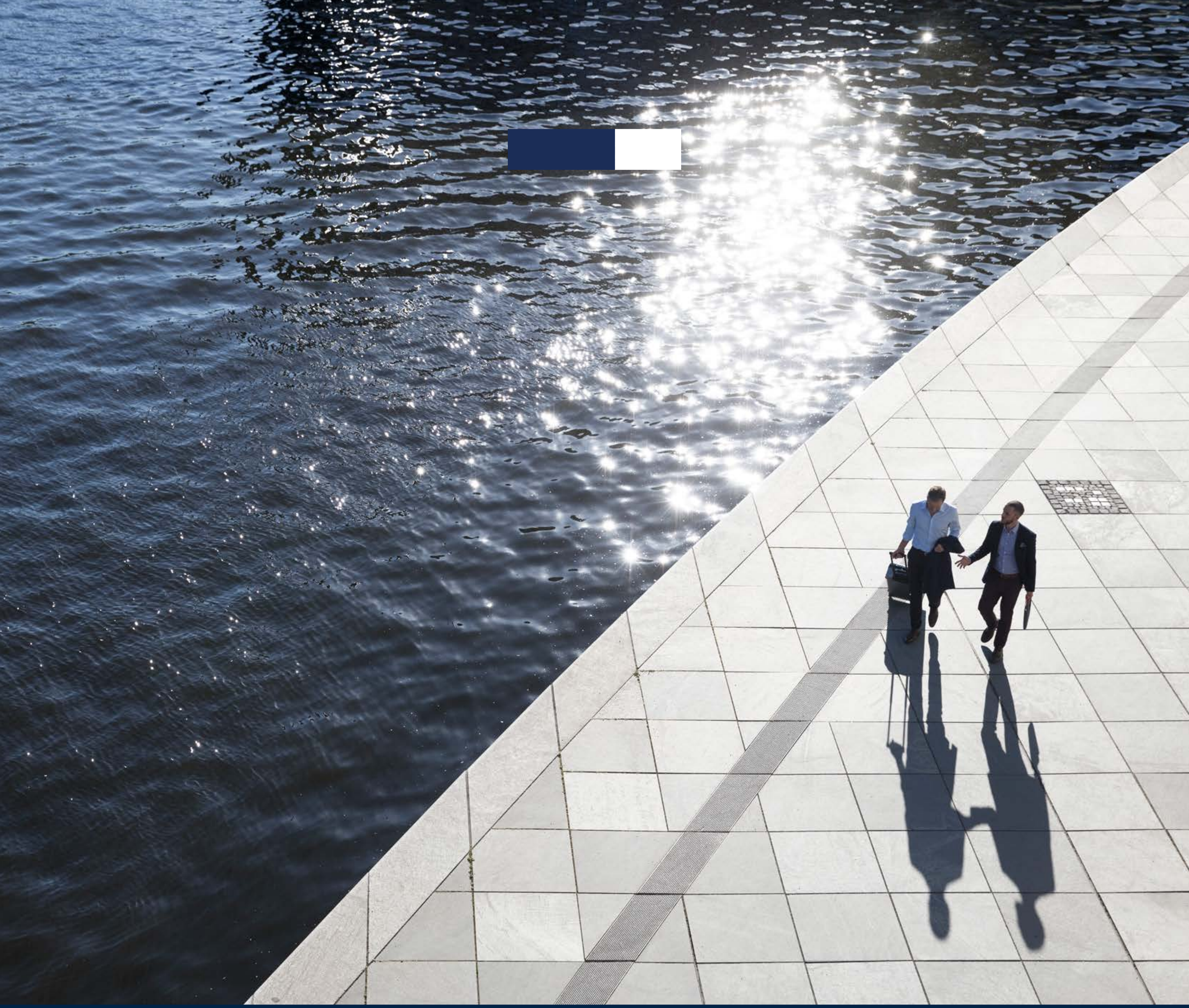


Risk Management 2024

Danske Bank Group

Danske Bank

Contents

The objective of Risk Management 2024 is to provide information to Danske Bank's shareholders and other stakeholders about the Group's risk management, including policies, methodologies and practices.

Additional Pillar III disclosures required under the Capital Requirements Regulation and the Danish Executive Order on Calculation of Risk Exposure, Own Funds and Solvency Need can be downloaded from www.danskebank.com/investor-relations.

About the report

Pillar III disclosures

About Risk Management 2024

This report (Risk Management 2024) provides information about the Danske Bank Group's risk management practices, including its Pillar III disclosures, to enable investors and other market participants to assess the Group's risk profile.

The regulatory requirements addressed in Risk Management 2024 are stipulated in part 8 of the Capital Requirements Regulation (Regulation (EU) No 575/2013). As from 2023, the Group's Pillar III disclosures have been integrated into the report and prepared in accordance with the Capital Requirements Regulation (the CRR).

Together with the Group's Annual Report 2024 and the quarterly, semi-annual and annual Pillar III disclosures (available on Danske Bank's website at www.danskebank.com), Risk Management 2024 provides information about the Group's material risks, including details on the Group's risk profile, that form the basis for the calculation of capital requirements. Risk Management 2024 supplements Annual Report 2024 with additional information and should be read in conjunction with the Risk Management notes in Annual Report 2024.

Risk Management 2024 adheres to the regulatory scope of consolidation as stipulated in the CRR whereas Annual Report 2024 adheres to the scope of consolidated financial statements. The relationship between the Group's consolidation under the CRR and under the scope of consolidated financial statements is outlined in section 2 of this report (tables EU LI1–EU LI3).

The Board of Directors of Danske Bank approves Risk Management 2024 prior to publication. The report is not subject to external audit and does not form part of the Group's audited financial statements.

The following Pillar III disclosures have not been included in Risk Management 2024:

Template	Reason
EU INS2	The table is not relevant because the Danish implementation of the Financial Conglomerates Directive does not consider the Danish deduction of insurance activities.
EU MR1	The template is not relevant because the Group's capital requirement calculated using the standardised approach is insignificant.
EU CR2a and EU CQ2	The templates are applicable only to institutions with a threshold ratio on non-performing loans and advances (NPL ratio) of 5% or above. The Group's NPL ratio is below 5%.
EU CQ6 and EU CQ8	The templates are applicable only to institutions with a threshold ratio on non-performing loans and advances (NPL ratio) of 5% or above. The Group's NPL ratio is below 5%.
EU CR9.1	The template is applicable to institutions that map their internal grades to the scale used by an external credit assessment institution (ECAI) or a similar organisation and attribute the default rate observed for the external organisation's grades to the institution's grades. The Group does not use default rates from external rating scales in its internal rating models.
EU CR10	The template is not relevant because the Group does not use the simple risk-weighted approach.
EU SEC2	The Group does not have any securitisation exposures in the trading book.
EU SEC3	The Group does not have any securitisation exposures for which the Group is an originator or a sponsor.
EU SEC5	The template is not relevant because the Group has not originated any securitisation transactions.
EU REM1 to EU REM5	Remuneration information is provided in the Group's Remuneration 2023 report.
Table 1 to Table 3 (ESG)	Qualitative information about environmental, social and governance risks is provided in the Excel spreadsheet 'Additional Pillar 3 Disclosures Q4 2024'.

Pillar III disclosures

Table 1
EU KM1 – Comparison of own funds, capital and leverage ratios in regards to IFRS 9 (IFRS 9-FL)

(DKK millions)

		31 Dec 2024	30 Sep 2024	30 Jun 2024	31 Mar 2024	30 Dec 2023
Available capital (amounts)						
1	Common Equity Tier 1 (CET1) capital	145,217	159,704	156,633	149,810	155,308
2	Tier 1 capital	155,577	169,498	166,858	159,871	170,113
3	Total capital	182,147	192,461	190,529	186,343	190,902
Risk-weighted assets (amounts)						
4	Total risk-weighted exposure amount	814,706	835,887	846,180	809,090	827,882
Capital ratios						
5	Common Equity Tier 1 (as a percentage of risk exposure amount)	17.8%	19.1%	18.5%	18.5%	18.8%
6	Tier 1 (as a percentage of risk exposure amount)	19.1%	20.3%	19.7%	19.8%	20.5%
7	Total capital (as a percentage of risk exposure amount)	22.4%	23.0%	22.5%	23.0%	23.1%
Additional own funds requirements based on SREP (as a percentage of risk-weighted exposure amount)						
EU 7a	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	3.2%	3.0%	2.9%	3.1%	2.7%
EU 7b	*of which: to be made up of CET1 capital (percentage points)*	*1.9%*	*1.8%*	*1.8%*	*1.9%*	*1.7%*
EU 7c	*of which: to be made up of Tier 1 capital (percentage points)*	*2.4%*	*2.3%*	*2.3%*	*2.4%*	*2.1%*
EU 7d	Total SREP own funds requirements (%)	11.2%	11.0%	10.9%	11.1%	10.7%
Combined buffer requirement (as a percentage of risk-weighted exposure amount)						
8	Capital conservation buffer (%)	2.5%	2.5%	2.5%	2.5%	2.5%
EU 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)					
9	Institution specific countercyclical capital buffer (%)	2.0%	2.1%	2.0%	2.0%	2.0%
EU 9a	Systemic risk buffer (%)	0.6%	0.7%	0.7%	0.5%	0.5%
10	Global Systemically Important Institution buffer (%)					
EU 10a	Other Systemically Important Institution buffer	3.0%	3.0%	3.0%	3.0%	3.0%
11	Combined buffer requirement (%)	8.1%	8.2%	8.3%	8.0%	8.0%
EU 11a	Overall capital requirements (%)	19.3%	19.3%	19.1%	19.1%	18.7%
12	CET1 available after meeting the total SREP own funds requirements (%)	11.4%	12.8%	12.2%	12.2%	12.6%
Leverage ratio						
13	Leverage ratio total exposure measure	3,349,587	3,351,491	3,387,713	3,326,034	3,326,961
14	Leverage ratio	4.6%	5.0%	4.9%	4.8%	5.1%
Additional own funds requirements to address risks of excessive leverage (as a percentage of leverage ratio total exposure amount)						
EU 14a	Additional own funds requirements to address the risk of excessive leverage (%)	0.0%	0.0%	0.0%	0.0%	0.0%
EU 14b	*of which: to be made up of CET1 capital (percentage points)*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*
EU 14c	Total SREP leverage ratio requirements (%)	3.0%	3.0%	3.0%	3.0%	3.0%
Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)						
EU 14d	Leverage ratio buffer requirement (%)	0.0%	0.0%	0.0%	0.0%	0.0%
EU 14e	Overall leverage ratio requirements (%)	3.0%	3.0%	3.0%	3.0%	3.0%
Liquidity Coverage Ratio						
15	Total high-quality liquid assets (HQLA) (Weighted value – average)	563,599	574,557	577,901	579,626	591,490
EU 16a	Cash outflows – Total weighted value	448,530	451,413	454,977	466,951	470,179
EU 16b	Cash inflows – Total weighted value	134,301	127,131	120,478	117,230	112,371
16	Total net cash outflows (adjusted value)	314,229	324,281	334,499	349,721	357,808
17	Liquidity coverage ratio (%)	180.0%	178.0%	173.0%	166.0%	166.0%
Net Stable Funding Ratio						
18	Total available stable funding	1,239,397	1,273,107	1,311,231	1,275,063	1,280,476
19	Total required stable funding	1,050,402	1,051,468	1,052,612	1,019,898	1,016,970
20	NSFR ratio (%)	118.0%	121.0%	124.6%	125.0%	125.9%

