	-		
30	20.14 - Manufacture of other organic basic chemicals	1,233	29			1,233	-			1,233	29		
31	20.20 - Manufacture of pesticides and other agrochemical products	-	-			-	-			-	-		
32	20.59 - Manufacture of other chemical products n.e.c.	178	-			178	-			178	-		
33	21.20 - Manufacture of pharmaceutical preparations	2,795	24			2,795	-			2,795	24		

2. GAR sector information based on CAPEX

	Breakdown by sector - NACE 4 digits level (code and label)	Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)			
		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
		DKK millions	Of which environmentally sustainable (CCM)	DKK millions	Of which environmentally sustainable (CCM)	DKK millions	Of which environmentally sustainable (CCA)	DKK millions	Of which environmentally sustainable (CCA)	DKK millions	Of which environmentally sustainable (CCM + CCA)	DKK millions	Of which environmentally sustainable (CCM + CCA)
34	22.11 - Manufacture of rubber tyres and tubes, retreading and rebuilding of rubber tyres	750	120			750	-			750	120		
35	22.21 - Manufacture of plastic plates, sheets, tubes and profiles	-	-			-	-			-	-		
36	22.22 - Manufacture of plastic packing goods	1,655	90			1,655	-			1,655	90		
37	22.29 - Manufacture of other plastic products	14	-			14	-			14	-		
38	23.51 - Manufacture of cement	-	-			-	-			-	-		
39	23.99 - Manufacture of other non-metallic mineral products n.e.c.	-	-			-	-			-	-		
40	24.10 - Manufacture of basic iron and steel and of ferro-alloys	1	-			1	-			1	-		
41	24.20 - Manufacture of tubes, pipes, hollow profiles and related fittings, of steel	-	-			-	-			-	-		
42	24.42 - Aluminium production	-	-			-	-			-	-		
43	24.44 - Copper production	-	-			-	-			-	-		
44	24.51 - Casting of iron	-	-			-	-			-	-		
45	25.11 - Manufacture of metal structures and parts of structures	20	12			20	-			20	12		
46	25.12 - Manufacture of doors and windows of metal	106	71			106	-			106	71		
47	25.21 - Manufacture of central heating radiators and boilers	1,035	-			1,035	-			1,035	-		
48	25.40 - Manufacture of weapons and ammunition	-	-			-	-			-	-		
49	25.61 - Treatment and coating of metals	40	-			40	-			40	-		
50	25.62 - Machining	23	-			23	-			23	-		
51	25.73 - Manufacture of tools	395	-			395	-			395	-		
52	25.93 - Manufacture of wire products, chain and springs	747	-			747	-			747	-		
53	25.94 - Manufacture of fasteners and screw machine products	79	-			79	-			79	-		
54	25.99 - Manufacture of other fabricated metal products n.e.c.	4	-			4	-			4	-		
55	26.11 - Manufacture of electronic components	1,029	1			1,029	-			1,029	1		
56	26.12 - Manufacture of loaded electronic boards	1	-			1	-			1	-		
57	26.20 - Manufacture of computers and peripheral equipment	-	-			-	-			-	-		
58	26.30 - Manufacture of communication equipment	1,195	55			1,195	-			1,195	55		
59	26.51 - Manufacture of instruments and appliances for measuring, testing and navigation	3,733	79			3,733	-			3,733	79		
60	26.60 - Manufacture of irradiation, electromedical and electrotherapeutic equipment	2,198	-			2,198	-			2,198	-		
61	27.11 - Manufacture of electric motors, generators and transformers	1	-			1	-			1	-		
62	27.12 - Manufacture of electricity distribution and control apparatus	-	-			-	-			-	-		
63	27.31 - Manufacture of fibre optic cables	-	-			-	-			-	-		
64	27.32 - Manufacture of other electronic and electric wires and cables	1	-			1	-			1	-		
65	27.40 - Manufacture of electric lighting equipment	749	60			749	-			749	60		

