Interim report – first nine months 2021

Danske Bank Group

Danske Bank

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Financial highlights – Danske Bank Group

Income statement (DKK millions)	Q1-Q3 2021	Q1-Q3 2020	Index 21/20	Q3 2021	Q2 2021	Index Q3/Q2	Q3 2020	Index 21/20	Full year 2020
Net interest income	16,498	16,703	99	5,533	5,515	100	5,577	99	22,151
Net fee income*	9,700	8,573	113	3,106	3,193	97	2,618	119	12,217
Net trading income*	3,111	3,253	96	820	1,025	80	1,357	60	4,297
Net income from insurance business*	1,576	1,319	119	594	491	121	422	141	1,669
Other income	623	497	125	166	262	63	189	88	594
Total income	31,509	30,347	104	10,218	10,486	97	10,161	101	40,928
Operating expenses	18,874	19,332	98	6,104	6,497	94	6,310	97	26,648
Impairment charges, other intangible assets	-	-	-	-	-	-	-	-	379
Profit before loan impairment charges	12,635	11,014	115	4,114	3,989	103	3,851	107	13,901
Loan impairment charges	587	6,287	9	-151	240	-	1,018	-	7,001
Profit before tax, core	12,048	4,727	255	4,265	3,750	114	2,833	151	6,900
Profit before tax, Non-core	23	-483	-	6	-3	-	-37	-	-596
Profit before tax	12,071	4,244	284	4,270	3,747	114	2,795	153	6,304
Tax	2,805	1,105	254	936	955	98	692	135	1,715
Net profit	**9,266**	**3,139**	**295**	**3,334**	**2,792**	**119**	**2,103**	**159**	**4,589**
Attributable to additional tier 1 etc.	349	433	81	117	117	100	117	100	551
Balance sheet (end of period) (DKK millions)									
Due from credit institutions and central banks	296,950	273,081	109	296,950	335,557	88	273,081	109	345,938
Repo loans	220,822	301,693	73	220,822	236,761	93	301,693	73	257,883
Loans	1,801,353	1,801,438	100	1,801,353	1,809,805	100	1,801,438	100	1,838,126
Trading portfolio assets	608,253	674,422	90	608,253	612,527	99	674,422	90	682,945
Investment securities	304,698	300,304	101	304,698	304,812	100	300,304	101	296,769
Assets under insurance contracts*	542,718	541,185	100	542,718	532,154	102	541,185	100	545,708
Total assets in Non-core	2,184	4,541	48	2,184	1,783	122	4,541	48	2,797
Other assets*	147,953	131,371	113	147,953	141,634	104	131,371	113	139,064
Total assets	**3,924,931**	**4,028,035**	**97**	**3,924,931**	**3,975,032**	**99**	**4,028,035**	**97**	**4,109,231**
Due to credit institutions and central banks	101,714	109,384	93	101,714	111,438	91	109,384	93	125,267
Repo deposits	242,940	240,209	101	242,940	267,557	91	240,209	101	223,973
Deposits	1,154,717	1,128,720	102	1,154,717	1,197,910	96	1,128,720	102	1,193,173
Bonds issued by Realkredit Danmark	761,742	772,670	99	761,742	760,452	100	772,670	99	775,844
Other issued bonds	346,020	368,553	94	346,020	338,123	102	368,553	94	360,127
Trading portfolio liabilities	368,269	499,121	74	368,269	373,364	99	499,121	74	499,331
Liabilities under insurance contracts*	581,618	581,741	100	581,618	573,849	101	581,741	100	591,930
Total liabilities in Non-core	2,456	4,331	57	2,456	2,504	98	4,331	57	2,975
Other liabilities*	149,901	122,068	123	149,901	137,838	109	122,068	123	135,596
Subordinated debt	39,306	35,014	112	39,306	38,836	101	35,014	112	32,337
Additional tier 1	8,606	8,690	99	8,606	8,548	101	8,690	99	8,508
Shareholders' equity	167,641	157,534	106	167,641	164,613	102	157,534	106	160,171
Total liabilities and equity	**3,924,931**	**4,028,035**	**97**	**3,924,931**	**3,975,032**	**99**	**4,028,035**	**97**	**4,109,231**
Ratios and key figures									
Dividend per share (DKK)	-	-		-	-	-	-	-	2.0
Earnings per share (DKK)	10.4	3.2		3.8	3.1	-	2.3	-	4.7
Return on avg. shareholders' equity (% p.a.)	7.3	2.3		7.7	6.6	-	5.1	-	2.6
Net interest income as % p.a. of loans and deposits	0.73	0.77		0.74	0.73	-	0.75	-	0.76
Cost/income ratio (C/I), (%)	59.9	63.7		59.7	62.0	-	62.1	-	66.0
C/I, excluding impairment on intangible assets (%)*	59.9	63.7		59.7	62.0	-	62.1	-	65.1
Total capital ratio (%)	23.4	23.3		23.4	23.3	-	23.3	-	23.0
Common equity tier 1 capital ratio (%)	18.1	18.2		18.1	18.0	-	18.2	-	18.3
Share price (end of period) (DKK)	108.5	86.1		108.5	110.4	-	86.1	-	100.7
Book value per share (DKK)	197	185		197	193	-	185	-	188
Full-time-equivalent staff (end of period)**	22,027	22,582	98	22,027	21,926	100	22,582	98	22,376

**The financial highlights have been restated as explained in note G2(b). 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 (APM) used and definition of ratios, see Definition of APM on page 23.*

***The number of full-time-equivalent staff has increased somewhat due to a change in calculation methods from August 2021.*

Executive summary

Danske Bank celebrated its 150-year anniversary in October 2021. Founded in Copenhagen in 1871, when Denmark was fast evolving from an agrarian economy into a modern, industrialised nation, Danske Bank has throughout its history assumed the role of a provider of financial advice and solutions that have enabled our customers to make a successful transition to new times and new opportunities. This is exactly the approach we also have today when we engage with customers to help them transform changes in the digital space and the green transition into commercial or personal opportunities.

Being there for our customers is as important today as it has always been, especially with the development we have seen across the world over the past couple of years. Overall, the recovery following the pandemic is evident in all the Nordic economies with strong labour markets and consumer spending, albeit with some inflation fears and scarcity of labour being reported. The Danish economy has essentially fully recovered from the corona crisis, and the focus has shifted to mitigating the risk of overheating. The labour market is back to pre-crisis levels, with unemployment at a low level and consumer spending fully up to speed again. Even though the economy is doing well, the government support packages have been and are still contributing to subdued credit demand in the banking sector in Denmark. The Danish government and Finance Denmark have entered into a new declaration of intent, under which businesses gradually return to market-based financing, with banks offering creditworthy and viable businesses loans on reasonable terms. This will enable businesses to settle the debt to the Danish tax authorities that they have accumulated, and the change in financing is likely to generate more bank lending from the first half of 2022, thus supporting our income streams.

Despite the subdued credit demand in the banking sector in Denmark, Danske Bank's diversified business model continues to prove valuable. We have been able to further utilise our platform and strengthen our market position for capital markets-related activities during the first nine months on the back of a sustainable and strong pipeline. Moreover, our efforts to capitalise on the opportunities for increased investment activity provided by market conditions are paying off. This growing momentum comes on top of a more stable development in other income streams, which drives total income above the level of the same period last year. This, combined with low impairment charges as a result of strong credit quality and lower expenses, also led to a higher net profit for the first nine months of 2021 than in the year-earlier period.

Danske Bank posted a net profit of DKK 9.3 billion for the first nine months of 2021, against DKK 3.1 billion for the same period in 2020. The return on shareholders' equity was 7.3%, against 2.3% in the first nine months of 2020.

Updating 2023 ambitions

Two years ago, we set out an ambitious plan; today, we confirm that our business model will allow for a sustainable return on shareholders' equity of 9-10% through-the-cycle and for 8.5-9% in 2023. With recent progress, we are further strengthening our position to deliver long-term sustainable value creation. Through our transformation efforts, we have gained more clarity on our challenges – and while risks still exist, we are diligently executing on our plans.

As a result of our dedicated focus and continuous prioritisation of strengthening our foundation, we are now well-positioned in terms of reaching our profitability potential, however, after a thorough business review, we are extending the timeline for reaching a more normalised compliance cost level to 2025 to allow us to prudently improve the resilience of Danske Bank.

Our roadmap for delivering a total income level of around DKK 43.5 billion and a cost level of around DKK 23.5 billion in 2023 builds on our strong position and solid momentum within Large Corporates & Institutions and our business customers segment, as well as our efforts to enhance digitalisation and tech industrialisation across the Group. In the short term, regaining momentum in relation to personal customers in Denmark is key, and something we need to do while also building the future retail bank across the Nordic countries and capitalising on our momentum in the MidCorp segment. We will leverage our market-leading position for Large Corporates & Institutions and capitalise on the growing activity shift from conventional balance sheet lending towards capital markets activity, including the transition to green products, which our strong franchise has allowed us to capitalise on and which will support more robust and capital-light income generation going forward.

Throughout this journey, it will be a priority to structurally bring down costs in a sustainable way and enhance capital efficiency without compromising the commercial momentum and income opportunities.

Financials

Total income was up 4% from the same period last year. The increase was driven mainly by a strong performance in our capital markets activities on the back of good customer activity, and we continued to support customers with advisory services and capital.

During the first nine months of 2021, we saw a flow into investments and the desired effect of our repricing initiatives in Denmark for both personal customers and the business segment. However, continuing margin pressure across the Nordic countries and lending product mix effects more than offset the repricing initiatives, keeping net interest income at a relatively stable level.

In the first nine months of 2021, we saw high net fee income generated by good customer activity and higher AuM in Asset Management. Continually strong activity in both debt and equity capital markets, which our leading platform has enabled us to capitalise on, further supported net fee income. We therefore reaffirmed our number one position as the leading Nordic bank in terms of supported volumes in the first nine months of 2021 within debt capital markets and continued to capture market shares from our competitors within equity capital markets business.

Net trading income declined in the first nine months of 2021 from the level in the same period last year. This was a reflection of higher trading income in the second and third quarters of last year amid volatile markets and higher customer activity, as well as of less income momentum towards the end of the second quarter this year.

Danica Pension saw good momentum during the first nine months of 2021, driven by good performance in the underlying business as well as higher returns on investments.

We continued to see a downward trend in costs in the first nine months of 2021, driven by cost initiatives launched during the past year, and operating expenses were lower than in the same period last year. As planned, our AML and compliance costs were lower as well, ensuring that we remain on the right trajectory.

Credit quality remained strong, and we continued to see more normalised impairment levels than in the first nine months of 2020. We saw a low level of actual credit deterioration in the first nine months of 2021, also for corona-affected and oil-related portfolios. These portfolios also benefited from model-driven reversals made as a result of better-than-expected macroeconomic developments. In 2020, impairments were affected by both exposure to the oil and gas industry and a significant change in the macroeconomic scenarios used to calculate expected credit losses following the outbreak of the pandemic. We have already made sufficient impairment charges for pandemic-related tail risks, however, it remains to be seen how both the rolling off of government support packages and tapering from the central banks, including the timing of these, might affect those businesses at which earnings are still catching up. Overall, we remain confident with our current management buffers.

Capital and funding

Our capital position remained strong with a total capital ratio of 23.4% and a CET1 capital ratio of 18.1%.

In the first nine months of 2021, the Group issued covered bonds of DKK 24.7 billion, senior debt of DKK 16.7 billion, non-preferred senior debt of DKK 4.4 billion, tier 2 capital of DKK 5.6 billion and additional tier 1 capital of DKK 4.5 billion, bringing total long-term wholesale funding to DKK 55.9 billion.

Enhancing our commercial progress

We continued our execution of the Better Bank plan by improving the customer experience. For personal and business customers, we improved the customer experience by leveraging our digital solutions and advisory services specialisation, for example by launching a new value proposition for mass affluent customers in the Personal Customers segment across all markets. Furthermore, we enhanced our affordability assessment for credit decision-making for personal customers in Denmark, leading to a smoother credit process and improved “time to yes”.

At Large Corporates & Institutions, we improved the customer experience and lifted capital efficiency for instance by increasing the productivity of the capital we deploy.

Within sustainable finance, we continued to see high demand for our services, resulting in a substantial number of transactions and affirming our position as the leading Nordic Bank within sustainable finance. For the first nine months, we arranged sustainable bonds in the amount of USD 10 billion for our customers.

In terms of our compliance agenda, we continued to make strong progress, especially within ‘Know your Customer’ (KYC) remediation. We have now reviewed more than 99% of the targeted customer remediation population and are on track for completion at our subsidiaries and for remaining customers, and we are now moving into a more ‘business-as-usual’ operating model. Furthermore, we have invested heavily in sustainability, effectiveness and customer experience in relation to how we perform KYC. In addition to the milestones reached in KYC remediation and controls, we have also achieved significant progress in our ongoing monitoring and screening controls/frameworks development.

Outlook for 2021

We maintain our expectation of a net profit of more than DKK 12 billion in 2021.

We expect total income in 2021 to be higher than the level last year, including the gain from the sale of Aiia.

Underlying expenses are expected to be lower than DKK 24.5 billion. Total expenses are expected to be slightly more than DKK 25 billion, including tax-related one-off items of DKK 0.7 billion, of which DKK 0.2 billion will be recognised in the second half of the year.

Loan impairments are expected to be no more than DKK 0.75 billion, given a better-than-expected macroeconomic recovery and overall improved credit quality.

The outlook is subject to uncertainty and depends on economic conditions, including government support packages.

Financial review

First nine months 2021 vs first nine months 2020
Net profit increased to DKK 9,266 million (Q1-Q3 2020: DKK 3,139 million) due to a significant decrease in loan impairment charges achieved on the basis of strong credit quality combined with an increase in income driven by higher net fee income and net income from insurance business.

Income
Net interest income stood at DKK 16,498 million (Q1-Q3 2020: DKK 16,703 million). Net interest income saw a positive impact from the deposit repricing initiatives at Personal & Business Customers Denmark that were implemented at the beginning of 2021. Continuing margin pressure across the Nordic countries and lending product mix effects, however, more than offset the effect of the repricing initiatives, keeping net interest income at a relatively stable level. At Large Corporates & Institutions, we saw higher activity-driven net interest income and higher net interest income from undrawn committed credit facilities, just as the repricing of deposits in the third quarter had a positive effect.

Net fee income increased to DKK 9,700 million (Q1-Q3 2020: DKK 8,573 million). The strong activity in both debt and equity capital markets we have seen in the past quarters continued, and our leading platform has enabled us to capitalise on this trend. Assets under management increased from the level in the first nine months of 2020, which also had a positive impact on net fee income.

Net trading income decreased to DKK 3,111 million (Q1-Q3 2020: DKK 3,253 million). The decrease was due to high trading income in the second and third quarters of 2020 amid volatile markets and high customer activity but also less income momentum towards the end of the second quarter of 2021. A gain of DKK 227 million on the sale of VISA shares in the Group's private equity portfolio had a positive effect on net trading income.

Net income from insurance business amounted to DKK 1,576 million (Q1-Q3 2020: DKK 1,319 million). Income from insurance business had strong tailwind from higher returns on investments, and the underlying business within health and accident insurance is improving. Some of the effect was offset by a provision of DKK 267 million related to pension yield tax and an accounting correction of DKK 250 million related to brokerage fees.

Other income amounted to DKK 623 million (Q1-Q3 2020: DKK 497 million) due partly to our real estate agency *home* seeing good activity on the housing market.

Expenses
Operating expenses decreased to DKK 18,874 million (Q1-Q3 2020: DKK 19,332 million) and thus continued the downward trend into the first nine months of 2021. The decrease mainly reflects lower costs for transformation and consultancy but also our constant focus on lowering the cost base. As planned, our AML and compliance costs were lower as well, ensuring that we remain on the right trajectory. Provisions totalling DKK 500 million related to the VAT case in Sweden, following a ruling by the European Court of Justice, and a one-off investment of DKK 122 million to ensure good working-from-home conditions had a partly offsetting effect.

Loan impairments
Loan impairment charges in core activities were low in the first nine months of 2021, amounting to DKK 587 million (Q1-Q3 2020: DKK 6,287 million).

Impairments mainly reflected credit deterioration relating to individual customers, primarily in segments hit by the lockdown of societies in parts of 2021. The full effect of the corona crisis is, however, still uncertain and depends on possible changes in consumer spending patterns, upcoming payment of postponed VAT, the decrease in savings accumulated during the crisis and the further risk of lockdowns due to new variants of the corona virus. Impairments were still at a significantly lower level than in the first nine months of 2020.

Personal & Business Customers accounted for the main part of the loan impairment charges made in the first nine months of 2021, which were made against individual customer exposures as a result of the corona crisis, for instance in the hotel, restaurants and leisure segments. We continue to see more normalised impairment levels than in the first nine months of 2020, and on a quarterly basis, impairments were further down due to improving credit quality for individual customers.

At Large Corporates & Institutions, loan impairment charges fell significantly in the first nine months of 2021 from the level in the first nine months of 2020 owing to a decline in charges against exposures to customers in the oil and gas industry. Charges against exposures to customers outside the oil and gas industry were limited.

Loan impairment charges

	Q1-Q3 2021		Q1-Q3 2020	
(DKK millions)	Charges	% of net credit exposure[1]	Charges	% of net credit exposure[1]
Personal & Business Customers	454	0.04	2,069	0.18
Large Corporates & Institutions	230	0.10	3,916	1.91
Northern Ireland	-96	-0.25	295	0.72
Group Functions	-2	-0.05	7	0.17
Total core	**587**	**0.04**	**6,287**	**0.45**

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

In the second quarter of 2021, the Danish Financial Supervisory Authority (the Danish FSA) conducted an inspection of impairment charges made by the Danske Bank Group's unit in Northern Ireland (the Northern Bank subsidiary) against loans to business customers. The purpose of the inspection was to assess whether the unit had made adequate impairment charges at 31 December 2020, including in the light of the adverse effects of the corona crisis on the local and international economies. The Danish FSA also examined whether the loans were placed in the correct stages in accordance with the impairment rules. The Danish FSA assessed that Danske Bank's guidelines on staging of loans were generally satisfactory. A few errors had been made in calculations, but the Danish FSA found that the impairment charges made against the selected loans with objective evidence of credit impairment were generally adequate and necessary.

Lending and deposits

Lending amounted to DKK 1,801 billion, a decrease of 2% from the level at the end of 2020. At Personal & Business Customers, an increase in lending at Personal Customers Nordic was offset by a decrease in lending at Personal Customers Denmark, as customers repaid bank loans faster and switched to mortgage loans. The decline in lending at Large Corporates & Institutions was due to customers drawing less on a substantial number of the credit facilities committed last year in order to support customers in managing the impact of the corona crisis in step with the improvement of the economic outlook.

Deposits amounted to DKK 1,155 billion, down 3% from the level at the end of 2020. Deposits continued to be affected by low consumer spending, direct government support to customers and business customers having secured backup liquidity.

In Denmark, new gross lending, excluding repo loans, amounted to DKK 38.8 billion. Lending to personal customers accounted for DKK 11.8 billion of this amount.

Our market share of lending decreased in Denmark, Finland, Norway and Sweden. In Denmark, our market share of lending, excluding repo loans, decreased to 24.8% at the end of September 2021 (end-2020: 25.6%).

Our personal banking activities do not have the desired momentum, but we are confident that we have the ability to implement initiatives that will enable us to work in a more efficient and simple way, thereby improving our market position.

In Denmark, our market share of deposits decreased to 28.9% at the end of September 2021 (end-2020: 30.2%). In Sweden, our market share of deposits increased, whereas in Finland, our market share of deposits was lower than at the end of 2020. In Norway, the market share of deposits was on par with the level at end-2020.

Third quarter 2021 vs second quarter 2021

Net profit increased to DKK 3,334 million (Q2 2021: DKK 2,792 million), due mainly to a net reversal of loan impairment charges in the third quarter and lower operating expenses.

Net interest income increased to DKK 5,533 million (Q2 2021: DKK 5,515 million). The repricing of deposits, an improved interest rate environment and an increase in the number of interest days were partly offset by margin pressure in the personal customer and large corporates segments.

Net fee income continued its strong performance but decreased somewhat to DKK 3,106 million (Q2 2021: DKK 3,193 million). Net fee income was, however, still significantly higher than in the third quarter of last year.

Net trading income decreased to DKK 820 million (Q2 2021: 1,025 million). More challenging market making conditions for Large Corporates & Institutions and a seasonal decline in customer activity affected the development in trading income.

Net income from insurance business amounted to DKK 594 million (Q2 2021: DKK 491 million). The increase was due mainly to higher investment results for life insurance products, but the result was negatively affected by an accounting correction of DKK 250 million.

Operating expenses amounted to DKK 6,104 million (Q2 2021: DKK 6,497 million), a decrease of 6% from the level in the second quarter. The decrease was driven primarily by lower staff costs. In the second quarter, we recognised a provision of DKK 350 million related to the VAT case in Sweden following a ruling by the European Court of Justice.

Loan impairment charges were down further due to model-driven reversals as a result of better-than-expected macroeconomic developments. Loan impairments amounted to a net reversal of DKK 151 million (Q2 2021: a charge of DKK 240 million). Impairment charges relating to individual customer exposures subject to credit deterioration amounted to DKK 44 million. Personal & Business Customers accounted for a reversal of DKK 96 million (Q2 2021: a charge of DKK 116 million), with the decrease being driven by overall improvements in credit quality. Large Corporates & Institutions accounted for a net reversal of DKK 22 million (Q2 2021: a charge of DKK 183 million), a decrease from the second quarter due to overall improvements in credit quality, and impairments remained at a significantly lower level than in the third quarter of 2020.

Credit exposure and credit quality
Credit exposure from lending activities in core segments decreased to DKK 2,629 billion (end-2020: DKK 2,728 billion), as higher activity among personal customers in Norway was more than offset by lower activity among personal customers in Denmark in particular and at Large Corporates & Institutions, combined with lower deposits with central banks.

Credit quality remained strong in the first nine months of 2021, supported by a slightly positive rating trend. However, we remain vigilant for any possible deterioration as the uncertainty associated with the corona crisis remains. Large Corporates & Institutions has actively reduced its net oil-related exposure (excluding oil majors) by 51% since the end of 2019.

Total net non-performing loans (NPL) decreased slightly from the level at the end of 2020, driven mainly by a lower level of NPL in the transportation, agriculture and hotels, restaurants and leisure industries, offsetting higher NPL in the Personal Customers segment driven by the introduction of a new Loss Given Default (LGD) model.