1. Risk management framework and governance

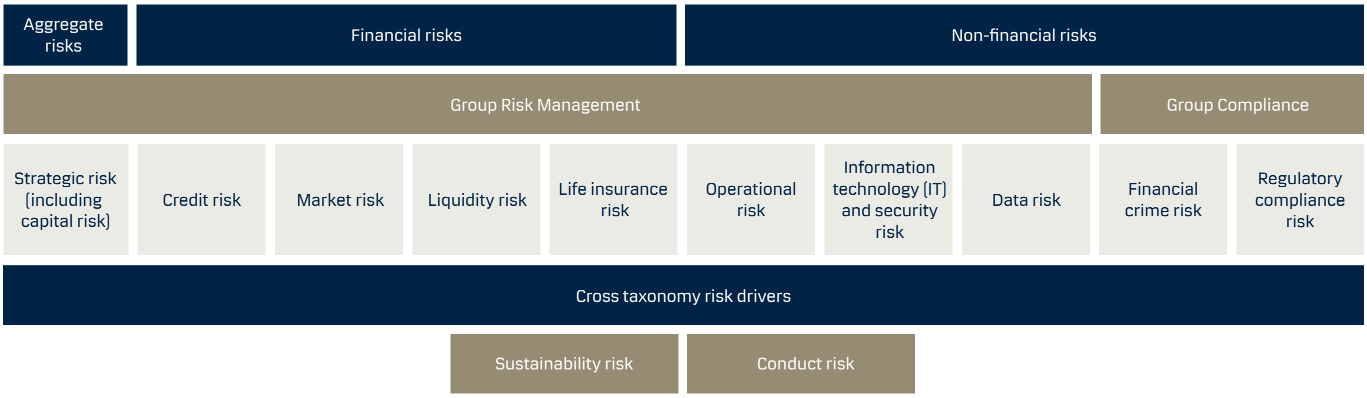
1.1 Risk management framework

The Danske Bank Group assumes risks to support the activities of its customers while ensuring the stability of its financial position to the benefit of shareholders, society, customers and employees.

The Group applies an enterprise risk management (ERM) framework in which long-term risk tolerance statements and analytics-based risk assessments support the Group in protecting its long-term financial stability, risk-informed commercial planning and strategic allocation of capital. The Group's ERM Policy sets common standards for how the Group manages risk across all risk types and organisational entities. Supported by policies approved by the Board of Directors, the Group's ERM framework defines its risk taxonomy, risk roles and responsibilities, risk governance, approach to risk tolerance and risk appetite, risk philosophy, and risk culture. All policies apply to the Group's activities regardless of business line or company. The Group consistently monitors its internal and external environment to identify and manage any emerging risks that could have a material effect on its performance and that need to be captured under the ERM Policy.

1.2 Risk taxonomy

The risk taxonomy organises and visualises the most material risk types applicable to the Group and is intended to ensure effective risk identification and ownership across the Group. The risk types cover aggregate, financial and non-financial risks. The taxonomy is reviewed on an annual basis to ensure its relevance.



1.3 Risk management organisation

The Group's risk management practices are organised in line with the principles of the three-lines-of-defence model. The three lines of defence segregate duties between 1) units that enter into business transactions with customers or otherwise expose the Group to risk (risk ownership), 2) units in charge of risk oversight and challenge in respect of risk owners (risk oversight), and 3) Group Internal Audit (risk assurance).

1.3.1 Three lines of defence

The first line of defence owns and manages the business activities and related risks. It consists of business units and support functions. These entities are responsible for establishing the appropriate controls to ensure that risks are identified, assessed, managed and reported on appropriately.

Risks must be managed in line with delegated responsibilities and policies as set by the second line of defence and approved by the Board of Directors. The mandates of the business units and support functions are governed by policies, instructions and risk committees and by risk tolerance, risk limits and risk appetite.

The second line of defence consists of Group Risk Management and Group Compliance. These units set policies and the overall risk management framework. The second line of defence supports, challenges and is responsible for the risk oversight of the first line of defence and operates independently of the first line of defence.

The chief risk officer (CRO) as the head of Group Risk Management and the chief compliance officer (CCO) as the head of Group Compliance are responsible for the independent risk and compliance functions. Both are members of the Executive Leadership Team. In cooperation with and under the responsibility of the chief executive officer (CEO) of Danske Bank, the CRO and the CCO submit risk and compliance reports to the Executive Leadership Team and the Board of Directors. The CRO and the CCO may file reports to and contact the Board of Directors directly. The second line of defence has the authority to veto any decisions proposed by the first line of defence that fall outside the set risk tolerance or are not aligned with agreed policies.

Group Risk Management is organised in risk functions with group-wide risk type oversight responsibility. As an independent second-line-of-defence function, Group Risk Management has the responsibility to

- (i) promote a sound risk culture
- (ii) set standards for effective management of the risks to which the Group is exposed
- (iii) ensure that material risks are identified, assessed, measured, monitored, controlled/mitigated and reported on correctly
- (iv) maintain oversight of risk exposure at all Group entities and check that the Group stays within the tolerance levels and limits set by the Board of Directors
- (v) report risk exposure and risk-related concerns independently to the Executive Leadership Team and the Board of Directors

Group Compliance is responsible for monitoring and assessing the Group's compliance with applicable laws, rules and regulations and maintains the governance framework for regulatory compliance risk and financial crime risk. Group Compliance undertakes compliance oversight assessments to evaluate the adequacy and effectiveness of other risk management frameworks and owns the Group's whistleblowing system.

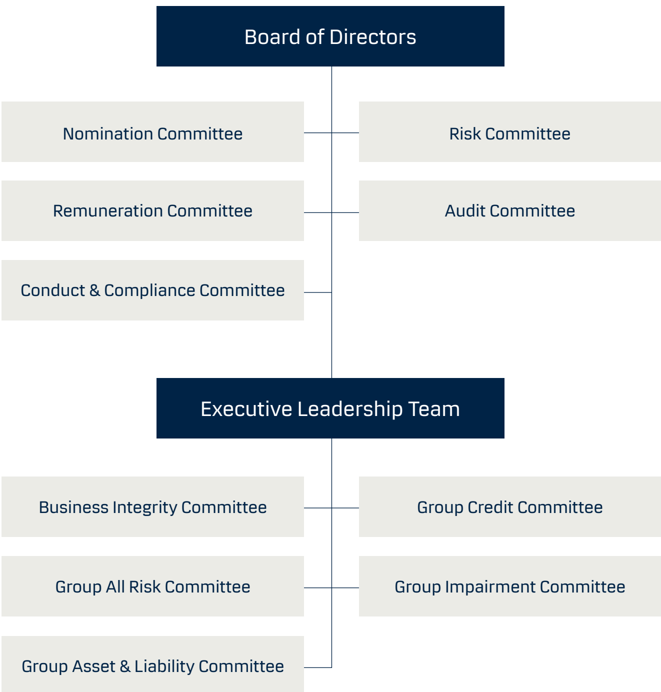
Group Compliance has specific second-line-of-defence responsibility for organising compliance training; providing independent advice, guidance and challenge; undertaking risk assessments and risk-based monitoring; and providing independent reporting to senior management and the Board of Directors on compliance risks and issues.

The third line of defence consists of Group Internal Audit (GIA). GIA is an independent and objective assurance entity that assists the Board of Directors and the Executive Leadership Team in protecting the assets, reputation and sustainability of the Group by evaluating the effectiveness of processes used for risk management, controls and governance. GIA is headed by the chief audit executive (CAE), who reports directly to the Board of Directors.

1.4 Risk governance

The Group's risk governance structure includes five Board of Directors committees and five Executive Leadership Team committees that cover all significant risks and perform control and oversight of the Group's risk exposure. This committee structure is designed to support effective information, discussion and escalation paths to the Group's senior management while also providing a consistent approach to risk management and decision-making.

Risk governance: two-tier management and committee structures



The Group has principles and standards for escalating matters to the Executive Leadership Team and the Board of Directors in respect of the size and affairs of the Group and the potential effect of such matters. These principles are communicated through relevant policies, and the Executive Leadership Team must ensure that the day-to-day management of the Group is undertaken in accordance with these policies and that all decisions of the Board of Directors are executed and implemented.

1.4.1 Board of Directors and Executive Leadership Team

The Group's Rules of Procedure for the Board of Directors and the Executive Leadership Team specify the responsibilities of the two bodies and the division of responsibilities between them. The two-tier management structure and the Rules of Procedure, developed in accordance with Danish law, regulations and relevant corporate governance recommendations, are central to the organisation of risk management and the delegation of authorities across the Group.

The Board of Directors appoints members to the Executive Leadership Team and the CAE. In accordance with the Rules of Procedure, the Board of Directors sets the Group's overall business model, the Group's strategic and financial targets, and the mandates of the Executive Leadership Team. It also approves the Group's risk tolerance and policies on the recommendation of the Executive Leadership Team. In addition, the Board of Directors receives regular reports, oversees the main risks and reviews the largest credit exposures. The Board of Directors has established five committees to provide effective oversight of risks and prepare matters for consideration by the Board of Directors. For more Information about the Board of Directors committees and the number of meetings, see the Group's Annual Report 2024 and Corporate Governance Report 2024.

The Executive Leadership Team is responsible for the Group's day-to-day management. It supervises the Group's risk management practices, oversees developments in the Group's compliance methods, approves credit applications up to a defined limit, and ensures that bookkeeping and asset management are both sound and consistent with the Group's strategy and in compliance with applicable legislation. The Executive Leadership Team consists of the CEO and the heads of the following entities: the three business units, CFO Area, Technology & Services, Group Risk Management, Group Compliance, and Group HR.

