Interim report – first quarter 2022

Danske Bank Group

Contents

Management's report

Financial statements

Statements

Financial highlights – Danske Bank Group

Income statement (DKK millions)	Q1 2022	Q1 2021	Index 22/21	Q4 2021	Index Q1/Q4	Full year 2021
Net interest income	5,630	5,450	103	5,551	101	22,049
Net fee income*	3,379	3,402	99	3,824	88	13,525
Net trading income*	565	1,266	45	1,015	56	4,126
Net income from insurance business*	84	491	17	512	16	2,088
Other income	669	195	-	174	-	797
Total income	10,327	10,805	96	11,076	93	42,584
Operating expenses	6,371	6,273	102	6,789	94	25,663
of which resolution fund, bank tax etc.	240	160	150	164	146	687
of which impairment charges, other intangible assets	-	-	-	36	-	36
Profit before loan impairment charges	3,955	4,531	87	4,286	92	16,921
Loan impairment charges	234	497	47	-239	-	348
Profit before tax, core	3,721	4,034	92	4,525	82	16,573
Profit before tax, Non-core	-14	20	-	-25	56	-2
Profit before tax	3,707	4,054	91	4,500	82	16,571
Tax	862	914	94	846	102	3,651
Net profit	**2,845**	**3,139**	**91**	**3,654**	**78**	**12,920**
Attributable to additional tier 1 etc.	81	115	70	102	79	451
Balance sheet (end of period) (DKK millions)						
Due from credit institutions and central banks	282,777	336,606	84	320,042	88	320,042
Repo loans	259,145	276,908	94	253,954	102	253,954
Loans	1,843,815	1,827,873	101	1,834,372	101	1,834,372
Trading portfolio assets	616,570	652,541	94	509,589	121	509,589
Investment securities	306,538	302,638	101	303,425	101	303,425
Assets under insurance contracts	591,837	532,470	111	547,806	108	547,806
Total assets in Non-core	2,078	1,913	109	2,027	103	2,027
Other assets	150,193	141,952	106	164,620	91	164,620
Total assets	**4,052,954**	**4,072,903**	**100**	**3,935,834**	**103**	**3,935,834**
Due to credit institutions and central banks	108,268	111,284	97	101,786	106	101,786
Repo deposits	235,731	250,403	94	193,391	122	193,391
Deposits	1,176,842	1,229,654	96	1,167,638	101	1,167,638
Bonds issued by Realkredit Danmark	738,609	771,138	96	770,661	96	770,661
Other issued bonds	320,386	358,195	89	355,757	90	355,757
Trading portfolio liabilities	477,005	419,881	114	374,958	127	374,958
Liabilities under insurance contracts	625,953	574,696	109	588,736	106	588,736
Total liabilities in Non-core	2,547	2,538	100	2,529	101	2,529
Other liabilities	151,184	146,355	103	164,354	92	164,354
Subordinated debt	38,917	38,253	102	39,321	99	39,321
Additional tier 1	5,736	8,615	67	5,497	104	5,497
Shareholders' equity	171,776	161,890	106	171,207	100	171,207
Total liabilities and equity	**4,052,954**	**4,072,903**	**100**	**3,935,834**	**103**	**3,935,834**
Ratios and key figures						
Dividend per share (DKK)	-	-		2.0		2.0
Earnings per share (DKK)	3.2	3.5		4.2		14.6
Return on avg. shareholders' equity (% p.a.)	6.4	7.5		8.4		7.6
Net interest income as % p.a. of loans and deposits	0.75	0.72		0.74		0.73
Cost/income ratio (C/I), (%)	61.7	58.1		61.3		60.3
Total capital ratio (%)	21.7	23.4		22.4		22.4
Common equity tier 1 capital ratio (%)	17.6	18.1		17.7		17.7
Share price (end of period) (DKK)	112.6	118.7		113.0		113.0
Book value per share (DKK)	202	190		201		201
Full-time-equivalent staff (end of period)	21,854	21,978	99	21,754	100	21,754

**The financial highlights represent alternative performance measures that are non-IFRS measures. Note G3 provides an explanation of differences in the presentation between IFRS and the financial highlights. For a description of the alternative performance measures used and definition of ratios, see Definition of Alternative Performance Measures on page 27.*

Executive summary

The environment which we and our customers face is changing rapidly. The changes are caused not only by macroeconomic uncertainty and geopolitical turmoil but also by the continuing effects of the COVID-19 pandemic, including supply chain bottlenecks, changed social trends and rising inflation, especially in relation to commodity and energy prices. In this environment, we are confident that Danske Bank as a well-capitalised financial institution with a high level of expertise and a diversified, agile business model is in a strong position to both adapt to the prevailing operating environment and, more importantly, to support our customers in the challenging times that likely lie ahead.

We are all deeply dismayed by the tragic events in Ukraine, and we express our deepest compassion with everyone affected by the Russian invasion. Danske Bank is following the war in Ukraine closely, and our thoughts are with all those carrying the human toll of the war. Our direct financial exposure is very limited, and our main focus has therefore been to engage closely with our customers to provide expert advice and support. We have also increased the possibility for all colleagues to use more of their work hours to do voluntary work to support Ukraine through our corporate volunteering programme. To support humanitarian efforts, Danske Bank has donated to Save the Children's (Red Barnet) humanitarian aid programme for Ukraine.

As a bank and part of the global financial system, we play a key role in enforcing the economic pressure on Russia, and across the bank, we are implementing the sanctions imposed by Denmark, the EU, the US and the UK and other relevant sanctions in the markets where we operate. Danske Bank has no physical presence in Russia, nor do we hold Russian assets in our treasury portfolio. We will not acquire or invest in such assets, and we exclude Russian government bonds and Russian state-owned enterprises from our investment portfolios and products. Furthermore, we will not accommodate any trades in Russian securities that are not already held in custody with us.

As the Nordic societies have reopened fully after the lockdowns during the first quarter of 2022, we have seen the negative impacts of the global pandemic decrease. While our credit portfolio has remained strong, the pandemic has led to lasting changes, and uncertainty persists, most recently in the form of lockdowns in China, which could impact global supply chains.

Following the reopening of societies, we have also seen solid business credit demand relative to the same period last year. Moreover, recalibration of global supply chains and potential nearshoring of supply chains are expected to be positive drivers for credit demand in the period to come. We are committed to playing a key role in the upcoming repayment of Danish government support packages expected to begin in April and have launched a new and favourable loan product to support business customers that wish to repay government loans.

As a strong financial institution, we are ready to partner up with our customers, who have to navigate in an uncertain operating environment. Combined with the key role we play in the green transition, this means that our expert advisory capabilities are in high demand. This further underpins the importance of our strategic agenda, as the transformation to become a better bank is crucial for us to continue to be able to support customers and societies. During the first quarter of 2022, we delivered structural progress towards our goals to become a better bank. We can clearly see that our execution across our key priorities is progressing for instance our focus on becoming a more simple bank and rolling out new digital solutions to customers, all supporting our positive commercial momentum.

Improving our personal customer business in Denmark continues to be a top priority, and despite seasonality quarter-over-quarter, we saw good activity in the first quarter of 2022 in the home finance area, for instance high remortgaging activity due to the rise in interest rate levels.

Our good progress within sustainability continued in the first quarter of 2022. A large Swedish fund selector announced that Danske Bank had won the award for "Best Sustainable Player" – a recognition that our hard work within sustainable investing is yielding results. Large Corporates & Institutions continued to be a top-ranked arranger of sustainable finance with a leading position in Nordic sustainable bonds and sustainability-linked loans league tables. Additionally, we improved our green offering to personal customers as we launched a new loan for home energy improvements that is both cheaper and also helps customers respond to the rising energy prices.

Financials

Danske Bank posted a net profit of DKK 2.8 billion for the first quarter of 2022, against DKK 3.1 billion for the same period in 2021, driven primarily by lower financial markets-related income. The return on shareholders' equity was 6.4%, against 7.5% in the first quarter of 2021.

Our core banking activities continued to deliver commercial progress in a changing operating environment with solid net interest income and net fee income, while the net trading income line was negatively affected by value adjustments in the first quarter of 2022.

Net interest income was slightly higher despite fewer days in the first quarter of 2022 than in the last quarter of 2021, driven by volume growth and by the effect of our repricing initiatives in Denmark for both personal and business customers.

Capital markets and investment fees slowed during the first quarter of 2022 from the record-high level in 2021, however, total fee income in the first quarter proved resilient, helped by a diversified business model and a continued increase in activity-driven fees.

Relative to the same period in 2021, net trading income in the first quarter of 2022 was lower, adversely affected by negative value adjustments and challenging market conditions, however, customer activity held up well at both Personal & Business Customers and Large Customers & Institutions. Through the challenging market conditions, we remained focused on supporting our customers in managing their financial risks by providing advice and access to the markets as spreads widened.

Net income from insurance business was significantly down, with the decline caused by the volatility in the financial markets that led to negative investment results on life insurance products where Danica Pension has the investment risk as well as by a lower result of the health and accident business.

Total expenses in the first quarter of 2022 were higher than in the same period last year as our planned investments in compliance and remediation continued, but also because of the new Swedish bank tax. The underlying efficiency continued to improve, driven by a decline in the number of FTEs.

Credit quality continued to be strong as we recognised impairments of DKK 0.2 billion in the first quarter of 2022, less than in the same period last year, related mainly to macroeconomic uncertainty. Post-model adjustments made during 2020 to cover pandemic-related tail risks remain in place, but a portion of the pandemic-related post-model adjustments has been repurposed to cover global uncertainty.

The execution of our Better Bank 2023 plan continued to proceed according to plan in the first quarter, and as announced on 7 January 2022, we will increase our commercial focus and accelerate the execution of our Better Bank plan by dividing the current Personal & Business Customers unit into two business units. This means that, no later than May 2022, our commercial activities will be organised in three business units headed by Berit Behring (Large Customers & Institutions), Christian Bornfeld (Personal Customers) and Johanna Norberg (Business Customers).

Capital and funding

Our total capital position was slightly lower at 21.7% whereas our core capital position was almost in line with the previous quarter with a CET1 capital ratio of 17.6%.

At the end of March 2022, the Group had issued covered bonds of DKK 7.1 billion, senior debt of DKK 0.6 billion and non-preferred senior debt of DKK 6.6 billion, bringing total long-term wholesale funding to DKK 14.3 billion. In line with our capital planning, the Norwegian counter-cyclical buffer will be raised to 2.5% effective from 31 March 2023. This is reflected in our fully phased-in capital requirements, where the basis so far has been 2%, hence there is a modest additional Group impact of around 0.06%.

Annual General Meeting and dividend

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

Danske Bank is now in initial discussions with U.S. and Danish authorities on resolution of the Estonia matter. Consequently, the Board of Directors has decided that Danske Bank will not pay out dividends in connection with the announcement of the interim report for the first quarter of 2022.

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

Outlook for 2022

We expect net profit to be in the range of DKK 13-15 billion, including the gains from MobilePay, Danske Bank International and Danica Pension in Norway.

We expect income from core banking activities to be higher in 2022 due to good economic activity and progress towards our 2023 financial ambitions.

Net income from insurance business and trading activities are expected to be at a normalised level, subject to financial market conditions.

We expect costs in 2022 to reflect our continued focus on cost management and to be around DKK 25 billion due to elevated remediation costs and the inclusion of the Swedish bank tax and regulatory expenses of around DKK 0.4 billion. Loan impairments are expected to be below the normalised level, given stable macroeconomic conditions and our overall strong credit quality.

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

The outlook is subject to uncertainty and depends on economic conditions and does not include any effect from a potential settlement of the Estonia matter in 2022.

Financial review

First quarter 2022 vs first quarter 2021

Net profit decreased to DKK 2,845 million (Q1 2021: DKK 3,139 million). Higher net interest income and other income, combined with lower loan impairments charges achieved on the basis of strong credit quality, could not compensate for the effect of the market turmoil on net trading income and net income from insurance business.

Income

Net interest income increased to DKK 5,630 million (Q1 2021: DKK 5,450 million). Net interest income saw a positive impact from higher lending volumes and higher deposit margins within Large Corporates & Institutions combined with higher UK interest rates and related pricing actions in Northern Ireland.

Net fee income decreased slightly to DKK 3,379 million (Q1 2021: DKK 3,402 million). We have seen good remortgaging activity as a result of the rise in interest rate levels at Personal & Business Customers, on the other hand, activity in both debt and equity capital markets slowed down following the escalation of the war in Ukraine. Assets under management increased slightly from the level in the first quarter of 2021, which also had a positive impact on net fee income.

Net trading income decreased to DKK 565 million (Q1 2021: DKK 1,266 million). Customer-driven trading income held up well, but the item was adversely affected by a negative value adjustment of the derivatives portfolio (xVA) and challenging market conditions.

Net income from insurance business amounted to DKK 84 million (Q1 2021: DKK 491 million). Net income from insurance business was affected by the negative developments in the financial markets in the first quarter of 2022. The underlying business and the risk result improved due to fewer claims and a reduction of technical provisions as a result of the decline in claims.

Other income amounted to DKK 669 million (Q1 2021: DKK 195 million). The increase was due partly to the sale of our activities in Luxembourg, which generated a one-off gain of DKK 421 million.

Operating expenses

Operating expenses amounted to DKK 6,371 million (Q1 2021: DKK 6,273 million). Underlying expenses continued to progress according to plan, which helped to mitigate elevated remediation costs. The level mainly reflects higher IT expenses due to a one-off in relation to a new mainframe agreement and higher costs for compliance and remediation. Furthermore, the Resolution fund, bank tax etc. item increased DKK 80 million as a result of the Swedish bank tax that came into force on 1 January 2022.

Loan impairment charges

Credit quality remained strong in the first quarter of 2022. Loan impairment charges in core activities were at a lower level in the first quarter than in the same period of 2021, amounting to DKK 234 million (Q1 2021: DKK 497 million).

Impairments mainly reflected macroeconomic uncertainty created by the war in Ukraine, resulting in increased inflationary pressures and increased expectations of interest rate hikes. On the other hand, COVID 19-related uncertainty decreased as the new virus variants were found to be less life-threatening and not leading to widespread lockdowns as previously anticipated. While the macroeconomic landscape remains uncertain, the Group observed a positive underlying movement in the credit quality of individual customers across the core portfolio.

A review of post-model adjustments resulted in a new post-model adjustment of DKK 1.0 billion for "Global tension" to address idiosyncratic risks in the portfolios stemming from rapid price increases on commodities due to the war in Ukraine. The changes in the quarter also led to a reduction in the COVID-19-related share of post-model adjustments associated with the property segment and process-related risks spread across industry portfolios and retail customers.

Personal & Business Customers accounted for the main part of the loan impairment charges in the first quarter of 2022, which were made against individual customer exposures due to the changes in macroeconomic scenarios to account for higher inflation expectations and interest rate hikes. We continue to see more normalised impairment levels than in the same period in 2021, although on a quarterly basis, impairments were up slightly due to macroeconomic uncertainty.

At Large Corporates & Institutions, loan impairment charges increased slightly in the first quarter of 2022 from the level observed in the first quarter of 2021 owing to changes in post-model adjustments and macroeconomic scenarios that address the risks associated with the ongoing war in Ukraine.

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

Loan impairment charges

	Q1 2022		Q1 2021	
(DKK millions)	Charges	% of net credit exposure[1]	Charges	% of net credit exposure[1]
Personal & Business Customers	110	0.03	435	0.11
Large Corporates & Institutions	88	0.12	69	0.09
Northern Ireland	19	0.13	-7	-0.06
Group Functions	17	1.76	1	0.12
Total core	**234**	**0.05**	**497**	**0.10**

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

Lending and deposits

Lending amounted to DKK 1,843.8 billion, an increase of 1% from the level at the end of 2021. At Personal & Business Customers, an increase in lending at Personal Customers Nordic was offset by a decrease in lending in Asset Finance and at Personal Customers Denmark, as customers repaid bank loans faster and switched to mortgage loans. The increase in lending at Large Corporates & Institutions was driven partly by higher volumes in Denmark and Sweden, reflecting our strategic ambition to grow the number of core customer relationships in Sweden. Outside General Banking, bridge financing and underwrite-to-distribute activity in Loan Capital Markets further contributed to the increase.

Mortgage lending at nominal value from Realkredit Danmark increased 2% from the first quarter of 2021. Measured at fair value, however, the high interest rate level drove the volume down.

Deposits amounted to DKK 1,176.8 billion, up 1% from the level at the end of 2021. Deposits continued to be affected by low consumer spending, direct government support to customers and business customers having secured backup liquidity.

In Denmark, new gross lending, excluding repo loans, amounted to DKK 24.6 billion. Lending to personal customers accounted for DKK 6.8 billion of this amount.

Our market share of lending decreased in Denmark, Finland and Norway. In Denmark, our market share of lending, excluding repo loans, decreased to 24.7% at the end of February 2022 (end-2021: 24.8%). In Sweden, our market share of lending increased from the end-2021 level.

In Denmark, our market share of deposits decreased to 29.0% at the end of February 2022 (end-2021: 29.1%). In Finland and Norway, our market share of deposits was on par with the level at end-2021, whereas in Sweden, our market share of deposits was lower than at the end of 2021.

Q1 2022 vs Q4 2021

Net profit decreased to DKK 2,845 million (Q4 2021: DKK 3,654 million), due mainly to lower income.

- **Net interest income** increased to DKK 5,630 million (Q4 2021: DKK 5,551 million). Lending volumes increased during the first quarter, primarily at Large Corporates & Institutions. Furthermore, the effect of our repricing initiatives in Denmark for both personal and business customers had a positive effect on net interest income. The decrease in the number of interest days had a negative impact on net interest income.

- **Net fee income** amounted to DKK 3,379 million (Q4 2021: DKK 3,824 million), as activity on the capital markets and investment activity slowed down following the escalation of the war in Ukraine.

- **Net trading income** decreased to DKK 565 million (Q4 2021: DKK 1,015 million), driven mainly by the challenging market conditions in rates markets combined with a negative value adjustment of the derivatives portfolio (xVA).

- **Net income from insurance business** amounted to DKK 84 million (Q4 2021: DKK 512 million) due to lower results of the life insurance business and the health and accident business. The underlying business and risk result improved due to fewer claims and a reduction of technical provisions as a result of the decline in claims, but the investment result decreased.

- **Operating expenses** amounted to DKK 6,371 million (Q4 2021: DKK 6,789 million). The decrease was due primarily to lower costs for premises, and the fourth quarter of 2021 included higher costs for holiday pay and for employee bonus pools and other bonuses due to higher activity, combined with a provision of DKK 190 million for taxation of business travellers.

- **Loan impairment** charges in the first quarter amounted to DKK 234 million (Q4 2021: net reversal of DKK 239 million). This mainly reflects macroeconomic uncertainty associated with the war in Ukraine as well as increasing inflationary pressures across the markets. On the other hand, credit quality continued to improve. Impairment reversals relating to individual customer exposures subject to credit deterioration amounted to DKK 422 million.

DKK 2,845 million

Net profit

for the first quarter of 2022

Credit exposure and credit quality

Credit exposure from lending activities in core segments decreased to DKK 2,669 billion (end-2021: DKK 2,716 billion), as higher activity among personal customers in Norway was more than offset by lower exposure to personal customers in Denmark in particular, which was due to the net negative effect of fair value adjustments combined with lower deposits with central banks. Credit exposure directly related to customers in or from Russia, Ukraine and the Baltic countries is very limited.

Risk Management 2021, section 3, which is available at danskebank.com/ir, provides details on Danske Bank's credit risks.

Credit quality

Credit quality remained strong in the first quarter of 2022, supported by a positive rating trend. However, we remain vigilant for any possible deterioration related to the above-mentioned risk related to the war in Ukraine and global tension.

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

Stage 3 loans in core segments (DKK millions)	31 Mar. 2022	31 Dec. 2021
Gross exposure	35,840	46,012
Allowance account	9,942	12,397
Net exposure	**25,898**	**33,615**
Collateral (after haircut)	**23,433**	**30,143**
Stage 3 coverage ratio (%)	80	78

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

Total gross credit exposure in stage 3 was DKK 35.8 billion, corresponding to 1.3% of total gross credit exposure. Stage 3 exposure was concentrated on personal customers, shipping, oil and gas, commercial property and agriculture, which combined accounted for 71% of total gross exposure in stage 3. The development in stage 3 exposure since the end of 2021 was impacted primarily by the technical implementation of the new definition of default that is now aligned with EBA requirements and write-offs.