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	Breakdown by sector - NACE 4 digits level (code and label)	Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)			
		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
		DKK millions	Of which environmentally sustainable (CCM)	DKK millions	Of which environmentally sustainable (CCM)	DKK millions	Of which environmentally sustainable (CCA)	DKK millions	Of which environmentally sustainable (CCA)	DKK millions	Of which environmentally sustainable (CCM + CCA)	DKK millions	Of which environmentally sustainable (CCM + CCA)
66	27.51 - Manufacture of electric domestic appliances	1,710	13			1,710	-			1,710	13		
67	27.90 - Manufacture of other electrical equipment	1	-			1	-			1	-		
68	28.11 - Manufacture of engines and turbines, except aircraft, vehicle and cycle engines	90	6			90	-			90	6		
69	28.13 - Manufacture of other pumps and compressors	21	-			21	-			21	-		
70	28.21 - Manufacture of ovens, furnaces and furnace burners	37	-			37	-			37	-		
71	28.22 - Manufacture of lifting and handling equipment	765	31			765	-			765	31		
72	28.24 - Manufacture of power-driven hand tools	1,777	320			1,777	-			1,777	320		
73	28.25 - Manufacture of non-domestic cooling and ventilation equipment	-	-			-	-			-	-		
74	28.29 - Manufacture of other general-purpose machinery n.e.c.	5	-			5	-			5	-		
75	28.30 - Manufacture of agricultural and forestry machinery	76	-			76	-			76	-		
76	28.91 - Manufacture of machinery for metallurgy	3	1			3	-			3	1		
77	28.92 - Manufacture of machinery for mining, quarrying and construction	20	4			20	-			20	4		
78	28.93 - Manufacture of machinery for food, beverage and tobacco processing	9	-			9	-			9	-		
79	28.94 - Manufacture of machinery for textile, apparel and leather production	-	-			-	-			-	-		
80	28.95 - Manufacture of machinery for paper and paperboard production	49	1			49	-			49	1		
81	28.99 - Manufacture of other special-purpose machinery n.e.c.	-	-			-	-			-	-		
82	29.10 - Manufacture of motor vehicles	29	4			29	-			29	4		
83	29.20 - Manufacture of bodies (coachwork) for motor vehicles, manufacture of trailers and semi-trailers	2	-			2	-			2	-		
84	29.32 - Manufacture of other parts and accessories for motor vehicles	-	-			-	-			-	-		
85	30.11 - Building of ships and floating structures	-	-			-	-			-	-		
86	31.01 - Manufacture of office and shop furniture	-	-			-	-			-	-		
87	31.02 - Manufacture of kitchen furniture	178	-			178	-			178	-		
88	31.09 - Manufacture of other furniture	53	-			53	-			53	-		
89	32.50 - Manufacture of medical and dental instruments and supplies	2,143	-			2,143	-			2,143	-		
90	32.99 - Other manufacturing n.e.c.	2	-			2	-			2	-		
91	33.12 - Repair of machinery	1	-			1	-			1	-		
92	33.20 - Installation of industrial machinery and equipment	760	-			760	-			760	-		
93	35.11 - Production of electricity	915	788			915	-			915	788		
94	35.13 - Distribution of electricity	85	84			85	-			85	84		
95	35.22 - Distribution of gaseous fuels through mains	3	3			3	-			3	3		
96	35.30 - Steam and air conditioning supply	-	-			-	-			-	-		

2. GAR sector information based on CAPEX

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		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
		DKK millions	Of which environmentally sustainable (CCM)	DKK millions	Of which environmentally sustainable (CCM)	DKK millions	Of which environmentally sustainable (CCA)	DKK millions	Of which environmentally sustainable (CCA)	DKK millions	Of which environmentally sustainable (CCM + CCA)	DKK millions	Of which environmentally sustainable (CCM + CCA)
97	37.00 - Sewerage	370	159			370	-			370	159		
98	38.11 - Collection of non-hazardous waste	23	7			23	-			23	7		
99	38.12 - Collection of hazardous waste	15	6			15	-			15	6		
100	38.22 - Treatment and disposal of hazardous waste	15	8			15	-			15	8		
101	38.32 - Recovery of sorted materials	1	-			1	-			1	-		
102	41.10 - Development of building projects	183	34			183	-			183	34		
103	41.20 - Construction of residential and non-residential buildings	371	7			371	1			371	8		
104	42.11 - Construction of roads and motorways	413	123			413	-			413	123		
105	42.12 - Construction of railways and underground railways	6	-			6	-			6	-		
106	42.21 - Construction of utility projects for fluids	2	-			2	-			2	-		
107	42.22 - Construction of utility projects for electricity and telecommunications	2	-			2	-			2	-		
108	42.99 - Construction of other civil engineering projects n.e.c.	20	-			20	-			20	-		
109	43.11 - Demolition	5	-			5	-			5	-		
110	43.12 - Site preparation	44	-			44	-			44	-		
111	43.21 - Electrical installation	61	-			61	-			61	-		
112	43.22 - Plumbing, heat and air conditioning installation	1,489	40			1,489	-			1,489	40		
113	43.29 - Other construction installation	-	-			-	-			-	-		
114	43.31 - Plastering	-	-			-	-			-	-		
115	43.32 - Joinery installation	-	-			-	-			-	-		
116	43.33 - Floor and wall covering	2	1			2	-			2	1		
117	43.91 - Roofing activities	7	3			7	-			7	3		
118	43.99 - Other specialised construction activities n.e.c.	155	49			155	-			155	49		
119	45.11 - Sale of cars and light motor vehicles	796	1			796	-			796	1		
120	45.19 - Sale of other motor vehicles	6	-			6	-			6	-		
121	45.31 - Wholesale trade of motor vehicle parts and accessories	1	-			1	-			1	-		
122	45.32 - Retail trade of motor vehicle parts and accessories	425	-			425	-			425	-		
123	46.13 - Agents involved in the sale of timber and building materials	2	-			2	-			2	-		
124	46.14 - Agents involved in the sale of machinery, industrial equipment, ships and aircraft	3	-			3	-			3	-		
125	46.17 - Agents involved in the sale of food, beverages and tobacco	134	-			134	-			134	-		
126	46.19 - Agents involved in the sale of a variety of goods	-	-			-	-			-	-		
127	46.21 - Wholesale of grain, unmanufactured tobacco, seeds and animal feeds	565	17			565	-			565	17		
128	46.34 - Wholesale of beverages	32	-			32	-			32	-		
129	46.36 - Wholesale of sugar and chocolate and sugar confectionery	102	-			102	-			102	-		
130	46.39 - Non-specialised wholesale of food, beverages and tobacco	228	-			228	-			228	-		
131	46.42 - Wholesale of clothing and footwear	1	-			1	-			1	-		
132	46.43 - Wholesale of electrical household appliances	-	-			-	-			-	-		