The Executive Leadership Team has established five committees that act on its behalf with respect to risk monitoring and decision-making of matters within their mandate and responsibility: i) the Group All Risk Committee, ii) the Impairment Committee, iii) the Group Credit Committee, iv) the Business Integrity Committee, and v) Group Asset and Liability Committee.

In particular, the Group All Risk Committee makes decisions on and monitors all material risks associated with the Group's business model and activities. It covers all risks across risk types, business units, functions and geographical regions in alignment with the Group's ERM Policy.

All members of the Executive Leadership Team are permanent members of the Group All Risk Committee, and the committee met 14 times in 2024.

The Group All Risk Committee has established and delegated some of its responsibilities to a number of sub-committees. Each sub-committee oversees a specific risk type or all risks related to a specific business area. Delegation of responsibilities does not relieve the Group All Risk Committee of its responsibilities, and the sub-committees must report any decisions and issues to the Group All Risk Committee.

Specific reviews on compliance-related risks are managed directly by the Executive Leadership Team and not by the Group All Risk Committee. The other Executive Leadership Team committees have a narrower risk scope.

1.5 The Group's risk tolerance

The Group's risk tolerance specifies the overall level of risks that the Group is willing to assume, or avoid, in order to achieve its long-term strategic ambitions of serving its customers and ensuring the stability of its financial position. This includes supporting customers through the economic cycle and the Group's performance at all times, also during an economic downturn.

The Group's risk tolerance is owned by the Board of Directors and sets the direction of the Group's overall risk-taking by formulating group-wide qualitative statements and quantitative measures while taking aggregated financial, non-financial and sustainability risk effects into consideration.

The Group's risk tolerance forms an integral part of its financial and strategic planning processes to ensure that both risks and opportunities are considered during the strategic decision-making processes, and the Board of Directors receives reports on the status of the Group's risks and opportunities on a quarterly basis. In addition, group-wide limits or tolerance levels exist for credit, market, liquidity, and non-financial risks, all of which are specified in related documents, policies and instructions.

1.6 Risk and compliance culture

The Group is committed to building and maintaining a strong risk and compliance culture in day-to-day activities to ensure that Danske Bank creates value for all stakeholders and lives up to its societal responsibilities as one of the leading financial institutions in the Nordic region. This includes ensuring a high level of risk awareness and making sure that risk-taking is aligned with the Group's risk tolerance. Every employee plays a vital role in maintaining a strong risk and compliance culture, and the Board of Directors and the Executive Leadership Team act as role models to set the tone from the top. This work is underpinned by the Group's purpose and culture commitments and by overarching policies and guidelines (the Group's Code of Conduct, Group Internal Governance Policy, Compliance Policy, Enterprise Risk Management Policy and Risk Tolerance Guidelines), other governance documents, communications, the remuneration structure and staff training.

1.7 Risk and compliance monitoring and reporting

The Group has an enterprise-wide approach to risk reporting. This approach is supported by a wide range of reporting that covers analyses across risk types, core geographical regions and key subsidiaries.

Risk reporting	**Frequency**	**Sent to**
Capital and REA report	Monthly	• Chief financial officer • Chief risk officer
CRO letter	Monthly (quarterly in respect of the Board of Directors; the Board of Directors receives verbal reports between quarterly written reports)	• Group All Risk Committee • Risk Committee (Board of Directors) • Board of Directors
Group Compliance Quarterly report	Quarterly	• Executive Leadership Team • Conduct & Compliance Committee (Board of Directors) • Board of Directors
ICAAP report	Annually (reports on capital levels are regularly issued outside the ICAAP reporting cycle)	• Executive Leadership Team • Risk Committee (Board of Directors) • Board of Directors • Danish FSA
ILAAP report	Annually (reports on liquidity are regularly issued outside the ILAAP reporting cycle)	• Executive Leadership Team • Risk Committee (Board of Directors) • Board of Directors • Danish FSA
Impairment report	Quarterly	• Group Impairment Committee • Audit Committee (Board of Directors) • Risk Committee (Board of Directors) • Board of Directors)
Industry reviews	At varying intervals; high-risk portfolios are reported frequently	• Group All Risk Committee
Risk Management report	Annually	• Risk Committee (Board of Directors) • Board of Directors • Public audience
Risk profiles	At varying intervals; high-risk portfolios are reported frequently	• Group All Risk Committee • Risk Committee (Board of Directors) • Board of Directors
Code of Conduct report	Annually	• Executive Leadership Team • Conduct & Compliance Committee (Board of Directors) • Board of Directors
Sustainability Risk report	Quarterly (annually in respect of the Board of Directors)	• Executive Leadership Team • Risk Committee (Board of Directors) • Board of Directors

2.
Strategic risk and capital risk

Pillar III disclosures

2.1 Strategic risk management

As part of the annual review of the Danske Bank Group's risk taxonomy and oversight functions, strategic risk was identified and introduced as a new material risk type at the end of 2022.

Strategic risk is an aggregate risk defined as the risk of not achieving strategic business objectives such as profit/loss targets due to either internal factors (such as forecasting or execution capabilities, failure to manage trade-offs between risk and opportunities, and ineffective capital planning) or external factors (such as changes in customer preferences, competition, macroeconomy, political climate and regulation).

The Group focuses on managing and mitigating strategic risks, for example through strategic risk reviews of strategic initiatives, strategy execution monitoring, including workforce planning, financial management and a strong oversight of capital planning.

2.2 Capital risk management

Capital risk is the risk of not having enough capital to cover all material risks arising from the Group's chosen business strategy and is a sub-type of strategic risk.

The Group manages its capital risks through prudent planning to support its growth ambitions and absorb unexpected losses even in severe downturns without breaching regulatory capital requirements. The Group's capital management practices are designed to support its rating ambitions while ensuring access to funding markets under all market conditions.

The Group's capital management practices involve the Internal Capital Adequacy Assessment Process (ICAAP), setting capital targets and dividend ambitions, capital planning, performing stress tests, allocating capital as well as monitoring and reporting.

The Group's Capital Policy set by the Board of Directors lays the foundation for the Group's capital management practices. The Capital Policy contains the Group's overall principles and standards for capital management.

2.2.1 Risk governance and responsibilities

The Group's capital management practices are organised in line with the principles of the three-lines-of-defence model. Group Finance constitutes the first line of defence and is responsible for monitoring and managing the Group's capital position. Group Finance is also responsible for the annual ICAAP. The Group's funding plan is implemented by Group Treasury.

Subsidiaries have local responsibility for capital management but work closely with Group functions to ensure consistent application of methodologies and principles.

2.2.2 Monitoring and reporting

The Group monitors risks related to its capital position and submits risk reports to the chief financial officer (CFO), the chief risk officer (CRO) and the Board of Directors. Capital management risk reporting consists of a monthly report on the Group's capital position (the Capital & REA Report) and an overview of the Group's capital position against trigger levels (the Indicator Dashboard).

2.2.3 ICAAP

The ICAAP is an integral part of the Group's capital management practices. The purpose of the process is to assess all material risks inherent in the Group's business activities that arise from the chosen strategy and business model. As part of the ICAAP, the Group's Pillar II capital need is quantified to determine its solvency need, and this ensures adequate capitalisation based on the Group's risk profile. The Group uses internal models as well as expert judgement and regulatory benchmarks to quantify whether the regulatory framework indicates that additional capital is needed under Pillar II.

Forward-looking by nature, the ICAAP also includes both group-wide and portfolio-specific stress testing for further insights into the Group's capitalisation in stressed environments and for setting prudent capital targets for all relevant capital measures. The conclusions from the ICAAP serve as input for the Supervisory Review and Evaluation Process (SREP), and relevant documentation of the process is submitted to the supervisory authorities once a year.

2.2.4 Stress testing

The Group uses macroeconomic stress tests for the purpose of projecting its capital levels and requirements under various unfavourable scenarios. Stress tests are an important means of analysing the risk profile since they give management a better understanding of how the Group's portfolios are affected by macroeconomic changes, including the effects of undesirable events on the Group's capital position and capital requirements.

When the Group performs stress testing, it applies stress to risks, income and the cost structure. Stressing income and costs affects the Group's capital, while stressing risk exposures affects its capital requirement.

Results from stress testing are used as input for setting capital targets, and they ultimately feed into the Group's capital planning.

Internal stress test

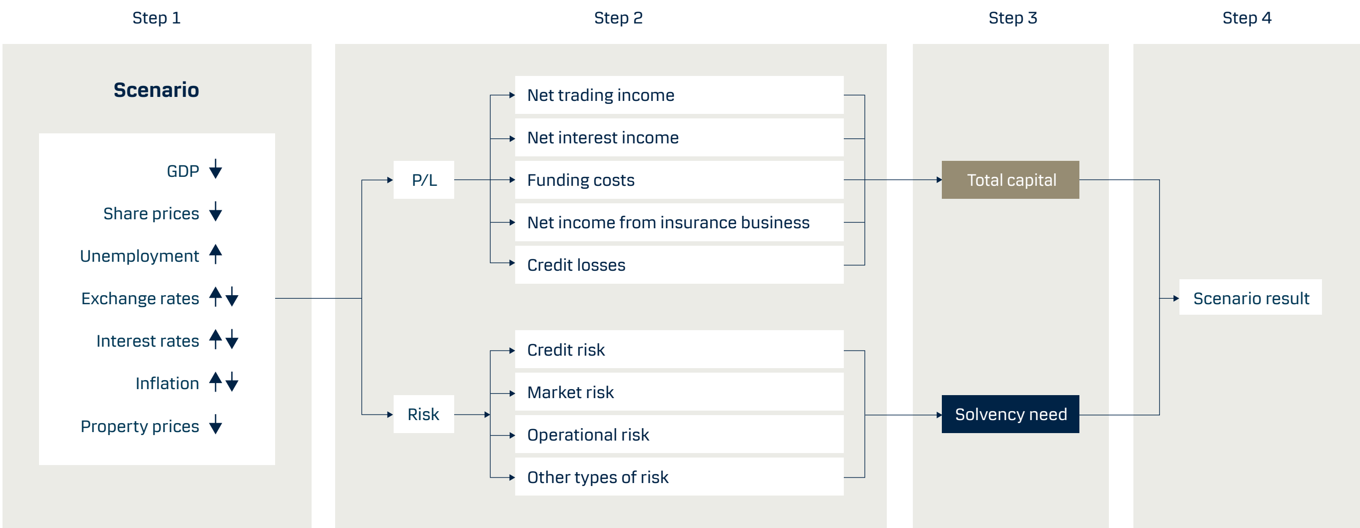
The Group's internal stress test forms an integral part of the capital assessment performed in the ICAAP. The stress test is based on various scenarios consisting of a set of macroeconomic variables for each of the Group's core markets. The Group assesses the effect of an interest rate environment with both high interest rates and low interest rates as part of its internal stress testing programme. The scenarios are generally used both at the group level and for subsidiaries, but specific scenarios are developed for subsidiaries if deemed necessary. The Group evaluates the main scenarios and their relevance on an ongoing basis and at least once a year. New scenarios are added when deemed relevant on the basis of the Group's ongoing monitoring of its risk profile. The scenarios are ultimately approved by the Board of Directors.