Accumulated impairments decreased to 1.01% (end-2021: 1.15%) of lending and guarantees due to the lower allowance account.

Allowance account by business units (DKK millions)	31 Mar. 2022 Accum. impairm. charges	31 Mar. 2022 % of credit exposure[1]	31 Dec. 2021 Accum. impairm. charges	31 Dec. 2021 % of credit exposure[1]
Personal & Business Customers	15,359	0.99	15,840	1.01
Large Corporates & Institutions	3,607	1.06	5,227	1.84
Northern Ireland	763	1.33	850	1.44
Group Functions	34	1.18	17	0.36
Total	**19,762**	**1.01**	**21,935**	**1.15**

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

Capital ratios and requirements

At the end of March 2022, the Group's total capital ratio was 21.7%, and its CET1 capital ratio was 17.6%, against 22.4% and 17.7%, respectively, at the end of 2021. The movement in the capital ratios in the first quarter of 2022 was driven by an increase in the capital deduction for Danica Pension and a decline in the IFRS 9 add-back, which was partly counterbalanced by realised net profit and a decrease in the total REA. The total capital ratio was further affected by the redemption of additional tier 1 capital instruments of EUR 750 million in April 2022.

During the first quarter of 2022, the total REA decreased slightly, approximately DKK 4 billion. This movement was attributable to a decrease in REA for credit risk, partially countered by an increased REA for market risk.

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

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

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

A combined buffer requirement (CBR) applies to financial institutions in addition to the solvency need ratio. At the end of March 2022, the Group's CBR was 5.6%.

Announced increases to the national countercyclical buffer rates in Denmark, Norway and Sweden will increase the Group's CBR by 1.7 percentage points. Consequently, the fully phased-in countercyclical buffer requirement will be 1.8%, bringing the fully phased-in CET1 requirement to 14.2%. This is a 0.3 percentage points increase from the level at the end of 2021, which is largely driven by the recently announced increase of the national buffer requirement in Denmark from 2.0% to 2.5%, effective from 31 March 2023.

Capital ratios and requirements

(% of the total REA)	31 March 2022	Fully phased-in*
Capital ratios		
CET 1 capital ratio	17.6	17.4
Total capital ratio	21.7	21.5
Capital requirements (incl. buffers)**		
CET 1 requirement	12.6	14.2
- portion from countercyclical buffer	0.1	1.8
- portion from capital conservation buffer	2.5	2.5
- portion from SIFI buffer	3.0	3.0
Solvency need ratio	11.4	11.4
Total capital requirement	**17.0**	**18.7**
Excess capital		
CET 1 capital	5.0	3.1
Total capital	4.7	2.8

** 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 March 2022.*

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

Minimum requirement for own funds and eligible liabilities

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

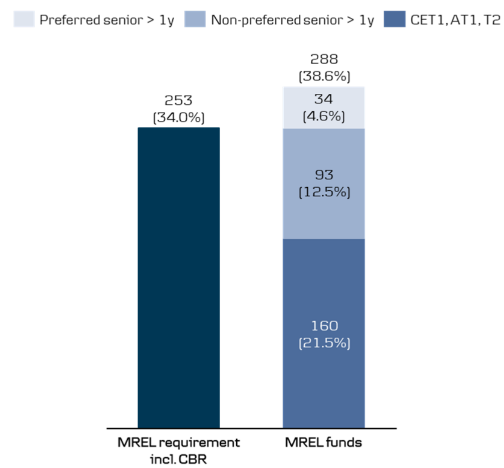
The requirement is set at two times the solvency need and one time the SIFI buffer and the capital conservation buffer (CBR). Further, the CBR must be met in addition to the MREL. At the end of March 2022, the point-in-time requirement including the CBR was equivalent to DKK 253 billion, or 34.0% of the REA adjusted for Realkredit Danmark. The backward-looking MREL at the end of March 2022, set by the Danish FSA, was 29.6% of the REA adjusted for Realkredit Danmark. Taking the deduction of capital and debt buffer requirements for Realkredit Danmark into account, MREL eligible liabilities amounted to DKK 288 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 set the subordination requirement as the higher of 8% of total liabilities and own funds (TLOF) and two the times the solvency need plus one time the CBR.

At the end of March 2022, the subordination requirement was equivalent to DKK 221 billion. Subordinated MREL-eligible liabilities stood at DKK 253 billion.

Point-in-time MREL requirement and eligible funds; Q1 2022; DKK billion (% of REA)



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

Leverage ratio

At the end of March 2022, the Group's leverage ratio was 4.7% under the transitional rules and 4.6% under the fully-phased in rules.

Capital targets

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

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

Capital distribution policy

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

Danske Bank is now in initial discussions with U.S. and Danish authorities on resolution of the Estonia matter. Consequently, the Board of Directors has decided that Danske Bank will not pay out dividends in connection with the announcement of the interim report for the first quarter of 2022.

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

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

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

Funding and liquidity
At the beginning of the first quarter of 2022, market attention continued to shift away from the impact of the COVID-19 pandemic to inflation and central bank monetary responses. As the crisis between Russia and Ukraine escalated into war, the credit market deteriorated, although it remained open at wider spreads.

At the end of March 2022, the Group had issued covered bonds of DKK 7.1 billion, senior debt of DKK 0.6 billion and non-preferred senior debt of DKK 6.6 billion, bringing total long-term wholesale funding to DKK 14.3 billion. This excludes USD 2 billion in non-preferred senior debt issued in April.

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

From time to time, we will make issues in GBP, JPY, CHF and other currencies when market conditions allow. Issuance plans for subordinated debt in either the additional tier 1 or tier 2 formats will depend on balance-sheet growth and redemptions on the one side and our capital targets on the other. Any issuance of subordinated debt may cover part of our funding need. Note G6 provides more information about bond issues in 2022.

Danske Bank's liquidity position remained robust. Stress tests show that we have a sufficient liquidity buffer well beyond 12 months. At the end of March 2022, our liquidity coverage ratio stood at 164% (31 December 2021: 164%), with an LCR reserve of DKK 627 billion (31 December 2021: DKK 687 billion).

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

At 31 March 2022, the total nominal value of outstanding long-term funding, excluding equity-accounted additional tier 1 capital and debt issued by Realkredit Danmark, was DKK 369 billion (31 December 2021: DKK 381 billion).

The Supervisory Diamond
The Danish FSA has identified a number of specific risk indicators for banks and mortgage institutions and set threshold values with which all Danish banks must comply. The requirements are known as the Supervisory Diamond.
At the end of March 2022, Danske Bank was in compliance with all threshold values. A separate report is available at danskebank.com/ir.

Realkredit Danmark also complies with all threshold values.

New regulation
As part of the EU Banking Package 2021 and in order to implement Basel IV, the European Commission adopted proposals in October 2021 to amend, inter alia, Regulation (EU) No 575/2013 (CRR) and Directive 2013/36/EU (CRD). The proposals include some adjustments to the Basel IV standard, and the output floor is subject to a transitional arrangement that means that the output floor must be fully implemented by 1 January 2030.

In order to estimate any effects that the finally adopted regulation and directive may have on the Group, the Group continuously monitors the legislative negotiations and conducts impact assessments. On the basis of the Group's current and updated analysis of the EU Banking Package 2021, the Group's current capital planning takes into account the expected REA impact of the initial implementation expected in 2025. The fully phased-in impact of the EU Banking Package 2021 on the Group depends on the final outcome of the EU legislative process, including the calibration of the output floor. Taking into account the proposed transitional arrangements with regards to the output floor, the Group currently expects the output floor to restrict the Group at the earliest in 2033, when the transitional arrangements are set to lapse.

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

Environmental, Social and Governance (ESG) ratings
On 12 February 2022, ISS ESG downgraded Danske Bank to C Prime from C+ Prime, as a result of an updating of its rating criteria.

Estonia matter

Investigation

On 28 April 2022 Danske Bank announced that it had entered into initial discussions with US and Danish Authorities on the resolution of the Estonia matter.

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

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

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

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

Civil claims

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

Debt collection issue

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

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

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

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

Market monitoring

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

Private banking activities in Luxembourg

On 1 July 2021, 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. At the end of January 2022, the sale was finalised, and the activities were successfully migrated to UBP.

Changes to the Board of Directors

On 8 February 2022, it was announced that Karsten Dybvad would not stand for re-election at the Annual General Meeting.

On 1 March 2022, the result of the election of employee representatives to the Board of Directors was announced, and the following were elected to the Board for a four-year term following the Annual General Meeting: Bente Bang (re-elected), Kirsten Ebbe Brich (re-elected), Aleksandras Cicasovas and Louise Aggerstrøm Hansen.

On 17 March 2022, the Annual General Meeting elected three new members to the Board of Directors: Jacob Dahl, Allan Polack and Helle Valentin. The remaining members of the Board of Directors were re-elected. Following the Annual General Meeting, the Board elected Martin Blessing as Chairman and Jan Thorsgaard Nielsen as Vice Chairman of the Board of Directors.

The Board of Directors thus now consists of Martin Blessing (Chairman), Jan Thorsgaard Nielsen (Vice Chairman), Lars-Erik Brenøe, Jacob Dahl, Raija-Leena Hankonen-Nybom, Bente Avnung Landsnes, Allan Polack, Carol Sergeant, Helle Valentin, Bente Bang, Kirsten Ebbe Brich, Aleksandras Cicasovas and Louise Aggerstrøm Hansen.

Changes to segment reporting in 2022

As the next step in our ongoing transformation, we announced in January 2022 a further fine-tuning of the organisation that will take effect no later than May 2022.

We will divide the current Personal & Business Customers unit into two business units, and going forward, our commercial activities will thus be organised in three units, each focusing on a customer segment: Personal Customers, Business Customers and Large Corporates & Institutions:

- The Personal Customers unit will serve our personal customers across all markets and will include our Danica Pension and Realkredit Danmark subsidiaries.
- The Business Customers unit will serve our small and medium-sized business customers across all markets and will include our Asset Finance operations.
- The Large Corporates & Institutions unit will serve the largest Nordic corporate and institutional customers. The unit will remain unchanged.

New Head of Personal Customers Christian Bornfeld and new Head of Business Customers Johanna Norberg will join the Executive Leadership Team on 1 May 2022 and replace Glenn Söderholm who will step down from the Executive Leadership Team when the changes take effect. Berit Behring will continue to head Large Corporates & Institutions.

The interim report for the first half of 2022 will reflect the new structure, and comparative figures for 2021 will be restated.

The table below shows the new business segments with adjusted Q1 2022 and full-year 2021 figures. The split between the new business units Personal Customers and Business Customers is disclosed with some uncertainty (5-10%), as the new business unit structure has not yet been fully implemented.

Adjusted Q1 2022 and full year 2021 figures for the new business units

(DKK millions)	Personal Customers Q1 2022	Business Customers Q1 2022	P&B Customers Q1 2022	Personal Customers FY 2021	Business Customers FY 2021	P&B Customers FY 2021
Net interest income	1,936	1,973	3,909	7,879	7,785	15,664
Net fee income	1,340	475	1,815	4,917	1,599	6,516
Net trading income	105	109	213	322	351	673
Other income	463	199	663	211	580	791
Total income	3,844	2,756	6,600	13,329	10,315	23,644
Operating expenses	2,537	1,344	3,881	10,046	5,207	15,253
Profit before loan impairment charges	1,307	1,412	2,720	3,283	5,108	8,391
Loan impairment charges	4	106	110	80	406	486
Profit before tax	**1,303**	**1,306**	**2,609**	**3,203**	**4,702**	**7,905**
Cost/income ratio (%)	66.0	48.8	58.8	75.4	50.5	64.5
Loans, excluding reverse transactions	859,365	639,672	1,499,038	878,079	643,896	1,521,975
Deposits, excluding repo transactions	410,363	290,063	700,426	407,904	292,530	700,434
Full time equivalent staff end of period	4,832	1,695	6,527	4,850	1,716	6,565

Business units

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

Personal & Business Customers

Our Personal & Business Customers unit provides advisory services to personal customers, Private Banking customers and small and medium-sized businesses in Denmark, Sweden, Norway and Finland. We offer customised advice based on the customer's current situation and needs. With our intuitive digital solutions, we aim to make it as easy as possible for our customers to do most of their banking business whenever and wherever they want. Our business customers have access to the market's most innovative digital solutions that make day-to-day banking easy.

Large Corporates & Institutions

Large Corporates & Institutions aims to be the preferred long-term financial partner for the largest Nordic corporate and institutional customers, supporting them throughout their life cycle in good and bad times by applying a holistic view on their business needs, while also delivering best-in-class products to customers in Personal & Business Customers. We are supporting our customers by providing easy day-to-day banking offerings, risk facilitation, execution services and strategy advice via the preferred platform of our customers.

Danica Pension

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

Northern Ireland

Danske Bank is the leading bank in Northern Ireland, serving personal, business and corporate customers. The business is also a growing bank in targeted sectors across the rest of the United Kingdom. We support our customers through face-to-face, online and mobile solutions. Danske Bank was delighted to win the 2021 Business in the Community "Environmental Leadership" award and is seen as one of the leading companies in the country when it comes to sustainability, diversity and being responsible.

Personal & Business Customers

In the first quarter of 2022, Personal & Business Customers continued to see progress and commercial momentum with good customer activity – especially within mortgage finance in Denmark. Customer activity was also supported by the reopening of the markets and societies in the Nordic countries following the discontinuation of COVID-19 restrictions. However, uncertainty persisted in relation to the next phase of the COVID-19 pandemic, for instance new lockdowns in China that could impact global supply chains. Moreover, the war in Ukraine has cast new uncertainty on the financial markets, while unprecedented sanctions put businesses to the test and soaring fuel and food expenses reduce the purchasing power of households on average.

Profit before tax in the first quarter of 2022 was DKK 2,609 million, an improvement of 37% from the level in the same period in 2021, due primarily to a one-off gain from the sale of the customer portfolio in Luxembourg and lower loan impairment charges.

Personal & Business Customers (DKK millions)	Q1 2022	Q1 2021	Index 22/21	Q4 2021	Index Q1/Q4	Full year 2021
Net interest income	3,909	3,879	101	3,909	100	15,664
Net fee income	1,815	1,750	104	1,711	106	6,516
Net trading income	213	150	142	177	120	673
Other income	663	196	-	177	-	791
Total income	6,600	5,975	110	5,974	110	23,644
Operating expenses	3,881	3,638	107	4,420	88	15,253
of which resolution fund, bank tax etc.	98	69	142	73	134	290
Profit before loan impairment charges	2,720	2,337	116	1,554	175	8,391
Loan impairment charges	110	435	25	31	-	486
Profit before tax	**2,609**	**1,903**	**137**	**1,522**	**171**	**7,906**
Loans, excluding reverse transactions before impairments	1,512,496	1,529,183	99	1,536,121	98	1,536,121
Allowance account, loans	13,459	13,925	97	14,146	95	14,146
Deposits, excluding repo deposits	700,426	696,439	101	700,434	100	700,434
Covered bonds issued	1,008,506	1,046,385	96	1,040,484	97	1,040,484
Allocated capital (average)	71,788	73,009	98	73,006	98	73,861
Net interest income as % p.a. of loans and deposits	0.71	0.71	-	0.71	-	0.71
Profit before loan impairment charges as % p.a. of allocated capital	15.2	12.8	-	8.5	-	11.4
Profit before tax as % p.a. of allocated capital (avg.)	14.5	10.4	-	8.3	-	10.7
Cost/income ratio (%)	58.8	60.9	-	74.0	-	64.5
Full-time-equivalent staff	6,527	6,853	95	6,565	99	6,565

Assets under management (DKK millions)						
Assets under custody	**655,718**	**601,757**	**109**	**713,745**	**92**	**713,745**

Fact Book Q1 2022 provides financial highlights at customer type level for Personal & Business Customers. Fact Book Q1 2022 is available at danskebank.com/ir.

Business initiatives and strategy

The reopening of the markets and societies in the Nordic countries have had a positive effect on customer activity. Activity increased both within transactional services and currency exchange related to travel activity, for example. However, with the war in Ukraine and the significant international sanctions imposed on Russia, we see increased uncertainty yet again. This is a difficult time for many of our customers – also on a deeply human level – and we have provided information and held webinars about the war in Ukraine in order to help our customers understand the implications. More than 1,000 customers have participated in the webinars, and the feedback has been positive.

We continued to see good customer activity in Personal Banking DK, especially in the home finance area where meeting activity increased and there was good refinancing and remortgaging activity, the latter not least due to the rise in interest rate levels. In terms of nominal value, we saw an increase in mortgage lending from Realkredit Danmark of 2% from the first quarter of 2021. Measured at fair value, however, the high interest rate level drove the volume down.

The repayment of the Danish government COVID-19 support loans is expected to begin in April, and in order to support our small business customers, we launched a new and favourable loan product that allows customers to borrow at a cost up to 50% less than the terms of the government instalment agreement. Customer interest in this loan type has been lower than expected, which to us signals that businesses in Denmark are resilient even in turbulent times.

In mid-February, we launched a new feature in Danske Mobile Banking, enabling our personal customers in Denmark to conveniently open a Danske Konto account directly in the Mobile Banking app. In the first quarter, almost 10,000 new Danske Konto accounts were opened using the new function, which corresponds to more than 30% of all new Danske Konto accounts. The feature will be scaled to also cover our Private Banking customers in Denmark.

First quarter 2022 vs first quarter 2021
Profit before tax amounted to DKK 2,609 million (Q1 2021: DKK 1,903 million), due mainly to a one-off gain from the sale of the customer portfolio in Luxembourg and a decrease in loan impairment charges.

Net interest income increased slightly, driven by a repricing of deposits, which was partly offset by continued margin pressure on lending and a challenged interest rate environment across the Nordic countries.

Net fee income stood at DKK 1,815 million, an increase of 4% (Q1 2021: DKK 1,750 million). This was driven by an increase in service fees as well as good refinancing and remortgaging activity as a result of the rise in interest rate levels.

Net trading income increased to DKK 213 million (Q1 2021: DKK 150 million), driven by foreign exchange activity.

Other income amounted to DKK 663 million (Q1 2021: DKK 196 million). The increase was due primarily to a one-off gain from the sale of the customer portfolio in Luxembourg.

Operating expenses increased 7%, as the changes to the allocation of costs between the business units related to the reorganisation at the beginning of 2021 were implemented mainly at the end of 2021. Underlying, we continue to see a decrease in transformation costs related to the implementation of the Better Bank plan.

In the first quarter of 2022, loan impairment charges amounted to DKK 110 million (Q1 2021: DKK 435 million), and impairments thus continued the trend from 2021, returning to a more normalised level. The impairment charges for the first quarter of 2022 were driven mainly by changes in the macroeconomic outlook due to the ongoing war in Ukraine as well as changes in overlays.

The number of full-time-equivalent staff has decreased 326 since the end of the first quarter of 2021.

Q1 2022 vs Q4 2021

Profit before tax in the first quarter increased to DKK 2,609 million, driven primarily by lower operating expenses and a one-off gain from the sale of the customer portfolio in Luxembourg.

- **Net interest income** was flat and stood at DKK 3,909 million (Q4 2021: DKK 3,909 million).
- **Net fee income** increased 6%, driven by higher refinancing and remortgaging activity, the latter not least as a result of a rise in interest rate levels.
- **Operating expenses** declined 12% due to lower transformation costs related to the Better Bank plan, but also because of the changes to the models for cost allocation between the business units that were implemented primarily in the fourth quarter of 2021.
- The first quarter of 2022 saw **loan impairment charges** of DKK 110 million (Q4 2021: DKK 31 million). The increase in impairment charges was attributable to changes in macroeconomic scenarios as well as to a slight deterioration in credit quality.
- **Lending** volumes decreased 2%, mainly as a result of the sale of the customer portfolio in Luxembourg and negative value adjustments of mortgage loans in Denmark.
- **Deposit** volumes decreased, due primarily to the sale of the customer portfolio in Luxembourg.

DKK 2,609 million

Profit before tax
for the first quarter of 2022

Large Corporates & Institutions

The war in Ukraine, combined with the beginning of global monetary tightening, has led to a challenging operating environment for our customers. Danske Bank is well-capitalised, and we stand ready to support our customers with liquidity, credit, advisory services and risk management. Lending increased, although so far, we have not seen as high demand for extra liquidity as we did during the corona crisis, but we have an ongoing dialogue with our customers on how best to support them. Danske Bank has no physical presence in Russia following our exit in 2019, and we have decided to exclude Russian government bonds and Russian state-owned enterprises from our investment portfolios and products. Furthermore, we will not accommodate any trades in Russian securities that are not already held in custody with us. As a leading Nordic wholesale bank, we also play an important role in ensuring that the sanctions against Russia are applied in a timely and expedient manner.