The NPL coverage ratio increased to 83.4% from 75.2% at the end of 2020 due to higher collateral to cover NPLs.

The risk management notes on pp. 51-63 provide more information about non-performing loans.

Non-performing loans (NPL) in core segments (DKK millions)	30 Sep. 2021	31 Dec. 2020
Gross NPL	31,552	31,776
NPL allowance account	12,876	12,934
Net NPL	**18,676**	**18,842**
Collateral (after haircut)	**16,122**	**14,567**
NPL coverage ratio (%)	83.4	75.2
NPL coverage ratio of which is in default (%)	99.8	100.0
NPL as a percentage of total gross exposure (%)	1.2	1.2

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

Allowance account by business units	30 Sep. 2021		31 Dec. 2020	
(DKK millions)	Accum. impairm. charges	% of net credit exposure[1]	Accum. impairm. charges	% of net credit exposure[1]
Personal & Business Customers	15,956	1.02	15,773	1.01
Large Corporates & Institutions	5,360	1.89	5,777	1.84
Northern Ireland	898	1.52	990	1.87
Group Functions	14	0.28	15	0.31
Total	**22,228**	**1.16**	**22,554**	**1.15**

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

Capital ratios and requirements
At the end of September 2021, the total capital ratio was 23.4%, and the CET1 capital ratio was 18.1%, against 23.0% and 18.3%, respectively, at the end of 2020. The movement in the capital ratios during the first nine months of 2021 was driven mainly by an increase in the total REA, which was partly countered by the realised net profit and a decline in the capital deduction for Danica Pension. The total capital ratio was further affected by the issuing of an additional tier 1 capital instrument in May 2021 combined with net issues of tier 2 capital, resulting in a 0.4 percentage points increase in the total capital ratio.

During the first nine months of 2021, the total REA increased approximately DKK 33 billion, due mainly to further implementation of EBA guidelines.

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

At the end of September 2021, the Group's solvency need ratio was 12.4%, a slight decrease of 0.2 percentage points from the level at the end of 2020.

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

A combined buffer requirement (CBR) applies in addition to the solvency need ratio. At the end of September 2021, the Group's combined capital buffer requirement was 5.6%.

Capital ratios and requirements (% of the total REA)	30 Sep. 21	Fully phased-in*
Capital ratios		
CET 1 capital ratio	18.1	17.9
Total capital ratio	23.4	23.2
Capital requirements (incl. buffers)**		
CET 1 requirement	13.1	13.9
- portion from countercyclical buffer	0.1	0.9
- portion from capital conservation buffer	2.5	2.5
- portion from SIFI buffer	3.0	3.0
Solvency need ratio	12.4	12.4
Total capital requirement	**18.0**	**18.7**
Excess capital		
CET 1 capital	5.0	4.0
Total capital	5.4	4.5

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

*** The total capital requirement consists of the solvency need ratio and the combined buffer requirement. The fully phased-in countercyclical capital buffer is based on the buffer rates announced at the end of September 2021.*

In June 2021, the Danish Minister for Industry, Business and Financial affairs reactivated the countercyclical buffer at 1.0% from 30 September 2022, while the Norwegian Ministry of Finance raised their national buffer requirement to 1.5%, effective from 30 June 2022. In September 2021, the Swedish FSA also decided to increase the countercyclical buffer rate to 1.0%, effective as of 29 September 2022. This will increase the Group's CBR by 0.8 percentage points. Consequently, the fully phased-in countercyclical buffer requirement will be 0.9%, bringing the fully phased-in CET1 requirement to 13.9%.

The calculation of the solvency need ratio and the combined capital buffer requirement is described in more detail in section 5 of Risk Management 2020, which is available at danskebank.com/ir.

Minimum requirement for own funds and eligible liabilities
The Group received an updated decision from the Danish FSA on the minimum requirement for own funds and eligible liabilities (MREL) on 28 December 2020 based on Q2 2020 data. The requirement is set at two times the solvency need and one time the SIFI buffer and capital conservation buffer. Further, the CBR must now be met in addition to the MREL. At the end of September 2021, the point-in-time requirement including the CBR was equivalent to DKK 248 billion, corresponding to 35.9% of the REA adjusted for Realkredit Danmark. Taking the deduction of capital and debt buffer requirements in Realkredit Danmark into account, MREL eligible liabilities amounted to DKK 286 billion.

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

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

At the end of September 2021, the subordination requirement was equivalent to DKK 212 billion. Subordinated MREL-eligible liabilities stood at DKK 256 billion.

Leverage ratio
A minimum leverage ratio requirement of 3% was implemented in the second quarter of 2021 with the adoption of Capital Requirements Regulation II (CRR II). At the end of September 2021, the Group's leverage ratio was 4.8% under both the transitional rules and the fully-phased in rules.

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

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

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

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

Funding and liquidity
Market attention is gradually shifting away from the impact of the corona pandemic to traditional themes such as inflation and central bank monetary policies. Following post-summer constructive demand for debt issuance, Danske Bank decided to issue senior bonds for USD 2 billion in the Rule 144A format.

By the end of September 2021, the Group had issued covered bonds of DKK 24.7 billion, senior debt of DKK 16.7 billion, non-preferred senior debt of DKK 4.4 billion, tier 2 capital of DKK 5.6 billion and additional tier 1 capital of DKK 4.5 billion, bringing total long-term wholesale funding to DKK 55.9 billion.

Our strategy of securing more funding directly in our main lending currencies, including NOK and SEK, remains in place, but we will also utilise central bank facilities to obtain funding in the most cost-efficient manner.

We plan for regular issues in the EUR benchmark format in covered bonds, senior and non-preferred senior bonds as well as issues in the domestic USD market for senior and non-preferred senior bonds in the Rule 144A format. The benchmark issues are expected to be supplemented by private placements of bonds.

From time to time, we will issue in GBP, JPY, CHF and other currencies when market conditions allow. Issuance plans for subordinated debt in either the additional tier 1 or tier 2 formats will depend on balance-sheet growth and redemptions on the one side and our capital targets on the other. Any issuance of subordinated debt may cover part of our funding need. Note G6 provides more information about the issuing of bonds in 2021.

Danske Bank's liquidity position remained robust. Stress tests show that we have a sufficient liquidity buffer well beyond 12 months. At the end of September 2021, our liquidity coverage ratio stood at 161% (31 December 2020: 154%), with an LCR reserve of DKK 664 billion (31 December 2020: DKK 710 billion).

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

At 30 September 2021, the total nominal value of outstanding long-term funding, excluding equity-accounted additional tier 1 capital and debt issued by Realkredit

Danmark, was DKK 359 billion (31 December 2020: DKK 369 billion).

The Supervisory Diamond

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

At the end of September 2021, Danske Bank was in compliance with all threshold values. A separate report is available at danskebank.com/ir.

Realkredit Danmark also complies with all threshold values.

New regulation

In December 2017, the Basel Committee on Banking Supervision (BCBS) published the final and revised standards for REA calculations (Basel IV). Due to the corona crisis, the BCBS has delayed the implementation of the Basel IV standards from 2022 to 2023. This has also delayed the process for implementation of the standards in the EU. The EU Commission thus published a legislative proposal for implementing the Basel IV on 27 October 2021.

The Group is currently reviewing the recent EU Commission proposal on Basel IV and will return with guidance in Annual Report 2021. However, the objective of our capital planning is to ensure that the Group maintains compliance with regulatory capital requirements both in the short term and in the long term and in a severe downturn scenario. This includes taking into account future regulatory requirements. As to the impact of Basel IV, the REA increases due to the Group's implementation of the EBA guidelines have resulted in a significant decrease of the expected impact. Our capital planning takes into account the expected impact of the initial EU implementation of Basel IV. The estimated Basel IV impact is still subject to significant uncertainty as to the final EU implementation of Basel IV as well as future balance sheet developments.

As part of the European Banking Authority's (EBA) roadmap to enhance internal models used to calculate credit risk, Danske Bank has started implementing the revised set of EBA guidelines and technical standards. For the first nine months of 2021, we saw the REA increase by around DKK 18 billion due to the EBA roadmap. We expect further increases in the fourth quarter of 2021 of a smaller magnitude as for the third quarter of 2021, all else equal. Going forward, we do not expect any significant impact from the EBA Guidelines.

Credit ratings

The credit ratings of the Danske Bank Group from Fitch Ratings, Moody's Investors Service and S&P Global are unchanged from the ratings published in Interim report – first half 2021.

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

**Revised 13 July 2021*

ESG ratings

On 28 September 2021, MSCI upgraded Danske Bank to BBB from BB due to an improvement in the score related to Social factors and an improvement in the score related to Governance factors.

ESG rating agency	Score at 30 Sep. 2021	Score at 31 Dec. 2020
CDP Worldwide, UK	B	B
ISS ESG, USA	C Prime	C+ Prime
MSCI ESG Ratings, USA	BBB	BB
Sustainalytics, USA	Medium Risk	High Risk
Vigeo Eiris, France	64	64

Estonia case

The internal investigation at Danske Bank was completed in the fourth quarter of 2020, and Danske Bank has reported the findings to the relevant authorities investigating Danske Bank. We continue to fully cooperate and will provide the authorities with further information if and when requested. The overall timing of the authorities' investigations remains unknown and is not within Danske Bank's control.

Update on the debt collection case

At 8 October 2021, we had reviewed 99.9% of the 197,000 customer cases in our debt collection systems for which there is a risk of overcollection as a result of the data errors originally identified. The review has shown that actual overcollection has taken place for approximately 7,000 of these customers.

The customer cases yet to be reviewed, approximately 240, require additional quality assurance due to their complexity, and we expect to have resolved these cases well before the end of the year.

As we have communicated on an ongoing bases, our investigation of the data errors originally identified has also uncovered a number of potential additional issues that we are still investigating, which means that the number of customers who are expected to be eligible for compensation is increasing. We will continue to update affected customers and other stakeholders on our progress on the debt collection matter.

It is not considered necessary to make any additional provisions.

Danske Bank merges MobilePay with other mobile payment providers
At the end of June 2021, Danske Bank A/S announced that it had entered into an agreement with OP Financial Group in Finland and the consortium of banks behind Vipps in Norway to merge the three mobile payment providers MobilePay, Vipps and Pivo. The merger is conditional on approval by the relevant authorities, including the European Commission. Final approval is expected in the first half of 2022. Consequently, the expected one-off gain of approximately DKK 400-500 million is not included in our current outlook for the full year.

Private banking activities in Luxembourg
On 1 July, we announced that Danske Bank had entered into an agreement with Union Bancaire Privée, UBP SA, on the sale of the business activities of Danske Bank International S.A. in Luxembourg. The sale is expected to result in a one-off gain for Danske Bank of approximately DKK 250 million and is conditional on approval by the relevant authorities. Final approval is expected in the first quarter of 2022.

The sale of shares in Aiia
On 7 September, Mastercard entered into an agreement to buy fintech company Aiia. As part of the transaction, Danske Bank A/S has agreed to sell its shares in Aiia to Mastercard. The sale is expected to result in a one-off gain for Danske Bank A/S of approximately DKK 150 million. The sale is conditional on approval by the relevant authorities, which is expected by the end of 2021.

Personal & Business Customers

The gradual reopening of societies after the coronavirus pandemic lockdown gave rise to increased activity among our personal customers. However, among our business customers, subdued activity still lingers, and we have not yet seen credit demand return to pre-pandemic levels.

The first nine months of 2021 saw an increase in profit before tax, which was up DKK 2,116 million from the same period last year, due primarily to lower loan impairment charges.

Personal & Business Customers (DKK millions)	Q1-Q3 2021	Q1-Q3 2020	Index 21/20	Q3 2021	Q2 2021	Index Q3/Q2	Q3 2020	Index 21/20	Full year 2020
Net interest income	11,755	12,108	97	3,988	3,887	103	4,079	98	16,018
Net fee income	4,805	4,666	103	1,538	1,516	101	1,392	110	6,080
Net trading income	496	422	118	184	162	114	138	133	575
Other income	614	538	114	202	216	94	176	115	702
Total income	17,670	17,734	100	5,913	5,782	102	5,785	102	23,375
Operating expenses	10,832	11,397	95	3,544	3,650	97	3,837	92	15,716
Profit before loan impairment charges	6,838	6,337	108	2,368	2,132	111	1,948	122	7,659
Loan impairment charges	454	2,069	22	-96	116	-	599	-	1,996
Profit before tax	**6,383**	**4,267**	**150**	**2,464**	**2,016**	**122**	**1,349**	**183**	**5,663**
Loans, excluding reverse transactions before impairments	1,522,000	1,503,063	101	1,522,000	1,528,944	100	1,503,063	101	1,532,786
Allowance account, loans	14,206	14,221	100	14,206	14,434	98	14,221	100	13,957
Deposits, excluding repo deposits	693,548	666,763	104	693,548	702,466	99	666,763	104	685,609
Covered bonds issued	1,042,506	1,045,482	100	1,042,506	1,045,691	100	1,045,482	100	1,058,209
Allocated capital (average)	74,150	69,269	107	74,136	75,292	98	68,104	109	68,929
Net interest income as % p.a. of loans and deposits	0.71	0.76	-	0.72	0.71	-	0.75	-	0.75
Profit before loan impairment charges as % p.a. of allocated capital	12.3	12.2	-	12.8	11.3	-	11.4	-	11.1
Profit before tax as % p.a. of allocated capital (avg.)	11.5	8.2	-	13.3	10.7	-	7.9	-	8.2
Cost/income ratio (%)	61.3	64.3	-	59.9	63.1	-	66.3	-	67.2
Full-time-equivalent staff*	6,669	6,870	97	6,669	6,826	98	6,870	97	6,913

**Number of full-time-equivalent staff has increased somewhat due to a change in calculation methods from August 2021.*

Assets under management (DKK millions)									
Assets under custody	**681,626**	**544,708**	**125**	**681,626**	**672,649**	**101**	**544,708**	**125**	**596,467**

Fact Book Q3 2021 provides financial highlights at customer type level for Personal & Business Customers. Fact Book Q3 2021 is available at danskebank.com/ir.

In the first nine months of 2021, the focus at Personal & Business Customers was on continuing the execution of the Better Bank plan and releasing the potential of the new commercial organisation. The main areas of focus were scalability and faster time to market through improvement of the customer experience achieved by leveraging our digital solutions and advisory services specialisation.

In the third quarter of 2021, we launched a new value proposition for mass affluent customers in the Personal Customers segment across all markets. The offer consists of access to wealth management advice from a specialised asset adviser, the 360º digital wealth planning tool and a wealth plan. The offering combines strong digital solutions with advisory services to release the customers' financial potential.

In Denmark, we continued our efforts to be the preferred bank for homeowners with two important deliverables. The FlexLife fixed-rate mortgage loan provided by Realkredit Danmark passed DKK 20 billion in loan agreements. We also began the journey of improving our digital self-service solutions in the mortgage credit area by enabling customers to initiate remortgaging calculations at rd.dk. Furthermore, we adjusted the criteria for assessing the amount available for consumption when a decrease occurs in connection with customers taking out a loan for a home purchase or for home improvements. We are moving towards a more individual approach, which is part of ensuring the best possible customer experience.

We also took yet another step towards making day-to-day banking easy by introducing a new feature in Danske Mobile Banking that allows the customer to split a payment into different consumption items in the spending overview to get a more accurate picture. Furthermore, we introduced payment with the Dankort card via Apple Pay, which had previously only accepted Mastercard and Visa cards.

In both Sweden and Denmark, another digital offering accelerated. Our investment app June experienced high growth in the first nine months of 2021. June is investments made easy, providing customers as well as non-customers with a digital self-service solution. The growth was further accelerated by the repricing of deposits, which created a flow into our package products.

Across the Nordic countries, partnerships continue to be a key driver of growth. And in the third quarter, we successfully entered into a new partnership with members of the Norwegian Journalists' Association. In Finland, we extended our agreement with Akava.

In the third quarter of 2021, we continued to accelerate our ability to serve our business customers remotely across all markets, partly driven by increased customer demand as a result of the pandemic.

We are thus moving forward by leveraging our high satisfaction rates within digital solutions, securing scalability and a better customer experience.

Going forward, we will further focus on expanding and leveraging our strong digital solutions for our business customers, making sure that customers are empowered through self-service options via our core customer platform District. We will strengthen the customer relationship, for instance advisory services within the sustainability area, which continues to be a top strategic priority and in high demand from customers.

In Denmark, we have experienced an acceleration within green financing, and Realkredit Danmark lending in the form of green mortgage loans for properties in Denmark has now passed the DKK 10 billion mark. In 2019, Realkredit Danmark was the first mortgage credit institution in Denmark to offer green financing of environmentally friendly properties.

First nine months 2021 vs first nine months 2020

Profit before tax amounted to DKK 6,383 million, (Q1-Q3 2020: DKK 4,267 million), mainly as a result of a decrease in loan impairment charges.

Net interest income decreased 3% due to margin pressure and a challenged interest rate environment across the Nordic countries as well as a lower funding value of deposits across all markets. These effects were only partly mitigated by growing volumes and repricing initiatives for deposits.

Net fee income stood at DKK 4,805 million, an increase of 3% (Q1-Q3 2020: DKK 4,666 million). This was driven by an increase in investment activity and growth in assets under management. Some of the effect was somewhat countered by lower income from a distribution agreement at Banking Finland.

Net trading income increased to DKK 496 million (Q1-Q3 2020: DKK 422 million) due to higher foreign exchange activity in line with the reopening of the societies in which we operate.

Other income amounted to DKK 614 million (Q1-Q3 2020: DKK 538 million). The increase was due primarily to our real estate agency *home* seeing good activity in the housing market in the first nine months of 2021.

Operating expenses decreased 5% as a result of lower costs in relation to the Better Bank transformation.

Loan impairment charges amounted to DKK 454 million (Q1-Q3 2020: DKK 2,069 million), and impairments thus continued the trend from the second quarter of 2021 and returned to a more normal level. The impairment charges for the first nine months of 2021 were driven mainly by charges against individual customer exposures made as a result of the corona crisis as well as model adjustments.

Third quarter 2021 vs second quarter 2021

Profit before tax in the third quarter amounted to DKK 2,464 million, an increase of DKK 448 million, due primarily to a net reversal of loan impairment charges.

Net interest income amounted to DKK 3,988 million (Q2 2021: DKK 3,887 million), an increase of 3%, which was driven by the repricing of deposits.

Net fee income was flat from the preceding quarter, and the high level of activity seen in the second quarter thus continued into the third.

Operating expenses were on par with expenses in the second quarter of 2021.

The third quarter saw loan impairment reversals of DKK 96 million (Q2 2021: a charge of DKK 116 million). The decrease in impairment charges was attributable to fewer charges against individual customer exposures made as a result of the corona crisis and reversals due to an overall strengthening of credit quality.

Lending volumes were on par with volumes in the second quarter of 2021 as the need for credit facilities continued to be at a low level among business customers, who were generally helped by government support packages. For personal customers, we saw a slight increase.

Deposit volumes decreased across all markets. For personal customers in Denmark, the development was driven largely by repricing. We assisted our customers with advisory services to discuss alternative possibilities for investing excess liquidity.

Large Corporates & Institutions

Economic activity improved during the first nine months of 2021 as societies gradually opened up, which translated into high customer activity within capital markets advisory services and strong growth in demand for sustainable finance and investment solutions. We continued to work alongside our customers to help them adjust to the post-pandemic operating environment and to the sustainability transition. This led to a continued number one position among Nordic banks within both debt and equity capital markets transactions in terms of volumes supported in the first nine months of 2021– ensuring record-high fee income from our capital markets activities.

The first nine months of 2021 saw an increase in profit before tax, which was up DKK 4,123 million from the same period last year and amounted to DKK 4,900 million due to significantly lower loan impairment charges and higher income.

Large Corporates & Institutions (DKK millions)	Q1-Q3 2021	Q1-Q3 2020	Index 21/20	Q3 2021	Q2 2021	Index Q3/Q2	Q3 2020	Index 21/20	Full year 2020
Net interest income	3,553	3,767	94	1,161	1,177	99	1,319	88	5,034
Net fee income	4,720	3,735	126	1,499	1,621	92	1,165	129	5,911
Net trading income	2,417	2,735	88	565	749	75	1,101	51	3,485
Other income	2	8	25	-	1	-	-	-	6
Total income	10,692	10,246	104	3,225	3,548	91	3,585	90	14,437
Operating expenses	5,562	5,553	100	1,811	1,900	95	1,861	97	7,672
Profit before loan impairment charges	5,129	4,693	109	1,414	1,648	86	1,724	82	6,764
Loan impairment charges	230	3,916	6	-22	183	-	399	-	4,619
Profit before tax	**4,900**	**777**	**-**	**1,436**	**1,465**	**98**	**1,325**	**108**	**2,146**
Loans, excluding reverse trans. before impairments	244,046	262,505	93	244,046	240,407	102	262,505	93	271,359
of which loans in General Banking	220,608	227,626	97	220,608	218,520	101	227,626	97	225,067
Allowance account, loans (incl. credit institutions)	3,974	5,357	74	3,974	4,197	95	5,357	74	4,557
Deposits, excluding repo deposits	376,909	389,150	97	376,909	403,958	93	389,150	97	433,090
of which deposits in General Banking	330,126	333,554	99	330,126	358,474	92	333,554	99	378,939
Covered bonds issued	26,862	22,204	121	26,862	21,682	124	22,204	121	22,728
Allocated capital (average)	44,156	45,275	98	42,916	45,003	95	45,159	95	44,825
Net interest income as % p.a. of loans and deposits	0.72	0.80	-	0.76	0.69	-	0.78	-	0.79
Profit before loan impairment charges as % p.a. of allocated capital	15.5	13.8	-	13.2	14.6	-	15.3	-	15.1
Profit before tax as % p.a. of allocated capital (avg.)	14.8	2.3	-	13.4	13.0	-	11.7	-	4.8
Cost/income ratio (%)	52.0	54.2	-	56.2	53.6	-	51.9	-	53.1
Full-time-equivalent staff*	2,716	2,618	104	2,716	2,565	106	2,618	104	2,553

** Number of full-time-equivalent staff has increased somewhat due to a change in calculation methods from August 2021.*

Total income (DKK millions)									
General Banking	4,647	4,725	98	1,535	1,549	99	1,638	94	6,322
Markets	2,904	3,441	84	685	1,029	67	1,265	54	4,345
of which xVA*	54	166	33	-40	-	-	314	-	309
Asset Management	1,741	1,423	122	637	550	116	470	136	2,555
of which performance fees	80	12	-	25	31	81	1	-	640
Investment Banking & Securities (IBS)	1,399	657	213	368	421	87	212	174	1,214
Total income	**10,692**	**10,246**	**104**	**3,225**	**3,548**	**91**	**3,585**	**90**	**14,437**

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

Assets under management (DKK millions)									
Institutional clients	478,051	437,409	109	478,051	481,278	99	437,409	109	464,890
Retail clients	313,311	272,518	115	313,311	307,797	102	272,518	115	288,207
Total assets under management*	**791,362**	**709,926**	**111**	**791,362**	**789,075**	**100**	**709,926**	**111**	**753,097**

** Includes assets under management from Group entities.*

Following the launch of our new agile development organisation and the reorganising of our business units earlier in the year, we continued our efforts in the third quarter to improve the customer experience and lift capital efficiency at Large Corporates & Institutions in order to contribute to the Group's overall return ambition.