Regulatory stress tests

The Group has permission to use internal ratings-based (IRB) models and therefore participates in the annual macroeconomic stress test conducted by the Danish Financial Supervisory Authority (the Danish FSA).

The Group also participates in the biennial EU-wide stress test conducted by the European Banking Authority (EBA). The purpose of the EBA stress test is to assess the robustness of the European banking sector in the event of a very severe economic setback.

Effects of stress scenarios on earnings and risk



2.2.5 Capital planning

The Group's ongoing capital planning takes into account both short-term and long-term horizons in order to give the Board of Directors a comprehensive view of current and future capital levels. The capital plan includes a forecast of the Group's expected capital performance based on budgets and takes pending regulation into account when future capital requirements are assessed. The Group's capital planning is also based on stress tests and takes rating ambitions into consideration. The Group's capital and funding planning processes are integrated into one process.

2.2.6 Capital allocation

The Group allocates its total equity across business units on the basis of each unit's contribution to the Group's total risk and requirements as estimated by means of regulatory models and capital regulation. The capital use of the Group's individual business units is aligned with the Group's total capital use.

2.2.7 Danica Pension

An integral part of the Group's capital management practices is the process of monitoring the capital implications of the Group's ownership of Danica Pension. The prudential supervision of Danica Pension is governed by the Solvency II framework, which provides EU-harmonised solvency rules in the insurance sector. The Danske Bank Group is designated as a financial conglomerate, and a statutory deduction for Danica Pension is made in the Group's regulatory capital. The deduction is calculated as Danica Pension's solvency capital requirement (SCR) less the difference between Danica Pension's basic own funds and the carrying amount of Danske Bank's capital holdings in Danica Pension. This method ensures that the Group's total capital is reduced fully by deductions made from Danica Pension's total capital. The carrying amount of Danske Bank's capital holdings in Danica Pension less the total deduction for Danica Pension from Danske Bank's total capital is included in the total REA calculations at a weight of 100%.

2.2.8 Risk of excessive leverage

The CRR stipulates that financial institutions maintain a minimum leverage ratio of 3%. In addition, the CRR/CRD rules require a credit institution to calculate, monitor and report on its leverage ratio (defined as tier 1 capital as a percentage of total leverage exposure). The leverage ratio represents a non-risk-adjusted capital requirement that is implemented as a further backstop measure for risk-based capital.

The Group takes the leverage ratio into consideration in its capital management process. The Group's overall monitoring of leverage risk is performed in the ICAAP, which also includes an assessment of changes in the leverage ratio under stressed scenarios. On a monthly basis, the Group determines and monitors its leverage ratio. To ensure sound monitoring, the Group has set forth policies for the management and control of each component that contributes to leverage risk.

2.2.9 Minimum requirement for own funds and eligible liabilities

A significant objective of the Group's capital management practices is to ensure fulfilment of its minimum requirement for own funds and eligible liabilities (MREL). The purpose of the MREL is to ensure that institutions can absorb potential losses and be recapitalised with no recourse to public funds.

The national resolution authorities are required to set an MREL for each institution on the basis of its institution-specific resolution plan. The Group's resolution plan is based on a single-point-of-entry (SPE) approach at the group level. The requirement for the Group is calibrated in accordance with the Danish FSA's resolution strategy. This strategy states that a systemically important financial institution (SIFI) is to be recapitalised in order for the entire institution to be able to continue its activities post resolution. The MREL is set on an annual basis by the Danish FSA.

Certain mortgage credit institutions (financed by covered bonds and not allowed to receive deposits under national law) are exempt from the MREL. Realkredit Danmark is therefore not part of the Group MREL that applies on a consolidated basis at the level of the resolution group. Instead, Realkredit Danmark is subject to a separate debt buffer requirement of 2% of its loans.

For Danish SIFIs, a 'risk-based' MREL is set at two times the solvency need plus one time the SIFI buffer, one time the capital conservation buffer and one time the systemic risk buffer. The combined buffer requirement (CBR) must be met in addition to the MREL. In addition to the 'risk-based' MREL, the Group is also subject to a 'leverage-based' MREL determined by the total non-weighted exposure measure of the resolution group. The MREL is to be met with eligible instruments as defined in the CRR, which includes equity, subordinated debt, non-preferred senior debt, and preferred senior debt. Capital and liabilities used to cover capital requirements and the debt buffer requirement applicable to Realkredit Danmark cannot be used to cover the Group's MREL.

Part of the MREL must be met with own funds and liabilities capable of bearing losses before unsecured claims. This is known as the subordination requirement and can be met with subordinated debt, which includes non-preferred senior debt but excludes preferred senior debt. The subordination requirement for Danish SIFIs is calibrated as the higher of 8% of total liabilities and own funds (TLOF) and two times the solvency need plus one time the combined buffer requirement, where the latter is currently binding. The Group is currently not subject to a subordination requirement in respect of the 'leverage-based' MREL.

The Danish approach to calibrating the MREL and the subordination requirement implies higher requirements for Danish systemic institutions, including Danske Bank, than for institutions within the eurozone, in particular with regards to the subordination requirement.

Pillar III disclosures

Table 2.1
EU CC1 – Composition of capital (Own Funds Disclosure)

At 31 December 2024
(DKK millions)

		31 Dec 2024	Regulation (EU) No 575/2013 Article reference
Common Equity Tier 1 capital: instruments and reserves			
1	Capital instruments and the related share premium accounts	8,622	26 (1), 27, 28, 29
	of which: Instrument type 1		*EBA list 26 (3)*
	of which: Instrument type 2		*EBA list 26 (3)*
	of which: Instrument type 3		*EBA list 26 (3)*
2	Retained earnings	143,633	26 (1) (c)
3	Accumulated other comprehensive income (and other reserves)	-14	26 (1)
3a	Funds for general banking risk	-	26 (1) (f)
4	Amount of qualifying items referred to in Article 484 (3) and the related share premium accounts subject to phase out from CET1	-	486 (2)
5	Minority interests (amount allowed in consolidated CET1)	-	84
5a	Independently reviewed interim profits net of any foreseeable charge or dividend	6,361	26 (2)
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	**158,602**	
Common Equity Tier 1 (CET1) capital: regulatory adjustments			
7	Additional value adjustments (negative amount)	-912	34, 105
8	Intangible assets (net of related tax liability) (negative amount)	-5,806	36 (1) (b), 37
10	Deferred tax assets that rely on future profitability excluding those arising from temporary difference (net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)		36 (1) (c), 38
11	Fair value reserves related to gains or losses on cash flow hedges	-599	33 (1) (a)
12	Negative amounts resulting from the calculation of expected loss amounts	-	36 (1) (d), 40, 159
13	Any increase in equity that results from securitised assets (negative amount)	-	32 (1)
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	-	33 (1) (b)
15	Defined-benefit pension fund assets (negative amount)	-	36 (1) (e), 41
16	Direct and indirect holdings by an institution of own CET1 instruments (negative amount)	-917	36 (1) (f), 42
17	Direct, indirect and synthetic holdings of the CET1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-901	36 (1) (g), 44
18	Direct, indirect and synthetic holdings of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)		36 (1) (h), 43, 45, 46, 49 (2) (3), 79
19	Direct, indirect and synthetic holdings of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)		36 (1) (i), 43, 45, 47 48 (1) (b), 49 (1) to (3), 79
20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative		36 (1) (k)
20b	*of which: qualifying holdings outside the financial sector (negative amount)*		*36 (1) (k) (i), 89 to 91*
20c	*of which: securitisation positions (negative amount)*		*36 (1) (k) (ii), 243 (1) (b) 244 (1) (b), 258*
20d	*of which: free deliveries (negative amount)*		*36 (1) (k) (iii), 379 (3)*
21	Deferred tax assets arising from temporary difference (amount above 10 % threshold , net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)		36 (1) (c), 38, 48 (1) (a)
22	Amount exceeding the 17,65% threshold (negative amount)		48 (1)
23	*of which: direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities*		*36 (1) (i), 48 (1) (b)*
25	*of which: deferred tax assets arising from temporary difference*		*36 (1) (c), 38, 48 (1) (a)*
25a	Losses for the current financial year (negative amount)		36 (1) (a)
25b	Foreseeable tax charges relating to CET1 items except where the institution suitably adjusts the amount of CET1 items insofar as such tax charges reduce the amount up to which those items may be used to cover risks or losses (negative amount)		36 (1) (l)
27	Qualifying AT1 deductions that exceeds the AT1 capital of the institution (negative amount)		36 (1) (j)
27a	Other regulatory adjusments (including IFRS 9 transitional adjustments when relevant)	-4,252	473a
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	**-13,387**	
29	**Common Equity Tier 1 (CET1) capital**	**145,217**	

> Table 2.1 (continued)
EU CC1 – Composition of capital (Own Funds Disclosure)