Profit before tax in the first three months of 2022 was DKK 1,703 million, a decline from the same period last year due to lower trading income amid challenging rates and credit markets.

Large Corporates & Institutions (DKK millions)	Q1 2022	Q1 2021	Index 22/21	Q4 2021	Index Q1/Q4	Full year 2021
Net interest income	1,284	1,216	106	1,179	109	4,732
Net fee income	1,514	1,599	95	2,057	74	6,777
Net trading income	737	1,102	67	720	102	3,137
Other income	1	1	100	3	33	5
Total income	3,535	3,918	90	3,959	89	14,650
Operating expenses	1,744	1,851	94	1,463	119	7,025
of which resolution fund, bank tax etc.	116	75	155	84	138	360
Profit before loan impairment charges	1,791	2,067	87	2,495	72	7,625
Loan impairment charges	88	69	128	-243	-	-13
Profit before tax	**1,703**	**1,998**	**85**	**2,738**	**62**	**7,638**
Loans, excluding reverse trans. before impairments	291,266	259,102	112	264,824	110	264,824
of which loans in General Banking	243,461	233,641	104	232,890	105	232,890
Allowance account, loans (incl. credit institutions)	2,562	3,989	64	4,363	59	4,363
Deposits, excluding repo deposits	381,753	448,560	85	383,547	100	383,547
of which deposits in General Banking	333,948	407,243	82	340,477	98	340,477
Covered bonds issued	25,424	21,663	117	26,055	98	26,055
Allocated capital (average)	40,906	44,565	92	41,915	98	43,591
Net interest income as % p.a. of loans and deposits	0.79	0.71	-	0.76	-	0.73
Profit before loan impairment charges as % p.a. of allocated capital	17.5	18.6	-	23.8	-	17.5
Profit before tax as % p.a. of allocated capital (avg.)	16.7	17.9	-	26.1	-	17.5
Cost/income ratio (%)	49.3	47.2	-	37.0	-	48.0
Full-time-equivalent staff	2,226	2,506	89	2,684	83	2,684

Total income (DKK millions)	Q1 2022	Q1 2021	Index 22/21	Q4 2021	Index Q1/Q4	Full year 2021
General Banking	1,625	1,564	104	1,555	105	6,203
Markets	891	1,190	75	1,005	89	3,909
of which xVA*	-130	94	-	50	-	104
Asset Management	577	554	104	912	63	2,653
of which performance fees	20	24	83	305	7	385
Investment Banking & Securities (IBS)	442	610	72	487	91	1,886
Total income	**3,535**	**3,918**	**90**	**3,959**	**89**	**14,650**

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

Assets under management (DKK millions)	Q1 2022	Q1 2021	Index 22/21	Q4 2021	Index Q1/Q4	Full year 2021
Institutional clients	469,299	477,037	98	487,560	96	487,560
Retail clients	301,546	294,909	102	325,025	93	325,025
Total assets under management[1]	**770,846**	**771,946**	**100**	**812,585**	**95**	**812,585**

[1] Includes assets under management from Group entities.

Strategy and business initiatives

The Russian attack on Ukraine has triggered the biggest geopolitical crisis in Europe since the Second World War. Commodity prices have soared from elevated levels and added to the inflationary pressure visible already last year. This has reawakened fears of stagflation, or even a global recession, as central banks are beginning to tighten monetary policy amid a challenging outlook with increasing price pressure and the risk of lower economic growth. Combined with renewed supply chain bottlenecks, the operating environment has become more challenging, and more uncertain, for our customers.

As a result, customer demand for products to hedge risk increased in the first quarter as illustrated by increasing volumes within foreign exchange. While we continue the work to become more efficient in how we allocate capital, Large Corporates & Institutions remains a leading risk facilitator in the Nordic financial market with the capacity to support our customers – also during periods of elevated market volatility as witnessed during the first quarter in the money markets and fixed income markets in particular.

The volatile financial markets also impacted demand for capital markets advisory services, with primary markets activity coming to a near halt during the first quarter. Activity slowed within Equity Capital Markets (ECM) especially, in which 2021 was a record year in the Nordic countries, with transactions being postponed. Advisory services within Mergers & Acquisitions (M&A) are less sensitive to the current situation, and we continued to see good momentum.

Activity in the primary Debt Capital Markets (DCM) was also impacted by the challenging market conditions, and while the sustainable finance market continues to grow rapidly, primary issuance did slow during the first quarter. Activity began to pick up towards the end of March, and we are proud to have assisted Kommuninvest in Sweden in entering the EUR market with their inaugural EUR 500 million Green Bond benchmark bond.

Within sustainable investments, we continued to expand and strengthen our offering, which is translating into new tailor-made sustainability-related mandates from our customers, and we are proud to have won the award for “Best Sustainable Player” by the large Swedish fund selector Söderberg & Partners. Our Responsible Investment Committee decided in February, after careful consideration and a thorough analysis of sustainability factors, to exclude Russia and Russian state-owned enterprises from our investment portfolios and products. This decision is implemented and executed in a way and at a pace that is consistent with our fiduciary duty and will – among other things – be subject to client contracts and mandates, fund boards and other formal approvals as well as the ability to transact in the market.

First quarter 2022 vs first quarter 2021

Profit before tax declined to DKK 1,703 million (Q1 2021: DKK 1,998 million) as a result of lower net trading income.

Net interest income increased to DKK 1,284 million (Q1 2021: DKK 1,216 million) due to higher lending volumes, higher activity-driven net interest income and higher deposit margins, which more than offset the lower deposit volumes.

Lending volumes in General Banking increased 4% from the level at the end of the first quarter of 2021, as the positive momentum from the second half of last year continued and the challenging environment contributed to higher demand. For example, we supported term loans to customers as the corporate bond market became less attractive. Some of these will likely be repaid if market conditions improve. Lending growth was driven especially by higher volumes in Denmark and Sweden – also reflecting our strategic ambition to grow the number of core customer relationships in Sweden. Outside General Banking, bridge financing and underwrite-to-distribute activity within Loan Capital Markets further contributed to the positive trend in lending.

Net fee income declined to DKK 1,514 million (Q1 2021: DKK 1,599 million), as fee income from capital markets activities was very high in the first quarter of 2021. Income in Asset Management increased despite a reduction in assets under management from the end-of-year level. Net sales in the retail segment were lower than in previous quarters, albeit still positive, and institutional net sales were also positive in the first quarter. Net fee income from everyday banking products, such as FX and cash management, sustained the positive trend seen in recent quarters.

Net trading income declined 33% to DKK 737 million (Q1 2021: DKK 1,102 million), due mainly to a negative valuation adjustment of the derivatives portfolio (xVA) but also to lower income from market-making activities within Rates & Credit.

Operating expenses decreased DKK 107 million, mainly as a result of the changes to the allocation of costs between the business units implemented in the fourth quarter of 2021 but also as a result of lower performance-based compensation. The Resolution fund, bank tax etc. item increased DKK 41 million as a result of the Swedish bank tax that came into force on 1 January 2022.

The number of full-time equivalent staff decreased, as the 1st line Financial Crime Risk unit was moved from Large Corporates & Institutions to the new Chief Administration Officer (CAO) area at Group Functions.

Overall credit quality remained strong in the first quarter, amid a generally positive rating trend. Loan impairments in the first quarter of 2022 amounted to a charge of DKK 88 million, a small increase from the first quarter of 2021 (DKK 69 million). In 2021, the impact of the corona crisis on the portfolio was limited, and this impact has decreased further in 2022, whereas the macroeconomic outlook following the outbreak of war in Ukraine is contributing to a higher level of impairment charges.

Q1 2022 vs Q4 2021

Profit before tax declined to DKK 1,703 million (Q4 2021: DKK 2,738 million) as a result of lower income, higher costs and higher loan impairments.

- **Net interest income** increased to DKK 1,284 million (Q4 2021: DKK 1,179 million), due mainly to higher activity-driven net interest income from, for example, Loan Capital Markets and Markets.

- **Net fee income** amounted to DKK 1,514 million (Q4 2021: DKK 2,057 million), a decline from the high level in the fourth quarter, which was positively impacted by performance fees in Asset Management.

- **Net trading income** increased slightly to DKK 737 million (Q4 2021: DKK 720 million) as a result of higher underlying trading income amid volatile markets in both quarters.

- **Operating expenses** increased as a result of the changes to the allocation of costs between the business units implemented in the fourth quarter, but the effect of this was partly offset by lower performance-based compensation. Further, the Resolution fund, bank tax etc. item also increased as the Swedish bank tax came into force on 1 January 2022.

- **Loan impairment charges** amounted to DKK 88 million (Q4 2021: a reversal of DKK 243 million). Loan impairments in the first quarter were due mainly to changes in post-model adjustments relating to impairments against sectors sensitive to the rapid increases in the prices of commodities as a result of the war in Ukraine, as well as changes to macroeconomic scenarios that consider more general increases in inflation and interest rates.

DKK 1,703 million

Profit before tax

for the first quarter of 2022

Danica Pension

Due to the turmoil in the financial markets, the result for the first quarter of 2022 was DKK 84 million, driven by negative investment results on life insurance products where Danica Pension has the investment risk as well as by a lower result of the health and accident business. The underlying business is still healthy, and the health and accident business continued to see a decline in claims.

Danica Pension (DKK millions)	Q1 2022	Q1 2021	Index 22/21	Q4 2021	Index Q1/Q4	Full year 2021
Result, life insurance	496	784	63	780	64	2,642
Result, health and accident insurance	-385	-290	133	-236	163	-438
Return on investments, shareholders' equity etc.	-111	-	-	5	-	-20
Net income before tax in Danica Pension[1]	**-**	**494**	**-**	**549**	**-**	**2,184**
Included within Group Treasury[2]	84	-3	-	-37	-	-96
Net income from insurance business	**84**	**491**	**17**	**512**	**16**	**2,088**
Premiums, insurance contracts	10,102	8,599	117	10,416	97	37,617
Premiums, investment contracts	947	649	146	1,936	49	5,563
Provisions, insurance contracts	427,100	427,885	100	449,344	95	449,344
Provisions, investment contracts	20,130	32,317	62	20,847	97	20,847
Allocated capital (average)	19,701	13,834	142	12,317	160	12,918
Net income as % p.a. of allocated capital	1.7	14.2	-	16.6	-	16.2
Solvency coverage ratio	202	202	-	210	-	210
Full-time-equivalent staff	954	821	116	960	99	960

Asset under management						
Life insurance	426,691	449,037	95	462,930	92	462,930
Health and accident insurance	17,297	16,483	105	17,449	99	17,449
Total[1]	**443,987**	**465,520**	**95**	**480,379**	**92**	**480,379**

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

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

Business initiatives and strategy

Geopolitical turmoil and declining global markets had a negative impact on the returns many of our customers got in the first quarter of 2022, and assets under management decreased 8% as a result of the negative trends in the financial markets.

Danica Pension saw growth in premiums of 19% from the level in the same period last year, reflecting a strong position in the market and the fact that more business customers have chosen Danica Pension. The strong position is due to a very attractive value proposition based on solid long-term investment returns, a strong advisory services platform, a leading portfolio of health solutions and a focus on sustainable investments.

The new health package launched in 2021 continues to be popular with customers, and we see an increase in the use of the solution, which provides customers with quick and easy access to online doctors, psychologists and dieticians. The number of consultations surpassed 20,000 in the first quarter, and customer satisfaction was at a high level.

It is Danica Pension's ambition that the early involvement of health personnel will reduce long-term illness and ultimately have a positive effect on our health and accident results.

In this regard, the increase in preventive care as well as ongoing efforts to refine the preventive efforts in our health insurance system have resulted in a much improved position for Danica Pension in relation to cover for loss of earning capacity, as we have seen a decrease in new cases.

To help achieve its goals for responsible investments, Danica Pension has announced a new initiative in which it aims to submit its own proposals at the general meetings of the companies it invests in. Through this initiative, Danica Pension will take a leading role in helping to encourage these companies to adopt more sustainable business models.

First quarter 2022 vs first quarter 2021
Danica Pension was affected by the negative developments in the financial markets in the first quarter of 2022. The underlying business is still healthy, and in the first quarter of 2022, we saw a decline in claims in the health and accident business.

Net income from insurance business decreased to DKK 84 million (Q1 2021: DKK 491 million), due primarily to the negative developments in the financial markets.

The result of the life insurance business decreased to DKK 496 million (Q1 2021: DKK 784 million), driven by negative investment results on life insurance products where Danica Pension has the investment risk.

The result of the health and accident business declined to a loss of DKK 385 million (Q1 2021: a loss of DKK 290 million). The underlying business and the risk result improved due to fewer claims and a reduction of technical provisions as a result of the decline in claims, but the investment result decreased considerably from the level in the first quarter of 2021, which included a provision for pension yield tax of DKK 200 million

The return on investments allocated to shareholders' equity etc. decreased DKK 111 million from the level in the first quarter of 2021, mainly because of lower investment results on investment assets and liabilities allocated to shareholders' equity.

Total premiums increased 19%, driven mainly by an increase in single premiums due to an inflow of new business customers.

Assets under management decreased DKK 22 billion, driven by a reclassification of assets under management regarding Danica Norway to assets held for sale.

Q1 2022 vs Q4 2021

Net income from insurance business decreased to DKK 84 million (Q4 2021: DKK 512 million) due to lower results of the life insurance business and the health and accident business.

- **The result of the life insurance business** decreased 36% due to negative investment results on life insurance products where Danica Pension has the investment risk.
- **The result of the health and accident business** declined in the first quarter of 2022. The underlying business and risk result improved due to fewer claims and a reduction of technical provisions as a result of the decline in claims but the investment result decreased.
- **The return on investments allocated to shareholders' equity etc.** decreased to a loss of DKK 111 million due to lower returns on assets allocated to shareholders' equity.
- **Total premiums** decreased 11%, mainly because of a decrease in single premiums from investment contracts.
- **Assets under management** decreased DKK 36 billion, due mainly to the negative developments in the financial markets.

DKK 84 million

Net income from insurance business
for the first quarter of 2022

Northern Ireland

In the first quarter of 2022, the economic recovery in Northern Ireland continued as disruption from the pandemic eased. Net interest income and net fee income improved year-on-year, though profitability fell in the first three months of 2022, driven by trading income volatility.

Northern Ireland (DKK millions)	Q1 2022	Q1 2021	Index 22/21	Q4 2021	Index Q1/Q4	Full year 2021
Net interest income	379	331	115	346	110	1,341
Net fee income	76	60	127	87	87	288
Net trading income	-143	-20	-	-53	270	-66
Other income	3	3	100	2	150	12
Total income	315	374	84	382	82	1,576
Operating expenses	308	275	112	380	81	1,317
Profit before loan impairment charges	7	99	7	2	-	259
Loan impairment charges	19	-7	-	-31	-	-127
Profit before tax	**-12**	**106**	**-**	**33**	**-**	**386**
Loans, excluding reverse transactions before impairments	56,234	56,743	99	55,848	101	55,848
Allowance account, loans	724	964	75	802	90	802
Deposits, excluding repo deposits	99,094	92,432	107	98,980	100	98,980
Allocated capital (average)*	6,106	6,516	94	6,682	91	6,713
Net interest income as % p.a. of loans and deposits	0.96	0.91		0.87		0.87
Profit before tax as % p.a. of allocated capital (avg.)	-0.8	6.5		2.0		5.8
Cost/income ratio (%)	97.8	73.5		99.5		83.6
Full-time-equivalent staff	1,257	1,345	93	1,268	99	1,268

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

Business initiatives and strategy

UK central bank interest rates rose during the quarter from 0.25% to 0.75% in response to inflationary pressures, supporting increased net interest income. Increasing market expectations of further interest rate increases had a negative impact on trading income in the quarter, which primarily reflects mark-to-market movements on the bank's hedging portfolio. These movements will reverse over the life of the portfolio.

Our strategic focus in Northern Ireland is to remain a stable, strong and risk-astute bank, consolidating our leading position in the Northern Ireland market alongside prudent and selected low-cost growth opportunities in the rest of the UK. Our ambition is to deliver a strong future for the bank as a more efficient, geographically diverse and digitally orientated business, achieving sustainable and responsible growth.

As we look to maintain our position as the leading bank in Northern Ireland, small business lending remained strong in the first quarter of 2022, with an improving pipeline in mortgages. Lending to larger businesses remained subdued, as many customers in this segment continue to carry excess liquidity.

As a challenger in England, we launched mortgage lending through brokers in southern England during the first quarter and were active in the social housing market in England.

We continued to build on our digital proposition, focusing in the first quarter of 2022 on improving self-service functionality and process automation.

We also remain focused on supporting the climate change agenda. We have the largest team of corporate and business banking relationship managers in Northern Ireland, and in the first quarter of 2022, they all completed carbon literacy training accredited by the Carbon Literacy project. This upskilling complements our work to help business customers become more carbon literate through the Climate Action Programme we co-developed with Business in the Community. We have committed to supporting 60 local businesses through this programme by the end of the year.

In a further development, we launched a Danske Bank home energy saving tool on our website in partnership with the Energy Saving Trust, which allows homeowners to create a tailored action plan for improving the energy efficiency of their home – to date, this tool has been accessed by around 1,000 people.

We are also working hard on colleague experience, and are benchmarking ourselves through the UK Best Companies Survey and Index. In the first quarter of 2022, we entered the Top100 national ranking for the first time (at number 39), the second-highest ranked company from Northern Ireland and the fourth best financial services sector company across the whole of the UK.

First quarter 2022 vs first quarter 2021

Profit before tax decreased to a loss of DKK 12 million (Q1 2021: DKK 106 million), with improved net interest income and net fee income offset by net trading income and increased costs related to the new cost allocation model.

While balance sheet growth remained subdued, lending activity began to improve, with net interest income increasing 15% to DKK 379 million (Q1 2021: DKK 331 million), driven by higher UK interest rates and related pricing actions.

Net fee income grew 27% to DKK 76 million (Q1 2021: DKK 60 million), as activity levels recovered post-COVID-19 and we benefited from pricing actions.

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

Operating expenses were up 12% and stood at DKK 308 million (Q1 2021: DKK 275 million), reflecting the increased costs for Group supplied services.

Loan impairment charges for the quarter primarily reflect a revised economic outlook that incorporates the impacts of the Ukraine invasion.

Customer lending to large businesses remained subdued, but the effect of this was partially offset by increasing momentum in mortgage lending and continually strong demand from small businesses. Large businesses have continued to delay investment decisions and are holding additional liquidity, as reflected in deposit growth over the period.

Q1 2022 vs Q4 2021

In the first quarter, profit before tax decreased to a loss of DKK 12 million (Q4 2021: DKK 33 million), driven by lower trading income, partially offset by improved net interest income and lower costs.

- **Net interest income** increased to DKK 379 million (Q4 2021: DKK 346 million), driven by higher UK interest rates and related pricing actions.
- **Net fee income** decreased to DKK 76 million (Q4 2021: DKK 87 million) in the quarter given some seasonality, with underlying commercial activity levels improving post-COVID-19.
- **Net trading income** was negative in both quarters due to adverse mark-to-market movements on the hedging portfolio given increased expectations of rising UK interest rates.
- **Operating expenses** decreased to DKK 308 million (Q4 2021: DKK 380 million), reflecting additional costs in the fourth quarter of 2021 related to the new cost allocation model.
- **Lending** activity remained subdued, with many large business customers continuing to delay investment decisions and to hold additional liquidity.

DKK -12 million

Profit before tax

for the first quarter of 2022

Non-core

Non-core mainly comprises legacy credit exposures as well as non-strategic private equity investments. The winding up of the Non-core activities is proceeding according to plan. Profit before tax in the first quarter of 2022 amounted to a loss of DKK 14 million, against a gain of DKK 20 million in the first quarter of 2021. Total lending increased to DKK 2.3 billion at the end of March 2022, from DKK 2.1 billion at the end of December 2021, due to the transfer to Non-core of the remaining activities in Luxembourg.