During the third quarter, for the 6th year, Kantar Prospera reaffirmed Danske Bank as the bank achieving the highest customer satisfaction within foreign exchange services in the Nordic market. Combined with our number one positions within Cash Management and Trade Finance, this underpins the strength of and high customer satisfaction with our day-to-day corporate banking offering. It is our ambition to continuously improve our services and help customers make their work day easy. As a result, earlier in the year, we merged our Transaction Banking and Foreign Exchange business to create an even more holistic offering for Nordic treasury teams. We also continued to develop District – our financial platform helping corporates and institutions get a full overview of their finances across banks and borders.

In order to grow capital-light services, we have invested in building a strong capital markets advisory offering across the Nordic markets with a heightened focus on advice relating to the sustainability transition. As customers continued to utilise the positive market sentiment to raise capital in the financial markets also during the third quarter, we reaffirmed our number one position as the leading Nordic bank in terms of supported volumes in the first nine months of 2021 across both debt and equity capital markets. The improved operating environment, however, also led customers to draw less on their credit facilities. This illustrates the value of our diversified business model, as higher net fee income compensated for lower net interest income.

Sustainable finance continued to be in high demand, and we supported issuers and investors in a substantial number of transactions, affirming our position as the leading Nordic bank within sustainable finance. Activity was high across business areas, and we are proud to be ranked number one among the Nordic banks within arranging of both sustainability-linked loans and sustainable bonds in terms of volumes supported. In the first nine months of 2021, we arranged sustainable bonds in the amount of USD 10 billion for our customers, which is more than we have ever arranged in a full year. As a part of our 2023 ambitions, we aim to reach DKK 400 billion in funds that promote environmental and/or social characteristics and ensure good governance (Article 8 funds) and DKK 150 billion in financial products with a sustainable investment objective (Article 9 funds). To promote customer investment in sustainable products, we now have six index funds labelled as Article 9 and more than 90 ESG funds labelled as either Article 8 or Article 9. Furthermore, we have re-certified 63 of our funds for the LuxFLAG ESG-label and remain the fund manager in Europe that has the largest number of LuxFLAG ESG-labelled funds.

First nine months 2021 vs first nine months 2020

Profit before tax increased to DKK 4,900 million (Q1-Q3 2020: DKK 777 million), as a result of significantly lower loan impairment charges and higher income.

Net interest income decreased to DKK 3,553 million (Q1-Q3 2020: DKK 3,767), due mainly to lower income from deposits, as the significant increase in volumes lowered the value of surplus deposits. Deposits have been repriced with effect from the third quarter to reflect the reduced funding value, and this has improved the margin and lifted net interest income by DKK 46 million from the second quarter of 2021, when taking the volume effect into consideration.

Higher activity-driven net interest income and higher net interest income from undrawn committed credit facilities more than compensated for the decline in net interest income from lending from the level in the same period last year.

Lending volumes declined 7% from the level in the first nine months of 2020. To support customers in managing the impact of the corona crisis, we committed substantial credit facilities towards the end of the first quarter and during the second quarter of last year. As the economic outlook has improved, customers are drawing less on their credit facilities, and the facilities provided last year are beginning to roll off. The impact on net interest income has, however, been partly mitigated by higher lending margins, as the facilities provided last year on average had lower margins.

Net fee income increased to DKK 4,720 million (Q1-Q3 2020: DKK 3,735 million), reflecting record-high fee income from capital markets activities and increased assets under management. Assets under management increased 11% from the level in the first nine months of 2020, driven by rising asset prices. During the first nine months of 2021, Asset Management realised positive net sales in the retail segment for the fourth consecutive quarter, whereas there was a net outflow in the institutional segment.

Net trading income declined 12% from the level in the first nine months of 2020, reflecting both that trading income was high in the second and third quarters of 2020 amid volatile markets and high customer activity, but also that there was a lower level of income momentum towards the end of the second quarter of 2021.

Operating expenses were broadly unchanged from the level in the same period last year, as lower underlying expenses almost compensated for higher accrued performance-based compensation.

Overall credit quality remained strong. During the first nine months of 2021, the general rating trend was slightly positive, and loan impairment charges amounted to a net charge of DKK 230 million, a notable decrease from the level in the first nine months of 2020 (Q1-Q3 2020: DKK 3,916 million). Since the fourth quarter of 2019, we have actively reduced net oil-related exposure (excluding oil majors) by 51%.

Third quarter 2021 vs second quarter 2021

Profit before tax declined slightly to DKK 1,436 million (Q2 2021: DKK 1,465 million) as a result of lower income.

Net interest income was broadly unchanged from the second quarter, as higher deposit margins, following the repricing of deposits in July, mitigated the effects of lower activity-driven net interest income and lower net interest income from lending.

Net fee income amounted to DKK 1,499 million (Q2 2021: DKK 1,621 million), a decline from the high level in the second quarter, when performance was very strong in Investment Banking & Securities. Net fee income was, however, still significantly higher than in the same quarter last year, as performance remained strong across capital markets and in Asset Management.

Net trading income amounted to DKK 565 million (Q2 2021: DKK 749 million), reflecting a lower level of income momentum, especially in Rates & Credit, but also a seasonal decline in customer activity during the summer.

Reversals of loan impairments amounted to DKK 22 million in the third quarter, against charges of DKK 183 million in the second quarter of 2021. The reversal in the third quarter of 2021 related primarily to impairments against individual exposures, but all effects are very small compared with those of previous periods.

Danica Pension

There was cause for enthusiasm for our customers in the first nine months of 2021, as they achieved high returns. In fact, our return was at the top of the market. However, the end of the third quarter was also characterised by uncertainty and nervousness in the financial markets. We saw significant growth in premiums as well as an inflow of new large business customers, which shows that we have a strong position in the market. The inflow of new customers and the increase in assets under management will help support Danica Pension and the Group's ambitions for the future.

Danica Pension generated a solid financial result in the first nine months of 2021, delivering good returns to both our customers and to the Group. Profit was up 19% from the level in the same period last year due to improved health and accident business, good investments results and a healthy underlying business that is growing rapidly.

Danica Pension (DKK millions)	Q1-Q3 2021	Q1-Q3 2020	Index 21/20	Q3 2021	Q2 2021	Index Q3/Q2	Q3 2020	Index 21/20	Full year 2020
Result, life insurance	1,863	1,948	96	550	528	104	670	82	2,517
Result, health and accident insurance	-202	-559	36	160	-72	-	-259	-	-643
Return on investments, shareholders' equity etc.	-26	-2	-	-94	68	-	84	-	-78
Net income before tax in Danica Pension[1]	**1,635**	**1,388**	**118**	**616**	**524**	**118**	**496**	**124**	**1,797**
Included within Group Treasury[2]	-59	-68	87	-22	-33	67	-74	30	-127
Net income from insurance business	**1,576**	**1,319**	**119**	**594**	**491**	**121**	**422**	**141**	**1,669**
Premiums, insurance contracts	27,201	21,249	128	9,369	9,233	101	6,647	141	28,958
Premiums, investment contracts	3,627	917	-	1,582	1,396	113	251	-	1,292
Provisions, insurance contracts	441,804	412,767	107	441,804	437,847	101	412,767	107	428,736
Provisions, investment contracts	35,775	26,322	136	35,775	34,731	103	26,322	136	29,525
Allocated capital (average)	13,121	13,611	96	12,411	13,133	95	14,344	87	13,735
Net income as % p.a. of allocated capital	16.0	12.9	-	19.1	15.0	-	11.8	-	12.2
Solvency coverage ratio	222	184	-	222	215	-	184	-	191
Full-time-equivalent staff[3]	963	815	-	963	859	-	815	-	817
Asset under management									
Life insurance	465,430	424,372	110	465,430	463,722	100	424,372	110	447,783
Health and accident insurance	17,362	16,665	104	17,362	17,079	102	16,665	104	16,822
Total[1]	**482,792**	**441,037**	**109**	**482,792**	**480,802**	**100**	**441,037**	**109**	**464,605**

[1] Figures are for the Danica Group.

[2] Includes the difference between the actual return on the investment of shareholders' equity (net of interest on subordinated debt) and the sum of interest on allocated capital and allocated capital and shareholder costs. Special allotments are also included (page 174 of Annual Report 2020 provides further information).

[3] Number of full-time-equivalent staff has increased somewhat due to a change in calculation methods from August 2021.

Danica Pension delivered strong returns to our customers, and assets under management increased 9% as a result of the favourable trend in the financial markets.

Danica Pension saw an increase in growth in premiums of 39% from the level in the same period last year, reflecting our strong position in the market and the fact that more business customers have chosen Danica Pension. The strong position is due to a very competitive combined value proposition that is based on solid investment returns, a strong advisory services platform, a leading portfolio of health solutions and our focus on ESG and green investments. An example of Danica Pension's strong position is a new five-year agreement with "Pension for Selvstændige", entered into in the third quarter of 2021 and continuing a partnership that has already lasted for more than 30 years.

As part of our health solutions, Danica Pension launched a new health package at the beginning of the year, which gives customers quick and easy access to online consultations with doctors, psychologists and dieticians. We know that early treatment of both mental and physical issues reduces the long-term consequences. Thus, it is our ambition that the early involvement of health personnel will lead to less long-term illness and ultimately have a positive effect on our health and accident results.

Danica Pension aims to ensure that its investments are carbon neutral by 2050. In the first quarter of 2021, Danica Pension set new sub-targets for investments focusing on reducing carbon intensity in key sectors towards 2025. These include the energy, supply, transportation, steel and cement sectors. Danica Pension's ambition is to help reduce carbon emissions in these key sectors by between 15% and 35% relative to 2019 levels.

First nine months 2021 vs first nine months 2020

Danica Pension saw good momentum during the first nine months of 2021, a momentum that was driven by good performance in the underlying business as well as higher returns on investments.

Net income from insurance business increased to DKK 1,576 million (Q1-Q3 2020: DKK 1,319 million), due primarily to a better result for the health and accident business.

The result of the life insurance business decreased to DKK 1,863 million (Q1-Q3 2020: DKK 1,948 million). Positive investment results on life insurance products where Danica Pension has the investment risk and an increase in fees resulting from higher assets under management have had a positive impact on the result in 2021. In the first nine months of 2021, life insurance products where Danica Pension has the investment risk benefited from an increase in the interest yield curve (including the volatility adjustment) and high returns on risky assets. An accounting correction of DKK 250 million had a negative effect on the result.

The result of the health and accident business improved to a loss of DKK 202 million (Q1-Q3 2020: a loss of DKK 559 million). The underlying business has improved, and the investment result increased considerably from the level in the first nine months of 2020, but this was offset by a provision for pension yield tax of DKK 267 million (Q1-Q3 2020: DKK 135 million).

The return on investments allocated to shareholders' equity etc. decreased DKK 24 million from the level in the first nine months of 2020, mainly because of lower investment results on investment assets and liabilities allocated to shareholders' equity.

Total premiums increased 39%, driven mainly by an increase in single premiums due to an inflow of new business customers.

Assets under management increased DKK 42 billion, due mainly to the positive developments in the financial markets.

Third quarter 2021 vs second quarter 2021

Net income from insurance business increased to DKK 594 million (Q2 2021: DKK 491 million). Compared with second-quarter results, the result of the life insurance business increased and the loss in the health and accident business decreased. The return on investments allocated to shareholders' equity declined in the third quarter.

The result of the life insurance business increased 4% but was negatively affected by an accounting correction of DKK 250 million. The increase was driven mainly by higher investment results on life insurance products where Danica Pension has the investment risk. In the third quarter, Danica Pension benefited from an increase in the interest yield curve (including the volatility adjustment) and high returns on risky assets.

The result of the health and accident business improved considerably in the third quarter. The underlying business improved, and the investment result was higher.

The return on investments allocated to shareholders' equity etc. decreased DKK 162 million as a result of lower returns on assets allocated to shareholders' equity.

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

Assets under management increased DKK 2 billion, due mainly to the positive developments in the financial markets.

Northern Ireland

In 2021, we continue forward with growing optimism, ensuring that Danske Bank is playing a key role in the economic recovery across Northern Ireland.

The first nine months of 2021 saw an increase in profit before tax, which was DKK 217 million higher than in the same period last year due to lower loan impairment charges.

Northern Ireland (DKK millions)	Q1-Q3 2021	Q1-Q3 2020	Index 21/20	Q3 2021	Q2 2021	Index Q3/Q2	Q3 2020	Index 21/20	Full year 2020
Net interest income	996	1,035	96	334	331	101	332	101	1,359
Net fee income	201	198	102	72	69	104	64	113	264
Net trading income	-13	91	-	-13	21	-	13	-	98
Other income	9	13	69	3	3	100	4	75	16
Total income	1,193	1,336	89	395	424	93	414	95	1,736
Operating expenses	937	905	104	367	294	125	310	118	1,212
Profit before loan impairment charges	257	431	60	29	129	22	103	28	524
Loan impairment charges	-96	295	-	-31	-57	54	43	-	378
Profit before tax	**353**	**136**	**260**	**60**	**187**	**32**	**60**	**100**	**146**
Loans, excluding reverse transactions before impairments	57,365	54,122	106	57,365	58,364	98	54,122	106	52,179
Allowance account, loans	857	883	97	857	911	94	883	97	890
Deposits, excluding repo deposits	99,665	81,360	122	99,665	99,772	100	81,360	122	84,158
Allocated capital (average)[1]	6,724	6,289	107	6,936	6,715	103	6,172	112	6,269
Net interest income as % p.a. of loans and deposits	0.87	1.06		0.85	0.86		0.99		1.02
Profit before tax as % p.a. of allocated capital (avg.)	7.0	2.9		3.5	11.1		3.9		2.3
Cost/income ratio (%)	78.5	67.7		92.9	69.3		74.9		69.8
Full-time-equivalent staff[2]	1,289	1,347	96	1,289	1,324	97	1,347	96	1,353

[1] *Allocated capital equals the legal entity's capital.*

[2] *Number of full-time-equivalent staff has increased somewhat due to a change in calculation methods from August 2021.*

Our strategic focus in Northern Ireland is to remain a growing, strong and risk-astute bank, consolidating our leading position in the market and growing via prudent and considered opportunities in the rest of the UK. The business continues to work towards becoming more efficient, geographically diverse and digitally orientated.

Earlier this year, we became one of the first banks in the UK to reintroduce a 95% loan-to-value mortgage product. We have followed this up by launching the UK's first mortgage product to be certified as carbon neutral by the Carbon Trust. To achieve carbon neutrality, we have committed to keep reducing our carbon footprint and, working with specialists ClimateCare, to offset any remaining emissions by investing in environmental projects. We have also increased our maximum mortgage term from 30 to 35 years to support customers, particularly first-time buyers as they seek to secure their first home.

Small business lending, excluding government-backed support loans, was up 4% year-on-year and is approaching pre-pandemic levels. Lending to larger businesses is more subdued, as many organisations continue to carry excess liquidity and delay growth plans to 2022.

Digital banking trends continue to accelerate in Northern Ireland. Digital channel logons increased 10% year-on-year at around 6 million logons per month, with payments from wearable technologies 54% higher than in the same period last year.

Looking forward, our focus will remain on working hard to improve service levels and ensure we are making banking easier for our customers across all channels.

First nine months 2021 vs first nine months 2020

Profit before tax increased to DKK 353 million (Q1-Q3 2020: DKK 136 million), driven by lower loan impairment charges, with the pre-impairments performance dominated by the impact of corona crisis-related restrictions on movement and activity.

While lending increased 6% and deposits saw an increase of 22%, net interest income decreased to DKK 996 million (Q1-Q3 2020: DKK 1,035 million), reflecting a sharp decline in UK interest rates that was offset by ongoing pricing actions.

Net fee income grew 2% to DKK 201 million (Q1-Q3 2020: DKK 198 million) including the benefit of pricing actions and despite low activity levels in the first half of the year.

Net trading income and other income were similarly impacted, although net trading income also reflects the impact of improving UK interest rate expectations on the bond portfolio.

Operating expenses were 4% higher at DKK 937 million (Q1-Q3 2020: DKK 905 million), reflecting the increased costs for Group supplied services, principally compliance, that was partially offset by ongoing local cost reduction initiatives.

Net loan impairment reversals for the first nine months were driven by an improved economic outlook, leading to a decrease in impairment charges for future losses.

Customer lending activity remains subdued aside from public sector balances with many personal and business customers continuing to pay off debt and holding additional liquidity, as reflected in deposit growth rates.

Third quarter 2021 vs second quarter 2021

Profit before tax decreased to DKK 60 million (Q2 2021: DKK 187 million), driven by higher loan impairment reversals in the second quarter and increased costs for Group supplied services.

Net interest income increased to DKK 334 million (Q2 2021: DKK 331 million) and net fee income increased to DKK 72 million (Q2 2021: DKK 69 million), reflecting continued improvement in commercial activity.

Net trading income was negative in the third quarter due to adverse mark-to-market movements on the bond portfolio given expectation of rising UK interest rates.

Operating expenses increased to DKK 367 million (Q2 2021: DKK 294 million), reflecting increased costs for Group supplied services, principly compliance related.

Lending activity remains subdued with many personal and business customers continuing to pay off debt and holding additional liquidity.

Non-core

Non-core includes mainly a legacy portfolio of liquidity facilities as well as a portfolio of commercial loans in Lithuania. The winding-up of the Non-core portfolios is proceeding according to plan. Total lending stood at DKK 2.4 billion at the end of September 2021, less than half the amount at the end of September 2020, which led to lower capital requirements for the Group. Profit before tax in the first nine months of 2021 amounted to DKK 23 million, against a negative DKK 483 million in the first nine months of 2020.

Non-core (DKK millions)	Q1-Q3 2021	Q1-Q3 2020	Index 21/20	Q3 2021	Q2 2021	Index Q3/Q2	Q3 2020	Index 21/20	Full year 2020
Total income	22	-87	-	22	4	-	19	116	-215
Operating expenses	82	209	39	28	24	117	44	64	293
Profit before loan impairment charges	-60	-296	20	-6	-19	32	-25	24	-508
Loan impairment charges	-83	187	-	-11	-17	65	12	-	88
Profit before tax	**23**	**-483**	**-**	**6**	**-3**	**-**	**-37**	**-**	**-596**
Loans, excluding reverse transactions before impairments[1]	2,429	5,441	45	2,429	2,475	98	5,441	45	3,083
Allowance account, loans	814	962	85	814	793	103	962	85	771
Deposits, excluding repo deposits	2,128	2,109	101	2,128	2,169	98	2,109	101	2,146
Allocated capital (average)	918	1,547	59	809	856	95	1,377	59	1,473
Net interest income as % p.a. of loans and deposits	0.56	1.09		0.10	0.40		1.57		0.96
Profit before tax as % p.a. of allocated capital (avg.)	3.3	-41.6		3.0	-1.4		-10.7		-40.5
Cost/income ratio (%)	372.7	-240.2		127.3	600.0		231.6		-136.3
Full-time-equivalent staff[2]	25	50	50	25	25	100	50	50	32

Loan impairment charges (DKK millions)									
Non-core banking[3]	-130	72	-	-11	-17	65	-14	79	-27
Non-core conduits etc.	47	115	41	-	-	-	27	-	116
Total	**-83**	**187**	**-**	**-11**	**-17**	**65**	**12**	**-**	**88**

[1] Comparative figures for loans, excluding reverse transactions before impairments, include loans held for sale in Lithuania.

[2] Number of full-time-equivalent staff has increased somewhat due to a change in calculation methods from August 2021.

[3] Non-core banking encompasses the Group's activities in Lithuania and Non-core Ireland.

First nine months 2021 vs first nine months 2020

Profit before tax amounted to DKK 23 million (Q1-Q3 2020: a loss of DKK 483 million). The improvement in the result was due mainly to the sale of a Latvian portfolio of commercial loans held by the Lithuanian branch and the corresponding net reversal of loan impairment charges in Lithuania as well as to a decrease in operating expenses. Further, the result for the first nine months of 2020 was affected by losses related to the final exit from Estonia.

After the sale of the Latvian portfolio of commercial loans previously held by the Lithuanian branch, the only portfolio remaining at the Lithuanian branch is a portfolio of commercial loans to local customers, for which amortisation is accelerated further.

At the end of September 2021, total lending amounted to DKK 2.4 billion. The sale of most of the Baltic loan portfolios resulted in a reduction of total lending at Non-core to less than half the amount at the end of September 2020, which led to lower capital requirements for the Group.

Third quarter 2021 vs second quarter 2021

The Non-core unit posted a profit before tax of DKK 6 million (Q2 2021: a loss of DKK 3 million). The increase was due primarily to an increase in total income, which was partly offset by lower loan impairment reversals and an increase in operating expenses.

In terms of the Group's private equity investments, the portfolio has been split into a core portfolio and a non-core portfolio, with the core portfolio representing strategic investments. The non-core portfolio has been transferred to the Non-core unit.

Group Functions

Group Functions includes Group Treasury, Technology & Services and other Group functions. The activities of Group Functions encompass the pricing of funding, allocation of funding costs for lending and deposit activities to the business units and the investment of shareholders' equity. In addition, this area includes other central Group Functions. The operating expenses related to these units are allocated to the business units. Further, Group Functions includes eliminations.