Additional Tier 1 (AT1) capital: instruments			
30	Capital instruments and the related share premium accounts	10,708	51, 52
31	*of which: classified as equity under applicable accounting standards*	-	
32	*of which: classified as liabilities under applicable accounting standards*		
33	Amount of qualifying items referred to in Article 484 (4) CRR and the related share premium accounts subject to phase out from AT1 as described in Article 486(3) CRR	-	486 (3)
33a	Amount of qualifying items referred to in Article 494a(1) CRR subject to phase out from AT1		
33b	Amount of qualifying items referred to in Article 494b(1) CRR subject to phase out from AT1		
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interest not included in row 5) issued by subsidiaries and held by third parties		85, 86
35	*of which: instruments issued by subsidiaries subject to phase-out*		*486 (3)*
36	**Additional Tier 1 (AT1) capital before regulatory adjustments**	**10,708**	
Additional Tier 1 (AT1) capital: regulatory adjustments			
37	Direct and indirect holdings by an institution of own AT1 instruments (negative amount)	-348	52 (1) (b), 56 (a), 57
38	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)		56 (b), 58
39	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)		56 (c), 59, 60, 79
40	Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)		56 (d), 59, 79
42	Qualifying T2 deductions that exceed the T2 capital of the institution (negative amount)		
42a	Other regulatory adjustments to AT1 capital		56 (e)
43	**Total regulatory adjustments to Additional Tier 1 (AT1) capital**	**-348**	
44	**Additional Tier 1 (AT1) capital**	**10,360**	
45	**Tier 1 capital (T1 = CET1 + AT1)**	**155,577**	
Tier 2 (T2) capital: instruments and provisions			
46	Capital instruments and the related share premium accounts	27,002	62, 63
47	Amount of qualifying items referred to in Article 484 (5) and the related share premium accounts subject to phase out from T2 as described in Article 486 (4) CRR	-	486 (4)
47a	Amount of qualifying items referred to in Article 494a (2) CRR subject to phase out from T2		
47b	Amount of qualifying items referred to in Article 494b (2) CRR subject to phase out from T2		
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interest and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third party	-	87, 88
49	*of which: instruments issued by subsidiaries subject to phase-out*	-	*486 (4)*
50	Credit risk adjustments		62 (c) & (d)
51	**Tier 2 (T2) capital before regulatory adjustment**	**27,002**	
Tier 2 (T2) capital: regulatory adjustments			
52	Direct and indirect holdings by an institution of own T2 instruments and subordinated loans (negative amount)	-431	63 (b) (i), 66 (a), 67
53	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)		66 (b), 68
54	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)		66 (c), 69, 70, 79
55	Direct, indirect and synthetic holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)		66 (d), 69, 79
56a	Qualifying eligible liabilities deductions that exceed the eligible liabilities items of the institution (negative amount)		
56b	Other regulatory adjustments to T2 capital		
57	**Total regulatory adjustments to Tier 2 (T2) capital**	**-431**	
58	**Tier 2 (T2) capital**	**26,570**	
59	**Total capital (TC = T1 + T2)**	**182,147**	
60	**Total risk exposure amount**	**814,706**	

> Table 2.1 (continued)
EU CC1 – Composition of capital (Own Funds Disclosure)

Capital ratios and buffers			
61	Common Equity Tier 1 (as a percentage of total risk exposure amount)	17.8%	92 (2) (a)
62	Tier 1 (as a percentage of total risk exposure amount)	19.1%	92 (2) (b)
63	Total capital (as a percentage of total risk exposure amount)	22.4%	92 (2) (c)
64	Institution CET1 overall capital requirement (CET1 requirement in accordance with Article 92 (1) CRR, plus additional CET1 requirement which the institution is required to hold in accordance with point (a) of Article 104(1) CRD, plus combined buffer requirement in accordance with Article 128(6) CRD) expressed as a percentage of risk exposure amount)	14.6%	CRD 128, 129, 130, 131, 133
65	*of which: capital conservation buffer requirement*	*2.5%*	
66	*of which: countercyclical buffer requirement*	*2.0%*	
67	*of which: systemic risk buffer requirement*	*0.6%*	
67a	*of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer*	*3.0%*	
67b	*of which: additional own funds requirements to address the risks other than the risk of excessive leverage*	*1.9%*	
68	**Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)**	**11.4%**	**CRD 128**
Amounts below the thresholds for deduction (before risk weighting)			
72	Direct and indirect holdings of the capital of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions	7,980	36 (1) (h), 45, 46 56 (c), 59, 60, 66 (c), 69, 70
73	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 17.65% thresholds and net of eligible short positions)	-	36 (1) (i), 45, 48
75	Deferred tax assets arising from temporary difference (amount below 17.65% threshold , net of related tax liability where the conditions in Article 38 (3) are met)	432	36 (1) (c), 38, 48
Applicable caps on the inclusion of provisions in Tier 2			
76	Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)		62
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach	2,155	62
78	Credit risk adjustments included in T2 in respect of exposures subject to internal rating-based approach (prior to the application of the cap)	4,845	62
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	3,047	62

Table 2.2
EU CC2 – Reconciliation of regulatory own funds to balance sheet in the audited financial statements

At 31 December 2024
(DKK millions)

		Balance sheet as in published financial statements	Under regulatory scope of consolidation	Reference
		As at period end	**As at period end**	
Assets – *Breakdown by asset clases according to the balance sheet in the published financial statements*				
1	Cash in hand and demand deposits with central banks	107,498	107,498	
2	Due from credit institutions and central banks	143,569	143,569	
3	Trading portfolio assets	531,831	538,706	
4	Investment securities	269,118	269,118	
5	Loans at amortised cost	921,900	928,808	
6	Loans at fair value	1,074,783	1,074,783	
7	Assets under pooled schemes and unit-linked investment contracts	76,173	49,373	
8	Assets under insurance contracts	548,912	-	
9	Assets held for sale	160	162	
10	Holdings in group undertakings		20,900	
11	Intangible assets	6,737	6,737	
12	Tax assets	5,814	4,556	
13	Other assets	29,547	29,436	
	Total Assets	**3,716,042**	**3,173,646**	
Liabilities – *Breakdown by liability clases according to the balance sheet in the published financial statements*				
1	Due to credit institutions and central banks	214,364	214,365	
2	Trading portfolio liabilities	357,507	365,150	
3	Deposits	1,173,781	1,179,376	
4	Issued bonds at fair value	746,556	751,947	
5	Issued bonds at amortised cost	243,198	243,198	
6	Deposits under pooled schemes and unit-linked investment contracts	76,608	49,808	
7	Liabilities under insurance contracts	529,793	-	
8	Liabilities in disposal groups held for sale	-	-	
9	Tax liabilities	2,225	1,723	
10	Other liabilities	66,034	65,598	
11	Non-preferred senior bonds	89,492	89,492	
12	Subordinated debt	40,798	37,110	
	Total liabilities	**3,540,356**	**2,997,764**	
Shareholders' Equity				
1	Share capital	8,622	8,622	
2	Foreign currency translation reserve	-3,617	-3,617	
3	Reserve for bonds at fair value (OCI)	246	246	
4	Retained earnings	170,436	170,630	
5	Proposed dividends	-	-	
6	Shareholders of Danske Bank A/S (the Parent Company)	175,687	175,882	
7	Additional tier 1 capital holders	-	-	
	Total shareholders' equity	**175,687**	**175,882**	
	Total liabilities and shareholders' equity	**3,716,042**	**3,173,646**	

Note
The insurance operations are consolidated in the 'Balance sheet as in published financial statements' column.

Table 2.3
EU KM2 – Key metrics – MREL and, where applicable, G-SII requirement for own funds and eligible liabilities

At 31 December 2024
(DKK millions)

		Minimum requirement for own funds and eligible liabilities (MREL)
Own funds and eligible liabilities, ratios and components		
1	Own funds and eligible liabilities	283,575
EU-1a	*of which own funds and subordinated liabilities*	*241,750*
2	Total risk exposure amount of the resolution group (TREA)	685,246
3	Own funds and eligible liabilities as a percentage of TREA	41.38%
EU-3a	*of which own funds and subordinated liabilities*	*35.28%*
4	Total exposure measure (TEM) of the resolution group	2,605,188
5	Own funds and eligible liabilities as percentage of the TEM	10.89%
EU-5a	*of which own funds or subordinated liabilities*	*9.28%*
6a	Does the subordination exemption in Article 72b(4) of the CRR apply? (5% exemption)	
6b	Aggregate amount of permitted non-subordinated eligible liabilities instruments if the subordination discretion in accordance with Article 72b(3) of Regulation (EU) No 575/2013 is applied (max 3,5 % exemption)	
6c	If a capped subordination exemption applies in accordance with Article 72b (3) of Regulation (EU) No 575/2013 the amount of funding issued that ranks pari passu with excluded liabilities and that is recognised under row 1, divided by funding issued that ranks pari passu with excluded Liabilities and that would be recognised under row 1 if no cap was applied (%)	
Minimum requirement for own funds and eligible liabilities (MREL)		
EU-7	MREL expressed as a percentage of the TREA	27.30%
EU-8	*of which to be met with own funds or subordinated liabilities*	*29.30%*
EU-9	MREL expressed as percentage of the TEM	6.00%
EU-10	*of which to be met with own funds or subordinated liabilities*	

Note
The difference between the disclosed own funds amount and the IFRS 9 fully loaded amount is shown in the Statement of capital in the Group's Annual Report 2024.

Table 2.4
EU TLAC1 – Composition – MREL and, where applicable, the G-SII Requirement for own funds and eligible liabilities

At 31 December 2024
(DKK millions)

		Minimum requirement for own funds and eligible liabilities (MREL)
Own funds and eligible liabilities and adjustments		
1	Common Equity Tier 1 capital (CET1)	114,056
2	Additional Tier 1 capital (AT1)	10,360
6	Tier 2 capital (T2)	26,570
11	Own funds for the purpose of Articles 92a CRR and 45 BRRD	150,987
Own funds and eligible liabilities: Non-regulatory capital elements		
12	Eligible liabilities instruments issued directly by the resolution entity that are subordinated to excluded liabilities (not grandfathered)	91,263
EU-12a	Eligible liabilities instruments issued by other entities within the resolution group that are subordinated to excluded liabilities (not grandfathered)	
EU-12b	Eligible liabilities instruments that are subordinated to excluded liabilities, issued prior to 27 June 2019 (subordinated grandfathered)	
EU-12c	Tier 2 instruments with a residual maturity of at least one year to the extent they do not qualify as Tier 2 items	
13	Eligible liabilities that are not subordinated to excluded liabilities (not grandfathered pre cap)	42,525
EU-13a	Eligible liabilities that are not subordinated to excluded liabilities issued prior to 27 June 2019 (pre-cap)	
14	Amount of non subordinated instruments eligible, where applicable after application of Article 72b (3) CRR	42,525
17	Eligible liabilities items before adjustments	132,588
EU-17a	*of which subordinated*	*90,763*
Own funds and eligible liabilities: Adjustments to non-regulatory capital elements		
18	Own funds and eligible liabilities items before adjustments	283,575
19	(Deduction of exposures between MPE resolution groups)	
20	(Deduction of investments in other eligible liabilities instruments)	1,622
22	Own funds and eligible liabilities after adjustments	283,575
EU-22a	*of which: own funds and subordinated*	*241,750*
Risk-weighted exposure amount and leverage exposure measure of the resolution group		
23	Total risk exposure amount	685,246
24	Total exposure measure	2,605,188
Ratio of own funds and eligible liabilities		
25	Own funds and eligible liabilities (as a percentage of total risk exposure amount)	41.38%
EU-25a	*of which: own funds and subordinated*	*35.28%*
26	Own funds and eligible liabilities (as a percentage of total exposure measure)	10.89%
EU-26a	*of which own funds and subordinated*	*9.28%*
27	CET1 (as a percentage of TREA) available after meeting the resolution group's requirements	13.73%
28	Institution-specific combined buffer requirement	
29	*of which: capital conservation buffer requirement*	
30	*of which: countercyclical buffer requirement*	
31	*of which: systemic risk buffer requirement*	
EU-31a	*of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer*	
Memorandum items		
EU-32	Total amount of excluded liabilities referred to in Article 72a(2) CRR	