Non-core (DKK millions)	Q1 2022	Q1 2021	Index 22/21	Q4 2021	Index Q1/Q4	Full year 2021
Total income	14	-5	-	2	-	25
Operating expenses	26	31	84	152	17	234
Profit before loan impairment charges	-12	-35	34	-149	8	-210
Loan impairment charges	2	-55	-	-124	-	-207
Profit before tax	**-14**	**20**	**-**	**-25**	**56**	**-2**
Loans, excluding reverse transactions before impairments*	2,309	2,628	88	2,123	109	2,123
Allowance account, loans	875	810	108	811	108	811
Deposits, excluding repo deposits	2,198	2,197	100	2,191	100	2,191
Allocated capital (average)	736	1,092	67	735	100	872
Net interest income as % p.a. of loans and deposits	-0.11	0.58		-0.10		0.38
Profit before tax as % p.a. of allocated capital (avg.)	-7.6	7.3		-13.6		-0.2
Cost/income ratio (%)	-	-		-		-
Full-time-equivalent staff	33	29	114	25	132	25

Loan impairment charges (DKK millions)						
Non-core banking**	-	-102	-	-124	-	-254
Non-core conduits etc.	2	47	4	-	-	47
Total	**2**	**-55**	**-**	**-124**	**-**	**-207**

** Loans, excluding reverse transactions before impairments includes loans held for sale in the Baltics.*

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

Strategy and initiatives

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

In the first quarter of 2022, the remaining part of the Luxembourg activities was transferred to Non-core, increasing lending by DKK 205 million and deposits by DKK 61 million at the end of the first quarter of 2022.

The only portfolio remaining at the Lithuanian branch is a small portfolio of commercial loans to local customers, which will be fully amortised by the first quarter of 2023.

First quarter 2022 vs first quarter 2021

Profit before tax amounted to a loss of DKK 14 million (Q1 2021: a gain of DKK 20 million). An increase in total income and a continued reduction in operating expenses in the first quarter of 2022 improved profit before loan impairment charges by DKK 23 million. The positive development was, however, more than offset by the development in loan impairments, with impairments amounting to an expense of DKK 2 million against a reversal in the first quarter of 2021. This resulted in a decrease in profit before tax of DKK 34 million from the first quarter of 2021. The loan impairment reversal in the first quarter of 2021 related to the sale of a Latvian portfolio of commercial loans held by the Lithuanian branch.

At the end of March 2022, total lending amounted to DKK 2.3 billion. The sale of most of the Baltic loan portfolios resulted in a reduction of total lending at Non-core from the level at the end of March 2021. However, due to the transfer to Non-core of the remaining Luxembourg activities in the first quarter of 2022, lending increased from the level at 31 December 2021.

Q1 2022 vs Q4 2021

The Non-core unit posted a loss before tax of DKK 14 million in the first quarter of 2022 (Q4 2021: a loss of DKK 25 million). The improved result was due to an increase in total income and a decrease in operating expenses, with the positive effect being partly offset by loan impairments, which amounted to a net expense in the first quarter of 2022 against a net reversal in the fourth quarter of 2021.

- **Total income** amounted to DKK 14 million (Q4 2021: DKK 2 million). The increase was due to value adjustments relating to the Luxembourg portfolio and an increase in total income from the Non-core part of the Group's private equity investments.

- **Operating expenses** amounted to DKK 26 million (Q4 2021: DKK 152 million). The decrease reflects the fact that the fourth quarter of 2021 was affected by non-recurring operating expenses related to the closing of the subsidiary bank in Luxembourg and the branch in Hamburg.

- **Loan impairment charges** amounted to DKK 2 million (Q4 2021: a net reversal of DKK 124 million). The fourth quarter of 2021 benefited from loan impairment reversals related to portfolio divestments in Ireland and Lithuania.

DKK -14 million

Profit before tax

for the first quarter of 2022

Group Functions

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

In the first quarter of 2022, the loss before tax increased DKK 200 million from the level in the first quarter of 2021, due primarily to a decrease in net trading income.

Group Functions (DKK millions)	Q1 2022	Q1 2021	Index 22/21	Q4 2021	Index Q1/Q4	Full year 2021
Net interest income	58	24	242	117	50	312
Net fee income	-26	-8	-	-31	84	-56
Net trading income	-242	34	-	171	-	381
Other income	2	-4	-	-9	-	-10
Total income	-207	46	-	249	-	627
Operating expenses	439	509	86	525	84	2,068
of which resolution fund, bank tax etc.	26	17	153	7	-	37
of which impairment charges, other intangible assets	-	-	-	36	-	36
Profit before loan impairment charges	-646	-463	140	-277	233	-1,442
Loan impairment charges	17	1	-	4	-	2
Profit before tax	**-663**	**-464**	**143**	**-280**	**237**	**-1,444**
Full-time-equivalent staff	10,856	10,423	104	10,252	106	10,252

Profit before tax (DKK millions)						
Group Treasury	-185	195	-	319	-	599
Own shares and issues	-34	-175	19	1	-	-67
Additional tier 1 capital	81	116	70	101	80	451
Group support functions	-525	-600	88	-702	75	-2,427
Total Group Functions	**-663**	**-464**	**143**	**-280**	**237**	**-1,444**

Strategy and initiatives

Group Functions supports the business units by allocating capital, interest-bearing capital and long-term funding costs through the Group Treasury setup that is established to handle, for example, the pricing of funding. Group Treasury also manages the Group's liquidity bond portfolio and the investment of shareholders' equity for Danica Pension and Realkredit Danmark. Operating expenses related to the subunits within Group Functions are allocated to the business units. This is done to ensure cost efficiency throughout the Group.

The establishment of the new Chief Administration Officer (CAO) Area at Group Functions led to the transfer of 1st line Financial Crime Risk staff from Large Corporates & Institutions to the new area.

First quarter 2022 vs first quarter 2021

Group Functions posted a loss before tax of DKK 663 million (Q1 2021: a loss of DKK 464 million), due primarily to a decrease in net trading income.

Net interest income increased to DKK 58 million (Q1 2021: DKK 24 million), due among other things to interest expenses for corporate back tax in the first quarter of 2021.

Net trading income decreased to a loss of DKK 242 million (Q1 2021: a gain of DKK 34 million) as Group Treasury's fair value bond portfolios were negatively affected by market value adjustments of Danish mortgage bond investments in the first quarter of 2022. Further, a gain of DKK 227 million on the sale of shares in the Group's private equity portfolio had a positive effect on net trading income for the first quarter of 2021.

Operating expenses, after allocation to the business units, fell from the level in the first quarter of 2021 and amounted to DKK 439 million (Q1 2021: DKK 509 million). The first quarter of 2021 was affected by a one-off investment of DKK 122 million to ensure good working from home conditions.

The number of full-time-equivalent staff has increased around 400 since the end of the first quarter of 2021, which is due mainly to the transfer of around 500 full-time-equivalent staff from Large Corporates & Institutions to the CAO Area.

Q1 2022 vs Q4 2021

Group Functions posted a loss before tax of DKK 663 million (Q4 2021: loss of DKK 280 million). Despite lower operating expenses, the loss before tax increased, as the lower operating expenses were more than offset by a decrease in net trading income as well as in net interest income.

- **Net interest income** amounted to DKK 58 million (Q4 2021: DKK 117 million), with the result for the fourth quarter of 2021 benefiting from a decrease in central bank funding costs in connection with the Group's borrowing from the European Central Bank.

- **Net trading income** amounted to a loss of DKK 242 million (Q4 2021: a gain of DKK 171 million) due to a lower valuation of the Group's private equity portfolio, just as the fourth quarter of 2021 recorded a gain of DKK 180 million on the sale of Aiia to Mastercard. Moreover, Group Treasury's fair value bond portfolios were negatively affected by market value adjustments of Danish mortgage bond investments in the first quarter of 2022.

- **Operating expenses** decreased to DKK 439 million (Q4 2021: DKK 525 million). The fourth quarter of 2021 was affected by a provision for taxation of business travellers.

DKK -663 million

Profit before tax

for the first quarter of 2022

Definition of alternative performance measures

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

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

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

Ratios and key figures	Definition
Dividend per share (DKK)	The dividend per share proposed in the annual report and paid to shareholders in the subsequent year plus any additional dividend payments approved by the Board of Directors and paid to shareholders during the year.
Return on average shareholders' equity (% p.a.)	Net profit as disclosed in the financial highlights divided by the average of the quarterly average shareholders' equity (beginning and end of each quarter) within the year. Net profit and shareholders' equity are stated as if the equity-accounted additional tier 1 capital was classified as a liability. In the numerator, net profit is reduced by interest expenses of DKK 81 million (full-year 2021: DKK 451 million). The denominator represents equity, excluding additional tier 1 capital and other non-controlling interests equal to a reduction in the average of the quarterly average of equity of DKK 5,616 million (2021: 7,733 million) compared to a simple average of total equity (beginning and the end of the period).
Net interest income as % p.a. of loans and deposits	Net interest income in the financial highlights divided by the daily average of the sum of loans and deposits. If the ratio was calculated applying the sum of loans and deposits end of period, the ratio for Q1 2022 would still be 0.75% (full-year 2021: 0.73%) even though the daily average of the sum of loans and deposits is DKK 25 billion lower (2021: DKK 5.4 billion higher) than calculating the ratio by applying the end of period sum of loans and deposits. The purpose of the ratio is to show if the growth in net interest income follows the growth in loans and deposits. The daily average is a more faithful representation of the growth in loans and deposits.
Cost/income ratio (C/I), (%)	Operating expenses and impairment charges on goodwill divided by total income. All amounts are from the financial highlights.
C/I, excluding impairment on intangible assets (%)	Operating expenses, excluding impairment charges on other intangible assets, divided by total income. All amounts are from the financial highlights.
Book value per share	Shareholders' equity (that is, excluding equity-accounted additional tier 1 capital) divided by the number of shares outstanding at the end of the period.
Loan impairment charges as % of net credit exposure	This ratio is calculated on the basis of loan impairment charges and loans and guarantees in core segments. The numerator is the loan impairment charges of DKK 234 million (full-year 2021: DKK 348 million) from the financial highlights and annualised. The denominator is the sum of Loans at amortised cost of DKK 1,026.1 billion (2021: DKK 1,022.7 billion), Loans at fair value of DKK 809.9 billion (2021: DKK 816.3 billion) and guarantees of DKK 81.0 billion (2021: DKK 71.7 billion) at the beginning of the year, as disclosed in the column "Lending activities – core" in the "Breakdown of credit exposure" table in the notes to the financial statements. The ratio is calculated for each business unit.
Allowance account as % of credit exposure	This ratio is calculated on the basis of the allowance account and loans and guarantees in core segments. The numerator is the allowance account of DKK 19.8 billion (2021: DKK 21.9 billion) at the end of the period, as disclosed in the "Allowance account in core activities broken down by segment" table in the notes to the financial statements. The denominator is the sum of Loans at amortised cost of DKK 1,066.6 billion (2021: DKK 1,026.1 billion), Loans at fair value of DKK 778.8 billion (2021: DKK 809.9 billion), guarantees of DKK 82.4 billion (2021: DKK 81.0 billion) and the allowance account, at the end of the period, as disclosed in the column "Lending activities – core" in the "Breakdown of credit exposure" table in the notes to the financial statements. The ratio is calculated for each business unit.
Market shares of lending and deposits	Market shares are based on data from central banks at the time of reporting. Comparative information is updated on the basis of the latest available data, for example Annual Report 2021 included November 2021 data for Finland and Norway as December 2021 data was not available at the time of publication of Annual Report 2021. This has been updated to December 2021 data in Interim report – first quarter 2022.

Financial statements

Notes

Income statement – Danske Bank Group

Note	(DKK millions)	Q1 2022	Q1 2021	Full year 2021
G4	Interest income calculated using the effective interest method	6,023	5,414	22,077
G4	Other interest income	9,048	9,483	35,601
G4	Interest expense	9,236	8,340	30,904
	Net interest income	5,835	6,557	26,774
G4	Fee income	4,662	4,660	18,495
G4	Fee expenses	1,570	1,494	6,378
	Net trading income or loss	-12,495	7,712	36,600
G4	Other income	2,289	1,505	5,733
	Net premiums	9,982	8,485	37,518
	Net insurance benefits	-2,885	15,473	71,208
	Operating expenses	7,645	7,456	30,822
	Profit before loan impairment charges	3,943	4,496	16,712
G5	Loan impairment charges	236	443	141
	Profit before tax	3,707	4,054	16,571
	Tax	862	914	3,651
	Net profit	**2,845**	**3,139**	**12,920**
	Portion attributable to			
	Shareholders of Danske Bank A/S (the Parent Company)	2,765	3,025	12,469
	Additional Tier 1 capital holders	81	115	451
	Net profit	**2,845**	**3,139**	**12,920**
	Earnings per share (DKK)	3.2	3.5	14.6
	Diluted earnings per share (DKK)	3.2	3.5	14.6
	Proposed dividend per share (DKK)	-	-	2.0

Statement of comprehensive income – Danske Bank Group

(DKK millions)	Q1 2022	Q1 2021	Full year 2021
Net profit	2,845	3,139	12,920
Other comprehensive income			
Remeasurement of defined benefit pension plans	70	286	-90
Tax*	-19	33	-146
Items that will not be reclassified to profit or loss	**89**	**253**	**56**
Items that are or may be reclassified subsequently to profit or loss			
Translation of units outside Denmark	360	1,319	1,708
Hedging of units outside Denmark	-139	-912	-1,270
Unrealised value adjustments of bonds at fair value (OCI)	-621	-182	-326
Realised value adjustments of bonds at fair value (OCI)	12	4	6
Tax*	-54	-54	-152
Items that are or may be reclassified subsequently to profit or loss	**-334**	**283**	**270**
Total other comprehensive income	**-245**	**537**	**326**
Total comprehensive income	**2,600**	**3,676**	**13,246**
Portion attributable to			
Shareholders of Danske Bank A/S (the Parent Company)	2,519	3,561	12,795
Additional Tier 1 capital holders	81	115	451
Total comprehensive income	**2,600**	**3,676**	**13,246**

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

Balance sheet – Danske Bank Group

Note	(DKK millions)	31 March 2022	31 December 2021	31 March 2021
	Assets			
	Cash in hand and demand deposits with central banks	259,759	293,386	312,347
	Due from credit institutions and central banks	75,843	71,156	92,428
	Trading portfolio assets	616,572	509,590	652,544
	Investment securities	306,908	303,777	302,638
	Loans at amortised cost	1,068,022	1,027,442	1,027,304
	Loans at fair value	990,142	1,024,461	1,017,053
	Assets under pooled schemes and unit-linked investment contracts	71,667	76,654	84,891
	Assets under insurance contracts	591,837	547,806	532,470
G7	Assets held for sale*	23,972	28,800	311
	Intangible assets	8,998	8,819	8,800
	Tax assets	4,871	4,510	3,908
G8	Other assets*	34,364	39,433	38,208
	Total assets	**4,052,954**	**3,935,834**	**4,072,903**
	Liabilities			
	Due to credit institutions and central banks	185,586	172,976	214,945
	Trading portfolio liabilities	477,007	374,959	419,884
	Deposits	1,337,452	1,292,030	1,383,053
G6	Issued bonds at fair value	746,317	794,909	784,834
G6	Issued bonds at amortised cost	207,850	223,854	235,858
	Deposits under pooled schemes and unit-linked investment contracts	72,320	76,982	86,263
	Liabilities under insurance contracts	625,953	588,736	574,696
G7	Liabilities in disposal groups held for sale*	22,868	29,577	7
	Tax liabilities	2,860	1,864	1,874
G8	Other liabilities*	53,483	56,268	54,089
G6	Non-preferred senior bonds	104,829	107,654	108,641
G6	Subordinated debt	38,917	39,321	38,253
	Total liabilities	**3,875,442**	**3,759,130**	**3,902,397**
	Equity			
	Share capital	8,622	8,622	8,622
G9	Foreign currency translation reserve	-391	-612	-643
	Reserve for bonds at fair value (OCI)	-575	34	177
	Retained earnings	164,120	161,439	153,735
	Proposed dividends	-	1,724	-
	Shareholders of Danske Bank A/S (the Parent Company)	171,776	171,207	161,890
G6	Additional tier 1 capital holders	5,736	5,497	8,615
	Total equity	**177,512**	**176,704**	**170,505**
	Total liabilities and equity	**4,052,954**	**3,935,834**	**4,072,903**

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

Statement of capital – Danske Bank Group

Changes in equity

	Shareholders of Danske Bank A/S (the Parent Company)							
(DKK millions)	Share capital	Foreign currency translation reserve	Reserve for bonds at fair value (OCI)	Retained earnings	Proposed dividends	Total	Additional tier 1 capital	Total
Total equity as at 1 January 2022	8,622	-612	34	161,439	1,724	171,207	5,497	176,704
Net profit	-	-	-	2,765	-	2,765	81	2,845
Other comprehensive income								
Remeasurement of defined benefit pension plans	-	-	-	70	-	70	-	70
Translation of units outside Denmark	-	360	-	-	-	360	-	360
Hedging of units outside Denmark	-	-139	-	-	-	-139	-	-139
Unrealised value adjustments	-	-	-621	-	-	-621	-	-621
Realised value adjustments	-	-	12	-	-	12	-	12
Tax	-	-	-	73	-	73	-	73
Total other comprehensive income	**-**	**221**	**-609**	**143**	**-**	**-245**	**-**	**-245**
Total comprehensive income	**-**	**221**	**-609**	**2,908**	**-**	**2,519**	**81**	**2,600**
Transactions with owners								
Dividends paid	-	-	-	19	-1,724	-1,705	-	-1,705
Acquisition of own shares and additional tier 1 capital	-	-	-	-7,254	-	-7,254	-	-7,254
Sale of own shares and additional tier 1 capital	-	-	-	7,010	-	7,010	158	7,168
Tax	-	-	-	-1	-	-1	-	-1
Total equity as at 31 March 2022	**8,622**	**-391**	**-575**	**164,120**	**-**	**171,776**	**5,736**	**177,512**
Total equity as at 1 January 2021	8,622	-1,050	354	150,521	1,724	160,171	8,508	168,679
Net profit	-	-	-	3,025	-	3,025	115	3,139
Other comprehensive income								
Remeasurement of defined benefit pension plans	-	-	-	286	-	286	-	286
Translation of units outside Denmark	-	1,319	-	-	-	1,319	-	1,319
Hedging of units outside Denmark	-	-912	-	-	-	-912	-	-912
Unrealised value adjustments	-	-	-182	-	-	-182	-	-182
Realised value adjustments	-	-	4	-	-	4	-	4
Tax	-	-	-	21	-	21	-	21
Total other comprehensive income	**-**	**407**	**-177**	**307**	**-**	**537**	**-**	**537**
Total comprehensive income	**-**	**407**	**-177**	**3,332**	**-**	**3,561**	**115**	**3,676**
Transactions with owners								
Paid interest on additional tier 1 capital	-	-	-	-	-	-	-35	-35
Dividends paid	-	-	-	16	-1,724	-1,708	-	-1,708
Acquisition of own shares and additional tier 1 capital	-	-	-	-6,063	-	-6,063	-	-6,063
Sale of own shares and additional tier 1 capital	-	-	-	5,946	-	5,946	28	5,974
Tax	-	-	-	-18	-	-18	-	-18
Total equity as at 31 March 2021	**8,622**	**-643**	**177**	**153,735**	**-**	**161,890**	**8,615**	**170,505**

Dividend

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

Danske Bank is now in initial discussions with U.S. and Danish authorities on resolution of the Estonia matter. Consequently, the Board of Directors has decided that Danske Bank will not pay out dividends in connection with the announcement of the interim report for the first quarter of 2022.