2. GAR sector information based on CAPEX

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		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
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133	46.44 - Wholesale of china and glassware and cleaning materials	8	-			8	-			8	-		
134	46.45 - Wholesale of perfume and cosmetics	1	-			1	-			1	-		
135	46.46 - Wholesale of pharmaceutical goods	90	-			90	-			90	-		
136	46.47 - Wholesale of furniture, carpets and lighting equipment	-	-			-	-			-	-		
137	46.48 - Wholesale of watches and jewellery	742	-			742	-			742	-		
138	46.49 - Wholesale of other household goods	162	-			162	-			162	-		
139	46.51 - Wholesale of computers, computer peripheral equipment and software	800	-			800	-			800	-		
140	46.52 - Wholesale of electronic and telecommunications equipment and parts	1	-			1	-			1	-		
141	46.62 - Wholesale of machine tools	5	-			5	-			5	-		
142	46.63 - Wholesale of mining, construction and civil engineering machinery	42	6			42	-			42	6		
143	46.65 - Wholesale of office furniture	-	-			-	-			-	-		
144	46.66 - Wholesale of other office machinery and equipment	-	-			-	-			-	-		
145	46.69 - Wholesale of other machinery and equipment	5	-			5	-			5	-		
146	46.71 - Wholesale of solid, liquid and gaseous fuels and related products	1	1			1	-			1	1		
147	46.72 - Wholesale of metals and metal ores	1	-			1	-			1	-		
148	46.73 - Wholesale of wood, construction materials and sanitary equipment	147	-			147	-			147	-		
149	46.74 - Wholesale of hardware, plumbing and heating equipment and supplies	246	-			246	-			246	-		
150	46.75 - Wholesale of chemical products	6	-			6	-			6	-		
151	46.76 - Wholesale of other intermediate products	-	-			-	-			-	-		
152	46.90 - Non-specialised wholesale trade	1,337	229			1,337	-			1,337	229		
153	47.11 - Retail sale in non-specialised stores with food, beverages or tobacco predominating	1,421	28			1,421	-			1,421	28		
154	47.19 - Other retail sale in non-specialised stores	-	-			-	-			-	-		
155	47.30 - Retail sale of automotive fuel in specialised stores	-	-			-	-			-	-		
156	47.41 - Retail sale of computers, peripheral units and software in specialised stores	63	-			63	-			63	-		
157	47.51 - Retail sale of textiles in specialised stores	-	-			-	-			-	-		
158	47.52 - Retail sale of hardware, paints and glass in specialised stores	8	-			8	-			8	-		
159	47.71 - Retail sale of clothing in specialised stores	-	-			-	-			-	-		
160	47.76 - Retail sale of flowers, plants, seeds, fertilisers, pet animals and pet food in specialised stores	299	-			299	-			299	-		

2. GAR sector information based on CAPEX

	Breakdown by sector - NACE 4 digits level (code and label)	Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)			
		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
		DKK millions	Of which environmentally sustainable (CCM)	DKK millions	Of which environmentally sustainable (CCM)	DKK millions	Of which environmentally sustainable (CCA)	DKK millions	Of which environmentally sustainable (CCA)	DKK millions	Of which environmentally sustainable (CCM + CCA)	DKK millions	Of which environmentally sustainable (CCM + CCA)
161	47.78 - Other retail sale of new goods in specialised stores	-	-			-	-			-	-		
162	47.91 - Retail sale via mail order houses or via Internet	505	-			505	-			505	-		
163	49.32 - Taxi operation	-	-			-	-			-	-		
164	49.41 - Freight transport by road	21	-			21	-			21	-		
165	49.42 - Removal services	31	-			31	-			31	-		
166	50.10 - Sea and coastal passenger water transport	1,024	413			1,024	-			1,024	413		
167	50.20 - Sea and coastal freight water transport	609	43			609	-			609	43		
168	51.10 - Passenger air transport	-	-			-	-			-	-		
169	51.21 - Freight air transport	-	-			-	-			-	-		
170	52.10 - Warehousing and storage	-	-			-	-			-	-		
171	52.22 - Service activities incidental to water transportation	-	-			-	-			-	-		
172	52.23 - Service activities incidental to air transportation	783	15			783	-			783	15		
173	52.24 - Cargo handling	-	-			-	-			-	-		
174	52.29 - Other transportation support activities	359	-			359	-			359	-		
175	53.10 - Postal activities under universal service obligation	111	63			111	-			111	63		
176	53.20 - Other postal and courier activities	-	-			-	-			-	-		
177	56.10 - Restaurants and mobile food service activities	-	-			-	-			-	-		
178	56.29 - Other food service activities	-	-			-	-			-	-		
179	58.11 - Book publishing	-	-			-	-			-	-		
180	58.13 - Publishing of newspapers	429	-			429	-			429	-		
181	58.14 - Publishing of journals and periodicals	-	-			-	-			-	-		
182	58.29 - Other software publishing	3	-			3	-			3	-		
183	59.11 - Motion picture, video and television programme production activities	-	-			-	-			-	-		
184	59.13 - Motion picture, video and television programme distribution activities	-	-			-	-			-	-		
185	59.20 - Sound recording and music publishing activities	-	-			-	-			-	-		
186	60.20 - Television programming and broadcasting activities	1,019	-			1,019	-			1,019	-		
187	61.10 - Wired telecommunications activities	1,676	2			1,676	-			1,676	2		
188	61.20 - Wireless telecommunications activities	278	1			278	-			278	1		
189	61.90 - Other telecommunications activities	155	-			155	-			155	-		
190	62.01 - Computer programming activities	139	-			139	-			139	-		
191	62.02 - Computer consultancy activities	1,333	53			1,333	-			1,333	53		
192	62.03 - Computer facilities management activities	158	-			158	-			158	-		
193	62.09 - Other information technology and computer service activities	-	-			-	-			-	-		
194	63.11 - Data processing, hosting and related activities	-	-			-	-			-	-		
195	63.12 - Web portals	1	-			1	-			1	-		
196	64.20 - Activities of holding companies	1,321	74			1,321	-			1,321	74		