Table 2.5
EU TLAC3b – Creditor ranking – resolution entity*

At 31 December 2024
(DKK millions)

		Insolvency ranking					
		1	2	3	7	8	
	Description of insolvency rank (free text)	Common equity CET1	Additional Tier 1	Tier 2 instruments	Non-preferred Senior Bonds	Preferred Senior Bonds, Structured Notes, Large Corporate Deposits, Commercial Papers	Total
5	Own funds and liabilities potentially eligible for meeting MREL	115,067	10,510	26,656	91,263	42,526	286,022
6	*of which residual maturity ≥ 1 year < 2 years*				*16,427*	*9,756*	*26,183*
7	*of which residual maturity ≥ 2 year < 5 years*				*43,143*	*26,693*	*69,836*
8	*of which residual maturity ≥ 5 years < 10 years*			*23,009*	*31,013*	*6,078*	*60,100*
9	*of which residual maturity ≥ 10 years, but excluding perpetual securities*			*3,646*	*680*		*4,326*
10	*of which perpetual securities*	*115,067*	*10,510*				*125,577*

* The resolution entity is Danske Bank A/S.

Table 2.6
EU INS1 – Participation in insurance undertakings

At 31 December 2024
(DKK millions)

		Exposure value	Risk-weighted exposure amount
1	Own fund instruments held in insurance or re-insurance undertakings or insurance holding company not deducted from own funds	18,106	18,106

Table 2.7
EU OV1 – Overview of risk weighted exposure amounts

At 31 December 2024
(DKK millions)

		Risk-weighted assets		Minimum capital requirements
		31 Dec 2024	**30 Sep 2024**	**31 Dec 2024**
1	Credit risk (excluding CCR)	653,716	677,120	52,297
2	*of which: the standardised approach*	*173,029*	*179,818*	*13,842*
3	*of which: the foundation IRB (FIRB) approach*	*25,767*	*25,878*	*2,061*
4	*of which slotting approach*			
EU 4a	*of which equities under the simple riskweighted approach*			
5	*of which: the advanced IRB (AIRB) approach*	*454,920*	*471,424*	*36,394*
6	Counterparty credit risk – CCR	27,034	25,883	2,163
7	*of which: the standardised approach*	*4,739*	*4,193*	*379*
8	*of which: internal model method (IMM)*	*15,800*	*14,923*	*1,264*
EU 8a	*of which exposures to a CCP*	*761*	*599*	*61*
EU 8b	*of which credit valuation adjustment – CVA*	*3,453*	*3,478*	*276*
9	*of which: other CCR*	*2,280*	*2,689*	*182*
15	Settlement risk	-	-	-
16	Securitisation exposures in the banking book (after the cap)	764	759	61
17	*of which: IRB approach*		-	-
18	*of which SEC-ERBA (including IAA)*	*764*	*759*	*61*
19	*of which: Of which SEC-SA approach*			-
EU 19a	*of which 1250%/ deduction*		-	-
20	Position, foreign exchange and commodities risks (Market risk)	28,295	26,550	2,264
21	*of which: the standardised approach*	*557*	*661*	*45*
22	*of which: IMA*	*27,738*	*25,889*	*2,219*
EU 22a	Large exposures		-	
23	Operational risk	81,988	79,555	6,559
EU 23a	*of which: basic indicator approach*	-	-	-
EU 23b	*of which: standardised approach*	*81,988*	*79,555*	*6,559*
EU 23c	*of which: advanced measurement approach*		-	-
24	Amounts below the threshold for deduction (subject to 250% risk weight)	1,079	3,402	86
29	Floor adjustment[1]		-	-
30	Other risk exposure amounts[2]	21,830	22,619	1,746
31	**Total**	**814,706**	**835,887**	**65,176**

[1] The floor adjustment is not the binding constraint on the capital requirement.
[2] The REA add-on is mainly due to the risk weight floor of 25% on Swedish mortgage lending.

Table 2.8
EU LI1 – Differences between accounting and regulatory scope of consolidation and mapping of financial statements with regulatory risk categories

At 31 December 2024
(DKK millions)

			Carrying values of items				
	Carrying values as reported in published financial statements	Carrying values under scope of regulatory consolidation	Subject to the credit risk framework	Subject to the CCR framework	Subject to the securitisation framework	Subject to the market risk framework	Not subject to capital requirements or subject to deduction from capital
Assets							
Cash in hand and demand deposits with central banks	107,498	107,498	107,498				
Due from credit institutions and central banks	143,569	143,569	55,633	87,936		63,036	
Trading portfolio assets	531,831	538,706		267,922		445,938	
Investment securities	269,118	269,118	268,600			28,632	
Loans at amortised cost	921,900	928,808	908,743	20,065	426		
Loans at fair value	1,074,783	1,074,783	755,187	319,596		319,596	
Assets under pooled schemes and unit-linked investment contracts	76,173	49,373	-				49,373
Assets under insurance contracts	548,912	-					-
Assets held for sale	160	162	162				
Holdings in group undertakings	-	20,900	18,106				2,794
Intangible assets	6,737	6,737	517				
Tax assets	5,814	4,556	3,404				
Others assets	29,547	29,436	28,816				1,017
Total assets	**3,716,042**	**3,173,646**	**2,146,666**	**695,519**	**426**	**857,202**	**53,184**
Liabilities							
Due to credit institutions and central banks	214,364	214,365		139,265		129,910	
Trading portfolio liabilities	357,507	365,150		262,143		365,150	
Deposits	1,173,781	1,179,376		99,460		-	
Issued bonds at fair value	746,556	751,947				78,550	
Issued bonds at amortised cost	243,198	243,198				2,486	
Deposits under pooled schemes and unit-linked investment contracts	76,608	49,808					
Liabilities under insurance contracts	529,793	-					
Liabilities in disposal groups held for sale	-	-					
Tax liabilities	2,225	1,723					
Other liabilities	66,034	65,598					
Non-preferred senior bonds	89,492	89,492					
Subordinated debt	40,798	37,110					
Total liabilities	**3,540,356**	**2,997,764**		**500,868**		**576,096**	
Total shareholders' equity	175,687	175,882					
Total liabilities and shareholders' equity	**3,716,043**	**3,173,646**					

Note
The carrying values under the scope of regulatory consolidation do not always equal the sum of the amounts shown under separate risk frameworks because some items are subject to capital charges under more than one risk framework.

Table 2.9
EU LI2 – Main sources of differences between regulatory exposure amount and carrying values in financial statements

At 31 December 2024 (DKK millions)			Items subject to			
		Total	Credit risk framework	CCR framework	Securitisation framework	Market risk framework[4]
1	**Assets carrying value amount under the scope of regulatory consolidation**	**3,173,646**	**2,146,666**	**695,519**	**426**	**832,834**
2	Liabilities carrying value amount under the regulatory scope of consolidation	2,997,764	-	500,868	-	576,096
3	Total net amount under the regulatory scope of consolidation	194,651	-	194,651	-	-
4	Differences due to provisions on IRB approach[1]	13,588	13,588	-	-	-
5	Differences due to financial collateral on SA[2]	-16	-16	-	-	-
6	Differences due to off-balance items after CCF[3]	342,719	340,695	-	2,024	-
7	Differences due to use of CRR netting rules	-	-	-85,516	-	-
8	Differences due to Potential future exposure, collateral and specific wrong-way-risk	-	-	46,798		
9	Difference due to other items	-19,547	-19,547			
10	**Exposure amounts considered for regulatory purposes**	**2,639,768**	**2,481,386**	**155,932**	**2,450**	**-**

Note
CRR regulatory netting is made under legal master netting agreements, whereas IFRS netting is more restrictive in that netting is allowed only when there is a legal right to setoff at any time (not only at the time of default) and when cashflows are settled on a net basis during the normal course of business.

Furthermore, collateral is used under the CRR for further mitigation of exposures.

Finally, potential future exposures and specific wrong-way risk exposures are also included for regulatory purposes.

[1] Provisions not deducted from IRB exposures constitute a difference as they are used for reducing the balances for accounting purposes.
[2] Financial collateral under the standardised approach is deducted from exposures to calculate the EAD amount for risk weighting purposes. This is not the case for accounting purposes.
[3] Off-balance-sheet items included under the credit risk and securitisation frameworks after CCF application and credit mitigation techniques.
[4] Figures are not stated because EAD is not calculated under the market risk framework.