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

Statement of capital – Danske Bank Group

(DKK millions)	31 March 2022	31 December 2021
Share capital (DKK)	8,621,846,210	8,621,846,210
Number of shares	862,184,621	862,184,621
Number of shares outstanding	851,299,756	853,649,376
Average number of shares outstanding for the period	852,593,608	853,138,154
Average number of shares outstanding, including dilutive shares, for the period	853,934,676	853,470,424

Total capital and total capital ratio

(DKK millions)	31 March 2022	31 December 2021
Total equity	177,512	176,704
Revaluation of domicile property at fair value	200	200
Tax effect of revaluation of domicile property at fair value	-23	-23
Total equity calculated in accordance with the rules of the Danish FSA	177,689	176,881
Additional tier 1 capital instruments included in total equity	-5,577	-5,419
Accrued interest on additional tier 1 capital instruments	-159	-78
Common equity tier 1 capital instruments	171,954	171,384
Adjustment to eligible capital instruments	-44	-104
IFRS 9 reversal due to transitional rules	1,970	2,593
Prudent valuation	-1,155	-983
Prudential filters	-353	-173
Expected/proposed dividends	-6,449	-6,466
Intangible assets of banking operations	-5,584	-5,325
Minimum Loss Coverage for Non-Performing Exposures	-55	-51
Deferred tax on intangible assets	254	198
Deferred tax assets that rely on future profitability, excluding temporary differences	-35	-35
Defined benefit pension plan assets	-2,330	-2,220
Statutory deduction for insurance subsidiaries	-7,485	-6,882
Common equity tier 1 capital	**150,688**	**151,935**
Additional tier 1 capital instruments	14,678	19,933
Tier 1 capital	**165,366**	**171,868**
Tier 2 capital instruments	20,837	20,888
Total capital	**186,203**	**192,757**
Total risk exposure amount	**856,640**	**860,173**
Common equity tier 1 capital ratio (%)	17.6%	17.7%
Tier 1 capital ratio (%)	19.3%	20.0%
Total capital ratio (%)	21.7%	22.4%

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

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

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

Cash flow statement – Danske Bank Group

(DKK millions)	Q1 2022	Q1 2021	Full Year 2021
Cash flow from operations			
Profit before tax	3,707	4,054	16,571
Tax paid	-2,084	-438	-2,459
Adjustment for non-cash operating items	470	-3	4,916
Cash flow from operations before changes in operating capital	**2,093**	**3,613**	**19,028**
Changes in operating capital			
Amounts due to/from credit institutions and central banks	12,514	529	-38,509
Trading portfolio	-4,935	-49,046	48,984
Acquisition/sale of own shares and additional tier 1 capital	-86	-89	-82
Investment securities	-3,131	-5,869	-7,007
Loans at amortised cost and fair value	-6,497	3,131	-4,114
Deposits	45,422	49,272	-41,751
Issued bonds at amortised cost and fair value	-63,462	-6,638	-7,596
Assets/liabilities under insurance contracts	-6,814	-3,996	-5,291
Other assets/liabilities	1,886	3,223	-1,224
Cash flow from operations	**-23,010**	**-5,870**	**-37,562**
Cash flow from investing activities			
Acquisition/sale of businesses	561	-	-
Acquisition of intangible assets	-371	-191	-885
Acquisition of tangible assets	-152	-76	-686
Sale of tangible assets	1	4	8
Cash flow from investing activities	**39**	**-263**	**-1,563**
Cash flow from financing activities			
Issue of subordinated debt	-	5,577	10,102
Redemption of subordinated debt	-	-	-3,718
Issue of non-preferred senior bonds	6,633	-	4,352
Redemption of non-preferred senior bonds	-10,593	-	-6,309
Dividends paid	-1,705	-1,708	-1,708
Redemption of equity accounted additional tier 1 capital	-	-	-3,000
Paid interest on equity accounted additional tier 1 capital	-	-35	-466
Principal portion of lessee lease payments	-158	-165	-654
Cash flow from financing activities	**-5,823**	**3,669**	**-1,401**
Cash and cash equivalents as at 1 January	362,997	400,889	400,889
Foreign currency translation	-241	1,874	2,634
Change in cash and cash equivalents	-28,794	-2,464	-40,526
Cash and cash equivalents, end of period	**333,962**	**400,299**	**362,997**
Cash and cash equivalents, end of period			
Cash in hand	6,591	5,928	6,765
Demand deposits with central banks	253,168	306,419	286,621
Amounts due from credit institutions and central banks within three months	74,203	87,952	69,611
Total	**333,962**	**400,299**	**362,997**

Notes – Danske Bank Group

G1. Significant accounting policies and estimates

(a) General

The report has been prepared in accordance with IAS 34, Interim Financial Reporting, as adopted by the EU, and additional Danish disclosure requirements for listed financial companies. The report is condensed and should be read in conjunction with the Group's Annual Report 2021.

On 1 January 2022, the Group implemented the amendments to IAS 1, IAS 16, IAS 37, IFRS 3 and Annual Improvements to IFRS Standards 2018 - 2020. Further information on the changes to accounting policies and presentation in 2021 can be found in note G2(a). Except for these changes, the Group has not changed its significant accounting policies from those applied in Annual Report 2021. Annual Report 2021 provides a full description of the significant accounting policies.

Financial statement figures are stated in Danish kroner and whole millions, unless otherwise stated. As a result, rounding discrepancies may occur because totals have been rounded off and the underlying decimals are not presented to financial statement users. The interim report for the first three months of 2022 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 2021) and the designation of financial liabilities at fair value through profit or loss to eliminate or significantly reduce an accounting mismatch (further explained in note G16 of the Annual Report 2021). An overview of the classification and measurement basis for financial instruments can be found in note G1(c) of the Annual Report 2021.

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

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

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

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

With the new suite of scenarios, the base case scenario enters with a probability of 70% (31 December 2021: 70%), the upside scenario with a probability of 10% (31 December 2021: 10%) and the downside scenario with a probability of 20% (31 December 2021: 20%). On the basis of these assessments, the allowance account as at 31 March 2022 amounted to DKK 20.6 billion (31 December 2021: DKK 22.7 billion). If the base case scenario was assigned a probability of 100%, the allowance account would decrease DKK 1.9 billion (31 December 2021: 1.7 billion). Compared to the base case scenario, the allowance account would increase DKK 9.7 billion (31 December 2021: DKK 8.5 billion), if the downside scenario was assigned a probability of 100%. The increase reflects primarily the transfer of exposures from stage 1 to stage 2 and increased expected credit losses within stage 2. If instead the upside scenario was assigned a probability of 100%, the allowance account would decrease DKK 0.2 billion (31 December 2021: DKK 0.2 billion) compared to the base case scenario.

Management applies judgement when determining the need for post-model adjustments. As at 31 March 2022, the post-model adjustments amounted to DKK 5.6 billion (31 December 2021: DKK 6.3 billion) which are predominantly linked to economic uncertainties arising from the outbreak of war in Ukraine, the corona crisis and other sector-specific factors that ensure prudent coverage of expected credit losses for the Group's credit exposures. On the types of risks covered by post-model adjustments, more information can be found in the risk management notes.

The Group's credit exposure directly related to customers in or from Russia and Ukraine is very limited.

Further information on the Group's accounting treatment of the impacts on expected credit losses from the corona crisis can be found on page 66 of Annual Report 2021.

Note G15 of the Annual Report 2021 and the section on credit risk in the risk management notes provide more details on expected credit losses. As at 31 March 2022, financial assets covered by the expected credit loss model accounted for about 53.0% of total assets (31 December 2021: 54.2%).

Notes – Danske Bank Group

(b) Significant accounting estimates continued

Fair value measurement of financial instruments

At the end of March 2022, no unusual challenges in obtaining reliable pricing apart from insignificant parts of the portfolio remained. The majority of valuation techniques continues to employ only observable market data, and there has been no significant increase in financial instruments measured on the basis of valuation techniques that are based on one or more significant unobservable inputs. The latter continues to include only unlisted shares, certain bonds and some long-dated derivatives for which there is no active market. On the derivatives portfolio, the Group makes fair value adjustments to cover changes in counterparty risk (CVA and DVA) and to cover expected funding costs (FVA and ColVA) on derivatives, bid-offer spreads on the net open position of the portfolio of assets and liabilities with offsetting market risk recognised at mid-market prices, and model risk on level 3 derivatives. As at 31 March 2022, the adjustments totalled DKK 0.7 billion (31 December 2021: DKK 1.0 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 2021 provides more details on the fair value measurement of financial instruments.

The Group uses derivatives to hedge the fixed interest rate on some financial assets and liabilities, thus converting the fixed interest rates on the financial instruments to variable interest rates by the use of swaps. The ongoing Interest Rate Benchmark Reform will replace existing benchmark interbank offered rates (IBORs) with alternative risk-free rates. The Group's IBOR Transition Programme successfully managed the cessation of the LIBOR interest rate indexes for GBP, EUR, CHF and JPY at 31 December 2021, and is now focused of the transition of USD LIBOR contracts ahead of the June 2023 deadline. In addition, the Programme is also providing oversight on how the introduction of the DESTR and SWESTR indexes could affect its core Nordic customer base. As a result of these developments, accounting judgement is involved in determining whether certain hedge accounting relationships that hedge the interest rate risk due to changes in IBORs continue to qualify for hedge accounting. Following IASB's project 'Interest Rate Benchmark Reform' for the assessment of effectiveness of such hedges, it is assumed that the interest rate benchmark is not altered as a result of the reform. For further information, see note G12(d) of the Annual Report 2021.

Measurement of goodwill

Goodwill is tested for impairment once a year or more frequently if indications of impairment exist. Impairment testing requires management to estimate the present value of future cash flows. A number of factors affect the value of such cash flows, including discount rates, changes in the economic outlook, customer behaviour and competition. At 31 March 2022, goodwill amounted to DKK 6.1 billion (31 December 2021: DKK 6.1 billion).

In connection with the quarterly reporting, management performs an impairment review to assess whether there are indications that goodwill might be impaired. This includes a review of decline in income, increase in loan impairment charges, decline in the market value of assets under management, major restructurings, macroeconomic developments etc. Since the outbreak of the coronavirus pandemic, the assessment of whether indications of impairment exists has been considered at a more detailed level than usual. This assessment has been performed as a high level update of the 2021 test. It was concluded that no indications of impairment were noted at the end of March 2022.

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

The remaining goodwill mainly consists of DKK 2.1 billion (31 December 2021: DKK 2.1 billion) in Markets, DKK 1.8 billion (31 December 2021: DKK 1.8 billion) in Asset Management and DKK 0.5 billion (31 December 2021: DKK 0.5 billion) in General Banking (all part of the business segment Large Corporates & Institutions) showing significant amounts of excess value in the impairment tests in 2021.

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

Measurement of liabilities under insurance contracts

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

Notes – Danske Bank Group

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

(a) Changes in accounting policies

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

The Group has changed the presentation of Assets held for sale and Liabilities in disposal groups held for sale to be presented separately on the face of the balance sheet rather than within Other assets and Other liabilities respectively.

Amendment to IAS 1, Presentation of financial statements

The amendment to IAS 1 provides a more general approach to the classification of liabilities under IAS 1, based on the contractual arrangements in place at the reporting date. In particular, the amendment clarifies that if an entity has a right at the end of the reporting period to defer the settlement of a liability for at least 12 months, then the liability is classified as non-current, regardless of whether the entity expects to settle within 12 months.

The amendment has no impact on the financial statements.

Amendment to IAS 16, Property, plant and equipment

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

The amendment has no impact on the financial statements.

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

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

The amendment has no impact on the financial statements.

Amendment to IFRS 3, Business combinations

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

Annual Improvements to IFRS Standards 2018 – 2020 Cycle

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

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

b) Changes in financial highlights and segment reporting

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

During the first quarter of 2022, Danske Bank settled the sale of its business activities in Luxembourg. The residual activities in Luxembourg have been moved to Non-core in the first quarter of 2022, and this change is reflected in the 2022 financial highlights and segment reporting. There is no impact on 2021 financial highlights nor segment reporting.

Notes – Danske Bank Group

G3. Business segments

(a) Business model and business segmentation

The Group's commercial activities are 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, which specialises in pension schemes, life insurance policies and health insurance policies in Denmark
- Northern Ireland, which serves retail and commercial customers through a network of branches and business centres in Northern Ireland alongside digital channels.

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

Business segments Q1 2022

(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	3,909	1,284	-	379	-	60	-2	5,630	205	5,835
Net fee income	1,815	1,514	-	76	-	23	-49	3,379	-287	3,092
Net trading income	213	737	-	-143	-	-227	-15	565	-13,060	-12,495
Net income from insurance business	-	-	84	-	-	-	-	84	-84	-
Other income	663	1	-	3	-	625	-622	669	1,620	2,289
Net premiums	-	-	-	-	-	-	-	-	9,982	9,982
Net insurance benefits	-	-	-	-	-	-	-	-	-2,885	-2,885
Total income	6,600	3,535	84	315	-	481	-689	10,327	1,262	11,588
Operating expenses	3,881	1,744	-	308	-	493	-54	6,371	1,274	7,645
hereof resolution fund, bank tax etc.	98	116	-	-	-	26	-	240	-240	-
Profit before loan impairment charges	2,720	1,791	84	7	-	-11	-635	3,955	-12	3,943
Loan impairment charges	110	88	-	19	-	17	-	234	2	236
Profit before tax, core	2,609	1,703	84	-12	-	-28	-635	3,721	-14	3,707
Profit before tax, Non-core	-	-	-	-	-14	-	-	-14	14	-
Profit before tax	**2,609**	**1,703**	**84**	**-12**	**-14**	**-28**	**-635**	**3,707**	**-**	**3,707**
Loans, excluding reverse transactions	1,499,038	288,704	-	55,510	-	29,921	-29,357	1,843,815	1,434	1,845,249
Other assets	521,084	2,905,178	716,737	61,377	-	4,155,690	-6,153,006	2,207,061	644	2,207,705
Total assets in Non-core	-	-	-	-	2,078	-	-	2,078	-2,078	-
Total assets	**2,020,122**	**3,193,881**	**716,737**	**116,887**	**2,078**	**4,185,611**	**-6,182,363**	**4,052,954**	**-**	**4,052,954**
Deposits, excluding repo deposits	700,426	381,753	-	99,094	-	7,089	-11,519	1,176,842	2,198	1,179,040
Other liabilities	1,248,923	2,770,183	693,202	12,015	-	4,148,309	-6,170,844	2,701,789	349	2,702,138
Allocated capital	70,772	41,946	23,535	5,779	-	29,745	-	171,776	-	171,776
Total liabilities in Non-core	-	-	-	-	2,547	-	-	2,547	-2,547	-
Total liabilities and equity	**2,020,122**	**3,193,881**	**716,737**	**116,887**	**2,547**	**4,185,142**	**-6,182,363**	**4,052,954**	**-**	**4,052,954**
Profit before tax as % p.a. of allocated capital (avg.)	14.5	16.7	1.7	-0.8	-	-0.3	-	8.6	-	8.6
Cost/income ratio (%)	58.8	49.3	-	97.8	-	102.5	-	61.7	-	66.0
Full-time-equivalent staff, end of period	6,527	2,226	954	1,257	33	10,856	-	21,854	-	21,854

Notes – Danske Bank Group

G3. Business segments continued

Business segments Q1 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	3,879	1,216	-	331	-	24	-	5,450	1,107	6,557
Net fee income	1,750	1,599	-	60	-	-8	-	3,402	-236	3,166
Net trading income	150	1,102	-	-20	-	162	-128	1,266	6,446	7,712
Net income from insurance business	-	-	491	-	-	-	-	491	-491	-
Other income	196	1	-	3	-	132	-136	195	1,310	1,505
Net premiums	-	-	-	-	-	-	-	-	8,485	8,485
Net insurance benefits	-	-	-	-	-	-	-	-	15,473	15,473
Total income	5,975	3,918	491	374	-	310	-264	10,805	1,148	11,952
Operating expenses	3,638	1,851	-	275	-	550	-41	6,273	1,183	7,456
hereof resolution fund, bank tax etc.	69	75	-	-	-	17	-	160	-160	-
Profit before loan impairment charges	2,337	2,067	491	99	-	-240	-223	4,531	-35	4,496
Loan impairment charges	435	69	-	-7	-	1	-	497	-55	443
Profit before tax, core	1,903	1,998	491	106	-	-241	-223	4,034	20	4,054
Profit before tax, Non-core	-	-	-	-	20	-	-	20	-20	-
Profit before tax	**1,903**	**1,998**	**491**	**106**	**20**	**-241**	**-223**	**4,054**	**-**	**4,054**
Loans, excluding reverse transactions	1,515,257	255,128	-	55,779	-	32,621	-30,912	1,827,873	1,810	1,829,683
Other assets	541,545	3,501,647	644,404	54,844	-	3,927,789	-6,427,114	2,243,116	103	2,243,220
Total assets in Non-core	-	-	-	-	1,913	-	-	1,913	-1,913	-
Total assets	**2,056,802**	**3,756,775**	**644,404**	**110,623**	**1,913**	**3,960,410**	**-6,458,026**	**4,072,903**	**-**	**4,072,903**
Deposits, excluding repo deposits	696,439	448,560	-	92,432	-	1,896	-9,673	1,229,654	2,197	1,231,851
Other liabilities	1,285,687	3,263,013	630,348	11,569	-	3,936,557	-6,448,353	2,678,821	341	2,679,162
Allocated capital	74,676	45,203	14,056	6,622	-	21,332	-	161,890	-	161,890
Total liabilities in Non-core	-	-	-	-	2,538	-	-	2,538	-2,538	-
Total liabilities and equity	**2,056,802**	**3,756,775**	**644,404**	**110,623**	**2,538**	**3,959,786**	**-6,458,026**	**4,072,903**	**-**	**4,072,903**
Profit before tax as % p.a. of allocated capital (avg.)	10.4	17.9	14.2	6.5	-	-4.4	-	10.1	-	10.1
Cost/income ratio (%)	60.9	47.2	-	73.5	-	177.4	-	58.1	-	62.4
Full-time-equivalent staff, end of period	6,853	2,506	821	1,345	29	10,423	-	21,978	-	21,978

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

Notes – Danske Bank Group

G3. Business model and business segmentation continued

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

The 'Reclassification' column in the tables above shows the reconciliation between the presentation in the financial highlights and segment reporting and the presentation in the IFRS financial statements. The policies for the reclassifications between the financial highlights and the IFRS financial statements are disclosed on page 75 in Annual Report 2021. Net income from insurance business is presented before elimination of intra-group transactions. The decomposition of the reclassification between the IFRS income statement and Financial highlights is shown in the tables below.

Reclassification Q1 2022

(DKK millions)	IFRS financial statements	Operating leases	Markets, Investment Banking & Securities and Group Treasury	Danica Pension	Non-core	Total reclassification	Financial highlights
Net interest income	5,835	-	388	-594	1	-205	5,630
Net fee income	3,092	-	-18	307	-3	287	3,379
Net trading income	-12,495	-	-371	13,434	-3	13,060	565
Net income from insurance business*	-	-	-	84	-	84	84
Other income	2,289	-959	-	-654	-8	-1,620	669
Net premiums	9,982	-	-	-9,982	-	-9,982	-
Net insurance benefits	-2,885	-	-	2,885	-	2,885	-
Total income	11,588	-959	-	-289	-14	-1,262	10,327
Operating expenses	7,645	-959	-	-289	-26	-1,274	6,371
Profit before loan impairment charges	3,943	-	-	-	12	12	3,955
Loan impairment charges	236	-	-	-	-2	-2	234
Profit before tax, core	3,707	-	-	-	14	14	3,721
Profit before tax, Non-core	-	-	-	-	-14	-14	-14
Profit before tax	**3,707**	**-**	**-**	**-**	**-**	**-**	**3,707**

Reclassification Q1 2021

(DKK millions)	IFRS financial statements	Operating leases	Markets, Investment Banking & Securities and Group Treasury	Danica Pension	Non-core	Total reclassification	Financial highlights
Net interest income	6,557	-	-244	-856	-6	-1,107	5,450
Net fee income	3,166	-	3	234	-1	236	3,402
Net trading income	7,712	-	239	-6,685	-	-6,446	1,266
Net income from insurance business*	-	-	-	491	-	491	491
Other income	1,505	-870	2	-452	11	-1,310	195
Net premiums	8,485	-	-	-8,485	-	-8,485	-
Net insurance benefits	15,473	-	-	-15,473	-	-15,473	-
Total income	11,952	-870	-	-282	5	-1,148	10,805
Operating expenses	7,456	-870	-	-282	-31	-1,183	6,273
Profit before loan impairment charges	4,496	-	-	-	35	35	4,531
Loan impairment charges	443	-	-	-	55	55	497
Profit before tax, core	4,054	-	-	-	-20	-20	4,034
Profit before tax, Non-core	-	-	-	-	20	20	20
Profit before tax	**4,054**	**-**	**-**	**-**	**-**	**-**	**4,054**

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

Notes – Danske Bank Group

G4. Income

(a) Interest income and interest expense

Negative interest income during the period ending March 2022 amounted to DKK 527 million (31 March 2021: DKK 426 million). Negative interest expenses amounted to DKK 1,120 million (31 March 2021: DKK 854 million). In the income statement, negative interest income is recognised as interest expenses and negative interest expenses are recognised as interest income.

(b) Fee income

Note G6 of the Annual Report 2021 provides additional information on the Group's accounting policy for fee income, including the description by fee type.