2. GAR sector information based on CAPEX

	Breakdown by sector - NACE 4 digits level (code and label)	Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)			
		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
		DKK millions	Of which environmentally sustainable (CCM)	DKK millions	Of which environmentally sustainable (CCM)	DKK millions	Of which environmentally sustainable (CCA)	DKK millions	Of which environmentally sustainable (CCA)	DKK millions	Of which environmentally sustainable (CCM + CCA)	DKK millions	Of which environmentally sustainable (CCM + CCA)
197	64.30 - Trusts, funds and similar financial entities	1,368	2			1,368	-			1,368	2		
198	64.99 - Other financial service activities, except insurance and pension funding n.e.c.	523	16			523	-			523	16		
199	66.12 - Security and commodity contracts brokerage	-	-			-	-			-	-		
200	66.19 - Other activities auxiliary to financial services, except insurance and pension funding	2	-			2	-			2	-		
201	66.30 - Fund management activities	-	-			-	-			-	-		
202	68.10 - Buying and selling of own real estate	269	-			269	-			269	1		
203	68.20 - Renting and operating of own or leased real estate	11,645	132			11,645	-			11,645	132		
204	68.31 - Real estate agencies	-	-			-	-			-	-		
205	69.20 - Accounting, bookkeeping and auditing activities, tax consultancy	567	-			567	-			567	-		
206	70.10 - Activities of head offices	2,693	21			2,693	-			2,693	21		
207	70.22 - Business and other management consultancy activities	3,212	247			3,212	-			3,212	247		
208	71.11 - Architectural activities	-	-			-	-			-	-		
209	71.12 - Engineering activities and related technical consultancy	1,167	142			1,167	-			1,167	142		
210	72.19 - Other research and experimental development on natural sciences and engineering	864	-			864	-			864	-		
211	72.20 - Research and experimental development on social sciences and humanities	1	1			1	-			1	1		
212	73.11 - Advertising agencies	-	-			-	-			-	-		
213	73.20 - Market research and public opinion polling	-	-			-	-			-	-		
214	74.10 - Specialised design activities	-	-			-	-			-	-		
215	74.90 - Other professional, scientific and technical activities n.e.c.	107	-			107	-			107	-		
216	77.11 - Renting and leasing of cars and light motor vehicles	144	-			144	-			144	-		
217	77.32 - Renting and leasing of construction and civil engineering machinery and equipment	17	-			17	-			17	-		
218	77.39 - Renting and leasing of other machinery, equipment and tangible goods n.e.c.	-	-			-	-			-	-		
219	78.10 - Activities of employment placement agencies	7	-			7	-			7	-		
220	78.20 - Temporary employment agency activities	-	-			-	-			-	-		
221	80.10 - Private security activities	656	-			656	-			656	-		
222	80.20 - Security systems service activities	24	-			24	-			24	-		
223	81.10 - Combined facilities support activities	282	-			282	-			282	-		
224	81.21 - General cleaning of buildings	56	-			56	-			56	-		
225	81.22 - Other building and industrial cleaning activities	2	1			2	-			2	1		
226	81.29 - Other cleaning activities	16	7			16	-			16	7		
227	82.11 - Combined office administrative service activities	661	-			661	-			661	-		