Table 2.10
EU LI3 – Outline of the differences in the scopes of consolidation

At 31 December 2024

		Method of regulatory consolidation					
Name of the entity	Method of accounting consolidation	Full consolidation	Proportional consolidation	Equity method	Neither consolidated nor deducted	Deducted	Description of the entity
Bankomat AB	Neither consolidated nor deducted				X		Financial institution (payment institution)
Danica Pension Livsforsikringsaktieselskab	Equity			X			Life insurance undertaking
Danske Bank A/S	Full consolidation	X					Credit institution
Danske Hypotek AB	Full consolidation	X					Credit institution
Danske Invest Asset Management AS	Full consolidation	X					Financial institution (asset management company)
Danske Invest Fund Management Ltd.	Full consolidation	X					Financial institution (asset management company)
Danske Invest Management A/S	Full consolidation	X					Financial institution (asset management company)
Danske Leasing A/S	Full consolidation	X					Financial institution (lending/ consumer credit)
Danske Markets Inc.	Full consolidation	X					Investment firm (brokerage firm, 3rd country)
Danske Mortgage Bank Plc	Full consolidation	X					Credit institution
Danske Private Equity A/S	Full consolidation	X					Financial institution (asset management company)
Danske Renting AB	Full consolidation	X					Financial institution (holding company)
HOME A/S	Full consolidation	X					Ancillary services undertaking (real estate agent, ancillary to the principal activity of Realkredit Danmark)
National Irish Bank Financial Services Limited	Full consolidation	X					Other (authorised as a trust or company service provider, corporate trustee)
NIBDAN Limited	Full consolidation	X					Other (executing documentation relating to historic charges and remediating defective title deeds, formerly National Irish Bank Limited)
Northern Bank Factors Limited	Full consolidation	X					Other (dormant, cf. Companies Act 2006, sec. 1169)
Northern Bank Limited	Full consolidation	X					Credit institution/banking (3rd country)
Realkredit Danmark A/S	Full consolidation	X					(Mortgage) Credit institution
DDB AS	Full consolidation	X					Financial institution
Vipps MobilePay AS	Neither consolidated nor deducted				X		Financial institution (payment institution/electronic money institution)
DDB Invest AB	Full consolidation	X					Financial institution (asset management company)
Danske Bank (Ireland) Pensions Designated Activity Company	Full consolidation	X					Other (authorised as a Trust or Company Service Provider, pension scheme trusteee)
Danske Bank (Ireland) Pension Trust Designated Activity Company	Full consolidation	X					Other (authorised as a Trust or Company Service Provider, pension scheme trusteee)
Northern Bank Executor and Trustee Company Limited	Full consolidation	X					Other (dormant, cf. Companies Act 2006, sec. 1169, financial intermediation not elsewhere classified)
Northern Bank Nominees Limited	Full consolidation	X					Other (dormant, cf. Companies Act 2006, sec. 1169, financial intermediation not elsewhere classified)
Northern Bank Pension Trust Limited	Full consolidation	X					Other (dormant company, pension scheme trustee)

Table 2.11
EU CCA – Capital instruments' main features

At 31 December 2024
(DKK millions)

1	Issuer	Danske Bank A/S	Danske Bank A/S	Danske Bank A/S	Danske Bank A/S	Danske Bank A/S	Danske Bank A/S	Danske Bank A/S	Danske Bank A/S
2	Unique identifier (eg. CUSIP, ISIN or Bloomberg identifier for private placement)	XS1825417535	XS2343014119	XS2764457664	XS2078761785	XS2826731932	XS2941605409	XS2225893630	XS2299135819
3	Governing law(s) of the instrument	English/Danish	English/Danish	English/Danish	English/Danish	English/Danish	English/Danish	English/Danish	English/Danish
Regulatory treatment									
4	Transitional CCR rules	Additional tier 1	Additional tier 1	Tier 2	Tier 2	Tier 2	Tier 2	Tier 2	Tier 2
5	Post-transitional CRR rules	Additional tier 1	Additional tier 1	Tier 2	Tier 2	Tier 2	Tier 2	Tier 2	Tier 2
6	Eligible at solo/(sub-) consolidated/solo & (sub-)consolidated	Solo and (sub-) Consolidated	Solo and (sub-) Consolidated	Solo and (sub-) Consolidated	Solo and (sub-) Consolidated	Solo and (sub-) Consolidated	Solo and (sub-) Consolidated	Solo and (sub-) Consolidated	Solo and (sub-) Consolidated
7	Instrument type (types to be specified by each jurisdiction)	Additional Tier 1 as published in Regulation (EU) No 575/2013 article 52	Additional Tier 1 as published in Regulation (EU) No 575/2013 article 52	Additional Tier 1 as published in Regulation (EU) No 575/2013 article 52	Tier 2 as published in Regulation (EU) No 575/2013 article 63	Tier 2 as published in Regulation (EU) No 575/2013 article 63	Tier 2 as published in Regulation (EU) No 575/2013 article 63	Tier 2 as published in Regulation (EU) No 575/2013 article 63	Tier 2 as published in Regulation (EU) No 575/2013 article 63
8	Amount recognised in regulatory capital (as of most recent reporting date)	5,353.95	5,353.95	5,594.85	5,594.85	2,757.4	3,729.9	3,729.9	5,594.85
9	Nominal amount of instrument	USD 750,000,000	USD 750,000,000	EUR 750,000,000	EUR 750,000,000	SEK 4,250,000,000	EUR 750,000,000	EUR 500,000,000	EUR 750,000,000
9a	Issue price	100	100	99.992	99.46	100	99.68	99.814	99.879
9b	Redemption price	100	100	100	100	100	100	100	100
10	Accounting classification	Liability – amortised cost	Liability – amortised cost	Liability – amortised cost	Liability – amortised cost	Liability – amortised cost	Liability – amortised cost	Liability – amortised cost	Liability – amortised cost
11	Original date of issuance	26/06/2018	18/05/2021	14/02/2024	12/11/2019	23/05/2024	19/11/2024	02/09/2020	15/02/2021
12	Perpetual or dated	Perpetual	Perpetual	Dated	Dated	Dated	Dated	Dated	Dated
13	Original maturity date	Perpetual	Perpetual	14/05/2034	12/02/2030	23/08/2034	19/11/2036	02/09/2030	15/05/2031
14	Issuer call subject to prior supervisory approval	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
15	Optional call date, contigent call dates and redemption amount	26-06-2025 100 per cent of Nominal amount In addition Tax/ Regulatory call	18-05-2026 to 18-11-2026 100 per cent of Nominal amount In addition Tax/ Regulatory call	14/02/2029 100 per cent of Nominal amount In addition Tax/ Regulatory call	02/12/2025 100 per cent of Nominal amount In addition Tax/ Regulatory call	23/05/2029 100 per cent of Nominal amount In addition Tax/ Regulatory call	19/11/2031 100 per cent of Nominal amount In addition Tax/ Regulatory call	02/09/2025 100 per cent of Nominal amount In addition Tax/ Regulatory call	16-02-2026 to 15-05-2026 100 per cent of Nominal amount In addition Tax/ Regulatory call
16	Subsequent call dates, if applicable	Subsequent coupon days	Subsequent coupon days	N/A	N/A	N/A	N/A	N/A	N/A
Coupons / dividends									
17	Fixed or floating dividend/coupon	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed

> Table 2.11 (continued)
EU CCA – Capital instruments' main features

18	Coupon rate and any related index	Fixed 7.00 per cent per annum semiannually paid to call date, thereafter reset to 7Y US Treasury rate + 4.130 per cent per annum.	Fixed 4.375 per cent per annum semiannually paid to call date, thereafter reset to 5Y US Treasury rate + 3.380 per cent per annum.	Fixed 4.625 per cent per annum to call date, thereafter reset to 5Y EUR SWAP rate +1.95 per cent per annum.	Fixed 1.375 per cent per annum to call date, thereafter reset to 5Y EUR SWAP rate +1.70 per cent per annum.	Floating 3M Stibor + 1.70 per cent per annum, payable quarterly.	Fixed 3.75 per cent per annum to call date, thereafter reset to 5Y EUR SWAP rate +1.55 per cent per annum.	Fixed 1.50 per cent per annum to call date, thereafter reset to 5Y EUR SWAP rate +1.90 per cent per annum.	Fixed 1.00 per cent per annum to call date, thereafter reset to 5Y EUR SWAP rate +1.40 per cent per annum.
19	Existence of a dividend stopper	No	No	No	No	No	No	No	No
20a	Fully discretionary, partially or mandatory (in terms of timing)	Fully discretionary	Fully discretionary	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory
			-						
20b	Fully discretionary, partially or mandatory (in terms of amount)	Fully discretionary	Fully discretionary	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No	No	No	No	No	No	No	No
22	Noncumulative or cumulative	Noncumulative	Noncumulative						
23	Convertible or non-convertible	Convertible	Convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	7% Solo and Consolidated	7% Solo and Consolidated	N/A	N/A	N/A	N/A	N/A	N/A
25	If convertible, fully or partially	Fully	Fully						
26	If convertible, conversion rate	Greater of Current Market Price and USD 23.97 (Floor Price)	Greater of Current Market Price and USD 23.97 (Floor Price)						
27	If convertible, mandatory or optional conversion	Mandatory	Mandatory						
28	If convertible, specify instrument type convertible into	Ordinary shares	Ordinary shares						
29	If convertible, specify issuer of instrument it converts into	Danske Bank A/S	Danske Bank A/S						
30	Write-down features	No	No	Yes	Yes	Yes	Yes	Yes	Yes
31	If write-down, features, write down trigger(s)	N/A	N/A	Only applicable if the bank is in recapitalisation or discontinues its business w/o loss to its non-subordinated creditors	Only applicable if the bank is in recapitalisation or discontinues its business w/o loss to its non-subordinated creditors	Only applicable if the bank is in recapitalisation or discontinues its business w/o loss to its non-subordinated creditors	Only applicable if the bank is in recapitalisation or discontinues its business w/o loss to its non-subordinated creditors	Only applicable if the bank is in recapitalisation or discontinues its business w/o loss to its non-subordinated creditors	Only applicable if the bank is in recapitalisation or discontinues its business w/o loss to its non-subordinated creditors
32	If write-down, full or partial			Fully or partially	Fully or partially	Fully or partially	Fully or partially	Fully or partially	Fully or partially
33	If write-down, permanent or temporary			Permanent	Permanent	Permanent	Permanent	Permanent	Permanent
34	If temporary write-down, description of write-down mechanism								
35	Positionin subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Subordinated to Tier 2	Subordinated to Tier 2	Subordinated to Senior	Subordinated to Senior	Subordinated to Senior	Subordinated to Senior	Subordinated to Senior	Subordinated to Senior
36	Non-compliant transitioned features	No	No	No	No	No	No	No	No
37	If yes, specify non-compliant features								

Table 2.12
EU LR1 – Reconciliation of accounting assets and leverage ratio exposure

At 31 December 2024
(DKK millions)

		Applicable amount
1	Total assets as per published financial statements	3,173,646
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation	-
3	(Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference)	-
4	(Adjustment for temporary exemption of exposures to central banks (if applicable))	-
5	(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the total exposure measure in accordance with point (i) of Article 429a(1) CRR)	-
6	Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting	-
7	Adjustment for eligible cash pooling transactions	-18,489
8	Adjustments for derivative financial instruments	-81,987
9	Adjustment for securities financing transactions (SFTs)	8,234
10	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	321,449
11	(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital)	-
EU-11a	Adjustment for exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) CRR)	-
EU-11b	(Adjustment for exposures excluded from the total exposure measure in accordance with point (j) of Article 429a(1) CRR)	-
12	Other adjustments	-53,268
13	**Total exposure measure**	**3,349,585**

Table 2.13
EU LR2 – Leverage ratio common disclosure

At 31 December 2024
(DKK millions)