Group Functions (DKK millions)	Q1-Q3 2021	Q1-Q3 2020	Index 21/20	Q3 2021	Q2 2021	Index Q3/Q2	Q3 2020	Index 21/20	Full year 2020
Net interest income	195	-206	-	50	120	42	-153	-	-260
Net fee income	-26	-26	100	-4	-13	31	-4	100	-37
Net trading income	211	4	-	84	92	91	105	80	139
Other income	-2	-61	3	-39	41	-	8	-	-131
Total income	378	-289	-	91	241	38	-44	-	-289
Operating expenses	1,543	1,476	105	382	652	59	301	127	2,048
Impairment charges, other intangible assets	-	-	-	-	-	-	-	-	379
Profit before loan impairment charges	-1,165	-1,765	66	-291	-411	71	-346	84	-2,716
Loan impairment charges	-2	7	-	-2	-2	100	-23	9	8
Profit before tax	**-1,163**	**-1,772**	**66**	**-290**	**-409**	**71**	**-322**	**90**	**-2,723**

Profit before tax (DKK millions)									
Group Treasury*	280	-689	-	-2	88	-	-166	1	-754
Own shares and issues	-68	128	-	27	80	34	36	75	94
Additional tier 1 capital	350	434	81	118	117	101	117	101	550
Group support functions*	-1,725	-1,645	105	-432	-694	62	-309	140	-2,614
Total Group Functions	**-1,163**	**-1,772**	**66**	**-290**	**-409**	**71**	**-322**	**90**	**-2,723**

** Profit before tax for Group Functions and Group support functions for the second quarter of 2021 has been restated to reflect private equity investments in Group Treasury. From the third quarter, private equity investments are split into a core and a non-core part. The core part is included in Group Treasury.*

First nine months 2021 vs first nine months 2020

Profit before tax increased to a loss of DKK 1,163 million (Q1-Q3 2020: a loss of DKK 1,772 million). The improvement was due primarily to increases in net interest income and net trading income.

Net interest income stood at DKK 195 million (Q1-Q3 2020: a loss of DKK 206 million), due primarily to an increase in allocated liquidity costs at Group Treasury's Internal Bank following a number of corrective actions to reduce internal deposit compensation to the business units.

Net trading income increased to DKK 211 million (Q1-Q3 2020: DKK 4 million), driven by developments in unrealised market value adjustments on interest rate hedges subject to fair value accounting and higher income from core private equity investments.

Third quarter 2021 vs second quarter 2021

Group Functions posted a loss of DKK 290 million in the third quarter of 2021 (Q2 2021: a loss of DKK 409 million). The improved result was due primarily to a decrease in operating expenses, which was partly offset by a decrease in total income.

Net interest income decreased to DKK 50 million (Q2 2021: DKK 120 million), due primarily to an increase in central bank funding costs in connection with the Group's borrowings from the European Central Bank's targeted longer-term refinancing operations.

Net trading income decreased to DKK 84 million (Q2 2021: DKK 92 million) due primarily to lower returns on fixed income portfolios.

Operating expenses decreased to DKK 382 million (Q2 2021: DKK 652 million). The second quarter of 2021 was affected by a provision relating to the VAT case in Sweden of DKK 350 million.

Definition of alternative performance measures

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

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

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

Ratios and key figures	**Definition**
Dividend per share (DKK)	The dividend per share proposed in the Annual report and paid to shareholders in the subsequent year. Accordingly, for 2020, it is the dividend to be paid in 2021.
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 349 million (full-year 2020: DKK 551 million). The denominator represents equity, excluding additional tier 1 capital and other non-controlling interests equal to a reduction in the average of the quarterly average of equity of DKK 8,994 million (2020: 13,526 million) compared to a simple average of total equity (beginning and the end of the period).
Net interest income as % p.a. of loans and deposits	Net interest income in the financial highlights divided by the daily average of the sum of loans and deposits. If the ratio was calculated applying the sum of loans and deposits end of period, the ratio for Q3 2021 would be 0.74% (full-year 2020: 0.73%) due to the daily average of the sum of loans and deposits being DKK 55.6 billion higher (2020: DKK 124.8 billion lower) than calculating the ratio by applying the end of period sum of loans and deposits. The purpose of the ratio is to show if the growth in net interest income follows the growth in loans and deposits. The daily average is a more faithful representation of the growth in loans and deposits.
Cost/income ratio (C/I), (%)	Operating expenses, impairment charges on goodwill and impairment charges other intangible assets divided by total income. All amounts are from the financial highlights.
C/I, excluding impairment on intangible assets (%)	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 587 million (full-year 2020: DKK 7,001 million) from the financial highlights and annualised. The denominator is the sum of Loans at amortised cost of DKK 1,022.7 billion (2020: DKK 1,022.3 billion), Loans at fair value of DKK 816.3 billion (2020: DKK 802.6 billion) and guarantees of DKK 71.7 billion (2020: DKK 68.7 billion) at the beginning of the year, as disclosed in the column "Lending activities – core" in the "Breakdown of credit exposure" table in the notes to the financial statements. The ratio is calculated for each business unit.
Allowance account as % of 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 22.2 billion (2020: DKK 22.6 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 999.3 billion (2020: DKK 1,022.7 billion), Loans at fair value of DKK 803.4 billion (DKK 816.3 billion), and guarantees of DKK 76.2 billion (2020: DKK 71.7 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.
Market shares of lending and deposits	Market shares are based on data from central banks at the time of reporting. Comparative information is updated on the basis of the latest available data, for example Annual Report 2020 included November 2020 data for Finland and Norway as December 2020 data was not available at the time of publication of Annual Report 2020. This was subsequently updated to December 2020 data in Interim report – first quarter 2021.

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Income statement – Danske Bank Group

Note	(DKK millions)	Q1-Q3 2021	Q1-Q3 2020	Q3 2021	Q3 2020	Full year 2020
G4	Interest income calculated using the effective interest method	16,336	17,729	5,482	5,753	23,219
G4	Other interest income	28,874	31,144	9,559	8,845	41,133
G4	Interest expense	24,868	28,064	8,316	7,634	36,234
	Net interest income	20,342	20,809	6,725	6,965	28,118
G4	Fee income*	13,318	11,948	4,268	3,848	17,025
	Fee expenses	4,507	4,039	1,452	1,467	5,760
	Net trading income or loss*	23,185	5,979	4,313	9,311	21,962
G4	Other income**	4,087	3,361	1,214	1,590	4,360
	Net premiums	27,114	21,075	9,404	6,631	28,795
	Net insurance benefits	48,221	24,794	12,930	15,288	48,284
	Operating expenses	22,743	23,621	7,433	7,763	32,822
	Profit before loan impairment charges	12,575	10,718	4,109	3,826	13,393
G5	Loan impairment charges	504	6,474	-161	1,031	7,089
	Profit before tax	12,071	4,244	4,270	2,795	6,304
	Tax	2,805	1,105	936	692	1,715
	Net profit	**9,266**	**3,139**	**3,334**	**2,103**	**4,589**
	Portion attributable to					
	Shareholders of Danske Bank A/S (the Parent Company)	8,917	2,706	3,217	1,986	4,038
	Additional Tier 1 capital holders	349	433	117	117	551
	Net profit	**9,266**	**3,139**	**3,334**	**2,103**	**4,589**
	Earnings per share (DKK)	10.4	3.2	3.8	2.3	4.7
	Diluted earnings per share (DKK)	10.4	3.2	3.8	2.3	4.7
	Proposed dividend per share (DKK)	-	-	-	-	2.0

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

**The income statement is condensed compared to the Annual Report 2020. Note G4(c) includes further information concerning income line items.

Statement of comprehensive income – Danske Bank Group

(DKK millions)	Q1-Q3 2021	Q1-Q3 2020	Q3 2021	Q3 2020	Full year 2020
Net profit	9,266	3,139	3,334	2,103	4,589
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Remeasurement of defined benefit pension plans	331	64	-162	-326	304
Tax	21	7	110	109	-38
Items that will not be reclassified to profit or loss	**352**	**70**	**-52**	**-217**	**266**
Items that are or may be reclassified subsequently to profit or loss					
Translation of units outside Denmark	959	-4,312	-202	-732	-1,902
Hedging of units outside Denmark	-674	2,483	126	406	1,224
Unrealised value adjustments of bonds at fair value (OCI)	-303	176	-100	126	264
Realised value adjustments of bonds at fair value (OCI)	2	-12	-3	3	-12
Tax	72	165	39	19	-70
Items that are or may be reclassified subsequently to profit or loss	**56**	**-1,500**	**-140**	**-178**	**-496**
Total other comprehensive income	**408**	**-1,430**	**-192**	**-395**	**-230**
Total comprehensive income	**9,674**	**1,709**	**3,142**	**1,708**	**4,359**
Portion attributable to					
Shareholders of Danske Bank A/S (the Parent Company)	9,325	1,276	3,025	1,591	3,808
Additional Tier 1 capital holders	349	433	117	117	551
Total comprehensive income	**9,674**	**1,709**	**3,142**	**1,708**	**4,359**

Balance sheet – Danske Bank Group

Note	(DKK millions)	30 September 2021	31 December 2020	30 September 2020
	Assets			
	Cash in hand and demand deposits with central banks	274,689	320,702	239,388
	Due from credit institutions and central banks	52,192	81,428	77,243
	Trading portfolio assets	608,256	682,948	674,426
	Investment securities	305,039	296,769	300,304
	Loans at amortised cost	1,000,876	1,024,607	999,157
	Loans at fair value	999,831	1,023,323	1,068,430
	Assets under pooled schemes and unit-linked investment contracts*	89,869	82,795	77,208
	Assets under insurance contracts*	542,718	545,708	541,185
	Intangible assets	8,722	8,785	9,105
	Tax assets	2,966	5,202	4,507
G7	Other assets	39,773	36,964	37,082
	Total assets	**3,924,931**	**4,109,231**	**4,028,035**
	Liabilities			
	Due to credit institutions and central banks	220,408	211,182	201,320
	Trading portfolio liabilities	368,271	499,334	499,128
	Deposits	1,281,091	1,333,781	1,280,880
G6	Issued bonds at fair value	779,016	784,027	780,400
G6	Issued bonds at amortised cost	222,098	245,573	252,152
	Deposits under pooled schemes and unit-linked investment contracts*	90,361	82,905	78,054
	Liabilities under insurance contracts*	581,618	591,930	581,741
	Tax liabilities	1,890	1,821	2,038
G7	Other liabilities	57,976	51,291	42,413
G6	Non-preferred senior bonds	106,648	106,371	108,671
G6	Subordinated debt	39,306	32,337	35,014
	Total liabilities	**3,748,683**	**3,940,552**	**3,861,811**
	Equity			
	Share capital	8,622	8,622	8,622
G8	Foreign currency translation reserve	-765	-1,050	-2,201
	Reserve for bonds at fair value (OCI)	62	354	267
	Retained earnings	159,723	150,521	150,847
	Proposed dividends	-	1,724	-
	Shareholders of Danske Bank A/S (the Parent Company)	167,642	160,171	157,534
G6	Additional tier 1 capital holders	8,606	8,508	8,690
	Total equity	**176,248**	**168,679**	**166,224**
	Total liabilities and equity	**3,924,931**	**4,109,231**	**4,028,035**

* A portfolio of unit-linked contracts of DKK 31 billion was reclassified from investment contracts to insurance contracts in Annual Report 2020. The comparative information at 30 September 2020 has been restated above.

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 2021	8,622	-1,050	354	150,521	1,724	160,171	8,508	168,679
Net profit	-	-	-	8,917	-	8,917	349	9,266
Other comprehensive income								
Remeasurement of defined benefit pension plans	-	-	-	331	-	331	-	331
Translation of units outside Denmark	-	959	-	-	-	959	-	959
Hedging of units outside Denmark	-	-674	-	-	-	-674	-	-674
Unrealised value adjustments	-	-	-303	-	-	-303	-	-303
Realised value adjustments	-	-	2	-	-	2	-	2
Tax	-	-	9	84	-	93	-	93
Total other comprehensive income	**-**	**285**	**-292**	**415**	**-**	**408**	**-**	**408**
Total comprehensive income	**-**	**285**	**-292**	**9,332**	**-**	**9,325**	**349**	**9,674**
Transactions with owners								
Paid interest on additional tier 1 capital	-	-	-	-	-	-	-268	-268
Dividends paid	-	-	-	16	-1,724	-1,708	-	-1,708
Acquisition of own shares and additional tier 1 capital	-	-	-	-15,514	-	-15,514	-	-15,514
Sale of own shares and additional tier 1 capital	-	-	-	15,376	-	15,376	17	15,393
Tax	-	-	-	-8	-	-8	-	-8
Total equity as at 30 September 2021	**8,622**	**-765**	**62**	**159,723**	**-**	**167,642**	**8,606**	**176,248**
Total equity as at 1 January 2020	8,622	-372	102	140,590	7,329	156,271	14,237	170,508
Net profit	-	-	-	2,706	-	2,706	433	3,139
Other comprehensive income								
Remeasurement of defined benefit pension plans	-	-	-	64	-	64	-	64
Translation of units outside Denmark	-	-4,312	-	-	-	-4,312	-	-4,312
Hedging of units outside Denmark	-	2,483	-	-	-	2,483	-	2,483
Unrealised value adjustments	-	-	176	-	-	176	-	176
Realised value adjustments	-	-	-12	-	-	-12	-	-12
Tax	-	-	-	171	-	171	-	171
Total other comprehensive income	**-**	**-1,829**	**165**	**235**	**-**	**-1,430**	**-**	**-1,430**
Total comprehensive income	**-**	**-1,829**	**165**	**2,941**	**-**	**1,276**	**433**	**1,709**
Transactions with owners								
Paid interest on additional tier 1 capital	-	-	-	-	-	-	-427	-427
Proposed dividends reversed*	-	-	-	7,329	-7,329	-	-	-
Redemption of additional tier 1 capital	-	-	-	-5	-	-5	-5,596	-5,600
Acquisition of own shares and additional tier 1 capital	-	-	-	-24,484	-	-24,484	-	-24,484
Sale of own shares and additional tier 1 capital	-	-	-	24,450	-	24,450	42	24,492
Tax	-	-	-	26	-	26	-	26
Total equity as at 30 September 2020	**8,622**	**-2,201**	**267**	**150,847**	**-**	**157,534**	**8,690**	**166,224**

*For 2019, no dividends were paid in 2020. The previously proposed dividends have been reversed to Retained earnings in 2020. See note G1(a) in Annual Report 2020 for further information.

Statement of capital – Danske Bank Group

(DKK millions)	30 September 2021	31 December 2020
Share capital (DKK)	8,621,846,210	8,621,846,210
Number of shares	862,184,621	862,184,621
Number of shares outstanding	853,105,055	853,649,376
Average number of shares outstanding for the period	853,380,483	853,138,154
Average number of shares outstanding, including dilutive shares, for the period	854,002,422	853,470,424

Total capital and total capital ratio

(DKK millions)	30 September 2021	31 December 2020
Total equity	176,248	168,679
Revaluation of domicile property at fair value	174	176
Tax effect of revaluation of domicile property at fair value	-17	-17
Total equity calculated in accordance with the rules of the Danish FSA	176,404	168,836
Additional tier 1 capital instruments included in total equity	-8,431	-8,415
Accrued interest on additional tier 1 capital instruments	-175	-93
Common equity tier 1 capital instruments	167,798	160,329
Adjustment to eligible capital instruments	-131	-75
IFRS 9 reversal due to transitional rules	1,790	2,551
Prudent valuation	-944	-690
Prudential filters	-156	-147
Expected/proposed dividends	-5,560	-1,724
Intangible assets of banking operations	-4,946	-5,354
Minimum Loss Coverage for Non-Performing Exposures	-56	-
Deferred tax on intangible assets	114	204
Deferred tax assets that rely on future profitability, excluding temporary differences	-221	-168
Defined benefit pension plan assets	-2,541	-2,206
Statutory deduction for insurance subsidiaries	-7,341	-8,992
Common equity tier 1 capital	**147,807**	**143,727**
Additional tier 1 capital instruments	22,638	17,282
Tier 1 capital	**170,445**	**161,009**
Tier 2 capital instruments	20,859	19,108
Total capital	**191,303**	**180,117**
Total risk exposure amount	**817,631**	**784,184**
Common equity tier 1 capital ratio (%)	18.1%	18.3%
Tier 1 capital ratio (%)	20.8%	20.5%
Total capital ratio (%)	23.4%	23.0%

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

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

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

Cash flow statement – Danske Bank Group

(DKK millions)	Q1-Q3 2021	Q1-Q3 2020	Full Year 2020
Cash flow from operations			
Profit before tax	12,071	4,244	6,304
Tax paid	-469	-2,981	-4,315
Adjustment for non-cash operating items	2,373	9,625	12,993
Total	13,975	10,888	14,982
Changes in operating capital			
Amounts due to/from credit institutions and central banks	9,062	49,895	59,794
Trading portfolio	-56,370	-132,179	-140,495
Acquisition/sale of own shares and additional tier 1 capital	-121	8	-83
Investment securities	-8,270	-15,431	-11,896
Loans at amortised cost and fair value	46,721	75,998	95,039
Deposits	-52,690	140,154	193,055
Issued bonds at amortised cost and fair value	-26,251	-28,298	-33,550
Assets/liabilities under insurance contracts	-7,322	-343	5,323
Other assets/liabilities	3,031	-1,621	4,337
Cash flow from operations	**-78,235**	**99,071**	**186,506**
Cash flow from investing activities			
Acquisition/sale of businesses	-	5	5
Acquisition of intangible assets	-549	-711	-872
Acquisition of tangible assets	-233	-265	-408
Sale of tangible assets	8	9	12
Cash flow from investing activities	**-774**	**-962**	**-1,263**
Cash flow from financing activities			
Issue of subordinated debt	10,102	3,721	3,721
Redemption of subordinated debt	-3,718	-	-2,180
Issue of non-preferred senior bonds	4,352	23,610	23,610
Redemption of non-preferred senior bonds	-6,309	-	-
Dividends paid	-1,708	-	-
Redemption of equity accounted additional tier 1 capital	-	-5,600	-5,600
Paid interest on equity accounted additional tier 1 capital	-267	-427	-625
Principal portion of lessee lease payments	-497	-484	-653
Cash flow from financing activities	**1,955**	**20,820**	**18,273**
Cash and cash equivalents as at 1 January	400,889	199,608	199,608
Foreign currency translation	1,641	-3,185	-2,235
Change in cash and cash equivalents	-77,054	118,929	203,516
Cash and cash equivalents, end of period	**325,476**	**315,352**	**400,889**
Cash and cash equivalents, end of period			
Cash in hand	6,847	5,530	6,131
Demand deposits with central banks	267,843	233,857	314,572
Amounts due from credit institutions and central banks within three months	50,786	75,965	80,186
Total	**325,476**	**315,352**	**400,889**

Notes – Danske Bank Group

G1. Significant accounting policies and estimates

(a) General

The report has been prepared in accordance with IAS 34, Interim Financial Reporting, as adopted by the EU, and additional Danish disclosure requirements for listed financial companies. The report is condensed and should be read in conjunction with the Group's Annual Report 2020.

On 1 January 2021, the Group implemented the amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (Interest Rate Benchmark Reform, phase 2) and IFRS 16 (Covid-19 Related Rent Concessions). The Group has changed the presentation in the income statement of indirect fees earned when customers are granted, refinance or prepay Danish mortgage loans. Further information on the changes to accounting policies and presentation in 2021 can be found in note G2(a). Except for these changes, the Group has not changed its significant accounting policies from those applied in Annual Report 2020. Annual Report 2020 provides a full description of the significant accounting policies.

For changes in the Group's financial highlights and segment reporting, see note G2(b).

Financial statement figures are stated in Danish kroner and whole millions, unless otherwise stated. As a result, rounding discrepancies may occur because totals have been rounded off and the underlying decimals are not presented to financial statement users. The interim report for the first nine months of 2021 has not been audited or reviewed.

(b) Significant accounting estimates and judgements

The preparation of financial information requires, in some cases, the use of judgements and estimates by management. This includes judgements made when applying accounting policies. The most significant judgements made when applying accounting policies relate to the classification of financial assets and financial liabilities under IFRS 9, especially related to the business model assessment, and the SPPI test (further explained in note G15 of the Annual Report 2020) and the designation of financial liabilities at fair value through profit or loss to eliminate or significantly reduce an accounting mismatch (further explained in note G16 of the Annual Report 2020). An overview of the classification and measurement basis for financial instruments can be found in in note G1(c) of the Annual Report 2020.

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

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

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

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

The forward-looking information is based on a three-year forecast period converging to steady state in year seven. The base case is an extension of the Group's official view of the Nordic economies (the Nordic Outlook report). At 30 September 2021, the base case scenario reflects a recovery later in 2021. To fully capture the downside risk, the downside scenario used at 30 September 2021 is the severe recession scenario applied in the Group's ICAAP processes and is similar in nature to regulatory stress tests. The severe recession scenario reflects negative growth and falling property prices for a longer period. At 31 December 2020, the down-side scenario reflected a W-shaped trend in the light of the corona crisis with the economies being back on track in the second or third quarter of 2021. The change of the downside scenario has been made in order to capture the risk of prolonged lockdowns due to new coronavirus variants and in order for the ECL calculation to include potential downside risks due to the elevated asset prices across the Nordics. Information on the macroeconomic parameters in the base case and downside scenarios can be found in the risk management notes.

Notes – Danske Bank Group

(b) Significant accounting estimates continued

With the new suite of scenarios, the base case scenario enters with a probability of 75% (31 December 2020: 60%), the upside scenario with a probability of 10% (31 December 2020: 15%) and the downside scenario with a probability of 15% (31 December 2020: 25%). On the basis of these assessments, the allowance account as at 30 September 2021 amounted to DKK 23.1 billion (31 December 2020: DKK 23.3 billion). If the base case scenario was assigned a probability of 100%, the allowance account would decrease DKK 1.3 billion (31 December 2020: 0.4 billion). Compared to the base case scenario, the allowance account would increase DKK 9.1 billion (31 December 2020: DKK 1.7 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 0.3 billion (31 December 2020: DKK 0.4 billion) compared to the base case scenario. However, note that the applied scenarios differ from the scenarios used at 31 December 2020, and the changes in weighting and sensitivities from end of 2020 to end of the first nine months 2021 are therefore not directly comparable, especially due to the downside scenario being a severe downside scenario at 30 September 2021 to fully capture the downside risks. Further, it shall be noted that the expected credit losses in the individual scenarios does not represent expected credit loss (ECL) forecasts.