2. GAR sector information based on CAPEX

	Breakdown by sector - NACE 4 digits level (code and label)	Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)			
		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
		DKK millions	Of which environmentally sustainable (CCM)	DKK millions	Of which environmentally sustainable (CCM)	DKK millions	Of which environmentally sustainable (CCA)	DKK millions	Of which environmentally sustainable (CCA)	DKK millions	Of which environmentally sustainable (CCM + CCA)	DKK millions	Of which environmentally sustainable (CCM + CCA)
228	82.20 - Activities of call centres	-	-			-	-			-	-		
229	82.91 - Activities of collection agencies and credit bureaus	1,319	-			1,319	-			1,319	-		
230	82.99 - Other business support service activities n.e.c.	-	-			-	-			-	-		
231	85.31 - General secondary education	-	-			-	-			-	-		
232	85.41 - Post-secondary non-tertiary education	-	-			-	-			-	-		
233	85.42 - Tertiary education	-	-			-	-			-	-		
234	85.52 - Cultural education	-	-			-	-			-	-		
235	85.59 - Other education n.e.c.	-	-			-	-			-	-		
236	86.21 - General medical practice activities	822	-			822	-			822	-		
237	86.22 - Specialist medical practice activities	-	-			-	-			-	-		
238	86.90 - Other human health activities	-	-			-	-			-	-		
239	87.10 - Residential nursing care activities	-	-			-	-			-	-		
240	87.30 - Residential care activities for the elderly and disabled	-	-			-	-			-	-		
241	88.10 - Social work activities without accommodation for the elderly and disabled	492	-			492	-			492	-		
242	88.99 - Other social work activities without accommodation n.e.c.	-	-			-	-			-	-		
243	90.02 - Support activities to performing arts	-	-			-	-			-	-		
244	93.12 - Activities of sport clubs	-	-			-	-			-	-		
245	93.13 - Fitness facilities	-	-			-	-			-	-		
246	93.21 - Activities of amusement parks and theme parks	4	-			4	-			4	-		
247	94.12 - Activities of professional membership organisations	-	-			-	-			-	-		
248	95.12 - Repair of communication equipment	-	-			-	-			-	-		
249	96.01 - Washing and (dry-) cleaning of textile and fur products	21	-			21	-			21	-		
250	96.09 - Other personal service activities n.e.c.	-	-			-	-			-	-		

3. GAR KPI stock based on turnover

% (compared to total covered assets in the denominator)	31 December 2023														
	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)					
	Proportion of total covered assets funding Taxonomy-relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding Taxonomy-relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding Taxonomy-relevant sectors (Taxonomy-eligible)					Proportion of total assets covered
		Proportion of total covered assets funding Taxonomy-relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding Taxonomy-relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding Taxonomy-relevant sectors (Taxonomy-aligned)				
			Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	
GAR - Covered assets in both numerator and denominator															
1 Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	71.81	3.13	-	2.76	0.12	-	-	-	-	71.81	3.13	-	2.76	0.12	28.19
2 Financial undertakings	40.10	-	-	-	-	-	-	-	-	40.10	-	-	-	-	2.27
3 Credit institutions	38.95	-	-	-	-	-	-	-	-	38.95	-	-	-	-	2.09
4 Loans and advances	27.46	-	-	-	-	-	-	-	-	27.46	-	-	-	-	0.28
5 Debt securities, including UoP	40.74	-	-	-	-	-	-	-	-	40.74	-	-	-	-	1.81
6 Equity instruments	-	-		-	-	-	-			-	-		-	-	-
7 Other financial corporations	53.31	-	-	-	-	-	-	-	-	53.31	-	-	-	-	0.18
8 of which investment firms	37.00	-	-	-	-	-	-	-	-	37.00	-	-	-	-	-
9 Loans and advances	37.00	-	-	-	-	-	-	-	-	37.00	-	-	-	-	-
10 Debt securities, including UoP	-	-	-					-		-	-	-	-	-	-
11 Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-
12 of which management companies	1.96	0.01	-	-	-	-	-	-	-	1.96	0.01	-	-	-	-
13 Loans and advances	1.96	0.01	-	-	-	-	-	-	-	1.96	0.01	-	-	-	-
14 Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
15 Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-
16 of which insurance undertakings	55.41	-	-	-	-	-	-	-	-	55.41	-	-	-	-	0.15
17 Loans and advances	55.41	-	-	-	-	-	-	-	-	55.41	-	-	-	-	0.15
18 Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19 Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-
20 Non-financial undertakings	27.12	4.08	-	0.17	1.28	0.01	-	-	-	27.13	4.08	-	0.17	1.28	2.69
21 Loans and advances	27.12	4.08	-	0.17	1.28	0.01	-	-	-	27.13	4.08	-	0.17	1.28	2.69
22 Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
23 Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-
24 Households	80.07	3.33	-	3.33	-	-	-	-	-	80.07	3.33	-	3.33	-	23.23
25 of which loans collateralised by residential immovable property	92.01	3.83	-	3.83	-	-	-	-	-	92.01	3.83	-	3.83	-	20.20
26 of which building renovation loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
27 of which motor vehicle loans	4.32	-	-	-	-										
28 Local governments financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29 Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30 Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31 Collateral obtained by taking possession: residential and commercial immovable properties	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32 Total GAR assets	**28.46**	**1.24**		**1.09**	**0.05**	**-**	**-**		**-**	**28.46**	**1.24**		**1.09**	**0.05**	**71.11**