Fee income Q1 2022

(DKK millions)	Financial highlights - net fee income	Reclassifica-tions	IFRS - net fee income	Fee expense	IFRS - gross fee income
Investment	1,295	-114	1,181	1,226	2,406
Money transfers, account fee, cash management and other fees	929	-56	873	317	1,190
Lending and Guarantees	804	166	970	27	997
Capital markets	351	-282	69	-	69
Total	**3,379**	**-287**	**3,092**	**1,570**	**4,662**

Fee income Q1 2021

(DKK millions)	Financial highlights - net fee income	Reclassifica-tions	IFRS - net fee income	Fee expense	IFRS - gross fee income
Investment	1,333	39	1,373	1,084	2,457
Money transfers, account fee, cash management and other fees	764	-36	729	333	1,062
Lending and Guarantees	766	140	906	76	982
Capital markets	538	-379	158	-	158
Total	**3,402**	**-236**	**3,166**	**1,494**	**4,660**

(c) Other income

Other income amounted to DKK 2,289 million for the three months ending 31 March 2022 (31 March 2021: DKK 1,505 million). Other income includes income from lease assets, investment property and real estate brokerage, gain or loss on sale of disposal groups, and income from holdings in associates.

Notes – Danske Bank Group

G5. Loan impairment charges and reconciliation of total allowance account

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

Loan impairment charges

(DKK millions)	31 March 2022	31 March 2021
ECL on new assets	1,302	1,311
ECL on assets derecognised	-2,154	-3,300
Impact of net remeasurement of ECL (incl. changes in models)	509	951
Write-offs charged directly to income statement	690	1,593
Received on claims previously written off	-49	-54
Interest income, effective interest method	-61	-58
Total	**236**	**443**

Reconciliation of total allowance account

(DKK millions)	Stage 1	Stage 2	Stage 3	Total
ECL allowance account as at 1 January 2021	2,267	7,459	13,617	23,342
Transferred to stage 1 during the period	1,844	-1,605	-239	-
Transferred to stage 2 during the period	-180	649	-469	-
Transferred to stage 3 during the period	-120	-872	993	-
ECL on new assets	646	1,282	1,839	3,768
ECL on assets derecognised	-632	-1,491	-4,578	-6,701
Impact of net remeasurement of ECL (incl. changes in models)	-942	1,172	1,058	1,287
Write-offs debited to the allowance account	-5	-	-	-5
Foreign exchange adjustments	21	54	328	402
Other changes	-182	160	675	653
ECL allowance account as at 31 December 2021	**2,717**	**6,807**	**13,223**	**22,746**
Transferred to stage 1 during the period	699	-653	-46	-
Transferred to stage 2 during the period	-219	478	-258	-
Transferred to stage 3 during the period	-14	-290	303	-
ECL on new assets	418	270	615	1,302
ECL on assets derecognised	-303	-422	-1,429	-2,154
Impact of net remeasurement of ECL (incl. changes in models)	-188	325	372	509
Write-offs debited to the allowance account	-	-	-1,852	-1,852
Foreign exchange adjustments	1	5	76	81
Other changes	-18	212	-188	6
ECL allowance account as at 31 March 2022	**3,091**	**6,732**	**10,815**	**20,638**

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)	31 March 2022	31 December 2021
Bonds issued by Realkredit Danmark (covered bonds)	738,609	770,661
Commercial papers and certificates of deposits	3,917	24,248
Structured retail notes	3,791	-
Issued bonds at fair value, total	**746,317**	**794,909**

Issued bonds at amortised cost

(DKK millions)	31 March 2022	31 December 2021
Commercial papers and certificates of deposits	940	1,488
Preferred senior bonds	56,265	65,221
Covered bonds	150,645	157,145
Issued bonds at amortised cost, total	**207,850**	**223,854**
Non-preferred senior bonds	**104,829**	**107,654**

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

Nominal value (DKK millions)	1 January 2022	Issued	Redeemed	Foreign currency translation	31 March 2022
Commercial papers and certificate of deposits	23,712	308	19,463	101	4,659
Preferred senior bonds*	67,724	592	6,823	2,893	64,386
Covered bonds	165,067	7,070	9,163	-3,002	159,972
Non-preferred senior bonds	108,104	6,644	10,564	1,021	105,205
Other issued bonds	**364,607**	**14,614**	**46,013**	**1,013**	**334,221**

*Preferred senior bonds includes structured retail notes.

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

Subordinated debt and additional tier 1 capital

As at 31 March 2022, the nominal value of subordinated debt, including liability accounted additional tier 1 capital, amounted to DKK 39,967 million (31 December 2021: DKK 39,649 million) and the nominal value of equity accounted additional tier 1 capital to DKK 5,579 million (31 December 2021: DKK 5,577 million). During the three months ended 31 March 2022, the Group did not issue or redeem any additional tier 1 or tier 2 capital instruments. During 2021, the Group redeemed DKK 3,000 million of additional tier 1 capital accounted for as equity. The Group also issued DKK 5,577 million and redeemed DKK 3,718 million of tier 2 capital in 2021, and issued USD 750 million (DKK 4,565 million) of liability accounted additional tier 1 capital.

For the additional tier 1 capital, Danske Bank A/S may, at its sole discretion, omit interest payments to bondholders. Any interest payments are paid out of distributable items, which primarily consist of retained earnings in Danske Bank A/S and Danske Bank Group (see section 6.4.3 of Risk Management 2021 for further information). As at 31 March 2022, distributable items for Danske Bank A/S amounted to DKK 138.4 billion (31 December 2021: DKK 133.2 billion). The additional tier 1 capital will be temporarily written down or converted into a variable number of ordinary shares, depending on the terms of each issued bond, if the common equity tier 1 capital ratio falls below 7% for Danske Bank A/S or Danske Bank Group. As at 31 March 2022 the common equity tier 1 capital ratio was 20.3% (31 December 2021: 20.9%) for Danske Bank A/S. The ratios for the Danske Bank Group are disclosed in the Statement of capital.

Notes – Danske Bank Group

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

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

(DKK millions)	31 March 2022	31 December 2021
Assets held for sale		
Loans held for sale	-	4,539
Assets under insurance contracts	23,750	23,979
Other	222	282
Total	**23,972**	**28,800**
Liabilities in disposal groups		
Deposits held for sale	-	6,453
Insurance liabilities	22,868	23,124
Total	**22,868**	**29,577**

In December 2021, Danske Bank entered into an agreement for the sale of Danica Pensjonforsikring AS (Danica Pension business segment in Norway) to Storebrand. The sale is subject to approval by the Norwegian authorities. Assets and liabilities in Danica Pensjonforsikring AS primarily include assets and liabilities under insurance contracts of DKK 23,750 million and DKK 22,868 million respectively, which are classified as assets held for sale and liabilities in disposal groups.

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

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

Notes – Danske Bank Group

G8. Other assets and Other liabilities

Other assets and Other liabilities

(DKK millions)	31 March 2022	31 December 2021
Other assets		
Accrued interest and commissions due	3,811	3,450
Prepayments, accruals and other amounts due	14,361	18,558
Defined benefit pension plan, net assets	2,568	2,451
Investment property	1,981	2,263
Tangible assets	8,343	8,583
Right of use lease assets	3,090	3,922
Holdings in associates	210	206
Total	**34,364**	**39,433**
Other liabilities		
Sundry creditors	39,223	41,191
Accrued interest and commissions due	5,840	5,845
Defined benefit pension plans, net liabilities	448	441
Other staff commitments	1,618	1,986
Lease liabilities	3,068	3,909
Loan commitments and guarantees etc.	2,579	2,335
Reserves subject to a reimbursement obligation	5	5
Other provisions, including litigations	701	557
Total	**53,483**	**56,268**

In the table above showing the decomposition of Other liabilities, the line item Sundry creditors included provisions for customer remediation of DKK 494 million (31 December 2021: DKK 603 million), provisions for restructuring costs of DKK 311 million (31 December 2021: DKK 327 million) and the provision of DKK 1.5 billion (31 December 2021: DKK 1.5 billion) for the donation of the estimated gross income from the non-resident portfolio at the Estonian branch. Any confiscated or disgorged gross income will be deducted from the donation.

Notes – Danske Bank Group

G9. Foreign currency translation reserve

The Group has granted loans to its branches in Sweden, Norway and Finland in the currency of the foreign unit for a total of DKK 36,595 million (31 December 2021: DKK 35,698 million). The loans are part of the net investment in those units and the foreign currency gains/losses on these loans are recognised in Other comprehensive income. The funding of the loans is partly done in DKK in order to create a so-called structural FX hedge position in accordance with banking regulations, i.e. to reduce the impact on capital ratios resulting from changes in the risk exposure amount due to changes in currency rates. With effect from 1 January 2021, the Group's net investment in its subsidiaries Danske Hypotek AB (Sweden) and Danske Mortgage Bank Plc (Finland) has been included in the structural FX hedge position to extend the hedge to the risk exposure amount measured by currency for EUR, NOK and SEK across the entire Group balance sheet, although with constraints to the size of the loans to the foreign branches and the net investments in the foreign subsidiaries. This strategy of partly hedging the sensitivity to capital ratios from volatility in foreign currency rates, increases the volatility in Other comprehensive income and the Foreign currency translation reserve in equity under IFRS since it decreases the hedge of the currency risk on the net investments in those units. As at 31 March 2022, the structural FX hedge position totalled DKK 41,339 million (31 December 2021: DKK 39,749 million) and a gain of DKK 226 million has been recognised in Other comprehensive income during the first quarter of 2022, primarily due to appreciation of NOK against DKK throughout the first quarter of 2022. During the first quarter of 2021, a loss of DKK 371 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 quarter of 2021.

G10. Guarantees, commitments and contingent liabilities

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

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

(a) Guarantees (DKK millions)	31 March 2022	31 December 2021
Financial guarantees	6,342	6,267
Other guarantees	76,074	74,733
Total	**82,415**	**81,000**

(b) Commitments (DKK millions)	31 March 2022	31 December 2021
Loan commitments shorter than 1 year	268,171	271,862
Loan commitments longer than 1 year	191,851	205,503
Other unutilised commitments	15,662	16,183
Total	**475,683**	**493,549**

In addition to credit exposure from lending activities, loan offers made and uncommitted lines of credit granted by the Group amounted to DKK 205 billion (31 December 2021: DKK 194 billion). These items are included in the calculation of the total risk exposure amount in accordance with the CRR.

(c) Regulatory and legal proceedings

Estonia matter

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

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

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

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

Notes – Danske Bank Group

G10. Guarantees, commitments and contingent liabilities continued

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

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

On 3 March 2019, a court case was initiated against Danske Bank for approval of a class action led by a newly formed association with the aim to represent former and current shareholders in a liability action relating to the Estonian AML matter. On 21 January 2021, the court dismissed the case because it did not fulfil the criteria for being approved as a class action. The decision to dismiss was confirmed by the Eastern High Court on appeal on 1 April 2022. The claimants have applied for permission to appeal the Eastern High Court's decision to the Supreme Court. In March 2019, October 2019, January 2020, March 2020, September 2020, and February 2021 a total of 320 separate cases were initiated 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 1.6 billion. On 2 September 2020, 20 separate claims were filed by 20 investors against the Bank with a total claim amount of approximately DKK 1.1 billion. On 18 September 2020, a separate claim was filed by 201 investors against the Bank with a total claim amount of approximately DKK 2.1 billion. On 18 September 2020, one case was filed against the Bank and Thomas F. Borgen by two investors with a total claim amount of DKK 10 million, which was increased to approximately DKK 147 million on 3 January 2022. These court actions relate to alleged violations in the Bank's branch in Estonia of the rules on prevention of money laundering and/or alleged failure to timely inform the market of such violations (and in one claim, also market manipulation). A total of 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. The main hearing was scheduled to be held in September 2021, but this hearing was cancelled after a default judgement was issued on 14 September 2021. The case was subsequently resumed on 15 September 2021, and the main hearing has been rescheduled for September and October 2022. Danske Bank has received procedural notifications in respect of both cases. Under Danish law, the purpose of a procedural notification is to make a formal reservation of rights to bring a potential claim against the notified party. On 12 November 2021, the Bank received a joinder statement of claim from the claimants requesting that Danske Bank be joined to the case initiated on 20 February 2020 against Thomas F. Borgen. The claim amount is currently limited to DKK 10 million with a reservation to increase this to the full amount of the claim initiated against Thomas F. Borgen on 20 February 2020. The court has stayed the claim against the Bank pending resolution of the claims pending before the Eastern High Court. The court has stated that the claim against the Bank will not be joined to the claim against Thomas F. Borgen and will instead continue on a standalone basis.

On 5 August 2021, an action was filed in the United States District Court for the Eastern District of New York by approximately 500 plaintiffs, comprising U.S. military members and U.S. civilians who allegedly were killed or wounded while serving in Afghanistan between 2011 and 2016 and their families, against the Bank and Danske Markets, Inc., as well as various branches of Deutsche Bank and Standard Chartered Bank and two money remitters Placid Express and Wall Street Exchange. Plaintiffs claim that the defendant banks and money remitters allegedly aided and abetted a terrorist syndicate that sponsored violence in Afghanistan, in violation of the Anti-Terrorism Act, through the facilitation of certain transactions that allegedly allowed funds to ultimately be transferred to the terrorist organisations. The complaint seeks unspecified punitive and compensatory damages. On 18 March 2022, the defendants separately filed motions seeking dismissal of this action. Those motions remain pending. The timing of the completion of the lawsuit and the outcome are uncertain.

Other

Owing to its business volume, Danske Bank is continually a party to various other lawsuits and disputes and has an ongoing dialogue with public authorities, such as the Danish FSA and the Danish Tax Agency on other matters. The Danish Data Protection Agency has filed a criminal complaint against Danske Bank for the violation of the General Data Protection Regulation (GDPR) and recommends that the Danish prosecution service impose a fine of DKK 10 million on Danske Bank. In general, Danske Bank does not expect the outcomes of any of these other pending lawsuits and disputes or its dialogue with public authorities to have any material effect on its financial position. Provisions for litigations are included in Other liabilities, see note G8.

Notes – Danske Bank Group

G10. Guarantees, commitments and contingent liabilities continued

(d) Further explanation

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

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

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

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

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

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

G11. Assets provided or received as collateral

As at 31 March 2022, the Group had deposited securities (including bonds issued by the Group) worth DKK 53.9 billion as collateral with Danish and international clearing centres and other institutions (31 December 2021: DKK 42.1 billion).

As at 31 March 2022, the Group had provided cash and securities (including bonds issued by the Group) worth DKK 87.1 billion as collateral for derivatives transactions (31 December 2021: DKK 73.2 billion).

As at 31 March 2022, the Group had registered assets (including bonds and shares issued by the Group) under insurance contracts and unit-linked investment contracts worth DKK 478.5 billion (31 December 2021: DKK 514.5 billion) as collateral for policyholders' savings of DKK 470.0 billion (31 December 2021: DKK 493.1 billion).

As at 31 March 2022, the Group had registered loans at fair value and securities (including bonds issued by the Group) worth a total of DKK 785.5 billion (31 December 2021: DKK 818.9 billion) as collateral for bonds issued by Realkredit Danmark. Similarly, the Group had registered loans and other assets worth DKK 318.0 billion (31 December 2021: DKK 325.1 billion) as collateral for covered bonds issued under Danish, Finnish and Swedish law.

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

	31 March 2022			31 December 2021		
(DKK millions)	Repo	Other	Total	Repo	Other	Total
Due from credit institutions	-	25,600	25,600	-	29,928	29,928
Trading and investment securities	227,847	94,851	322,698	193,258	70,857	264,115
Loans at fair value	-	778,830	778,830	-	809,872	809,872
Loans at amortised cost	-	336,866	336,866	-	339,183	339,183
Assets under insurance contracts and unit-linked investment contracts	-	405,247	405,247	-	433,672	433,672
Other assets	-	61	61	-	50	50
Total	227,847	1,641,456	1,869,302	193,258	1,683,562	1,876,820
Own issued bonds	37,757	80,825	118,582	32,592	90,192	122,784
Total, including own issued bonds	**265,604**	**1,722,280**	**1,987,884**	**225,850**	**1,773,754**	**1,999,604**

Securities provided as collateral under agreements that entitle the counterparty to sell the securities or provide them as collateral for other loans amounted to DKK 227.8 billion as at 31 March 2022 (31 December 2021: DKK 193.3 billion).

As at 31 March 2022, the Group had received securities worth DKK 303.4 billion (31 December 2021: DKK 297.8 billion) as collateral for reverse repo transactions, securities lending, derivatives transactions and other transactions entered into on the standard terms for such transactions. As the party receiving the collateral, the Group is entitled in most cases to sell the securities or provide the securities as collateral for other loans in exchange for returning similar securities to the counterparty at the expiry of the transactions. As at 31 March 2022, the Group had sold securities or provided securities as collateral worth DKK 152.4 billion (31 December 2021: DKK 133.0 billion).

The Group also receives many other types of assets as collateral in connection with its ordinary lending activities. The Group has not received the ownership of these assets. The risk management notes of the Annual Report 2021 provide more details on assets received as collateral in connection with ordinary lending activities.

Notes – Danske Bank Group

G12. Fair value information for financial instruments

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

	31 March 2022		31 December 2021	
(DKK millions)	Fair value	Amortised cost	Fair value	Amortised cost
Financial assets				
Cash in hand and demand deposits with central banks	-	259,759	-	293,386
Due from credit institutions and central banks	46,474	29,369	39,462	31,694
Trading portfolio assets	616,572	-	509,590	-
Investment securities	157,182	149,725	157,056	146,721
Loans at amortised cost	-	1,068,022	-	1,027,442
Loans at fair value	990,142	-	1,024,461	-
Assets under pooled schemes and unit-linked investment contracts	71,667	-	76,654	-
Assets under insurance contracts	564,375	-	522,184	-
Loans held for sale	-	-	-	4,539
Total	**2,446,413**	**1,506,875**	**2,329,407**	**1,503,781**
Financial liabilities				
Due to credit institutions and central banks	90,534	95,052	84,763	88,213
Trading portfolio liabilities	477,007	-	374,959	-
Deposits	172,834	1,164,618	134,332	1,157,698
Issued bonds at fair value	746,317	-	794,909	-
Issued bonds at amortised cost	-	207,850	-	223,854
Deposits under pooled schemes and unit-linked investment contracts	72,320	-	76,982	-
Liabilities held for sale	-	-	-	6,453
Non-preferred senior bonds	-	104,829	-	107,654
Subordinated debt	-	38,917	-	39,321
Loan commitments and guarantees	-	2,579	-	2,335
Total	**1,559,011**	**1,613,845**	**1,465,945**	**1,625,529**

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

Financial instruments at fair value

Note G33(a) of the Annual Report 2021 provides more information about fair value calculation methods for financial instruments.

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

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

Financial instruments at amortised cost

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

Notes – Danske Bank Group

G12. Fair value information for financial instruments continued

(DKK millions)	Quoted prices	Observable input	Non-observable input	Total
31 March 2022				
Financial assets				
Due from credit institutions and central banks	-	46,474	-	46,474
Derivatives	4,741	322,026	1,000	327,767
Trading portfolio bonds	256,422	22,328	-	278,750
Trading portfolio shares	9,913	-	142	10,055
Investment securities, bonds	127,574	28,424	-	155,998
Investment securities, shares	-	-	1,185	1,185
Loans at fair value	-	990,142	-	990,142
Assets under pooled schemes and unit-linked investment contracts	71,667	-	-	71,667
Assets under insurance contracts, bonds	170,040	19,287	4,344	193,671
Assets under insurance contracts, shares	144,779	5,037	46,714	196,530
Assets under insurance contracts, derivatives	-	172,371	1,803	174,174
Total	**785,136**	**1,606,089**	**55,188**	**2,446,413**
Financial liabilities				
Due to credit institutions and central banks	-	90,534	-	90,534
Derivatives	4,719	318,514	1,349	324,582
Obligations to repurchase securities	150,406	2,000	20	152,426
Deposits	-	172,834	-	172,834
Issued bonds at fair value	746,317	-	-	746,317
Deposits under pooled schemes and unit-linked investment contracts	-	72,320	-	72,320
Total	**901,441**	**656,201**	**1,369**	**1,559,011**

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

Notes – Danske Bank Group

G12. Fair value information for financial instruments continued

Financial instruments valued on the basis of non-observable input

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

		Sensitivity (change in fair value)		Gains/losses for the period	
(DKK millions)	Carrying amount	Increase	Decrease	Realised	Unrealised
31 March 2022					
Unlisted shares					
allocated to insurance contract policyholders	46,714	-	-	1,366	391
other	1,307	131	131	18	-7
Illiquid bonds	4,344	88	88	-	2
Derivatives, net fair value	1,455	-	-	-	35
31 December 2021					
Unlisted shares					
allocated to insurance contract policyholders	45,353	-	-	3,950	7,802
other	1,220	122	122	125	-12
Illiquid bonds	5,300	101	101	120	117
Derivatives, net fair value	2,504	-	-	-	-909

For unlisted shares allocated to insurance contract policyholders, the policyholders assume most of the risk on the shares. Therefore, changes in the fair value of those shares will only to a limited extent affect the Group's net profit. The Group's remaining portfolio of unlisted shares consists primarily of banking-related investments and holdings in private equity funds. The sensitivity of the fair value measurement to changes in the unobservable input disclosed in the table is calculated as a 10% increase or 10% decrease in fair value. Under current market conditions, a 10 % decrease in the fair value is considered to be below a possible alternative estimate of the fair value at the end of the period. The unrealised adjustments in the three month period ended 31 March 2022 were attributable to various unlisted shares.