Management applies judgement when determining the need for post-model adjustments. As at 30 September 2021, the post-model adjustments amounted to DKK 6.0 billion (31 December 2020: DKK 6.4 billion) and continue to include the immediate risks arising from the corona crisis due to the continued significant uncertainty related to the magnitude of the pandemic, the effectiveness of the roll-out of the vaccine programmes and to the extent to which governments will continue to support the economies. On the types of risks covered by post-model adjustments, more information can be found in the risk management notes.

Further information on the Group's accounting treatment of the impacts on expected credit losses from the corona crisis can be found on pages 82-83 of Annual Report 2020.

Note G15 of the Annual Report 2020 and the section on credit risk in the risk management notes provide more details on expected credit losses. As at 30 September 2021, financial assets covered by the expected credit loss model accounted for about 53% of total assets (31 December 2020: 52%).

Fair value measurement of financial instruments

At the end of September 2021, no unusual challenges in obtaining reliable pricing apart from insignificant parts of the portfolio remained. The majority of valuation techniques continues to employ only observable market data, and there has been no significant increase in financial instruments measured on the basis of valuation techniques that are based on one or more significant unobservable inputs. The latter continues to include only unlisted shares, certain bonds and some long-dated derivatives for which there is no active market. On the derivatives portfolio, the Group makes fair value adjustments to cover changes in counterparty risk (CVA and DVA) and to cover expected funding costs (FVA and ColVA) on derivatives, bid-offer spreads on the net open position of the portfolio of assets and liabilities with offsetting market risk recognised at mid-market prices, and model risk on level 3 derivatives. As at 30 September 2021, the adjustments totalled DKK 1.1 billion (31 December 2020: DKK 1.6 billion), including the adjustment for credit risk on derivatives that are credit impaired. Note G11 of this report and note G33(a) of the Annual Report 2020 provides more details on the fair value measurement of financial instruments.

The Group uses derivatives to hedge the fixed interest rate on some financial assets and liabilities, thus converting the fixed interest rates on the financial instruments to variable interest rates by the use of swaps. The ongoing Interest Rate Benchmark Reform will replace existing benchmark interbank offered rates (IBORs) with alternative risk-free rates. There is currently uncertainty as to the timing and the methods of transition of different IBORs and whether some existing benchmarks will continue to be supported. As a result of these developments, accounting judgement is involved in determining whether certain hedge accounting relationships that hedge the interest rate risk due to changes in IBORs continue to qualify for hedge accounting. EUR and USD denominated swaps cleared on a CCP have been converted to ESTR and SOFR discounting respectively, and the conversion had no significant impact on the Group's hedge accounting values. Following IASB's project 'Interest Rate Benchmark Reform, phase I' for the assessment of effectiveness of such hedges, it is assumed that the interest rate benchmark is not altered as a result of the reform. For further information, see note G1 1(d) of the Annual Report 2020.

Notes – Danske Bank Group

(b) Significant accounting estimates continued

Measurement of goodwill
Goodwill is tested for impairment once a year or more frequently if indications of impairment exist. Impairment testing requires management to estimate the present value of future cash flows. A number of factors affect the value of such cash flows, including discount rates, changes in the economic outlook, customer behaviour and competition. At 30 September 2021, goodwill amounted to DKK 6.1 billion (31 December 2020: DKK 6.1 billion).

In connection with the quarterly reporting, management performs an impairment review to assess whether there are indications that goodwill might be impaired. This includes a review of decline in income, increase in loan impairment charges, decline in the market value of assets under management, major restructurings, macroeconomic developments etc. Since the outbreak of the coronavirus pandemic, the assessment of whether indications of impairment exists has been considered at a more detailed level than usual. This assessment has been performed as a high level update of the 2020 test. Despite taking into account the expected economic impacts from the second wave of lockdowns to contain the coronavirus pandemic, which were initiated late 2020 and continued for parts of the first nine months of 2021, it was concluded that no indications of impairment at the end of September 2021 were noted.

The goodwill in Danica Pension of DKK 1.6 billion (31 December 2020: DKK 1.6 billion) is sensitive to changes in solvency capital requirements, growth in the terminal period and the discount rate.

The remaining goodwill mainly consists of DKK 2.1 billion (31 December 2020: DKK 2.1 billion) in Markets, DKK 1.8 billion (31 December 2020: DKK 1.8 billion) in Asset Management and DKK 0.5 billion (31 December 2020: DKK 0.5 billion) in General Banking (all part of the business segment Large Corporates & Institutions) showed significant amounts of excess value in the impairment tests in 2020.

Note G19 of the Annual Report 2020 provides more information about impairment testing and sensitivity to changes in assumptions.

Measurement of liabilities under insurance contracts
Liabilities under insurance contracts are measured at the present value of expected benefits for each insurance contract. The measurement is based on actuarial computations that rely on estimates of a number of variables, including mortality and disability rates, and on the discount rate. The future mortality rates are based on the Danish FSA's benchmark, while other variables are estimated based on data from the Group's own portfolio of insurance contracts. Note G18 and the risk management notes of the Annual Report 2020 provide more information on the measurement of insurance liabilities and sensitivity to changes in assumptions.

Notes – Danske Bank Group

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

(a) Changes in accounting policies

On 1 January 2021, the Group implemented the amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (Interest Rate Benchmark Reform, phase 2) and IFRS 16 (Covid-19 Related Rent Concessions). The implementation of the amendments to IFRSs had no impact on the financial statements. The Group has changed the presentation in the income statement of indirect fees earned when customers are granted, refinance or prepay Danish mortgage loans. Comparative information in the income statement has been restated to reflect the change in presentation. The sections below explain in further details the changes to accounting policies and presentation implemented.

Interest Rate Benchmark Reform – phase 2 (amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

The amendments cover the effects on the financial statements when old interest rate benchmarks are altered or replaced by alternative benchmark rates as a result of the benchmark reform.

The amendments introduce a practical expedient to account for a change to the basis for determination of the contractual cash flows at the date on which interest rate benchmarks are altered or replaced. Under the practical expedient, a change to the determination of the contractual cash flows is applied prospectively by altering the effective interest rate, i.e. not leading to a modification gain or loss recognised in the income statement. To be applicable for the practical expedient, a change must meet two conditions: (a) the change is a direct consequence of the reform and (b) the new basis for determining the contractual cash flows is economically equivalent to the previous basis.

The amendments further introduce reliefs from existing hedge accounting requirements. The reliefs include that hedge accounting would not discontinue solely due to the benchmark reform and that, for the retrospective effectiveness test for fair value hedges under IAS 39, the cumulative fair value changes of the hedged item and the hedging instrument may be reset to zero to minimise the risk that a hedge will fail the retrospective effectiveness test when the benchmark transitions to an alternative benchmark. The amendments further require that the hedging relationships and documentations are amended to reflect changes in the hedged item, the hedging instrument and the hedged risk (which do not represent a discontinuation of the exiting hedge).

IFRS 7 introduces further disclosure requirements. The disclosures relate to how the transition to alternative rates is managed, the progress on the transition and the risks arising from financial assets and financial liabilities due to the reform. At the beginning of 2019, the Group formally established an IBOR Transition Programme, the main objectives being to identify how the IBOR transition will affect the Group financially and operationally and to recommend the best implementation of the transition, mitigate risks, implement changes in contractual relationships etc. On 5 March 2021, ICE Benchmark Administration (IBA), the administrator of LIBOR, announced its intention to cease publication of GBP, EUR, CHF, JPY, 1 week USD LIBOR and 2 month USD LIBOR immediately after 31 December 2021. The remaining USD LIBOR tenors will be published until 30 June 2023. EURIBOR, CIBOR, STIBOR and NIBOR are expected to continue for the foreseeable future. Centrally cleared derivatives in the LIBORs which are discontinued will be transitioned in large scale before year end by the CCP. Many accounts and other non-contractual facilities have already been moved from affected LIBORs into alternative Risk Free Rates (RFR). The transition of our Loan and Derivatives exposure from LIBOR to alternative Risk Free Rates has started and will scale up in Q4 of this year. It is a top priority for the Group to conduct the transition in a timely and orderly manner that is transparent and fair to our customers.

The implementation is applied retrospectively without restatement of prior periods. The implementation of the amendments had no impact on shareholders' equity at 1 January 2021. Following the reliefs from the existing hedge accounting requirements, the Group expects that existing hedging relationships will continue to qualify for hedge accounting. The added disclosures on the transition to alternative rates will be included in Annual Report 2021.

Covid-19 Related Rent Concessions (amendments to IFRS 16)

The amendment introduces a practical expedient under which a lessee may elect not to assess whether a COVID-19-related rent concession meets the definition of a modification. Danske Bank Group has not been granted any concessions, and the amendment has no impact on the financial statements.

Change in the presentation of indirect fees earned on Danish mortgage loans

The Group's Danish mortgage loans are granted through Realkredit Danmark and funded by issued listed mortgage bonds with matching terms, both measured at fair value through profit or loss. When customers are granted, refinance or prepay such loans, the Group earns direct fees as well as indirect fees with the latter being charged as a discount or premium to the quoted price on the bonds funding the specific loan. In the income statement, the indirect fees are now included within Fee income to align with the presentation of the direct fees. Previously, the indirect fees were included within Net trading income or loss. The change in presentation has increased Fee income and decreased Net trading income or loss by DKK 411 million in the first nine months of 2021. Comparative information has been restated, leading to a reclassification to Fee income from Net trading income or loss of DKK 450 million in the first nine months of 2020 and DKK 590 million for full year 2020.

Notes – Danske Bank Group

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

(b) Changes in financial highlights and segment reporting

From 1 January 2021, the presentation in the financial highlights and segment reporting has been changed to reflect the new organisation that was announced on 25 August 2020, see note G3 for further information on the new organisation.

In the financial highlights, earnings in the business unit Danica Pension is from 1 January 2021 presented as Net income from insurance business due to Danica Pension being a separate business unit. This increases transparency and simplicity in the income statement part of the financial highlights, as Danica Pension's business model is very different from the business model of the other commercial activities within the Group. A description of the previous presentation of Danica Pension in the financial highlights can be found on page 89 in Annual Report 2020. The financial highlights 2020 are further restated to reflect the change in the presentation of indirect fees earned on Danish mortgage loans, see section (a) of this note.

The table below shows the impact on the financial highlights for the first nine months of 2020. The change in the presentation of Danica Pension does not affect the presentation in the IFRS income statement. Note G3 shows the segment reporting for the new business segments.

Financial highlights - first nine months 2020

(DKK millions)	Financial highlights first nine months 2020	Changed presentation: Danica Pension	Changed presentation: Indirect fees, Danish mortgage loans	Adjusted financial highlights
Net interest income	16,498	206	-	16,703
Net fee income	10,680	-2,557	450	8,573
Net trading income or loss	3,763	-60	-450	3,253
Net income from insurance business	-	1,319	-	1,319
Other income	482	15	-	497
Total income	31,423	-1,077	-	30,347
Operating expenses	20,409	-1,077	-	19,332
Profit before loan impairment charges	11,014	-	-	11,014
Loan impairment charges	6,287	-	-	6,287
Profit before tax, core	4,727	-	-	4,727
Profit before tax, non-core	-483	-	-	-483
Profit before tax	**4,244**	**-**	**-**	**4,244**

Notes – Danske Bank Group

G3. Business segments

(a) Business model and business segmentation

From 1 January 2021, the presentation in the financial highlights and segment reporting has been changed to reflect the new organisation that was announced on 25 August 2020. The aim of the redesigned organisation is to reduce complexity, increase efficiency and become even more competitive for our customers. The Group's commercial activities is organised in four reporting business units:

- Personal & Business Customers, which serves personal customers and small and medium-sized business customers across all Nordic markets
- Large Corporates & Institutions, which serves large corporates and institutional customers across all Nordic markets
- Danica Pension
- Northern Ireland

Besides the four commercial business units, the Group's reportable segments under IFRS 8 continue to include Non-core and Group functions (previously called 'Other activities'). The comparative information has been restated to reflect the new organisation.

Business segments first nine months 2021

(DKK millions)	Personal & Business Customers	Large Corporates & Institutions	Danica	Northern Ireland	Non-core	Group Functions	Eliminations	Financial highlights	Reclassification	IFRS financial statements
Net interest income	11,755	3,553	-	996	-	197	-3	16,498	3,844	20,342
Net fee income	4,805	4,720	-	201	-	66	-92	9,700	-889	8,811
Net trading income	496	2,417	-	-13	-	300	-89	3,111	20,074	23,185
Net income from insurance business	-	-	1,576	-	-	-	-	1,576	-1,576	-
Other income	614	2	-	9	-	1,628	-1,630	623	3,464	4,087
Net premiums	-	-	-	-	-	-	-	-	27,114	27,114
Net insurance benefits	-	-	-	-	-	-	-	-	48,221	48,221
Total income	17,670	10,692	1,576	1,193	-	2,192	-1,814	31,509	3,810	35,318
Operating expenses	10,832	5,562	-	937	-	1,705	-162	18,874	3,870	22,743
Profit before loan impairment charges	6,838	5,129	1,576	257	-	487	-1,652	12,635	-60	12,575
Loan impairment charges	454	230	-	-96	-	-2	-	587	-83	504
Profit before tax, core	6,383	4,900	1,576	353	-	488	-1,652	12,048	23	12,071
Profit before tax, Non-core	-	-	-	-	23	-	-	23	-23	-
Profit before tax	**6,383**	**4,900**	**1,576**	**353**	**23**	**488**	**-1,652**	**12,071**	**-**	**12,071**
Loans, excluding reverse transactions	1,507,794	240,090	-	56,508	-	28,074	-31,112	1,801,353	1,616	1,802,969
Other assets	529,804	3,118,398	654,241	62,069	-	3,919,938	-6,163,056	2,121,394	568	2,121,962
Total assets in Non-core	-	-	-	-	2,184	-	-	2,184	-2,184	-
Total assets	**2,037,597**	**3,358,487**	**654,241**	**118,577**	**2,184**	**3,948,012**	**-6,194,168**	**3,924,931**	**-**	**3,924,931**
Deposits, excluding repo deposits	693,548	376,909	-	99,665	-	1,522	-16,927	1,154,717	2,128	1,156,845
Other liabilities	1,270,819	2,938,617	641,927	12,419	-	3,913,575	-6,177,241	2,600,116	328	2,600,445
Allocated capital	73,230	42,961	12,315	6,494	-	32,642	-	167,642	-	167,642
Total liabilities in Non-core	-	-	-	-	2,456	-	-	2,456	-2,456	-
Total liabilities and equity	**2,037,597**	**3,358,487**	**654,241**	**118,577**	**2,456**	**3,947,739**	**-6,194,168**	**3,924,931**	**-**	**3,924,931**
Profit before tax as % p.a. of allocated capital (avg.)	11.5	14.8	16.0	7.0	-	2.1	-	9.8	-	9.8
Cost/income ratio (%)	61.3	52.0	-	78.5	-	77.8	-	59.9	-	64.4
Full-time-equivalent staff, end of period	6,669	2,716	963	1,289	25	10,364	-	22,027	-	22,027

Notes – Danske Bank Group

G3. Business segments continued

Business segments first nine months 2020

(DKK millions)	Personal & Business Customers	Large Corporates & Institutions	Danica	Northern Ireland	Non-core	Group Functions	Eliminations	Financial highlights[1]	Reclassification[1]	IFRS financial statements[2]
Net interest income	12,108	3,767	-	1,035	-	-203	-3	16,703	4,106	20,809
Net fee income	4,666	3,735	-	198	-	-27	1	8,573	-664	7,909
Net trading income	422	2,735	-	91	-	-125	129	3,253	2,725	5,979
Net income from insurance business	-	-	1,319	-	-	-	-	1,319	-1,319	-
Other income	538	8	-	13	-	329	-390	497	2,864	3,361
Net premiums	-	-	-	-	-	-	-	-	21,075	21,075
Net insurance benefits	-	-	-	-	-	-	-	-	24,794	24,794
Total income	17,734	10,246	1,319	1,336	-	-26	-263	30,347	3,992	34,339
Operating expenses	11,397	5,553	-	905	-	1,598	-122	19,332	4,289	23,621
Profit before loan impairment charges	6,337	4,693	1,319	431	-	-1,624	-141	11,014	-296	10,718
Loan impairment charges	2,069	3,916	-	295	-	7	-	6,287	187	6,474
Profit before tax, core	4,267	777	1,319	136	-	-1,631	-141	4,727	-483	4,244
Profit before tax, Non-core	-	-	-	-	-483	-	-	-483	483	-
Profit before tax	**4,267**	**777**	**1,319**	**136**	**-483**	**-1,631**	**-141**	**4,244**	**-**	**4,244**
Loans, excluding reverse transactions	1,488,842	257,159	-	53,238	-	35,432	-33,234	1,801,438	2,458	1,803,896
Other assets	515,139	3,728,099	652,841	44,403	-	3,802,759	-6,521,186	2,222,056	2,083	2,224,139
Total assets in Non-core	-	-	-	-	4,541	-	-	4,541	-4,541	-
Total assets	**2,003,981**	**3,985,259**	**652,841**	**97,641**	**4,541**	**3,838,191**	**-6,554,419**	**4,028,035**	**-**	**4,028,035**
Deposits, excluding repo deposits	666,763	389,150	-	81,360	-	1,388	-9,942	1,128,720	2,109	1,130,829
Other liabilities	1,268,994	3,552,024	639,045	10,186	-	3,811,679	-6,544,478	2,737,450	2,222	2,739,672
Allocated capital	68,225	44,084	13,796	6,095	-	25,334	-	157,534	-	157,534
Total liabilities in Non-core	-	-	-	-	4,331	-	-	4,331	-4,331	-
Total liabilities and equity	**2,003,981**	**3,985,259**	**652,841**	**97,641**	**4,331**	**3,838,402**	**-6,554,419**	**4,028,035**	**-**	**4,028,035**
Profit before tax as % p.a. of allocated capital (avg.)	8.2	2.3	12.9	2.9	-	-8.0	-	3.6	-	3.6
Cost/income ratio (%)	64.3	54.2	-	67.7	-	-	-	63.7	-	68.8
Full-time-equivalent staff, end of period	6,870	2,618	815	1,347	50	10,882	-	22,582	-	22,582

[1] Comparative information has been restated, as described in the section 'Changes in financial highlights and segment reporting' of note G2(b).

[2] Comparative information has been restated, as described in the section 'Changes in accounting policies' of note G2(a).

Notes – Danske Bank Group

G3. Business model and business segmentation continued

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

The 'Reclassification' column in the tables above shows the reconciliation between the presentation in the financial highlights and segment reporting and the presentation in the IFRS financial statements. The policies for the reclassifications between the financial highlights and the IFRS financial statements are disclosed on page 89 in Annual Report 2020, however, with the presentation of earnings from Danica Pension being changed from 1 January 2021, see note G2(b) of this report for an explanation. Net income from insurance business is presented before elimination of intra-group transactions. The decomposition of the reclassification between the IFRS income statement and Financial highlights is shown in the tables below.

Reclassification first nine months 2021

(DKK millions)	IFRS financial statements	Operating leases and impairment charges	Markets, Investment Banking & Securities and Group Treasury	Danica Pension	Non-core	Total reclassification	Financial highlights
Net interest income	20,342	-	-1,362	-2,465	-17	-3,844	16,498
Net fee income	8,811	-	82	808	-1	889	9,700
Net trading income	23,185	-	1,321	-21,384	-11	-20,074	3,111
Net income from insurance business*	-	-	-	1,576	-	1,576	1,576
Other income	4,087	-2,880	-41	-548	6	-3,464	623
Net premiums	27,114	-	-	-27,114	-	-27,114	-
Net insurance benefits	48,221	-	-	-48,221	-	-48,221	-
Total income	35,318	-2,880	-	-907	-22	-3,810	31,509
Operating expenses	22,743	-2,880	-	-907	-82	-3,870	18,874
Profit before loan impairment charges	12,575	-	-	-	60	60	12,635
Loan impairment charges	504	-	-	-	83	83	587
Profit before tax, core	12,071	-	-	-	-23	-23	12,048
Profit before tax, Non-core	-	-	-	-	23	23	23
Profit before tax	**12,071**	**-**	**-**	**-**	**-**	**-**	**12,071**

Reclassification first nine months 2020

(DKK millions)	IFRS financial statements[1]	Operating leases and impairment charges	Markets, Investment Banking & Securities and Group Treasury	Danica Pension[2]	Non-core	Total reclassification[2]	Financial highlights[2]
Net interest income	20,809	-	-1,569	-2,489	-48	-4,106	16,703
Net fee income	7,909	-	24	644	-3	664	8,573
Net trading income	5,979	-	1,493	-4,274	55	-2,725	3,253
Net income from insurance business*	-	-	-	1,319	-	1,319	1,319
Other income	3,361	-3,126	52	128	83	-2,864	497
Net premiums	21,075	-	-	-21,075	-	-21,075	-
Net insurance benefits	24,794	-	-	-24,794	-	-24,794	-
Total income	34,339	-3,126	-	-953	87	-3,992	30,347
Operating expenses	23,621	-3,126	-	-953	-209	-4,289	19,332
Profit before loan impairment charges	10,718	-	-	-	296	296	11,014
Loan impairment charges	6,474	-	-	-	-187	-187	6,287
Profit before tax, core	4,244	-	-	-	483	483	4,727
Profit before tax, Non-core	-	-	-	-	-483	-483	-483
Profit before tax	**4,244**	**-**	**-**	**-**	**-**	**-**	**4,244**

[1] Comparative information has been restated, as described in the section 'Changes in accounting policies' of note G2(a).

[2] Comparative information has been restated, as described in the section 'Changes in financial highlights and segment reporting' of note G2(b).

Notes – Danske Bank Group

G4. Income

(a) Interest income and interest expense

Negative interest income during the period ending September 2021 amounted to DKK 1,171 million (30 September 2020: DKK 1,449 million). Negative interest expenses amounted to DKK 2,721 million (30 September 2020: DKK 2,004 million). In the income statement, negative interest income is recognised as interest expenses and negative interest expenses are recognised as interest income.

(b) Fee income

Note G6 of the Annual Report 2020 provides additional information on the Group's accounting policy for fee income, including the description by fee type.