3. GAR KPI stock based on CAPEX

% (compared to total covered assets in the denominator)	31 December 2023														
	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)					
	Proportion of total covered assets funding Taxonomy-relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding Taxonomy-relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding Taxonomy-relevant sectors (Taxonomy-eligible)					Proportion of total assets covered
		Proportion of total covered assets funding Taxonomy-relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding Taxonomy-relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding Taxonomy-relevant sectors (Taxonomy-aligned)				
			Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	
GAR - Covered assets in both numerator and denominator															
1 Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	68.94	3.38	-	2.81	0.09	0.06	-	-	-	69.00	3.38	-	2.81	0.09	28.19
2 Financial undertakings	0.36	-	-	-	-	-	-	-	-	0.36	-	-	-	-	2.27
3 Credit institutions	0.38	-	-	-	-	-	-	-	-	0.38	-	-	-	-	2.09
4 Loans and advances	2.62	-	-	-	-	-	-	-	-	2.62	-	-	-	-	0.28
5 Debt securities, including UoP	0.03	-	-	-	-	-	-	-	-	0.03	-	-	-	-	1.81
6 Equity instruments	-	-		-	-	-	-						-	-	-
7 Other financial corporations	0.11	-	-	-	-	-	-	-	-	0.11	-	-	-	-	0.18
8 of which investment firms	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9 Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10 Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11 Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-
12 of which management companies	2.08	0.01	-	-	-	-	-	-	-	2.08	0.01	-	-	-	-
13 Loans and advances	2.08	0.01	-	-	-	-	-	-	-	2.08	0.01	-	-	-	-
14 Debt securities, including UoP	-	-	-	-	-	-	-	-				-	-	-	-
15 Equity instruments	-	-		-	-	-	-						-	-	-
16 of which insurance undertakings	0.06	-	-	-	-	-	-	-	-	0.06	-	-	-	-	0.15
17 Loans and advances	0.06	-	-	-	-	-	-	-	-	0.06	-	-	-	-	0.15
18 Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19 Equity instruments	-	-		-	-	-	-						-	-	-
20 Non-financial undertakings	30.62	6.67	-	0.67	0.92	0.63	-	-	-	31.25	6.67	-	0.67	0.92	2.69
21 Loans and advances	30.62	6.67	-	0.67	0.92	0.63	-	-	-	31.25	6.67	-	0.67	0.92	2.69
22 Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
23 Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-
24 Households	80.07	3.33	-	3.33	-	-	-	-	-	80.07	3.33	-	3.33	-	23.23
25 of which loans collateralised by residential immovable property	92.01	3.83	-	3.83	-	-	-	-	-	92.01	3.83	-	3.83	-	20.20
26 of which building renovation loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
27 of which motor vehicle loans	4.32	-	-	-	-										
28 Local governments financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29 Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30 Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31 Collateral obtained by taking possession: residential and commercial immovable properties	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32 Total GAR assets	**27.33**	**1.34**		**1.11**	**0.03**	**0.02**	**-**		**-**	**27.35**	**1.34**		**1.11**	**0.03**	**71.11**

4. GAR KPI flow based on turnover

	% (compared to flow of total eligible assets)	31 December 2023														
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)					
		Proportion of total covered assets funding Taxonomy-relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding Taxonomy-relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding Taxonomy-relevant sectors (Taxonomy-eligible)					Proportion of total new assets covered
			Proportion of total covered assets funding Taxonomy-relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding Taxonomy-relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding Taxonomy-relevant sectors (Taxonomy-aligned)				
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	
	GAR - Covered assets in both numerator and denominator															
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	57.52	3.35	-	2.69	0.31	-	-	-	-	57.52	3.35	-	2.69	0.31	100.00
2	Financial undertakings	42.00	-	-	-	-	-	-	-	-	42.00	-	-	-	-	7.12
3	Credit institutions	32.35	-	-	-	-	-	-	-	-	32.35	-	-	-	-	4.06
4	Loans and advances	25.30	-	-	-	-	-	-	-	-	25.30	-	-	-	-	2.30
5	Debt securities, including UoP	41.52	-	-	-	-	-	-	-	-	41.52	-	-	-	-	1.76
6	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-
7	Other financial corporations	54.79	-	-	-	-	-	-	-	-	54.79	-	-	-	-	3.06
8	of which investment firms	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-
12	of which management companies	50.41	0.43	-	-	-	-	-	-	-	50.41	0.43	-	-	-	-
13	Loans and advances	50.41	0.43	-	-	-	-	-	-	-	50.41	0.43	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-
16	of which insurance undertakings	57.03	-	-	-	-	-	-	-	-	57.03	-	-	-	-	2.94
17	Loans and advances	57.03	-	-	-	-	-	-	-	-	57.03	-	-	-	-	2.94
18	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-
20	Non-financial undertakings	27.26	2.95	-	0.28	1.25	-	-	-	-	27.26	2.95	-	0.28	1.25	24.74
21	Loans and advances	27.26	2.95	-	0.28	1.25	-	-	-	-	27.26	2.95	-	0.28	1.25	24.74
22	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
23	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-
24	Households	70.12	3.85	-	3.85	-	-	-	-	-	70.12	3.85	-	3.85	-	68.14
25	of which loans collateralised by residential immovable property	88.09	4.86	-	4.86	-	-	-	-	-	88.09	4.86	-	4.86	-	54.02
26	of which building renovation loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
27	of which motor vehicle loans	6.99	-	-	-	-			-		6.99		-			2.80
28	Local governments financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29	Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31	Collateral obtained by taking possession: residential and commercial immovable properties	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32	**Total GAR assets**	**57.52**	**3.35**		**2.69**	**0.31**	**-**	**-**		**-**	**57.52**	**3.35**		**2.69**	**0.31**	**100.00**