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

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

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

Reconciliation from beginning to end of period	31 March 2022			31 December 2021		
(DKK millions)	Shares	Bonds	Derivatives	Shares	Bonds	Derivatives
Fair value at 1 January	46,573	5,300	2,504	36,028	7,438	3,083
Value adjustment through profit or loss	1,768	2	35	11,865	237	-909
Acquisitions	3,104	44	-53	9,556	122	-191
Sale and redemption	-3,424	-1,002	-35	-10,611	-2,497	161
Transferred from quoted prices and observable input	-	-	-8	-	-	-2
Transferred to quoted prices and observable input	-	-	-988	-265	-	363
Fair value end of period	**48,021**	**4,344**	**1,455**	**46,573**	**5,300**	**2,504**

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

Notes – Danske Bank Group

G13. Group holdings and undertakings

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

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

The merger is expected to result in a one-off gain for Danske Bank of approximately DKK 400 – 500 million once it is approved by the relevant authorities. Final approval is expected Q2 or Q3 2022. After the merger, Danske Bank will own 25% of the new parent company, Vipps AS.

Notes – Danske Bank Group

Risk Management

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

Breakdown of credit exposure

(DKK billions) 31 March 2022	Total	Lending activities: Core	Lending activities: Non-core	Counterparty credit risk	Trading and investment securities	Customer-funded investments
Balance sheet items						
Demand deposits with central banks	253.2	253.2	-	-	-	-
Due from credit institutions and central banks	75.8	29.4	-	46.5	-	-
Trading portfolio assets	616.6	-	-	327.8	288.8	-
Investment securities	306.9	-	-	-	306.9	-
Loans at amortised cost	1,068.0	1,066.6	1.4	-	-	-
Loans at fair value	990.1	778.8	-	211.3	-	-
Assets under pooled schemes and unit-linked investment contracts	71.7	-	-	-	-	71.7
Assets under insurance contracts	591.8	-	-	-	-	591.8
Assets held for sale	23.7	-	-	-	-	23.7
Off-balance-sheet items						
Guarantees	82.4	82.4	-	-	-	-
Loan commitments shorter than 1 year	268.2	266.6	1.6	-	-	-
Loan commitments longer than 1 year	191.9	191.9	-	-	-	-
Other unutilised commitments	15.7	-	-	-	0.1	15.5
Total	**4,556.0**	**2,668.8**	**3.0**	**585.6**	**595.8**	**702.8**
31 December 2021						
Balance sheet items						
Demand deposits with central banks	286.6	286.6	-	-	-	-
Due from credit institutions and central banks	71.2	31.7	-	39.5	-	-
Trading portfolio assets	509.6	-	-	260.2	249.4	-
Investment securities	303.8	-	-	-	303.8	-
Loans at amortised cost	1,027.4	1,026.1	1.3	-	-	-
Loans at fair value	1,024.5	809.9	-	214.6	-	-
Assets under pooled schemes and unit-linked investment contracts	76.7	-	-	-	-	76.7
Assets under insurance contracts	547.8	-	-	-	-	547.8
Assets held for sale	28.5	4.5	-	-	-	24.0
Off-balance-sheet items						
Guarantees	81.0	81.0	-	-	-	-
Loan commitments shorter than 1 year	271.9	270.3	1.6	-	-	-
Loan commitments longer than 1 year	205.5	205.5	-	-	-	-
Other unutilised commitments	16.2	-	-	-	*0.1*	16.0
Total	**4,450.5**	**2,715.6**	**2.9**	**514.3**	**553.3**	**664.5**

In addition to credit exposure from lending activities, Danske Bank had made uncommitted loan offers and granted uncommitted lines of credit of DKK 205 billion at 31 March 2022 (31 December 2021: DKK 194 billion). These items are included in the calculation of the total risk exposure amount in accordance with the Capital Requirements Directive.

The Group's direct exposure to Russia and Ukraine amounted to less than DKK 0.2 billion at 31 March 2022, and is therefore very limited.

Notes – Danske Bank Group

Credit exposure

Credit exposure from core lending activities

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

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

For further details about the Group's credit risk management and the use of information on expected credit losses for risk management purposes, see Risk Management 2021.

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

The table below breaks down the credit exposure by rating categories and stages. Further information on classification of customers can be found on page 162 in Annual report 2021.

31 March 2022	PD level		Gross exposure			Expected credit loss			Net exposure			Net exposure, ex collateral		
(DKK billions)	Upper	Lower	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
1	-	0.01	118.6	0.1	-	-	-	-	118.6	0.1	-	101.7	0.1	-
2	0.01	0.03	320.7	0.2	-	-	-	-	320.7	0.2	-	197.3	0.1	-
3	0.03	0.06	563.3	1.1	-	0.1	-	-	563.2	1.1	-	260.9	0.6	-
4	0.06	0.14	638.7	1.9	-	0.2	-	-	638.4	1.9	-	293.3	0.8	-
5	0.14	0.31	491.1	3.9	-	0.4	-	-	490.6	3.9	-	156.9	1.3	-
6	0.31	0.63	274.8	17.2	-	0.6	0.2	-	274.2	16.9	-	100.1	5.8	-
7	0.63	1.90	103.2	44.5	-	1.0	1.7	-	102.2	42.7	-	33.5	14.2	-
8	1.90	7.98	11.9	37.3	-	0.5	2.5	-	11.4	34.8	-	3.7	7.8	-
9	7.98	25.70	2.1	4.1	-	-	0.9	-	2.1	3.1	-	1.3	0.5	-
10	25.70	99.99	0.4	16.9	-	-	1.3	-	0.4	15.7	-	0.1	3.1	-
11 (default)	100.00	100.00	0.2	0.5	35.8	0.1	-	9.9	-	0.5	25.9	0.1	0.1	2.5
Total			**2,525.0**	**127.7**	**35.8**	**3.1**	**6.7**	**9.9**	**2,521.9**	**121.0**	**25.9**	**1,148.6**	**34.5**	**2.5**

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

Exposures, expected credit losses and collateral in default have increased compared to the end of 2021 due to the implementation of the new definition of default in January 2022. At the same time, stage 3 decreased primarily due to 1) final adjustments of staging during the implementation of new definition of default that is now aligned to European Banking Authority requirements and 2) write-offs. The stage 3 coverage ratio is 80%.

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.

31 March 2022	Gross exposure			Expected credit loss			Net exposure			Net exposure, ex collateral		
(DKK billions)	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Public institutions	298.2	1.3	-	-	-	-	298.2	1.3	-	295.4	-	-
Financials	121.0	1.9	0.4	0.1	0.2	0.1	120.9	1.7	0.3	112.8	1.1	-
Agriculture	55.6	7.6	3.8	0.3	1.3	1.0	55.2	6.3	2.7	12.4	1.0	0.1
Automotive	31.1	1.4	0.2	0.1	0.1	0.1	31.0	1.2	0.2	25.6	0.5	0.1
Capital goods	72.7	6.0	1.2	0.2	0.4	0.5	72.5	5.6	0.8	63.9	4.6	0.3
Commercial property	287.3	19.8	4.4	0.5	1.4	1.0	286.8	18.4	3.4	60.4	1.6	0.3
Construction and building materials	48.6	4.5	1.4	-	0.2	0.6	48.5	4.3	0.8	35.5	2.1	0.2
Consumer goods	65.8	4.9	0.7	-	0.2	0.3	65.8	4.8	0.4	50.8	2.6	0.1
Hotels, restaurants and leisure	8.1	6.2	1.2	-	0.2	0.4	8.1	6.0	0.8	3.4	1.1	0.1
Metals and mining	13.6	0.4	-	-	-	-	13.6	0.4	-	10.8	0.3	-
Other commercials	20.4	1.3	0.2	0.2	-	-	20.3	1.3	0.2	16.7	0.2	-
Pharma and medical devices	43.0	5.2	-	-	0.1	-	42.9	5.1	-	40.8	4.6	-
Private housing co-ops and non-profit associations	203.1	4.4	0.8	0.1	0.1	0.2	203.0	4.3	0.6	34.5	0.7	-
Pulp, paper and chemicals	40.2	1.5	0.2	-	-	0.1	40.2	1.5	0.1	28.3	0.4	-
Retailing	30.5	1.8	2.0	-	0.1	0.7	30.5	1.7	1.3	21.0	1.0	0.5
Services	57.7	3.8	0.7	0.2	0.2	0.3	57.5	3.6	0.4	46.8	2.3	0.1
Shipping, oil and gas	31.2	2.6	5.4	0.2	0.3	1.2	31.0	2.3	4.2	18.5	1.5	-
Social services	25.8	0.9	0.7	-	0.1	0.1	25.8	0.8	0.5	10.1	0.3	0.4
Telecom and media	21.9	0.5	0.2	-	-	0.1	21.9	0.5	0.1	20.0	0.3	-
Transportation	14.2	2.3	0.5	-	0.2	0.1	14.1	2.1	0.4	6.4	0.9	0.1
Utilities and infrastructure	86.3	3.4	-	0.1	0.1	-	86.2	3.3	-	65.4	2.5	-
Personal customers	948.7	45.9	11.8	1.0	1.5	3.1	947.7	44.4	8.7	169.1	4.8	-
Total	**2,525.0**	**127.7**	**35.8**	**3.1**	**6.7**	**9.9**	**2,521.9**	**121.0**	**25.9**	**1,148.6**	**34.5**	**2.5**

As at 31 March 2022, oil and gas exposures (within the Shipping, oil and gas industry) represent a gross exposure of DKK 17.7 billion (31 December 2021: DKK 18.3 billion) and expected credit losses of DKK 0.9 billion (31 December 2021: DKK 1.8 billion). Those exposures represent the majority of the exposures in stage 3 within the Shipping, oil and gas industry at the end of March 2022.

Notes – Danske Bank Group

Credit exposure continued

31 December 2021	Gross exposure			Expected credit loss			Net exposure			Net exposure, ex collateral		
(DKK billions)	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Public institutions	332.8	1.4	-	-	-	-	332.8	1.4	-	330.1	0.1	-
Financials	122.0	2.8	0.4	0.1	0.2	0.2	122.0	2.5	0.2	107.9	1.4	-
Agriculture	57.6	5.6	4.8	0.3	0.9	1.2	57.3	4.7	3.6	12.2	0.8	0.1
Automotive	25.3	1.6	0.3	-	0.1	0.1	25.3	1.5	0.2	19.9	0.7	0.1
Capital goods	71.4	6.9	1.6	-	0.3	0.6	71.3	6.7	1.0	62.6	5.7	0.5
Commercial property	291.2	19.6	5.5	0.5	1.5	1.2	290.7	18.1	4.3	59.3	1.9	0.6
Construction and building materials	46.1	4.5	1.9	-	0.4	0.7	46.1	4.1	1.2	32.8	1.9	0.5
Consumer goods	71.1	4.3	1.0	-	0.3	0.3	71.0	4.0	0.7	53.0	2.6	-
Hotels, restaurants and leisure	8.5	5.4	1.9	-	0.2	0.4	8.5	5.2	1.4	3.0	0.8	0.2
Metals and mining	12.6	0.4	0.1	-	-	-	12.6	0.4	-	10.0	0.1	-
Other commercials	13.3	1.1	0.1	0.2	-	-	13.1	1.1	0.1	9.1	0.2	-
Pharma and medical devices	53.1	5.5	-	-	0.1	-	53.1	5.5	-	50.7	4.5	-
Private housing co-ops and non-profit associations	207.4	4.2	0.9	0.1	0.2	0.2	207.3	4.0	0.7	34.1	0.5	0.1
Pulp, paper and chemicals	39.0	1.5	0.2	-	-	0.1	39.0	1.5	0.1	27.8	0.3	-
Retailing	28.4	1.7	2.4	-	0.1	1.0	28.4	1.6	1.4	18.1	1.0	0.2
Services	57.9	3.3	0.8	0.2	0.2	0.4	57.7	3.2	0.5	46.9	1.9	0.1
Shipping, oil and gas	31.3	3.2	6.6	0.1	0.3	2.4	31.2	2.9	4.2	16.8	1.4	-
Social services	25.5	0.9	1.0	-	0.1	0.3	25.4	0.8	0.7	9.3	0.4	0.4
Telecom and media	22.2	0.5	0.2	-	-	0.1	22.2	0.5	0.1	20.3	0.3	-
Transportation	14.3	2.0	0.5	-	0.2	0.1	14.3	1.8	0.4	6.5	0.8	0.1
Utilities and infrastructure	76.1	4.6	-	-	0.1	-	76.0	4.4	-	56.4	4.2	-
Personal customers	953.9	49.6	15.9	1.1	1.6	3.1	952.8	48.0	12.8	170.1	5.8	0.5
Total	**2,560.9**	**130.6**	**46.0**	**2.7**	**6.8**	**12.4**	**2,558.2**	**123.8**	**33.6**	**1,156.8**	**37.5**	**3.5**

Collateral

The Group uses a number of measures to mitigate credit risk, including collateral, guarantees and covenants. The main method is obtaining collateral. In Annual Report 2021, a table showing collateral by type (after haircut) is included. The mitigating effect from collateral at the end of March 2022 can be found as the difference between the columns 'Net exposure' and 'Net exposure, ex collateral' and amounted to DKK 1,483.2 billion at 31 March 2022 (31 December 2021: DKK 1,517.8 billion).

The Group uses guarantee schemes offered by the governments in our markets to mitigate the economic consequences of the corona crisis. The outstanding amount of loans originated under such guarantee schemes was DKK 4.3 billion (31 December 2021: DKK 4.9 billion) with the guarantees covering DKK 3.9 billion of the loans (31 December 2021: DKK 4.0 billion). A large part of the guarantees relates to Northern Ireland.

Notes – Danske Bank Group

Credit exposure continued

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

31 March 2022	Gross exposure			Expected credit loss			Net exposure			Net exposure, ex collateral		
(DKK billions)	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Personal & Business Customers												
Personal Customers Denmark	517.7	25.2	7.7	1.0	1.1	2.1	516.8	24.1	5.6	67.3	2.4	-
Personal Customers Nordic	419.4	15.9	3.3	0.2	0.3	0.8	419.3	15.6	2.5	99.9	1.9	-
Business Customers	659.7	48.6	14.2	1.0	3.8	4.3	658.6	44.8	10.0	190.4	11.3	1.3
Asset Finance	49.0	12.1	1.1	0.1	0.4	0.3	48.9	11.7	0.8	19.0	2.3	0.1
Other	-	-	-	-	-	-	-	-	-	-	-	-
Total	**1,645.8**	**101.8**	**26.4**	**2.3**	**5.6**	**7.4**	**1,643.6**	**96.2**	**18.9**	**376.6**	**18.0**	**1.4**
Large Corporates & Institutions	**565.5**	**21.1**	**7.6**	**0.6**	**1.0**	**2.0**	**564.8**	**20.1**	**5.6**	**497.3**	**15.5**	**1.0**
Northern Ireland	**92.0**	**4.5**	**1.9**	**0.2**	**0.1**	**0.5**	**91.8**	**4.5**	**1.4**	**53.6**	**0.7**	**-**
Group Functions	**221.7**	**0.3**	**-**	**-**	**-**	**-**	**221.7**	**0.2**	**-**	**221.0**	**0.2**	**-**
Total	**2,525.0**	**127.7**	**35.8**	**3.1**	**6.7**	**9.9**	**2,521.9**	**121.0**	**25.9**	**1,148.6**	**34.5**	**2.5**

31 December 2021	Gross exposure			Expected credit loss			Net exposure			Net exposure, ex collateral		
(DKK billions)	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Personal & Business Customers												
Personal Customers Denmark	532.7	23.4	12.0	0.9	1.2	2.3	531.8	22.2	9.8	63.9	2.3	0.3
Personal Customers Nordic	400.8	20.1	3.2	0.2	0.3	0.6	400.6	19.8	2.6	103.8	2.9	0.2
Business Customers	663.6	45.3	17.7	1.0	3.7	4.9	662.6	41.6	12.8	176.3	11.0	1.9
Asset Finance	48.8	10.7	0.9	0.1	0.4	0.2	48.8	10.3	0.7	17.5	2.0	0.1
Other	4.0	0.2	0.1	-	-	-	4.0	0.2	0.1	0.9	0.1	-
Total	**1,650.0**	**99.7**	**33.9**	**2.2**	**5.6**	**8.0**	**1,647.7**	**94.2**	**25.9**	**362.5**	**18.3**	**2.4**
Large Corporates & Institutions	**560.5**	**25.4**	**10.1**	**0.3**	**1.1**	**3.8**	**560.2**	**24.2**	**6.3**	**482.2**	**18.4**	**0.9**
Northern Ireland	**93.7**	**5.4**	**2.0**	**0.1**	**0.1**	**0.6**	**93.6**	**5.3**	**1.4**	**55.9**	**0.7**	**0.1**
Group Functions	**256.7**	**0.1**	**-**	**-**	**-**	**-**	**256.7**	**0.1**	**-**	**256.3**	**0.1**	**-**
Total	**2,560.9**	**130.6**	**46.0**	**2.7**	**6.8**	**12.4**	**2,558.2**	**123.8**	**33.6**	**1,156.8**	**37.5**	**3.5**

Notes – Danske Bank Group

Credit exposure continued

Exposures subject to forbearance measures

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

During the corona crisis, the Group has granted concessions to assist customers affected by the crisis. Such concessions represent an increase in gross exposure of around DKK 23 billion, of which around DKK 8 billion (net of expected credit losses) is considered forbearance measures, see note G1(b) section 'Accounting treatment of the impacts on expected credit losses from the corona crisis' in Annual report 2021 for the definition of when such concessions are considered to be a forbearance measure. At the end of 2021, such concessions represented an increase in gross exposure of DKK 13 billion, of which around DKK 13 billion (net of expected credit losses) was considered forbearance measures. The concessions considered forbearance measures relate primarily to Personal customers and the shipping, oil and gas, Hotels, restaurants and leisure, Consumer goods and Retailing industries. In our Nordic markets, such concessions are made on a voluntary basis, while in Northern Ireland, the Bank was selected by the UK Government to provide concessions through the UK government-backed lending schemes.