Fee income first nine months 2021

(DKK millions)	Financial highlights - net fee income	Reclassifica-tions	IFRS - net fee income	Fee expense	IFRS - gross fee income
Investment	4,044	-318	3,725	3,435	7,160
Money transfers, account fee, cash management and other fees	2,359	-60	2,300	992	3,291
Lending and Guarantees	1,896	513	2,409	81	2,490
Capital markets	1,402	-1,025	377	-	377
Total	**9,700**	**-889**	**8,811**	**4,507**	**13,318**

Fee income first nine months 2020

(DKK millions)	Financial highlights - net fee income[1]	Reclassifications[1]	IFRS - net fee income[2]	Fee expense	IFRS - gross fee income[2]
Investment	3,644	-252	3,392	2,921	6,313
Money transfers, account fee, cash management and other fees	2,034	-88	1,945	931	2,876
Lending and Guarantees	2,008	387	2,396	188	2,584
Capital markets	888	-712	176	-	176
Total	**8,573**	**-664**	**7,909**	**4,039**	**11,948**

[1] Comparative information has been restated, as described in the section 'Changes in financial highlights and segment reporting' of note G2(b).

[2] Comparative information has been restated, as described in the section 'Changes in accounting policies' of note G2(a).

(c) Other income

Other income amounted to DKK 4,087 million for the nine months ending 30 September 2021 (30 September 2020: DKK 3,361 million). Other income includes primarily income from lease assets, investment property and real estate brokerage. Further, it includes the line items Gain and loss on sale of disposal groups and Income from holdings in associates that were presented separately on the face of the income statement in Annual Report 2020.

Notes – Danske Bank Group

G5. Loan impairment charges and reconciliation of total allowance account

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

Loan impairment charges

(DKK millions)	30 September 2021	30 September 2020
ECL on new assets	3,083	3,776
ECL on assets derecognised	-5,913	-3,486
Impact of net remeasurement of ECL (incl. changes in models)	1,548	5,164
Write-offs charged directly to income statement	2,188	1,545
Received on claims previously written off	-220	-314
Interest income, effective interest method	-182	-212
Total	**504**	**6,474**

Reconciliation of total allowance account

(DKK millions)	Stage 1	Stage 2	Stage 3	Total
ECL allowance account as at 1 January 2020	1,316	5,963	14,033	21,313
Transferred to stage 1 during the period	1,065	-1,007	-57	-
Transferred to stage 2 during the period	-119	757	-639	-
Transferred to stage 3 during the period	-22	-1,002	1,024	-
ECL on new assets	543	1,862	2,246	4,651
ECL on assets derecognised	-292	-1,328	-3,641	-5,260
Impact of net remeasurement of ECL (incl. changes in models)	-194	2,282	2,277	4,366
Write-offs debited to the allowance account	-1	-6	-1,070	-1,077
Foreign exchange adjustments	-22	-7	-467	-496
Other changes	-8	-56	-90	-154
ECL allowance account as at 31 December 2020	**2,267**	**7,459**	**13,617**	**23,342**
Transferred to stage 1 during the period	1,541	-1,438	-104	-
Transferred to stage 2 during the period	-140	514	-374	-
Transferred to stage 3 during the period	-123	-853	976	-
ECL on new assets	433	1,014	1,636	3,083
ECL on assets derecognised	-491	-1,321	-4,101	-5,913
Impact of net remeasurement of ECL (incl. changes in models)	-1,019	1,122	1,445	1,548
Write-offs debited to the allowance account	3	8	608	619
Foreign exchange adjustments	13	32	220	264
Other changes	-188	130	173	115
ECL allowance account as at 30 September 2021	**2,297**	**6,667**	**14,095**	**23,059**

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

Notes – Danske Bank Group

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

Issued bonds at fair value

(DKK millions)	30 September 2021	31 December 2020
Bonds issued by Realkredit Danmark (covered bonds)	761,742	775,844
Commercial papers and certificates of deposits	17,274	8,183
Issued bonds at fair value, total	**779,016**	**784,027**

Issued bonds at amortised cost

(DKK millions)	30 September 2021	31 December 2020
Commercial papers and certificates of deposits	5,716	14,184
Preferred senior bonds	56,282	61,344
Covered bonds	160,100	170,044
Issued bonds at amortised cost, total	**222,098**	**245,573**
Non-preferred senior bonds	**106,648**	**106,371**

Further information on issued bonds at fair value through profit or loss can be found in note G16 of the Annual Report 2020. The issuance and redemption of bonds (including commercial papers and certificates of deposits at fair value) during the year are presented in the tables below.

Nominal value (DKK millions)	1 January 2021	Issued	Redeemed	Foreign currency translation	30 September 2021
Commercial papers and certificate of deposits	22,515	31,907	36,113	621	18,929
Preferred senior bonds	63,352	16,742	24,715	2,468	57,846
Covered bonds	168,445	24,704	27,916	800	166,033
Non-preferred senior bonds	105,028	4,371	6,308	3,608	106,700
Other issued bonds	**359,340**	**77,724**	**95,053**	**7,497**	**349,507**

Nominal value (DKK millions)	1 January 2020	Issued	Redeemed	Foreign currency translation	31 December 2020
Commercial papers and certificate of deposits	10,821	42,906	30,474	-738	22,515
Preferred senior bonds	75,280	19,920	28,411	-3,437	63,352
Covered bonds	176,489	31,420	38,780	-684	168,445
Non-preferred senior bonds	86,891	23,706	-	-5,569	105,028
Other issued bonds	**349,481**	**117,952**	**97,665**	**-10,428**	**359,340**

Subordinated debt and additional tier 1 capital

As at 30 September 2021, the nominal value of subordinated debt, including liability accounted additional tier 1 capital, amounted to DKK 39,351 million (31 December 2020: DKK 32,137 million) and the nominal value of equity accounted additional tier 1 capital to DKK 8,577 million (31 December 2020: DKK 8,579 million). During the nine months ended 30 September 2021, the Group issued DKK 10,102 million of tier 2 capital and liability accounted additional tier 1 capital and redeemed DKK 3,718 million of tier 2 capital. During 2020, the Group redeemed EUR 750 million (DKK 5,600 million) of additional tier 1 capital accounted for as equity and issued DKK 3,721 million and redeemed DKK 2,180 million of tier 2 capital.

For the additional tier 1 capital, Danske Bank A/S may, at its sole discretion, omit interest payments to bondholders. Any interest payments are paid out of distributable items, which primarily consist of retained earnings in Danske Bank A/S and Danske Bank Group (see section 5.4.3 of Risk Management 2020 for further information). As at 30 September 2021, distributable items for Danske Bank A/S amounted to DKK 130.4 billion (31 December 2020: DKK 123.9 billion). The additional tier 1 capital will be temporarily written down or converted into a variable number of ordinary shares, depending on the terms of each issued bond, if the common equity tier 1 capital ratio falls below 7% for Danske Bank A/S or Danske Bank Group. As at 30 September 2021 the common equity tier 1 capital ratio was 21.0% (31 December 2020: 21.0%) for Danske Bank A/S. The ratios for the Danske Bank Group are disclosed in the Statement of capital.

Notes – Danske Bank Group

G7. Other assets and Other liabilities

Other assets and Other liabilities

(DKK millions)	30 September 2021	31 December 2020
Other assets		
Accrued interest and commissions due	5,008	3,607
Prepayments, accruals and other amounts due	11,486	14,271
Defined benefit pension plan, net assets	2,883	2,547
Investment property	2,284	2,256
Tangible assets	8,548	8,547
Right of use lease assets	4,192	4,819
Holdings in associates	205	209
Assets held for sale	5,167	709
Total	**39,773**	**36,964**
Other liabilities		
Sundry creditors	36,019	32,852
Accrued interest and commissions due	5,856	6,676
Defined benefit pension plans, net liabilities	450	642
Other staff commitments	1,950	3,022
Lease liabilities	4,171	4,761
Loan commitments and guarantees etc.	2,789	2,724
Reserves subject to a reimbursement obligation	9	9
Liabilities held for sale	6,212	47
Other provisions, including litigations	520	558
Total	**57,976**	**51,291**

On 1 July 2021, Danske Bank entered into a binding contract for the sale of the business activities of Danske Bank International in Luxembourg (part of the business segment Personal & Business Customers) to Union Bancaire Privée SA. The sale includes loans and deposits with a book value of DKK 4,931 million and DKK 6,212 million, respectively, that were classified as assets and liabilities held for sale in the third quarter of 2021. The sale is conditional on approval by the relevant authorities. Final approval is expected in the first quarter of 2022. Once the relevant authorities have approved the deal, the expected net gain from the sale of approximately DKK 250 million will be recognised, and the loans and deposits will be derecognised.

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.

At the end of 2020, assets held for sale included of a portfolio of loans to commercial customers in Latvia of DKK 416 million. The sale settled in the first quarter of 2021.

In the table above showing the decomposition of Other liabilities, the line item Sundry creditors included provisions for customer remediation of DKK 672 million (31 December 2020: DKK 804 million), provisions for restructuring costs of DKK 432 million (31 December 2020: DKK 830 million) and the provision of DKK 1.5 billion (31 December 2020: DKK 1.5 billion) for the donation of the estimated gross income from the non-resident portfolio at the Estonian branch. Any confiscated or disgorged gross income will be deducted from the donation.

Notes – Danske Bank Group

G8. Foreign currency translation reserve

The Group has granted loans to its branches in Sweden, Norway and Finland in the currency of the foreign unit for a total of DKK 35,510 million (31 December 2020: DKK 34,612 million). The loans are part of the net investment in those units and the foreign currency gains/losses on these loans are recognised in Other comprehensive income. The funding of the loans is partly done in DKK in order to create a so-called structural FX hedge position in accordance with banking regulations, i.e. to reduce the impact on capital ratios resulting from changes in the risk exposure amount due to changes in currency rates. With effect from 1 January 2021, the Group's net investment in its subsidiaries Danske Hypotek AB (Sweden) and Danske Mortgage Bank Plc (Finland) has been included in the structural FX hedge position to extend the hedge to the risk exposure amount measured by currency for EUR, NOK and SEK across the entire Group balance sheet, although with constraints to the size of the loans to the foreign branches and the net investments in the foreign subsidiaries. This strategy of partly hedging the sensitivity to capital ratios from volatility in foreign currency rates, increases the volatility in Other comprehensive income and the Foreign currency translation reserve in equity under IFRS since it decreases the hedge of the currency risk on the net investments in those units. As at 30 September 2021, the structural FX hedge position totalled DKK 39,200 million (31 December 2020: DKK 31,625 million) and a gain of DKK 245 million has been recognised in Other comprehensive income during the first nine months of 2021, primarily due to appreciation of NOK against DKK throughout the first nine months of 2021. During the first nine months of 2020, a loss of DKK 1,495 million related to the structural FX hedge position was recognised in Other comprehensive income due to a significant weakening of NOK against DKK throughout the first nine months of 2020.

G9. Guarantees, commitments and contingent liabilities

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

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

(a) Guarantees (DKK millions)	30 September 2021	31 December 2020
Financial guarantees	5,908	6,708
Other guarantees	70,307	65,108
Total	**76,215**	**71,816**

(b) Commitments (DKK millions)	30 September 2021	31 December 2020
Loan commitments shorter than 1 year	246,183	276,413
Loan commitments longer than 1 year	205,289	198,830
Other unutilised commitments	16,504	18,995
Total	**467,976**	**494,239**

In addition to credit exposure from lending activities, loan offers made and uncommitted lines of credit granted by the Group amounted to DKK 227 billion (31 December 2020: DKK 242 billion). These items are included in the calculation of the total risk exposure amount in accordance with the CRR.

(c) Regulatory and legal proceedings

Estonia matter

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

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

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

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

Notes – Danske Bank Group

G9. Guarantees, commitments and contingent liabilities continued

In December 2020, Danske Bank was informed by the U.S. Department of Treasury's Office of Foreign Assets Control ("OFAC") that it had decided to close its investigation of Danske Bank in relation to the Estonia case with no action. OFAC is the U.S. authority responsible for civil enforcement of U.S. sanctions. The decision does not preclude OFAC from taking future enforcement action should new or additional information warrant renewed attention.

The Bank is reporting to, responding to and cooperating with various authorities, including SØIK, the U.S. Department of Justice (DOJ) and the U.S. Securities and Exchange Commission (SEC), relating to the Bank's Estonian branch. The internal investigation work planned by the Bank was completed and the findings were reported to relevant authorities in 2020. The Bank continues to fully cooperate and will provide the authorities with further information if and when requested. The overall timing of the authorities' investigations remains unknown and is not within the Bank's control. It is not yet possible to reliably estimate the timing, form of resolution, or amount of potential settlement or fines, which could be material.

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

On 9 January 2019, an action was filed in the United States District Court for the Southern District of New York by an alleged holder of Danske Bank's American Depositary Receipts, representing its ordinary shares, against the Bank and certain of its officers and former officers and/or directors. The complaint alleged that the defendants violated Section 10(b) and Section 20(a) of the Securities Exchange Act of 1934 by, among other things, making false and misleading statements and/or failing to disclose adverse information regarding the Bank's business and operations in relation to AML matters relating to the Bank's Estonian branch and related matters. On 24 August 2020, the Court granted the motion and dismissed all claims against the Bank on three independent grounds. On 23 September 2020, the plaintiffs filed an appeal of this ruling to the Second Circuit. On 25 August 2021, the Second Circuit unanimously affirmed the dismissal with prejudice of this action.

On 3 March 2019, a court case was initiated against Danske Bank and Thomas F. Borgen for approval of a class action led by a newly formed association with the aim to represent former and current shareholders in a liability action relating to the Estonian AML matter. On 21 January 2021, the court dismissed the case because it did not fulfil the criteria for being approved as a class action. The association has appealed this decision. The appeal will not be decided until Q4 2021 at the earliest. In March 2019, October 2019, January 2020, March 2020, September 2020, and February 2021 a total of 320 separate cases were initiated and are still ongoing against the Bank with a total claim amount of approximately DKK 7.9 billion. On 27 December 2019 and 4 September 2020, two separate claims were filed by 93 investors against the Bank with a total claim amount of approximately DKK 1.7 billion. On 2 September 2020, 20 separate claims were filed by 20 investors against the Bank with a total claim amount of approximately DKK 1.1 billion. On 18 September 2020, a separate claim was filed by 201 investors against the Bank with a total claim amount of approximately DKK 2.1 billion. On 18 September 2020, one case was filed against the Bank and Thomas F. Borgen by two investors with a total claim amount of DKK 10 million. These court actions relate to alleged violations in the Bank's branch in Estonia of the rules on prevention of money laundering and/or alleged failure to timely inform the market of such violations (and in one claim, also market manipulation). A total of 200 cases have been referred to the Eastern High Court, while the remaining cases are stayed or pending before the Copenhagen City Court. The Bank is defending itself against these claims. The timing of completion of any such lawsuits (pending or threatening) and their outcome are uncertain.

On 20 February 2020 and 12 March 2021, two cases were initiated against Thomas F. Borgen by 76 institutional investors, and funded by the litigation funder Deminor Recovery Services. The total claim amount is approximately DKK 3.2 billion. Danske Bank has received procedural notifications in respect of both cases. Under Danish law, the purpose of a procedural notification is to make a formal reservation of rights to bring a potential claim against the notified party. Claimants have notified Danske Bank that a claim may be issued in the near future, however the Bank has not received any claim as of today. The main hearing was scheduled to be held in September 2021, but following a procedural error by Borgen's counsel, a default judgement was issued on 14 September 2021 and the main hearing postponed to Q3 2022.

On 5 August 2021, an action was filed in the United States District Court for the Eastern District of New York by approximately 500 plaintiffs, comprising U.S. military members and U.S. civilians who allegedly were killed or wounded while serving in Afghanistan between 2011 and 2016 and their families, against the Bank and Danske Markets, Inc., as well as various branches of Deutsche Bank and Standard Chartered Bank and two money remitters Placid Express and Wall Street Exchange. Plaintiffs claim that the defendant banks and money remitters allegedly aided and abetted a terrorist syndicate that sponsored violence in Afghanistan, in violation of the Anti-Terrorism Act, through the facilitation of certain transactions that allegedly allowed funds to ultimately be transferred to the terrorist organisations. The complaint seeks unspecified punitive and compensatory damages. The Bank is defending against these claims. 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 G7.

Notes – Danske Bank Group

G9. Guarantees, commitments and contingent liabilities continued

(d) Further explanation

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

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

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

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

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

Danske Bank A/S is 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 are jointly and severally liable.

Notes – Danske Bank Group

G10. Assets provided or received as collateral

As at 30 September 2021, the Group had deposited securities (including bonds issued by the Group) worth DKK 42.9 billion as collateral with Danish and international clearing centres and other institutions (31 December 2020: DKK 36.7 billion).

As at 30 September 2021, the Group had provided cash and securities (including bonds issued by the Group) worth DKK 70.8 billion as collateral for derivatives transactions (31 December 2020: DKK 104.0 billion).

As at 30 September 2021, the Group had registered assets (including bonds and shares issued by the Group) under insurance contracts and unit-linked investment contracts worth DKK 491.6 billion (31 December 2020: DKK 473.5 billion) as collateral for policyholders' savings of DKK 477.4 billion (31 December 2020: DKK 458.1 billion).

As at 30 September 2021, the Group had registered loans at fair value and securities (including bonds issued by the Group) worth a total of DKK 812.5 billion (31 December 2020: DKK 827.1 billion) as collateral for bonds issued by Realkredit Danmark. Similarly, the Group had registered loans and other assets worth DKK 324.5 billion (31 December 2020: DKK 326.5 billion) as collateral for covered bonds issued under Danish, Finnish and Swedish law.

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

	30 September 2021			31 December 2020		
(DKK millions)	Repo	Other	Total	Repo	Other	Total
Due from credit institutions	-	27,517	27,517	-	28,886	28,886
Trading and investment securities	244,576	77,399	321,975	237,453	80,062	317,515
Loans at fair value	-	803,376	803,376	-	816,284	816,284
Loans at amortised cost	-	335,976	335,976	-	360,511	360,511
Assets under insurance contracts and unit-linked investment contracts	-	411,015	411,015	-	370,176	370,176
Other assets	-	31	31	-	52	52
Total	244,576	1,655,313	1,899,889	237,453	1,655,971	1,893,424
Own issued bonds	30,608	86,441	117,048	19,556	93,992	113,548
Total, including own issued bonds	**275,184**	**1,741,753**	**2,016,937**	**257,009**	**1,749,963**	**2,006,972**

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 244.6 billion as at 30 September 2021 (31 December 2020: DKK 237.5 billion).

As at 30 September 2021, the Group had received securities worth DKK 264.3 billion (31 December 2020: DKK 309.8 billion) as collateral for reverse repo transactions, securities lending, derivatives transactions and other transactions entered into on the standard terms for such transactions. As the party receiving the collateral, the Group is entitled in most cases to sell the securities or provide the securities as collateral for other loans in exchange for returning similar securities to the counterparty at the expiry of the transactions. As at 30 September 2021, the Group had sold securities or provided securities as collateral worth DKK 118.6 billion (31 December 2020: DKK 132.3 billion).

The Group also receives many other types of assets as collateral in connection with its ordinary lending activities. The Group has not received the ownership of these assets. The risk management notes of the Annual Report 2020 provide more details on assets received as collateral in connection with ordinary lending activities.

Notes – Danske Bank Group

G11. Fair value information for financial instruments

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

(DKK millions)	30 September 2021 Fair value	Amortised cost	31 December 2020 Fair value	Amortised cost
Financial assets				
Cash in hand and demand deposits with central banks	-	274,689	-	320,702
Due from credit institutions and central banks	24,225	27,967	52,402	29,026
Trading portfolio assets	608,256	-	682,948	-
Investment securities	162,393	142,646	165,141	131,628
Loans at amortised cost	-	1,000,876	-	1,024,607
Loans at fair value	999,831	-	1,023,323	-
Assets under pooled schemes and unit-linked investment contracts	89,869	-	82,795	-
Assets under insurance contracts	514,006	-	521,245	-
Loans held for sale	-	4,931	-	416
Total	**2,398,578**	**1,451,110**	**2,527,854**	**1,506,379**
Financial liabilities				
Due to credit institutions and central banks	133,450	86,958	92,873	118,309
Trading portfolio liabilities	368,271	-	499,334	-
Deposits	139,147	1,141,944	150,844	1,182,937
Issued bonds at fair value	779,016	-	784,027	-
Issued bonds at amortised cost	-	222,098	-	245,573
Deposits under pooled schemes and unit-linked investment contracts	90,361	-	82,905	-
Liabilities held for sale	-	6,212	-	47
Non-preferred senior bonds	-	106,648	-	106,371
Subordinated debt	-	39,306	-	32,337
Loan commitments and guarantees	-	2,789	-	2,724
Total	**1,510,246**	**1,605,955**	**1,609,983**	**1,688,298**

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

Financial instruments at fair value

Note G33(a) of the Annual Report 2020 provides more information about fair value calculation methods for financial instruments.

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

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

Financial instruments at amortised cost

Note G33(b) in Annual Report 2020 provides information on the difference between the carrying amount and the fair value of financial instruments recognised at amortised cost. No significant change to this difference has occurred during the first nine months of 2021.