4. GAR KPI flow based on CAPEX

	% (compared to flow of total eligible assets)	31 December 2023														
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)					
		Proportion of total covered assets funding Taxonomy-relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding Taxonomy-relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding Taxonomy-relevant sectors (Taxonomy-eligible)					
			Proportion of total covered assets funding Taxonomy-relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding Taxonomy-relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding Taxonomy-relevant sectors (Taxonomy-aligned)				Proportion of total new assets covered
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	
	GAR - Covered assets in both numerator and denominator															
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	55.38	3.69	-	2.91	0.19	0.31	-	-	-	55.69	3.69	-	2.91	0.19	100.00
2	Financial undertakings	0.59	-	-	-	-	-	-	-	-	0.59	-	-	-	-	7.12
3	Credit institutions	0.99	-	-	-	-	-	-	-	-	0.99	-	-	-	-	4.06
4	Loans and advances	1.75	-	-	-	-	-	-	-	-	1.75	-	-	-	-	2.30
5	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.76
6	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-
7	Other financial corporations	0.07	-	-	-	-	-	-	-	-	0.07	-	-	-	-	3.06
8	of which investment firms	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-
12	of which management companies	13.77	1.01	-	-	-	-	-	-	-	13.77	1.01	-	-	-	-
13	Loans and advances	13.77	1.01	-	-	-	-	-	-	-	13.77	1.01	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-
16	of which insurance undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2.94
17	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2.94
18	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-
20	Non-financial undertakings	30.57	4.31	-	1.14	0.79	1.24	-	-	-	31.80	4.31	-	1.14	0.79	24.74
21	Loans and advances	30.57	4.31	-	1.14	0.79	1.24	-	-	-	31.80	4.31	-	1.14	0.79	24.74
22	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
23	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-
24	Households	70.12	3.85	-	3.85	-	-	-	-	-	70.12	3.85	-	3.85	-	68.14
25	of which loans collateralised by residential immovable property	88.09	4.86	-	4.86	-	-	-	-	-	88.09	4.86	-	4.86	-	54.02
26	of which building renovation loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
27	of which motor vehicle loans	6.99									6.99	-	-	-	-	2.80
28	Local governments financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29	Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31	Collateral obtained by taking possession: residential and commercial immovable properties	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32	**Total GAR assets**	**55.38**	**3.69**		**2.91**	**0.19**	**0.31**	**-**		**-**	**55.69**	**3.69**		**2.91**	**0.19**	**100.00**

5. KPI off-balance sheet exposures based on turnover

% (compared to total eligible off-balance sheet assets)		31 December 2023													
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)				
		Proportion of total covered assets funding Taxonomy-relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding Taxonomy-relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding Taxonomy-relevant sectors (Taxonomy-eligible)				
			Proportion of total covered assets funding Taxonomy-relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding Taxonomy-relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding Taxonomy-relevant sectors (Taxonomy-aligned)			
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
1	Financial guarantees (FinGuar KPI)	0.61	0.01	-	-	-	-	-	-	-	0.61	0.01	-	-	-
2	Assets under management (AuM KPI)	7.50	1.16	-	0.10	0.66	0.79	-	-	-	8.29	1.16	-	0.10	0.66

5. KPI off-balance sheet exposures based on CAPEX

% (compared to total eligible off-balance sheet assets)		31 December 2023													
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)				
		Proportion of total covered assets funding Taxonomy-relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding Taxonomy-relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding Taxonomy-relevant sectors (Taxonomy-eligible)				
			Proportion of total covered assets funding Taxonomy-relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding Taxonomy-relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding Taxonomy-relevant sectors (Taxonomy-aligned)			
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
1	Financial guarantees (FinGuar KPI)	0.61	-	-	-	-	0.02	-	-	-	0.63	0.01	-	-	-
2	Assets under management (AuM KPI)	4.41	1.81	-	0.10	0.86	4.33	-	-	-	8.75	1.82	-	0.10	0.86

5. KPI off-balance sheet exposures based on turnover

% (compared to total eligible off-balance sheet assets)		31 December 2023													
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)				
		Proportion of total covered assets funding Taxonomy-relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding Taxonomy-relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
			Proportion of total covered assets funding Taxonomy-relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding Taxonomy-relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding Taxonomy-relevant sectors (Taxonomy-aligned)			
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
1	Financial guarantees (FinGuar KPI)	0.02	-	-	-	-	-	-	-	-	0.02	-	-	-	-
2	Assets under management (AuM KPI)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

5. KPI off-balance sheet exposures based on CAPEX

% (compared to total eligible off-balance sheet assets)		31 December 2023													
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)				
		Proportion of total covered assets funding Taxonomy-relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding Taxonomy-relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding Taxonomy-relevant sectors (Taxonomy-eligible)				
			Proportion of total covered assets funding Taxonomy-relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding Taxonomy-relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding Taxonomy-relevant sectors (Taxonomy-aligned)			
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
1	Financial guarantees (FinGuar KPI)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	Assets under management (AuM KPI)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Disclosures according to Annex XII - nuclear energy and fossil gas related activities