Exposures subject to forbearance measures

	31 March 2022		31 December 2021	
(DKK millions)	Performing	Non-performing*	Performing	Non-performing*
Active forbearance	2,388	7,713	7,348	7,317
Under probation	13,830	-	13,993	-
Total	**16,219**	**7,713**	**21,341**	**7,317**

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

Notes – Danske Bank Group

Credit exposure continued

Allowance account in core activities

(DKK millions)	Stage 1	Stage 2	Stage 3	Total
ECL allowance account as at 1 January 2021	2,263	7,438	12,853	22,554
Transferred to stage 1 during the period	1,843	-1,604	-239	-
Transferred to stage 2 during the period	-180	649	-469	-
Transferred to stage 3 during the period	-120	-864	984	-
ECL on new assets	646	1,282	1,839	3,767
ECL on assets derecognised	-629	-1,483	-4,377	-6,489
Impact of net remeasurement of ECL (incl. changes in models)	-923	1,172	1,011	1,259
Write-offs debited to the allowance account	-5	-	-	-5
Foreign exchange adjustments	21	54	268	343
Other changes	-182	160	527	505
ECL allowance account as at 31 December 2021	**2,733**	**6,804**	**12,397**	**21,935**
Transferred to stage 1 during the period	698	-653	-46	-
Transferred to stage 2 during the period	-219	476	-257	-
Transferred to stage 3 during the period	-14	-285	299	-
ECL on new assets	417	270	615	1,302
ECL on assets derecognised	-301	-416	-1,423	-2,140
Impact of net remeasurement of ECL (incl. changes in models)	-213	327	377	492
Write-offs debited to the allowance account	-	-	-1,849	-1,850
Foreign exchange adjustments	1	5	58	64
Other changes	-13	202	-229	-40
ECL allowance account as at 31 March 2022	**3,090**	**6,730**	**9,942**	**19,762**

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 2021	15,773	5,777	990	15	22,554
ECL on new assets	2,292	1,215	259	2	3,767
ECL on assets derecognised	-2,887	-3,333	-266	-3	-6,489
Impact on remeasurement of ECL (incl. change in models)	1,238	152	-135	4	1,259
Write-offs debited to allowance account	-	-	-5	-	-5
Foreign currency translation	14	257	71	-	343
Other changes	-590	1,159	-63	-1	505
ECL allowance account as at 31 December 2021	**15,840**	**5,227**	**850**	**17**	**21,935**
ECL on new assets	739	536	23	4	1,302
ECL on assets derecognised	-845	-1,253	-41	-1	-2,140
Impact on remeasurement of ECL (incl. change in models)	124	312	42	14	492
Write-offs debited to allowance account	-455	-1,290	-104	-	-1,850
Foreign currency translation	8	61	-6	-	64
Other changes	-52	13	-	-	-40
ECL allowance account as at 31 March 2022	**15,359**	**3,607**	**763**	**34**	**19,762**

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

Macroeconomic scenarios

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

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

The applied scenarios that drive the expected credit loss calculation in the first quarter of 2022 have been updated with the latest macroeconomic data. Compared to the end of 2021, the base and the upside scenarios have been revised to reflect expectations of higher inflation and interest rate hikes fuelled by the war in Ukraine. The scenario weighting remained unchanged from the end of 2021.

The base case is an extension of the Group's official view of the Nordic economies (the Nordic Outlook report). At 31 March 2022, the base case scenario reflects an expectation of higher inflation and interest rates fuelled by the war in Ukraine. This results in a weaker GDP growth than previously anticipated due to soaring energy costs, skills shortages and wage pressures that affect consumers and businesses in the Nordic economies. Unemployment rates have been revised downwards, which is reflective of a stronger performance of the labour market in recent months

The upside scenario represents a slightly better outlook than the base case scenario across the macroeconomic parameters. In this scenario, consumers spend a large proportion of the substantial savings accumulated during the pandemic. There is a consumer-led global recovery, and in this scenario there is slightly more support for the housing market. GDP is about 1 per cent higher by the end of this scenario compared to the base case. In this scenario, the European Central Bank / Danish central bank is no longer expected to keep rates unchanged throughout the forecast period, but hikes are still not expected to materialize before 2024. The Group expects a slightly faster policy normalisation in Norway and additional rate hikes in Sweden in 2024.

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

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

Notes – Danske Bank Group

Credit exposure continued

31 March 2022	Base-case			Downside			Upside		
	2022	2023	2024	2022	2023	2024	2022	2023	2024
GDP	2.8	2.0	1.6	-3.1	-1.5	0.3	3.8	2.2	1.5
Industrial Production	3.5	2.4	2.2	-4.6	-2.3	0.5	4.9	3.0	1.5
Unemployment	4.8	4.5	4.1	8.0	9.5	10.0	4.6	4.1	3.9
Inflation	4.0	1.5	2.0	-0.3	0.6	0.6	2.7	2.0	2.0
Consumption Expenditure	4.0	2.4	1.8	-3.5	-0.6	-0.1	5.3	2.0	1.6
Property prices - Residential	2.5	2.0	2.4	-15.1	-10.3	-1.5	3.9	3.0	3.4
Interest rate - 3 month	0.5	0.9	0.9	-0.3	-0.4	-0.5	0.1	0.3	0.7
Interest rate - 10 year	1.4	1.7	1.7	-0.5	-0.4	0.2	1.0	1.2	1.2

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

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

The base case scenario enters with a probability of 70% (31 December 2021: 70%), the upside scenario with a probability of 10% (31 December 2021: 10%) and the downside scenario with a probability of 20% (31 December 2021: 20%). On the basis of these assessments, the allowance account as at 31 March 2022 amounted to DKK 19.8 billion (31 December 2021: 21.9 billion). If the base case scenario was assigned a probability of 100%, the allowance account would decrease DKK 1.9 billion (31 December 2021: 1.7 billion). Compared to the base case scenario, the allowance account would increase DKK 9.7 billion (31 December 2021: 8.5 billion), if the downside scenario was assigned a probability of 100%. The increase reflects primarily the transfer of exposures from stage 1 to stage 2 and increased expected credit losses within stage 2. If instead the upside scenario was assigned a probability of 100%, the allowance account would decrease by DKK 0.2 billion (31 December 2021: 0.2 billion) compared to the base case scenario. It should be noted that the expected credit losses in the individual scenarios (i.e. without the weighting) do not represent forecasts of expected credit losses (ECL).

Post-model adjustments

Management applies judgement when determining the need for post-model adjustments. At 31 March 2022, the post-model adjustments amounted to DKK 5.6 billion (31 December 2021: 6.3 billion). The post-model adjustments primarily relate to the following types of risks:

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

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

Notes – Danske Bank Group

Credit exposure continued

Post-model adjustments by type and mostly impacted industries

(DKK billions)	31 March 2022	31 December 2021*
Coverage of individual industries and types		
Agriculture	1.2	0.9
Capital goods	0.4	0.2
Commercial Property	1.3	1.5
Oil & Gas	0.2	0.2
Personal customers (including other retail exposures)	1.2	1.7
Others**	1.3	0.9
Coverage of individual industries and types, total	5.6	5.4
Model changes	-	0.9
Total	**5.6**	**6.3**

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

** No individual industry included in Others exceeds DKK 0.1 billion at 31 March 2022 (31 December 2021: DKK 0.1 billion).

In first quarter of 2022, the total balance of post-model adjustments has been reduced by a net amount of DKK 0.7 billion compared to the end of 2021. A reduction of DKK 0.9 billion was due to a release of the post-model adjustment reserved to cover the model changes for the new Definition of Default that was implemented in January 2022. At the same time, the current macroeconomic uncertainties characterized by the supply chain disruptions, labour shortages and price rises have been exacerbated by the break out of war in Ukraine giving rise to a new set of challenges that affect economic and business activity.

In light of these developments, the Group has formulated a new post-model adjustment of DKK 1.0 billion to address the uncertainties presented by the secondary effects from the economic sanctions affecting specific industries such as Agriculture, Capital goods, etc. The post-model adjustment cuts across industries that are sensitive to prices rises on energy, agriculture and metals, which have been assessed for idiosyncratic risks to ensure a prudent coverage of expected credit loss in the Group's portfolios.

On the other hand, Covid-related uncertainties have been reduced from the end of 2021, as the new virus variants did not result in prolonged lockdowns or high hospitalisation rates as previously anticipated, while business activity continued to rise. This has been the main driver behind reduction of DKK 0.9 billion in post-model adjustments associated with the property segment (commercial property and retail mortgages) and process related risks spread across industry portfolios and retail exposures.

Overall, the changes have resulted in a net increase of DKK 0.2 billion to post-model adjustments associated with uncertainties in specific industries that reflect continued caution in the risk outlook.

Notes – Danske Bank Group

Credit exposure from Non-core lending activities

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

31 March 2022	Gross exposure			Expected credit loss			Net exposure			Net exposure, ex collateral		
(DKK millions)	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Non-core banking	80	4	13	-	-	-	80	4	13	4	1	-
Personal customers	-	-	-	-	-	-	-	-	-	-	-	-
Commercial customers	76	4	13	-	-	-	76	4	13	-	1	-
Public Institutions	4	-	-	-	-	-	4	-	-	4	-	-
Non-core conduits etc.	2,818	43	955	1	2	872	2,817	40	82	141	7	49
Total	**2,898**	**47**	**968**	**1**	**2**	**872**	**2,897**	**45**	**95**	**145**	**9**	**49**

31 December 2021	Gross exposure			Expected credit loss			Net exposure			Net exposure, ex collateral		
(DKK millions)	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Non-core banking	126	6	14	-	2	14	126	3	-	33	-	-
Personal customers	-	-	6	-	-	6	-	-	-	-	-	-
Commercial customers	121	5	9	-	2	9	120	3	-	27	-	-
Public Institutions	5	-	-	-	-	-	5	-	-	5	-	-
Non-core conduits etc.	2,771	-	817	-	-	795	2,771	-	22	122	-	19
Total	**2,897**	**6**	**831**	**-**	**2**	**809**	**2,897**	**3**	**22**	**154**	**-**	**19**

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

31 March 2022	PD level		Gross exposure			Expected credit loss			Net exposure			Net exposure, ex collateral		
(DKK millions)	Upper	Lower	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
1	-	0.01	621	-	-	-	-	-	621	-	-	137	-	-
2	0.01	0.03	1,008	-	-	-	-	-	1,008	-	-	8	-	-
3	0.03	0.06	1,195	-	-	-	-	-	1,195	-	-	-	-	-
4	0.06	0.14	-25	-	-	-	-	-	-25	-	-	-	-	-
5	0.14	0.31	2	4	-	-	-	-	2	3	-	-	3	-
6	0.31	0.63	94	2	-	-	-	-	94	2	-	-	-	-
7	0.63	1.90	2	-	-	-	-	-	2	-	-	-	-	-
8	1.90	7.98	-	22	-	-	2	-	-	20	-	-	6	-
9	7.98	25.70	-	1	-	-	-	-	-	1	-	-	-	-
10	25.70	99.99	-	18	-	-	-	-	-	18	-	-	-	-
11 (default)	100.00	100.00	1	-	967	-	-	872	1	-	95	-	-	49
Total			**2,898**	**47**	**968**	**1**	**2**	**872**	**2,897**	**45**	**95**	**145**	**9**	**49**

31 December 2021	PD level		Gross exposure			Expected credit loss			Net exposure			Net exposure, ex collateral		
(DKK millions)	Upper	Lower	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
1	-	0.01	587		-	-	-	-	587	-	-	122	-	-
2	0.01	0.03	1,026	-	2	-	-	-	1,026	-	2	14	-	2
3	0.03	0.06	1,086	-	-	-	-	-	1,085	-	-	3	-	-
4	0.06	0.14	127	-	-	-	-	-	127	-	-	1	-	-
5	0.14	0.31	2	-	-	-	-	-	2	-	-	-	-	-
6	0.31	0.63	48	2	2	-	-	-	48	2	2	-	-	-
7	0.63	1.90	20	-	-	-	-	-	20	-	-	15	-	-
8	1.90	7.98	-	2	-	-	2	-	-	-	-	-	-	-
9	7.98	25.70	-	-	-	-	-	-	-	-	-	-	-	-
10	25.70	99.99	-	-	18	-	-	5	-	-	13	-	-	13
11 (default)	100.00	100.00	1	-	809	-	-	804	1	-	5	-	-	4
Total			**2,897**	**6**	**831**	**-**	**2**	**809**	**2,897**	**3**	**22**	**154**	**-**	**19**

Notes – Danske Bank Group

Counterparty credit risk and credit exposure from trading and investment securities

(DKK billions)	31 March 2022	31 December 2021
Counterparty credit risk		
Derivatives with positive fair value	327.8	260.2
Reverse transactions and other loans at fair value[1]	257.8	254.1
Credit exposure from other trading and investment securities		
Bonds	584.5	539.8
Shares	11.2	13.3
Other unutilised commitments[2]	0.1	0.1
Total	**1,181.4**	**1,067.6**

[1] Reverse transactions and other loans at fair value included as counterparty credit risk are loans at the trading units of Large Corporates & Institutions. These loans consist of reverse transactions of DKK 257.5 billion (31 December 2021: DKK 252.3 billion), of which DKK 46.2 billion relates to credit institutions and central banks (31 December 2021: DKK 37.7 billion), and other primarily short-term loans of DKK 0.2 billion (31 December 2021: DKK 1.7 billion), of which DKK 0.2 billion (31 December 2021: DKK 1.7 billion) relates to credit institutions and central banks.

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

Derivatives with positive fair value

(DKK millions)	31 March 2022	31 December 2021
Derivatives with positive fair value before netting	897,675	654,261
Netting (under accounting rules)	569,908	394,037
Carrying amount	327,767	260,224
Netting (under capital adequacy rules)	247,074	183,395
Net current exposure	80,693	76,829
Collateral	68,187	59,732
Net amount	**12,506**	**17,098**
Derivatives with positive fair value after netting for accounting purposes:		
Interest rate contracts	242,237	187,176
Currency contracts	84,067	72,468
Other contracts	1,463	580
Total	**327,767**	**260,224**

Bond portfolio

(DKK millions)	Central and local government bonds	Quasi-government bonds	Danish mortgage bonds	Swedish covered bonds	Other covered bonds	Corporate bonds	Total
31 March 2022							
Held-for-trading (FVPL)	177,745	4,839	26,813	52,901	5,978	10,474	278,750
Managed at fair value (FVPL)	4,090	909	25,848	798	517	2,096	34,258
Held to collect and sell (FVOCI)	14,385	4,562	70,062	10,072	21,688	971	121,740
Held to collect (AMC)	53,695	7,185	81,128	6,248	1,470	-	149,725
Total	**249,915**	**17,495**	**203,850**	**70,018**	**29,653**	**13,541**	**584,473**
31 December 2021							
Held-for-trading (FVPL)	174,732	3,305	11,113	38,878	3,576	5,679	237,283
Managed at fair value (FVPL)	4,342	921	27,360	819	670	2,417	36,530
Held to collect and sell (FVOCI)	14,620	4,822	69,859	10,116	19,640	239	119,296
Held to collect (AMC)	50,051	5,307	82,903	6,694	1,766	-	146,721
Total	**243,744**	**14,356**	**191,236**	**56,507**	**25,652**	**8,335**	**539,830**

At 31 March 2022, the Group had an additional bond portfolio, including bond-based unit trust certificates, worth DKK 193,671 (31 December 2021: DKK 205,389 million) recognised as assets under insurance contracts and thus not included in the table above. The section on insurance risk in Annual Report 2021 provides more information. For bonds classified as hold-to-collect, fair value exceeded amortised cost as at 31 March 2022 and 31 December 2021, see note G12.

Notes – Danske Bank Group

Bond portfolio continued

Bond portfolio broken down by geographical area

(DKK millions)	Central and local govern-ment bonds	Quasi-government bonds	Danish mortgage bonds	Swedish covered bonds	Other covered bonds	Corporate bonds	Total
31 March 2022							
Denmark	63,857	-	203,850	-	-	2,304	270,012
Sweden	74,125	-	-	70,018	-	4,291	148,433
UK	4,687	-	-	-	2,561	585	7,833
Norway	11,926	-	-	-	25,502	3,370	40,798
USA	16,598	4,514	-	-	-	5	21,118
Spain	4,420	-	-	-	1	-	4,421
France	13,984	20	-	-	120	339	14,463
Luxembourg	-	5,883	-	-	-	84	5,967
Finland	9,151	2,751	-	-	563	1,003	13,468
Ireland	3,669	-	-	-	-	8	3,677
Italy	2,009	-	-	-	-	4	2,013
Portugal	50	-	-	-	-	-	50
Austria	5,731	-	-	-	15	64	5,809
Netherlands	6,539	7	-	-	22	805	7,373
Germany	31,164	-	-	-	316	500	31,980
Belgium	1,712	3,710	-	-	1	-	5,422
Other	294	610	-	-	551	180	1,636
Total	**249,915**	**17,495**	**203,850**	**70,018**	**29,653**	**13,541**	**584,473**
31 December 2021							
Denmark	79,233	-	191,236	-	-	2,498	272,967
Sweden	72,787	-	-	56,507	-	2,106	131,400
UK	4,300	-	-	-	2,128	274	6,701
Norway	5,249	-	-	-	21,612	1,737	28,599
USA	16,581	3,628	-	-	-	6	20,215
Spain	2,627	-	-	-	1	-	2,628
France	12,939	15	-	-	159	112	13,226
Luxembourg	-	5,982	-	-	-	66	6,048
Finland	6,684	1,908	-	-	766	760	10,119
Ireland	2,100	-	-	-	3	17	2,120
Italy	2,475	-	-	-	-	4	2,479
Portugal	46	-	-	-	-	-	46
Austria	4,674	-	-	-	-	57	4,731
Netherlands	5,526	6	-	-	27	489	6,047
Germany	27,564	-	-	-	687	38	28,289
Belgium	655	2,265	-	-	1	-	2,921
Other	304	551	-	-	268	168	1,291
Total	**243,744**	**14,356**	**191,236**	**56,507**	**25,652**	**8,335**	**539,830**

The Group has no exposure to government bonds issued by Russia or Ukraine at 31 March 2022.

Notes – Danske Bank Group

Bond portfolio continued

Bond portfolio broken down by external ratings

(DKK millions)	Central and local government bonds	Quasi-government bonds	Danish mortgage bonds	Swedish covered bonds	Other covered bonds*	Corporate bonds	Total
31 March 2022							
AAA	199,800	13,946	203,404	70,002	29,336	840	517,327
AA+	12,202	38	-	-	63	1	12,304
AA	21,600	3,512	-	16	147	2,127	27,403
AA-	5,741	-	-	-	-	126	5,867
A+	294	-	-	-	-	316	610
A	7,439	-	442	-	107	3,407	11,396
A-	-	-	-	-	-	1,148	1,148
BBB+	562	-	-	-	-	1,688	2,251
BBB	777	-	4	-	-	2,424	3,205
BBB-	1,282	-	-	-	-	465	1,747
BB+	-	-	-	-	-	376	376
BB	-	-	-	-	-	427	427
BB-	-	-	-	-	-	25	25
Sub. "investment-grade" or unrated	217	-	-	-	-	170	387
Total	**249,915**	**17,495**	**203,850**	**70,018**	**29,653**	**13,541**	**584,473**
31 December 2021							
AAA	203,216	12,061	190,753	56,491	25,090	334	487,946
AA+	9,186	15	-	-	87	3	9,292
AA	19,022	2,279	-	16	3	1,718	23,038
AA-	4,731	-	-	-	-	87	4,818
A+	304	-	-	-	-	41	345
A	3,263	-	473	-	472	1,641	5,848
A-	-	-	-	-	-	956	956
BBB+	1,465	-	-	-	-	1,005	2,470
BBB	455	-	10	-	-	1,363	1,828
BBB-	2,065	-	-	-	-	415	2,481
BB+	-	-	-	-	-	324	324
BB	-	-	-	-	-	183	183
BB-	-	-	-	-	-	30	30
Sub. "investment-grade" or unrated	36	-	-	-	-	233	269
Total	**243,744**	**14,356**	**191,236**	**56,507**	**25,652**	**8,335**	**539,830**

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

Statement by the management

The Board of Directors and the Executive Leadership Team (the management) have considered and approved Interim report – first quarter 2022 of the Danske Bank Group.

The consolidated interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting, as adopted by the EU. 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 31 March 2022 and of the results of the Group's operations and the consolidated cash flows for the period starting on 1 January 2022 and ending on 31 March 2022. 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 April 2022

Executive Leadership Team

Carsten Rasch Egeriis
CEO

Magnus Agustsson

Berit Behring

Karsten Breum

Stephan Engels

Glenn Söderholm

Philippe Vollot

Frans Woelders

Board of Directors

Martin Blessing
Chairman

Jan Thorsgaard Nielsen
Vice Chairman

Lars-Erik Brenøe

Jacob Dahl

Raija-Leena Hankonen-Nybom

Bente Avnung Landsnes

Allan Polack

Carol Sergeant

Helle Valentin

Bente Bang
Elected by the employees

Kirsten Ebbe Brich
Elected by the employees

Aleksandras Cicasovas
Elected by the employees

Louise Aggerstrøm Hansen
Elected by the employees

Supplementary information

Financial calendar

22 July 2022	Interim report – first half 2022
28 October 2022	Interim report – first nine months 2022

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Danske Bank	danskebank.com
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Northern Ireland	danskebank.co.uk
Ireland	danskebank.ie
Realkredit Danmark	rd.dk
Danske Capital	danskecapital.com
Danica Pension	danicapension.dk

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