Notes – Danske Bank Group

G11. Fair value information for financial instruments continued

(DKK millions)	Quoted prices	Observable input	Non-observable input	Total
30 September 2021				
Financial assets				
Due from credit institutions and central banks	-	24,225	-	24,225
Derivatives	7,193	266,081	3,124	276,398
Trading portfolio bonds	300,863	12,473	-	313,336
Trading portfolio shares	18,330	-	191	18,521
Investment securities, bonds	142,906	18,940	-	161,846
Investment securities, shares	-	-	547	547
Loans at fair value	-	999,831	-	999,831
Assets under pooled schemes and unit-linked investment contracts	89,869	-	-	89,869
Assets under insurance contracts, bonds	190,368	20,080	6,930	217,378
Assets under insurance contracts, shares	143,021	4,963	40,737	188,721
Assets under insurance contracts, derivatives	-	105,631	2,276	107,907
Total	**892,549**	**1,452,224**	**53,805**	**2,398,578**
Financial liabilities				
Due to credit institutions and central banks	-	133,450	-	133,450
Derivatives	6,811	239,371	3,537	249,719
Obligations to repurchase securities	117,459	1,010	84	118,553
Deposits	-	139,147	-	139,147
Issued bonds at fair value	779,016	-	-	779,016
Deposits under pooled schemes and unit-linked investment contracts	-	90,361	-	90,361
Total	**903,286**	**603,339**	**3,621**	**1,510,246**

(DKK millions)	Quoted prices	Observable input	Non-observable input	Total
31 December 2020				
Financial assets				
Due from credit institutions and central banks	-	52,402	-	52,402
Derivatives	2,021	373,998	3,547	379,566
Trading portfolio bonds	275,717	11,296	-	287,013
Trading portfolio shares	15,595	-	775	16,370
Investment securities, bonds	144,208	20,598	-	164,806
Investment securities, shares	-	-	335	335
Loans at fair value	-	1,023,323	-	1,023,323
Assets under pooled schemes and unit-linked investment contracts	82,795	-	-	82,795
Assets under insurance contracts, bonds	189,486	25,198	7,438	222,122
Assets under insurance contracts, shares	120,021	2,122	35,026	157,169
Assets under insurance contracts, derivatives	-	138,734	3,220	141,954
Total	**829,843**	**1,647,670**	**50,341**	**2,527,854**
Financial liabilities				
Due to credit institutions and central banks	-	92,873	-	92,873
Derivatives	1,620	361,681	3,684	366,985
Obligations to repurchase securities	131,193	1,048	108	132,349
Deposits	-	150,844	-	150,844
Issued bonds at fair value	784,027	-	-	784,027
Deposits under pooled schemes and unit-linked investment contracts	-	82,905	-	82,905
Total	**916,840**	**689,351**	**3,792**	**1,609,983**

Notes – Danske Bank Group

G11. Fair value information for financial instruments continued

Financial instruments valued on the basis of non-observable input

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

(DKK millions)	Carrying amount	Sensitivity (change in fair value) Increase	Decrease	Gains/losses for the period Realised	Unrealised
30 September 2021					
Unlisted shares					
allocated to insurance contract policyholders	40,737	-	-	2,656	5,393
other	654	65	65	54	-8
Illiquid bonds	6,930	113	113	64	115
Derivatives, net fair value	1,863	-	-	-	-992
31 December 2020					
Unlisted shares					
allocated to insurance contract policyholders	35,026	-	-	411	-1,276
other	1,002	100	100	200	-39
Illiquid bonds	7,438	106	106	235	-236
Derivatives, net fair value	3,083	-	-	-	489

For unlisted shares allocated to insurance contract policyholders, the policyholders assume most of the risk on the shares. Therefore, changes in the fair value of those shares will only to a limited extent affect the Group's net profit. The Group's remaining portfolio of unlisted shares consists primarily of banking-related investments and holdings in private equity funds. The sensitivity of the fair value measurement to changes in the unobservable input disclosed in the table is calculated as a 10% increase or 10 % decrease in fair value. Under current market conditions, a 10 % decrease in the fair value is considered to be below a possible alternative estimate of the fair value at the end of the period. The unrealised adjustments in the nine month period ended 30 September 2021 were attributable to various unlisted shares.

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

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

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

Reconciliation from beginning to end of period	30 September 2021			31 December 2020		
(DKK millions)	Shares	Bonds	Derivatives	Shares	Bonds	Derivatives
Fair value at 1 January	36,028	7,438	3,083	41,223	4,099	2,480
Value adjustment through profit or loss	8,095	179	-992	-704	-1	489
Acquisitions	4,225	776	-146	7,198	4,076	-274
Sale and redemption	-6,680	-1,463	209	-9,620	-1,572	-522
Transferred from quoted prices and observable input	-	-	-25	-511	836	1,618
Transferred to quoted prices and observable input	-277	-	-265	-1,558	-	-708
Fair value end of period	**41,391**	**6,930**	**1,863**	**36,028**	**7,438**	**3,083**

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

Notes – Danske Bank Group

G12. Group holdings and undertakings

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

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

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

Notes – Danske Bank Group

Risk Management

The consolidated financial statements for 2020 provide a detailed description of the Group's risk management practices.

Breakdown of credit exposure

(DKK billions) 30 September 2021	Lending activities Total	Core	Non-core	Counterparty credit risk	Trading and investment securities	Customer-funded investments
Balance sheet items						
Demand deposits with central banks	267.8	267.8	-	-	-	-
Due from credit institutions and central banks	52.2	28.0	-	24.2	-	-
Trading portfolio assets	608.3	-	-	276.4	331.9	-
Investment securities	305.0	-	0.3	-	304.7	-
Loans at amortised cost	1,000.9	999.3	1.6	-	-	-
Loans at fair value	999.8	803.4	-	196.5	-	-
Assets under pooled schemes and unit-linked investment contracts	89.9	-	-	-	-	89.9
Assets under insurance contracts	542.7	-	-	-	-	542.7
Loans held for sale	4.9	4.9	-	-	-	-
Off-balance-sheet items						
Guarantees	76.2	76.2	-	-	-	-
Loan commitments shorter than 1 year	246.2	244.6	1.6	-	-	-
Loan commitments longer than 1 year	205.3	205.3	-	-	-	-
Other unutilised commitments	16.5	-	-	-	0.1	16.4
Total	**4,415.7**	**2,629.5**	**3.5**	**497.1**	**636.6**	**649.0**
31 December 2020						
Balance sheet items						
Demand deposits with central banks	314.6	314.6	-	-	-	-
Due from credit institutions and central banks	81.4	28.9	0.1	52.4	-	-
Trading portfolio assets	682.9	-	-	379.6	303.4	-
Investment securities	296.8	-	-	-	296.8	-
Loans at amortised cost	1,024.6	1,022.7	1.9	-	-	-
Loans at fair value	1,023.3	816.3	-	207.0	-	-
Assets under pooled schemes and unit-linked investment contracts	82.8	-	-	-	-	82.8
Assets under insurance contracts	545.7	-	-	-	-	545.7
Loans held for sale	0.4	-	0.4	-	-	-
Off-balance-sheet items						
Guarantees	71.8	71.7	0.2	-	-	-
Loan commitments shorter than 1 year	276.4	274.9	1.5	-	-	-
Loan commitments longer than 1 year	198.8	198.8	-	-	-	-
Other unutilised commitments	19.0	-	-	-	0.2	18.8
Total	**4,618.6**	**2,727.9**	**4.1**	**639.0**	**600.3**	**647.3**

In addition to credit exposure from lending activities, Danske Bank had made uncommitted loan offers and granted uncommitted lines of credit of DKK 227 billion at 30 September 2021 (31 December 2020: DKK 242 billion). These items are included in the calculation of the total risk exposure amount in accordance with the Capital Requirements Directive.

Notes – Danske Bank Group

Credit exposure

Credit exposure from core lending activities

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

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 2020.

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

The table below breaks down the credit exposure by rating categories and stages. Further information on classification of customers can be found on page 181 in Annual report 2020.

30 September 2021	PD level		Gross exposure			Expected credit loss			Net exposure			Net exposure, ex collateral		
(DKK billions)	Upper	Lower	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
1	-	0.01	236.9	0.4	-	-	-	-	236.9	0.4	-	217.1	0.2	-
2	0.01	0.03	205.1	0.6	0.5	-	-	-	205.1	0.6	0.5	78.9	0.2	-
3	0.03	0.06	554.5	2.3	1.5	0.1	-	0.2	554.4	2.3	1.3	248.5	1.2	-
4	0.06	0.14	588.2	3.6	2.3	0.1	-	-	588.0	3.6	2.3	246.7	1.2	-
5	0.14	0.31	467.5	9.2	2.2	0.2	-	-	467.3	9.2	2.2	143.1	4.6	-
6	0.31	0.63	280.9	12.2	1.3	0.4	0.1	-	280.5	12.1	1.3	98.0	5.0	-
7	0.63	1.90	111.8	44.6	1.3	0.8	1.3	0.1	111.0	43.4	1.2	32.1	14.1	-
8	1.90	7.98	18.4	36.2	0.4	0.5	2.4	0.1	17.9	33.8	0.3	3.6	10.2	-
9	7.98	25.70	0.5	4.4	0.1	-	1.3	-	0.5	3.1	0.1	0.1	-	-
10	25.70	99.99	0.3	21.4	27.0	-	1.5	5.3	0.3	19.9	21.8	0.1	8.8	3.9
11 (default)	100.00	100.00	-	0.1	15.9	0.1	-	7.5	-	0.1	8.4	0.1	-	0.5
Total			**2,464.1**	**135.1**	**52.6**	**2.3**	**6.7**	**13.3**	**2,461.8**	**128.4**	**39.3**	**1,068.0**	**45.5**	**4.4**

31 December 2020	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	270.7	0.1	-	-	-	-	270.7	0.1	-	252.4	-	-
2	0.01	0.03	239.9	0.4	-	-	-	-	239.8	0.4	-	119.2	0.1	-
3	0.03	0.06	536.8	0.8	-	0.1	-	-	536.7	0.8	-	234.9	0.2	-
4	0.06	0.14	574.9	2.0	0.4	0.2	-	-	574.7	2.0	0.4	241.9	0.6	0.1
5	0.14	0.31	501.2	7.4	0.3	0.4	0.1	-	500.8	7.3	0.3	166.9	2.8	-
6	0.31	0.63	282.4	19.1	1.6	0.4	0.3	-	281.9	18.8	1.6	96.8	5.9	0.5
7	0.63	1.90	131.8	40.9	1.0	0.7	1.0	-	131.1	40.0	1.0	38.5	13.0	0.2
8	1.90	7.98	20.2	35.3	0.7	0.4	2.6	-	19.7	32.7	0.7	5.2	10.1	0.1
9	7.98	25.70	1.3	10.2	1.0	-	1.1	-	1.3	9.0	1.0	0.3	0.6	0.1
10	25.70	99.99	1.0	25.1	25.8	-	2.4	5.1	1.0	22.7	20.7	0.5	10.9	3.8
11 (default)	100.00	100.00	0.1	0.2	18.0	-	-	7.9	0.1	0.2	10.1	-	0.1	2.2
Total			**2,560.2**	**141.4**	**48.9**	**2.3**	**7.4**	**12.9**	**2,558.0**	**134.0**	**35.9**	**1,156.6**	**44.3**	**7.0**

For Personal customers, the gross exposure within stage 3 increased by DKK 8.4 billion from the end of 2020 to September 2021. The increase is driven by alignment of customer staging within the Group. Expected credit losses only increased by DKK 0.1 billion in the same period because the majority of the exposure transferred to stage 3 is covered by collateral.

Notes – Danske Bank Group

Credit exposure continued

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

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

30 September 2021	Gross exposure			Expected credit loss			Net exposure			Net exposure, ex collateral		
(DKK billions)	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Public institutions	312.9	0.7	-	-	-	-	312.9	0.7	-	309.0	0.3	-
Financials	106.1	2.9	0.4	0.1	0.1	0.2	106.1	2.8	0.2	92.2	1.6	0.2
Agriculture	60.6	5.4	5.3	0.3	0.8	1.3	60.3	4.6	4.0	14.9	1.1	0.2
Automotive	28.6	1.7	0.6	-	0.1	0.1	28.6	1.6	0.4	21.3	0.8	0.2
Capital goods	71.5	7.1	1.9	-	0.4	0.7	71.4	6.7	1.2	63.4	5.8	0.5
Commercial property	293.0	15.4	5.9	0.5	1.5	1.2	292.5	13.9	4.7	59.0	0.7	0.3
Construction and building materials	46.7	4.5	2.0	-	0.3	0.7	46.6	4.2	1.3	32.7	2.0	0.5
Consumer goods	65.5	4.0	1.3	-	0.2	0.4	65.5	3.8	1.0	47.9	2.6	0.2
Hotels, restaurants and leisure	7.6	6.4	2.0	-	0.2	0.5	7.6	6.2	1.5	2.6	1.3	0.2
Metals and mining	11.7	0.5	0.1	-	-	-	11.7	0.4	0.1	9.1	0.2	-
Other commercials	14.6	1.0	0.2	0.1	-	0.1	14.5	1.0	-	10.3	0.2	-
Pharma and medical devices	38.2	5.5	-	-	0.1	-	38.2	5.4	-	35.4	4.6	-
Private housing co-ops and non-profit associations	207.7	3.6	1.3	0.1	0.1	0.3	207.6	3.5	1.0	36.2	0.4	-
Pulp, paper and chemicals	33.8	1.4	0.4	-	-	0.2	33.8	1.3	0.3	22.7	0.2	-
Retailing	23.8	3.0	2.4	-	0.1	0.8	23.8	2.8	1.6	14.2	2.0	0.6
Services	56.5	3.0	1.1	0.1	0.2	0.4	56.4	2.9	0.7	45.3	1.7	0.2
Shipping, oil and gas	30.3	4.1	7.2	0.1	0.3	2.6	30.2	3.8	4.6	15.8	2.1	-
Social services	25.5	0.8	1.0	-	0.1	0.3	25.5	0.7	0.7	9.5	0.3	0.4
Telecom and media	21.5	0.5	0.2	-	-	0.1	21.5	0.5	0.1	19.6	0.3	-
Transportation	12.9	3.2	0.6	-	0.2	0.1	12.9	3.0	0.5	6.1	1.3	0.1
Utilities and infrastructure	59.3	4.3	-	-	0.1	-	59.3	4.2	-	40.5	4.1	-
Personal customers	935.8	56.1	18.6	0.8	1.8	3.2	935.0	54.3	15.4	160.2	11.8	0.7
Total	**2,464.1**	**135.1**	**52.6**	**2.3**	**6.7**	**13.3**	**2,461.8**	**128.4**	**39.3**	**1,068.0**	**45.5**	**4.4**

As at 30 September 2021, oil and gas exposures (within the Shipping, oil and gas industry) represent a gross exposure of DKK 20.3 billion (31 December 2020: DKK 23.3 billion) and expected credit losses of DKK 2.0 billion (31 December 2020: DKK 2.4 billion). Those exposures represent the majority of the exposures in stage 3 within the Shipping, oil and gas industry at the end of September 2021.

For the Hotels, restaurants and leisure industry, the gross exposure within stage 2 increased by DKK 3.3 billion from the end of 2020 to 30 September 2021 while the expected credit losses remained unchanged. This is primarily due to an increase in collateral of DKK 2.9 billion but also due to the transfer of exposures from stage 1 to stage 2 improving the overall average credit quality within stage 2.

Notes – Danske Bank Group

Credit exposure continued

31 December 2020	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	363.8	-	-	-	-	-	363.8	-	-	359.5	-	-
Financials	126.1	1.8	0.3	0.1	0.1	0.2	126.1	1.7	0.1	111.8	1.0	0.1
Agriculture	58.7	7.7	6.7	0.1	0.9	1.4	58.6	6.8	5.3	12.9	0.8	0.6
Automotive	27.5	3.2	0.5	-	0.2	0.1	27.5	2.9	0.5	20.2	1.6	0.2
Capital goods	68.6	7.0	2.1	-	0.5	0.7	68.5	6.5	1.4	59.9	5.6	0.7
Commercial property	312.8	11.5	7.1	0.6	0.9	1.1	312.1	10.6	5.9	68.2	1.0	0.7
Construction and building materials	43.6	5.1	2.0	-	0.3	0.6	43.6	4.8	1.4	31.2	2.0	0.6
Consumer goods	62.2	4.3	2.0	-	0.3	0.5	62.2	4.0	1.5	42.5	2.7	0.4
Hotels, restaurants and leisure	11.4	3.1	1.7	-	0.2	0.4	11.4	2.9	1.3	2.9	0.9	0.5
Metals and mining	12.7	0.6	0.1	-	-	-	12.7	0.6	0.1	10.3	0.3	-
Other commercials	22.1	1.1	0.1	0.1	-	-	22.0	1.1	-	20.4	0.3	-
Pharma and medical devices	47.2	2.6	0.2	-	-	-	47.2	2.5	0.2	43.7	1.8	-
Private housing co-ops. and non-profit associations	203.2	3.6	2.0	0.1	0.3	0.2	203.1	3.4	1.7	33.2	0.8	0.2
Pulp, paper and chemicals	38.1	1.6	0.6	-	-	0.2	38.1	1.5	0.4	27.3	0.4	0.1
Retailing	20.5	4.1	2.5	-	0.2	1.0	20.5	3.8	1.5	10.8	2.8	0.7
Services	57.4	3.8	1.6	0.1	0.2	0.6	57.3	3.6	1.0	46.5	2.0	0.5
Shipping, oil and gas	33.5	6.0	6.6	0.1	0.7	2.1	33.4	5.2	4.5	17.6	1.8	0.2
Social services	26.0	0.9	1.2	-	0.1	0.3	26.0	0.8	0.9	9.6	0.4	0.5
Telecom and media	20.3	0.6	0.2	-	-	0.1	20.3	0.6	0.1	18.3	0.3	-
Transportation	11.4	3.3	1.0	-	0.2	0.1	11.4	3.0	0.9	5.1	1.8	0.1
Utilities and infrastructure	64.2	4.2	0.1	-	-	-	64.2	4.2	-	45.5	3.6	-
Personal customers	928.9	65.6	10.2	0.9	2.2	3.1	928.0	63.4	7.2	159.1	12.3	0.7
Total	**2,560.2**	**141.4**	**48.8**	**2.3**	**7.4**	**12.9**	**2,558.0**	**134.0**	**35.9**	**1,156.6**	**44.3**	**7.0**

Collateral
The Group uses a number of measures to mitigate credit risk, including collateral, guarantees and covenants. The main method is obtaining collateral. In Annual Report 2020, a table showing collateral by type (after haircut) is included. The mitigating effect from collateral at the end of September 2021 can be found as the difference between the columns 'Net exposure' and 'Net exposure, ex collateral' and amounted to DKK 1,511.6 billion at 30 September 2021 (31 December 2020: DKK 1,520.0 billion).

The Group uses guarantee schemes offered by the governments in our markets to mitigate the economic consequences of the corona crisis. The outstanding amount of loans originated under such guarantee schemes was DKK 4.9 billion (31 December 2020: DKK 5.0 billion) with the guarantees covering DKK 4.0 billion of the loans (31 December 2020: DKK 4.2 billion). A large part of the guarantees relates to Northern Ireland.

Notes – Danske Bank Group

Credit exposure continued

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

30 September 2021	Gross exposure			Expected credit loss			Net exposure			Net exposure, ex collateral		
(DKK billions)	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Personal & Business Customers												
Personal Customers Denmark	526.9	21.0	12.9	0.7	1.3	2.3	526.2	19.6	10.6	60.3	3.1	0.4
Personal Customers Nordic	388.9	27.9	4.9	0.2	0.4	0.6	388.8	27.5	4.2	97.5	7.7	0.3
Business Customers	654.9	41.3	19.6	1.1	3.2	5.4	653.8	38.1	14.2	168.6	10.5	2.1
Asset Finance	50.1	12.8	1.4	-	0.4	0.3	50.0	12.4	1.1	18.5	2.5	0.1
Other	4.2	0.2	0.1	-	-	-	4.2	0.2	-	0.9	0.1	-
Total	**1,625.0**	**103.2**	**38.9**	**2.0**	**5.3**	**8.6**	**1,623.0**	**97.8**	**30.2**	**345.7**	**23.9**	**3.0**
Large Corporates & Institutions	**504.9**	**26.4**	**10.9**	**0.2**	**1.2**	**3.9**	**504.7**	**25.2**	**7.0**	**425.1**	**20.5**	**1.2**
Northern Ireland	**99.0**	**5.4**	**2.7**	**0.1**	**0.1**	**0.7**	**98.9**	**5.3**	**2.1**	**62.9**	**1.0**	**0.2**
Group Functions	**235.3**	**0.1**	**-**	**-**	**-**	**-**	**235.2**	**0.1**	**-**	**234.3**	**-**	**-**
Total	**2,464.1**	**135.1**	**52.6**	**2.3**	**6.7**	**13.3**	**2,461.8**	**128.4**	**39.3**	**1,068.0**	**45.5**	**4.4**

31 December 2020	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 & Business Customers												
Personal Customers Denmark	545.5	34.0	5.3	0.8	1.6	2.3	544.6	32.4	3.1	69.6	6.6	0.4
Personal Customers Nordic	375.3	24.9	4.4	0.1	0.6	0.5	375.2	24.3	3.9	90.6	4.7	0.3
Business Customers	664.6	35.8	22.6	1.0	2.8	5.4	663.6	33.0	17.3	180.3	10.0	3.5
Asset Finance	45.8	13.8	1.5	0.1	0.4	0.3	45.7	13.4	1.2	15.6	2.8	0.2
Group Functions	4.8	0.3	0.1	-	-	-	4.8	0.3	0.1	0.9	0.2	-
Total	**1,635.9**	**108.9**	**34.0**	**1.9**	**5.4**	**8.5**	**1,633.9**	**103.5**	**25.5**	**357.0**	**24.3**	**4.4**
Large Corporates & Institutions	**588.3**	**25.6**	**11.6**	**0.2**	**1.8**	**3.7**	**588.1**	**23.7**	**7.9**	**497.7**	**18.4**	**2.2**
Northern Ireland	**83.1**	**6.9**	**3.1**	**0.1**	**0.2**	**0.6**	**83.0**	**6.7**	**2.4**	**49.6**	**1.5**	**0.4**
Group Functions	**253.0**	**0.1**	**-**	**-**	**-**	**-**	**253.0**	**0.1**	**-**	**252.3**	**-**	**-**
Total	**2,560.3**	**141.5**	**48.8**	**2.3**	**7.4**	**12.9**	**2,558.0**	**134.0**	**35.9**	**1,156.6**	**44.3**	**7.0**

From 1 January 2021, the business segmentation was changed. Further information can be found in note G3(a).

Notes – Danske Bank Group

Credit exposure continued

Exposures subject to forbearance measures

The Group's forbearance practices is described on page 188 in Annual Report 2020.

During the corona crisis, the Group has granted concessions to assist customers affected by the crisis. Such concessions represent an increase in gross exposure of around DKK 19 billion, of which around DKK 12 billion (net of expected credit losses) is considered forbearance measures, see note G1(b) section 'Accounting treatment of the impacts on expected credit losses from the corona crisis' in Annual report 2020 for the definition of when such concessions are considered to be a forbearance measure. At the end of 2020, such concessions represented an increase in gross exposure of DKK 44 billion, of which around DKK 6 billion (net of expected credit losses) was considered forbearance measures. The concessions considered forbearance measures relate primarily to Personal customers and the industries Shipping, oil and gas, Hotels, restaurants and leisure, Consumer goods and Retailing. In our Nordic markets, such concessions are made on a voluntary basis, while in Northern Ireland, the Bank was selected by the UK Government to provide concessions through the UK government-backed lending schemes.