Row	Nuclear energy related activities	
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	No
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	Yes
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	Yes
	Fossil gas related activities	
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	Yes
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	Yes
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	Yes

Row	Economic activities based on KPI Turnover DKK millions	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adptation (CCA)	
		Amount	%	Amount	%	Amount	%
1	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
2	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	15	0.00	15	0.00	-	-
3	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	745	0.03	745	0.03	-	-
4	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
5	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
6	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
7	Amount and proportion of other Taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	28,381	1.21	28,381	1.21	-	-
8	**Total green asset ratio, Turnover**	**29,142**	**1.24**	**29,142**	**1.24**	**-**	**-**

Row	Economic activities based on KPI CAPEX DKK millions	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adptation (CCA)	
		Amount	%	Amount	%	Amount	%
1	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
2	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	600	0.03	600	0.03	-	-
3	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	178	0.01	178	0.01	-	-
4	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
5	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
6	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
7	Amount and proportion of other Taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	30,660	1.31	30,660	1.31	-	-
8	**Total green asset ratio, CAPEX**	**31,438**	**1.34**	**31,438**	**1.34**	**-**	**-**

Row	Economic activities based on KPI Turnover DKK millions	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adptation (CCA)	
		Amount	%	Amount	%	Amount	%
1	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-
2	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	15	0	15	0	-	-
3	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	745	3	745	3	-	-
4	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-
5	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-
6	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-
7	Amount and proportion of other Taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI	28,381	97	28,381	97	-	-
8	**Total amount and proportion of Taxonomy-aligned economic activities in the numerator of the total green asset ratio based on turnover**	**29,142**	**100**	**29,142**	**100**	**-**	**-**

Row	Economic activities based on KPI CAPEX DKK millions	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adptation (CCA)	
		Amount	%	Amount	%	Amount	%
1	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-
2	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	600	2	600	2	-	-
3	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	178	1	178	1	-	-
4	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-
5	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-
6	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-
7	Amount and proportion of other Taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI	30,660	98	30,660	98	-	-
8	**Total amount and proportion of Taxonomy-aligned economic activities in the numerator of the total green asset ratio based on CAPEX**	**31,438**	**100**	**31,438**	**100**	**-**	**-**

Row	Economic activities based on KPI Turnover DKK millions	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adptation (CCA)	
		Amount	%	Amount	%	Amount	%
1	Amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
2	Amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
3	Amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
4	Amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	1	0	1	0	-	-
5	Amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	3	0	3	0	-	-
6	Amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
7	Amount and proportion of other Taxonomy-eligible but not Taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	638,718	100	638,718	100	-	-
8	**Total amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activities in the denominator of the eligible ratio based on turnover**	**638,722**	**100**	**638,722**	**100**		

Row	Economic activities based on KPI CAPEX DKK millions	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adptation (CCA)	
		Amount	%	Amount	%	Amount	%
1	Amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
2	Amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
3	Amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
4	Amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
5	Amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	2	0	2	0	-	-
6	Amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
7	Amount and proportion of other Taxonomy-eligible but not Taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	610,308	100	610,308	100	-	-
8	**Total amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activities in the denominator of the eligible ratio based on CAPEX**	**610,310**	**100**	**610,310**	**100**		

Row	Economic activities based on KPI Turnover DKK millions	Amount	Percentage
1	Amount and proportion of economic activity referred to in row 1 of Template 1 that is Taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
2	Amount and proportion of economic activity referred to in row 2 of Template 1 that is Taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
3	Amount and proportion of economic activity referred to in row 3 of Template 1 that is Taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
4	Amount and proportion of economic activity referred to in row 4 of Template 1 that is Taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
5	Amount and proportion of economic activity referred to in row 5 of Template 1 that is Taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
6	Amount and proportion of economic activity referred to in row 6 of Template 1 that is Taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
7	Amount and proportion of other Taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	748,347	32
8	**Total amount and proportion of Taxonomy-non-eligible economic activities in the denominator of the applicable KPI (non-eligible ratio turnover)**	**748,347**	**32**

Row	Economic activities based on KPI CAPEX DKK millions	Amount	Percentage
1	Amount and proportion of economic activity referred to in row 1 of Template 1 that is Taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
2	Amount and proportion of economic activity referred to in row 2 of Template 1 that is Taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
3	Amount and proportion of economic activity referred to in row 3 of Template 1 that is Taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
4	Amount and proportion of economic activity referred to in row 4 of Template 1 that is Taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
5	Amount and proportion of economic activity referred to in row 5 of Template 1 that is Taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
6	Amount and proportion of economic activity referred to in row 6 of Template 1 that is Taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
7	Amount and proportion of other Taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	774,463	33
8	**Total amount and proportion of Taxonomy-non-eligible economic activities in the denominator of the applicable KPI (non-eligible ratio CAPEX)**	**774,463**	**33**

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Risk Management 2023

Danske Bank A/S
Holmens Kanal 2-12
DK-1092 København K

Tel. +45 33 44 00 00
CVR No. 611262 28-København
danskebank.com