Exposures subject to forbearance measures

	30 September 2021		31 December 2020	
(DKK millions)	Performing	Non-performing*	Performing	Non-performing*
Active forbearance	10,738	9,844	11,973	10,481
Under probation	11,212	-	14,962	-
Total	**21,951**	**9,844**	**26,934**	**10,481**

*These loans are part of the total non-performing loan amount. For more details, see the "Non-performing loans in core activities" table.

Notes – Danske Bank Group

Credit exposure continued

Non-performing loans

The Group defines non-performing loans as stage 3 exposures. However, for non-retail exposures with one or more non-performing loans, the entire amount of the customer's exposure is considered to be non-performing. For retail exposures, only impaired facilities are included in non-performing loans. The Group excludes exposures in stage 3 with no impairment charges or where the allowance account is considered immaterial to the gross exposure.

The impact of corona crisis on total gross NPL exposures was limited in the first nine months of 2021.

The table below shows the reconciliation as at 30 September 2021 between the gross exposure in stage 3 and gross non-performing loans.

Non-performing loan bridge	30 September 2021			31 December 2020		
(DKK billions)	Non-default	Default	Total	Non-default	Default	Total
Gross exposure in stage 3	36.7	15.9	52.6	30.8	18.0	48.8
None or an immaterial allowance account	18.7	2.3	21.0	13.6	3.4	17.0
Gross non-performing loans	18.0	13.6	31.6	17.2	14.6	31.8
Expected credit loss	5.4	7.5	12.9	5.1	7.9	12.9
Net non-performing loans	**12.6**	**6.1**	**18.7**	**12.1**	**6.7**	**18.8**

Non-performing loans in core activities

(DKK millions)	30 September 2021	31 December 2020
Total non-performing loans	18,676	18,842
- portion from customers in default*	6,110	6,698
Coverage ratio (default) (%)	100	100
Coverage ratio (non-default) (%)	68	54
Coverage ratio (total non-performing loans) (%)	83	75
Non-performing loans as a percentage of total gross exposure (%)	1.2	1.2

*Part of which is also shown in the "Exposures subject to forbearance measures" table.

Allowance account in core activities

(DKK millions)	Stage 1	Stage 2	Stage 3	Total
ECL allowance account as at 1 January 2020	1,306	5,908	13,237	20,451
Transferred to stage 1 during the period	1,063	-1,006	-57	-
Transferred to stage 2 during the period	-117	754	-636	-
Transferred to stage 3 during the period	-22	-984	1,006	-
ECL on new assets	542	1,860	2,105	4,507
ECL on assets derecognised	-289	-1,307	-3,584	-5,180
Impact of net remeasurement of ECL (incl. changes in models)	-193	2,268	2,209	4,283
Write-offs debited to the allowance account	-1	-6	-1,069	-1,076
Foreign exchange adjustments	-22	-7	-396	-425
Other changes	-4	-42	40	-6
ECL allowance account as at 31 December 2020	**2,263**	**7,438**	**12,853**	**22,554**
Transferred to stage 1 during the period	1,540	-1,437	-104	-
Transferred to stage 2 during the period	-140	514	-374	-
Transferred to stage 3 during the period	-123	-844	967	-
ECL on new assets	432	1,014	1,636	3,082
ECL on assets derecognised	-488	-1,313	-3,901	-5,702
Impact of net remeasurement of ECL (incl. changes in models)	-1,016	1,122	1,380	1,485
Write-offs debited to the allowance account	-3	-8	608	597
Foreign exchange adjustments	13	32	177	222
Other changes	-182	147	25	-10
ECL allowance account as at 30 September 2021	**2,297**	**6,665**	**13,267**	**22,228**

Notes – Danske Bank Group

Credit exposure continued

Allowance account in core activities broken down by segment

(DKK millions)	Personal & Business Customers	Large Corporates & Institutions	Northern Ireland	Group Functions	Allowance account Total
ECL allowance account as at 1 January 2020	14,771	4,942	730	8	20,451
ECL on new assets	2,399	1,990	108	10	4,507
ECL on assets derecognised	-3,043	-2,031	-103	-3	-5,180
Impact on remeasurement of ECL (incl. change in models)	1,807	2,122	354	1	4,283
Write-offs debited to allowance account	-160	-865	-51	-	-1,076
Foreign currency translation	14	-388	-48	-2	-425
Other changes	-14	8	-1	1	-6
ECL allowance account as at 31 December 2020	**15,773**	**5,777**	**990**	**15**	**22,554**
ECL on new assets	1,839	1,010	233	1	3,082
ECL on assets derecognised	-2,436	-3,033	-230	-3	-5,702
Impact on remeasurement of ECL (incl. change in models)	1,217	388	-121	1	1,485
Write-offs debited to allowance account	-451	1,069	-21	-	597
Foreign currency translation	5	167	49	-	222
Other changes	9	-18	-	-1	-10
ECL allowance account as at 30 September 2021	**15,956**	**5,360**	**898**	**14**	**22,228**

The method used for calculating expected credit losses is described in detail in note G15 of the Annual Report 2020.

Macroeconomic scenarios

The incorporation of forward-looking elements reflects the expectations of the Group's senior management and involves the creation of scenarios (base case, upside and downside scenarios), including an assessment of the probability for each scenario. The purpose of using multiple scenarios is to model the non-linear impact of assumptions about macroeconomic factors on the expected credit losses.

The forward-looking information is based on a three-year forecast period converging to steady state in year seven. The base case is an extension of the Group's official view of the Nordic economies (the Nordic Outlook report). At 30 September 2021, the base case scenario reflects a recovery later in 2021. To fully capture the downside risk, the downside scenario is the severe recession scenario applied in the Group's ICAAP processes and is similar in nature to regulatory stress tests. The severe recession scenario reflects negative growth and falling property prices for a longer period. At 31 December 2020, the downside scenario reflected a W-shaped trend in the light of the corona crisis with the economies being back on track in the second or third quarter of 2021. The change of the downside scenario has been made in order to capture the risk of prolonged lockdowns due to new coronavirus variants and in order for the ECL calculation to include potential downside risks due to the elevated asset prices across the Nordics.

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

30 September 2021	Base-case			Downside		
	2021	2022	2023	2021	2022	2023
GDP	3.3	3.4	1.8	-4.2	-1.5	0.3
Industrial Production	4.5	4.4	2.6	-6.3	-2.2	0.5
Unemployment	6.0	5.2	5.0	8.9	9.9	10.4
Inflation	1.8	1.3	1.6	-0.2	-0.7	-0.1
Consumption Expenditure	3.9	4.6	2.0	-2.7	-0.7	-0.6
Property prices - Residential	8.9	2.1	2.3	-13.1	-8.3	-1.5
Interest rate - 3 month	0.0	0.2	0.2	-0.6	-0.6	-0.6
Interest rate - 10 year	0.7	1.0	1.1	-1.1	-1.1	-0.7

The upside scenario represents a slightly better outlook than the base case scenario across the macroeconomic parameters.

Notes – Danske Bank Group

Credit exposure continued

At 31 December 2020, the following base case and downside scenarios were used:

31 December 2020	Base case			Downside		
	2021	2022	2023	2021	2022	2023
GDP	3.3	2.1	1.8	-1.2	2.7	2.3
Industrial Production	4.1	3.1	2.5	-1.7	4.8	3.6
Unemployment	6.1	5.5	5.1	7.4	6.6	5.9
Inflation	1.5	1.6	1.6	0.7	1.4	1.4
Consumption Expenditure	4.7	1.8	1.7	0.6	1.9	1.8
Property prices - Residential	2.7	2.6	2.9	-4.1	2.6	2.9
Interest rate - 3 month	0.0	0.1	-0.2	-0.1	0.0	0.2
Interest rate - 10 year	0.3	0.6	0.7	0.1	0.4	0.7

The base case scenario enters with a probability of 75% (31 December 2020: 60%), the upside scenario with a probability of 10% (31 December 2020: 15%) and the downside scenario with a probability of 15% (31 December 2020: 25%). On the basis of these assessments, the allowance account as at 30 September 2021 amounted to DKK 22.2 billion (31 December 2020: 22.6 billion). If the base case scenario was assigned a probability of 100%, the allowance account would decrease DKK 1.3 billion (31 December 2020: 0.4 billion). Compared to the base case scenario, the allowance account would increase DKK 9.1 billion (31 December 2020: 1.7 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 0.3 billion (31 December 2020: 0.4 billion) compared to the base case scenario. However, note that the applied scenarios differ from the scenarios used at 31 December 2020, and the changes in weighting and sensitivities from end of 2020 to end of the first nine months 2021 are therefore not directly comparable, especially due to the downside scenario being a severe downside scenario at 30 September 2021 to fully capture the downside risks. Further, it should be noted that the expected credit losses in the individual scenarios (i.e. without the weighting) do not represent forecasts of expected credit losses (ECL).

Post-model adjustments

Management applies judgement when determining the need for post-model adjustments. At 30 September 2021, the post-model adjustments amounted to DKK 6.0 billion (31 December 2020: 6.4 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, supplement ary calculations are made in order to ensure sufficient impairment coverage. This also includes post-model adjustments to capture the immediate risks arising from the corona crisis
- non-linear downside risk, for instance on the property market in Copenhagen and other high growth areas for which the macroeconomic forecasts used in the models are based on the property market as a whole
- portfolios where the credit risk assessment process has identified an underestimation of the expected credit losses
- upcoming model changes that will impact the expected credit loss model

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

Post-model adjustments by type and mostly impacted industries

(DKK billion)	30 September 2021	31 December 2020
Specific macroeconomic risks		
Agriculture	0.8	0.8
Commercial Property	1.6	1.6
Personal customers	1.1	1.1
Others	0.6	0.4
Specific macroeconomic risks, total	4.1	3.9
of which corona crisis related	1.8	2.0
Process related	1.6	1.8
Upcoming model changes	0.3	0.6
Total	**6.0**	**6.4**

Further information on the post-model adjustments relating to the corona crisis can be found on page 196 in Annual Report 2020.

Notes – Danske Bank Group

Credit exposure from Non-core lending activities

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

30 September 2021	Gross exposure			Expected credit loss			Net exposure			Net exposure, ex collateral		
(DKK millions)	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Non-core banking	435	19	34	-	3	34	434	17	-	192	4	-
Personal customers	18	1	9	-	-	9	18	1	-	17	-	-
Commercial customers	309	16	26	-	3	25	308	14	-	75	2	-
Public Institutions	108	2	-	-	-	-	108	2	-	100	2	-
Non-core conduits etc.	2,712	-	822	-	-	794	2,711	-	28	262	-	20
Total	**3,146**	**19**	**857**	**-**	**3**	**828**	**3,146**	**17**	**29**	**454**	**4**	**20**

31 December 2020	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	1,285	74	259	4	21	226	1,281	53	33	588	18	-
Personal customers	24	2	-	-	-	-	24	2	-	23	-	-
Commercial customers	1,033	69	259	4	21	226	1,029	48	33	403	16	-
Public Institutions	227	4	-	-	-	-	227	4	-	162	3	-
Non-core conduits etc.	2,603	-	778	-	-	686	2,603	-	92	256	-	-
Total	**3,887**	**74**	**1,037**	**4**	**21**	**912**	**3,884**	**53**	**125**	**844**	**18**	**-**

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

30 September 2021	PD level		Gross exposure			Expected credit loss			Net exposure			Net exposure, ex collateral		
(DKK millions)	Upper	Lower	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
1	-	0.01	577	-	-	-	-	-	577	-	-	123	-	-
2	0.01	0.03	1,130	5	5	-	-	-	1,130	5	5	247	2	5
3	0.03	0.06	1,164	4	3	-	-	-	1,164	4	3	59	2	1
4	0.06	0.14	154	1	1	-	-	-	154	1	1	26	1	1
5	0.14	0.31	39	2	1	-	-	-	39	2	1	-	-	-
6	0.31	0.63	50	2	1	-	-	-	50	2	1	-	-	-
7	0.63	1.90	8	-	-	-	-	-	8	-	-	-	-	-
8	1.90	7.98	2	3	1	-	3	1	2	-	-	-	-	-
9	7.98	25.70	-	-	-	-	-	-	-	-	-	-	-	-
10	25.70	99.99	22	2	35	-	-	22	22	2	14	-	-	12
11 (default)	100.00	100.00	1	-	810	-	-	806	1	-	4	-	-	1
Total			**3,146**	**19**	**857**	**-**	**3**	**828**	**3,146**	**17**	**29**	**454**	**4**	**20**

31 December 2020	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	432	-	-	-	-	-	432	-	-	-	-	-
2	0.01	0.03	1,189	12	8	-	-	-	1,189	12	8	403	12	-
3	0.03	0.06	1,205	7	5	-	-	-	1,205	7	5	125	2	-
4	0.06	0.14	322	3	2	-	-	-	322	3	2	168	1	-
5	0.14	0.31	210	8	6	-	-	-	210	8	6	11	-1	-
6	0.31	0.63	107	4	3	1	-	-	106	4	3	16	-	-
7	0.63	1.90	160	8	5	2	1	-	158	7	5	21	-	-
8	1.90	7.98	32	18	28	-	18	30	32	1	-2	-7	-1	-
9	7.98	25.70	2	2	-	-	2	-	2	-	-	-	-	-
10	25.70	99.99	38	2	28	-	-	27	38	2	1	-7	-	-
11 (default)	100.00	100.00	190	9	952	-	-	854	190	9	98	114	6	-
Total			**3,887**	**74**	**1,037**	**4**	**21**	**912**	**3,884**	**53**	**125**	**844**	**18**	**-**

Notes – Danske Bank Group

Counterparty credit risk and credit exposure from trading and investment securities

(DKK billions)	30 September 2021	31 December 2020
Counterparty credit risk		
Derivatives with positive fair value	276.4	379.6
Reverse transactions and other loans at fair value[1]	220.7	259.4
Credit exposure from other trading and investment securities		
Bonds	617.8	583.4
Shares	19.1	16.7
Other unutilised commitments[2]	0.1	0.2
Total	**1,134.1**	**1,239.3**

[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 219.3 billion (31 December 2020: DKK 256.7 billion), of which DKK 23.1 billion relates to credit institutions and central banks (31 December 2020: DKK 50.0 billion), and other primarily short-term loans of DKK 1.4 billion (31 December 2020: DKK 2.8 billion), of which DKK 1.1 billion (31 December 2020: DKK 2.4 billion) relates to credit institutions and central banks.

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

Derivatives with positive fair value

(DKK millions)	30 September 2021	31 December 2020
Derivatives with positive fair value before netting	661,019	880,479
Netting (under accounting rules)	384,621	500,913
Carrying amount	276,398	379,566
Netting (under capital adequacy rules)	197,270	269,964
Net current exposure	79,128	109,601
Collateral	55,499	78,835
Net amount	**23,630**	**30,767**
Derivatives with positive fair value after netting for accounting purposes:		
Interest rate contracts	197,967	258,318
Currency contracts	77,251	119,925
Other contracts	1,180	1,323
Total	**276,398**	**379,566**

Bond portfolio

(DKK millions)	Central and local government bonds	Quasi-government bonds	Danish mortgage bonds	Swedish covered bonds	Other covered bonds	Corporate bonds	Total
30 September 2021							
Held-for-trading (FVPL)	221,989	4,818	17,025	55,790	5,999	7,714	313,336
Managed at fair value (FVPL)	9,903	925	25,162	1,195	522	2,321	40,027
Held to collect and sell (FVOCI)	17,831	5,021	71,942	10,226	16,562	237	121,818
Held to collect (AMC)	42,567	4,737	86,059	7,526	1,758	-	142,646
Total	**292,289**	**15,501**	**200,189**	**74,736**	**24,841**	**10,272**	**617,828**
31 December 2020							
Held-for-trading (FVPL)	197,777	1,920	19,285	53,729	5,712	8,591	287,014
Managed at fair value (FVPL)	19,084	929	22,851	1,964	630	2,576	48,034
Held to collect and sell (FVOCI)	15,272	3,469	82,299	8,641	5,899	1,192	116,772
Held to collect (AMC)	31,836	1,671	88,742	7,633	1,746	-	131,629
Total	**263,969**	**7,990**	**213,177**	**71,967**	**13,987**	**12,358**	**583,448**

At 30 September 2021, the Group had an additional bond portfolio, including bond-based unit trust certificates, worth DKK 217,378 million (31 December 2020: DKK 222,122 million) recognised as assets under insurance contracts and thus not included in the table above. The section on insurance risk in Annual Report 2020 provides more information. For bonds classified as hold-to-collect, fair value exceeded amortised cost as at 30 September 2021 and 31 December 2020, see note G11.

Notes – Danske Bank Group

Bond portfolio continued

Bond portfolio broken down by geographical area

(DKK millions)	Central and local govern-ment bonds	Quasi-government bonds	Danish mortgage bonds	Swedish covered bonds	Other covered bonds	Corporate bonds	Total
30 September 2021							
Denmark	90,351	-	200,189	-	-	2,850	293,390
Sweden	85,260	-	-	74,736	-	3,167	163,163
UK	4,625	-	-	-	1,971	271	6,867
Norway	5,599	-	-	-	19,754	1,735	27,088
USA	17,493	3,910	-	-	-	15	21,418
Spain	3,913	-	-	-	1	-	3,914
France	17,695	16	-	-	461	140	18,311
Luxembourg		5,601	-	-	-	93	5,694
Finland	10,823	2,446	-	-	687	867	14,823
Ireland	3,086	-	-	-	3	20	3,109
Italy	3,848	-	-	-	-	1	3,849
Portugal	42	-	-	-	-	-	42
Austria	5,394	-	-	-	-	93	5,487
Netherlands	5,542	6	-	-	28	367	5,943
Germany	36,805	-	-	-	1,701	142	38,648
Belgium	1,491	2,400	-	-	1	-	3,892
Other	321	1,122	-	-	233	511	2,188
Total	**292,289**	**15,501**	**200,189**	**74,736**	**24,841**	**10,272**	**617,828**
31 December 2020							
Denmark	80,654	-	213,177	-	-	2,968	296,800
Sweden	91,397	-	-	71,967	-	3,977	167,341
UK	2,955	-	-	-	1,096	1,489	5,540
Norway	3,681	-	-	-	10,693	1,657	16,031
USA	13,457	1,876	-	-	-	15	15,348
Spain	3,921	-	-	-	1	2	3,925
France	11,693	-	-	-	466	27	12,186
Luxembourg	-	4,404	-	-	-	75	4,479
Finland	7,964	999	-	-	751	1,432	11,147
Ireland	2,187	-	-	-	3	59	2,249
Italy	4,357	-	-	-	-	4	4,361
Portugal	249	-	-	-	-	-	249
Austria	5,347	-	-	-	-	56	5,402
Netherlands	4,987	4	-	-	15	176	5,182
Germany	30,316	-	-	-	711	181	31,208
Belgium	803	299	-	-	1	-	1,102
Other	-	409	-	-	249	239	897
Total	**263,969**	**7,990**	**213,177**	**71,967**	**13,987**	**12,358**	**583,448**

Notes – Danske Bank Group

Bond portfolio continued

Bond portfolio broken down by external ratings

(DKK millions)	Central and local government bonds	Quasi-government bonds	Danish mortgage bonds	Swedish covered bonds	Other covered bonds	Corporate bonds	Total
30 September 2021							
AAA	237,626	13,699	199,309	74,622	23,309	576	549,141
AA+	12,876	16	-	-	20	11	12,922
AA	25,009	1,787	-	114	22	1,703	28,635
AA-	5,538	-	-	-	-	162	5,700
A+	305	-	-	-	-	17	323
A	5,017	-	877	-	1,486	2,499	9,879
A-	-	-	-	-	-	1,065	1,065
BBB+	2,029	-	-	-	-	1,007	3,036
BBB	1,490	-	2	-	-	1,574	3,067
BBB-	2,400	-	-	-	-	555	2,955
BB+	-	-	-	-	-	268	268
BB	-	-	-	-	-	533	533
BB-	-	-	-	-	-	23	23
Sub-inv. grade or unrated	-	-	-	-	3	278	281
Total	**292,289**	**15,501**	**200,189**	**74,736**	**24,841**	**10,272**	**617,828**
31 December 2020							
AAA	221,354	7,522	212,971	71,928	13,344	1,387	528,506
AA+	11,293	-	-	-	66	157	11,516
AA	16,457	468	-	39	176	1,819	18,959
AA-	3,102	-	-	-	-	364	3,466
A+	-	-	-	-	-	110	110
A	3,700	-	174	-	378	3,142	7,394
A-	-	-	-	-	-	290	290
BBB+	2,408	-	-	-	-	940	3,348
BBB	1,628	-	32	-	-	1,953	3,613
BBB-	4,027	-	-	-	-	677	4,704
BB+	-	-	-	-	-	393	393
BB	-	-	-	-	-	927	927
BB-	-	-	-	-	-	31	31
Sub-inv. grade or unrated	-	-	-	-	24	168	192
Total	**263,969**	**7,990**	**213,177**	**71,967**	**13,987**	**12,359**	**583,448**

Statement by the management

The Board of Directors and the Executive Leadership Team (the management) have considered and approved Interim report – first nine months 2021 of the Danske Bank Group.

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

In our opinion, the interim financial statements give a true and fair view of the Group's assets, liabilities, total equity and financial position at 30 September 2021 and of the results of the Group's operations and the consolidated cash flows for the period starting on 1 January 2021 and ending on 30 September 2021. Moreover, in our opinion, the management's report includes a fair review of developments in the Group's operations and financial position and describes the significant risks and uncertainty factors that may affect the Group.

Copenhagen, 29 October 2021

Executive Leadership Team

Carsten Rasch Egeriis
CEO

Berit Behring

Karsten Breum

Stephan Engels

Glenn Söderholm

Philippe Vollot

Frans Woelders

Board of Directors

Karsten Dybvad
Chairman

Jan Thorsgaard Nielsen
Vice Chairman

Carol Sergeant
Vice Chairman

Martin Blessing

Lars-Erik Brenøe

Raija-Leena Hankonen

Bente Avnung Landsnes

Bente Bang
Elected by the employees

Kirsten Ebbe Brich
Elected by the employees

Thorbjørn Lundholm Dahl
Elected by the employees

Charlotte Hoffmann
Elected by the employees

Supplementary information

Financial calendar

3 February 2022	Annual Report 2021
17 March 2022	Annual general meeting
29 April 2022	Interim report – first quarter 2022
22 July 2022	Interim report – first half 2022
28 October 2022	Interim report – first nine months 2022

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

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