		CRR leverage ratio exposures	
		31 Dec 2024	**30 Juni 2024**
On-balance sheet exposures (excluding derivatives and SFTs)			
1	On-balance sheet items (excluding derivatives, SFTs and fiduciary assets, but including collateral)	2,503,322	2,608,355
2	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework	-	-
3	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	-44,866	-24,985
4	(Adjustment for securities received under securities financing transactions that are recognised as an asset)	-	-
5	(General credit risk adjustments to on-balance sheet items)	-	-
6	(Asset amounts deducted in determining Tier 1 capital)	-12,474	-13,894
7	**Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets)**	**2,445,982**	**2,569,475**
Derivative exposures			
8	Replacement cost associated with all derivatives transactions (ie net of eligible cash variation margin)	62,904	43,004
EU-8a	Derogation for derivatives: replacement costs contribution under the simplified standardised approach	-	-
9	Add-on amounts for PFE associated with all derivatives transactions (mark-to-market method)	125,911	112,722
EU-9a	Derogation for derivatives: Potential future exposure contribution under the simplified standardised approach	-	-
EU-9b	Exposure determined under Original Exposure Method	-	-
10	(Exempted CCP leg of client-cleared trade exposures) (SA-CCR)	-3,213	-462
EU-10a	(Exempted CCP leg of client-cleared trade exposures) (simplified standardised approach)	-	-
EU-10b	(Exempted CCP leg of client-cleared trade exposures)	-	-
11	Adjusted effective notional amount of written credit derivatives	3,983	6,537
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-3,651	-4,308
13	**Total derivatives exposures**	**185,934**	**157,494**
SFT exposures			
14	Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	588,956	509,964
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-200,970	-166,070
16	Counterparty credit risk exposure for SFT assets	8,234	7,682
EU-16a	Derogation for SFTs: Counterparty credit risk exposure in accordance with Articles 429b(4) and 222 of Regulation (EU) No 575/2013	-	-
17	Agent transaction exposures	-	-
EU-17a	(Exempted CCP leg of client-cleared SFT exposure)	-	-
18	**Total securities financing transaction exposures**	**396,220**	**351,575**
Other off-balance sheet exposures			
19	Off-balance sheet exposures at gross notional amount	739,025	739,025
20	(Adjustments for conversion to credit equivalent amounts)	-417,576	-429,857
21	(General provisions deducted in determining Tier 1 capital and specific provisions associated with off-balance sheet exposures)		
22	**Other off-balance sheet exposures**	**321,449**	**309,168**
Exempted exposures in accordance with Article 429(7) and (14) of Regulation (EU) No 575/2013 (on and off balance sheet)			
EU-22a	(Exposures excluded from the leverage ratio total exposure measure in accordance with point (c) of Article 429a(1) CRR)	-	-
EU-22b	(Exposures exempted in accordance with point (j) of Article 429a (1) CRR (on and off balance sheet))	-	-
EU-22c	(-) Excluded exposures of public development banks (or units) – Public sector investments	-	-
EU-22d	(Excluded exposures of public development banks (or units) – Promotional loans):	-	-
EU-22e	(Excluded passing-through promotional loan exposures by non-public development banks (or units)	-	-
EU-22f	(Excluded guaranteed parts of exposures arising from export credits)	-	-
EU-22g	(Excluded excess collateral deposited at triparty agents)	-	-
EU-22h	(Excluded CSD related services of CSD/institutions in accordance with point (o) of Article 429a(1) CRR)	-	-
EU-22i	(Excluded CSD related services of designated institutions in accordance with point (p) of Article 429a(1) CRR)	-	-
EU-22j	(Reduction of the exposure value of pre-financing or intermediate loans)	-	-
Capital and total exposure measure			
23	**Tier 1 capital**	**155,577**	**166,113**
24	**Total exposure measure**	**3,349,585**	**3,387,713**

> Table 2.13 (continued)
EU LR2 – Leverage ratio common disclosure

Leverage ratio			
25	Leverage ratio	4.6%	4.9%
EU-25	Leverage ratio (without the adjustment due to excluded exposures of public development banks – Public sector investments) (%)	4.6%	4.9%
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)	4.6%	4.9%
26	Regulatory minimum leverage ratio requirement (%)	3.0%	3.0%
EU-26	Additional leverage ratio requirements (%)	0.0%	0.0%
EU-26a	Additional own funds requirements to address the risk of excessive leverage (%)	0.0%	0.0%
EU-26b	*of which: to be made up of CET1 capital (percentage points)*	*0.0%*	*0.0%*
EU-27	Leverage ratio buffer requirement (%)	0.0%	0.0%
EU-27a	Overall leverage ratio requirement (%)	3.0%	3.0%
Choice on transitional arrangements and amount of derecognised fiduciary items			
EU-27b	Choice on transitional arrangements for the definition of the capital measure	Transitional	Transitional
Disclosure of mean values			
28	Mean value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	358,261	-
29	Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	387,986	-
30	Total exposure measure (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	3,319,860	-
30a	Total exposure measure (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	3,319,860	-
31	Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	5.0%	-
31a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	5.0%	-

Table 2.14
EU LR3 – Split-up of on balance sheet exposures

At 31 December 2024
(DKK millions)

		CRR leverage ratio exposires
EU-1	Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	2,517,739
EU-2	Trading book exposures	312,529
EU-3	Banking book exposures, of which:	2,205,210
EU-4	Covered bonds	195,187
EU-5	Exposures treated as sovereigns	332,636
EU-6	Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	3,455
EU-7	Institutions	13,985
EU-8	Secured by mortgages of immovable properties	1,059,668
EU-9	Retail exposures	51,404
EU-10	Corporate	429,964
EU-11	Exposures in default	19,700
EU-12	Other exposures (eg equity, securitisations, and other non-credit obligation assets)	99,211

Table 2.15
EU CCyB1 – Geographical distribution of relevant credit exposures

At 31 December 2024
(DKK millions)

	General credit exposure*		Relevant credit exposures – Market risk*		Securitisation exposure*			Own funds requirements						
	Exposure value for SA	Exposure value for IRB	Sum of long and short positions of trading book exposures for SA	Value of trading book exposure for internal models	Exposure value for SA	Exposue value for IRB	Total exposure value	Relevant credit risk exposures – credit risk	Relevant credit risk exposures – market risk	Relevant credit risk exposures – Securitisation in the non-trading book	Total	Risk-weighted exposure amounts	Own funds requirement weights	Countercyclical capital buffer rate
Denmark	264,960	1,034,362	14	38,576		-	1,337,912	29,996	91	-	30,087	376,088	0.5434	2.50%
Sweden	33,337	347,806	1	6,395		-	387,539	10,072	146	-	10,218	127,725	0.1846	2.00%
Norway	20,770	136,619	-	8,709		-	166,098	4,012	45	-	4,057	50,713	0.0733	2.50%
Finland	28,262	193,167		3,270		-	224,699	6,212	31	-	6,243	78,038	0.1128	0.00%
United Kingdom	62,931	12,439	1	33,912		2,169	111,452	2,772	10	53	2,835	35,438	0.0512	2.00%
Iceland	1	1,889				-	1,890	33		-	33	413	0.0060	2.50%
Czech republic	1	660		26		-	687	9	-	-	9	113	0.0002	1.25%
Hong Kong	-	275				-	275	10		-	10	125	0.0002	0.50%
Lithuania	-	373				-	373	28		-	28	350	0.0005	1.00%
Luxembourg	-	16,933				-	16,933	340		-	340	4,250	0.0006	0.50%
Belgium	33	1,124				-	1,157	29	-	-	29	363	0.0005	1.00%
Germany	229	15,797	93	1,699		-	17,818	227	25	-	252	3,150	0.0046	0.75%
France	158	6,876		22,617		-	29,651	64	13	-	77	963	0.0014	1.00%
Ireland	672	15,875				-	16,547	324		-	324	4,050	0.0059	1.50%
Cyprus	-	395				-	395	13		-	13	163	0.0002	1.00%
Estonia		585				-	585	10		-	10	125	0.0002	1.50%
Netherlands	-	2,608		3,682		281	6,571	82	25	8	115	1,438	0.0021	2.00%
Other countries	352	33,248	47	9,625	-	-	43,272	661	14	-	675	8,438	0.0124	0.00%
Total	**411,706**	**1,821,031**	**156**	**128,511**		**2,450**	**2,363,854**	**54,894**	**400**	**61**	**55,355**	**691,938**	**1.0000**	

* The countercyclical capital buffer is calculated only for the relevant credit exposure classes as defined in article 140(4) of the Capital Requirement Directive. Exposure classes not included in the calculation are exposures to a) central governments or central banks, b) regional governments or local authorities, c) public sector entities, d) multilateral development banks, e) international organisations and f) institutions.

Table 2.16
EU CCyB2 – Amount of institution-specific countercyclical capital buffer

At 31 December 2024
(DKK millions)

		RWA amounts
1	Total risk exposure amount	814,706
2	Institution specific countercyclical capital buffer rate	2.03%
3	Institution specific countercyclical capital buffer requirement	16,601

Table 2.17
EU PV1 – Prudent validation adjustment

At 31 December 2024
(DKK millions)

		Risk category					Category level AVA – Valuation uncertainty			Total category level post-diversification	
		Equity	Interest Rates	Foreign exchange	Credit	Commodities	Unearned credit spreads AVA	Investment and funding costs AVA		Of which: Total core approach in the trading book	Of which: Total core approach in the banking book
1	Market price uncertainty	5	612	8	3	-	3	6	318	164	155
3	Close-out cost	7	631	1	4	-	-	-	322	172	149
4	Concentrated positions	-	62	-	-	-			62	6	57
5	Early termination	-	-	-	-	-			-	-	-
6	Model risk	20	36	0	0	-	8	-	32	32	-
7	Operational risk	1	63	0	0	-			64	34	30
10	Future administrative costs	-	110	3	0	-			113	59	54
12	**Total Additional Valuation**								**912**	**467**	**445**

3.
Credit risk

Pillar III disclosures

3.1 Credit risk management

Credit risk is the risk of losses when debtors fail to meet all or part of their payment obligations to the Danske Bank Group. Credit risk includes counterparty credit risk.

The Group manages credit risk in accordance with its Credit Policy, credit risk tolerance and related governance documents. The purpose of these elements is twofold: 1) to ensure a consistent approach to credit risk management as well as clear roles and responsibilities across markets and business units and 2) to make sure that risk-taking remains supportive of the Group's business strategy, including sustainable finance.

The Group ensures compliance with the Credit Policy and related governance documents through the credit control environment (includes both system-supported controls and manual controls), while portfolio monitoring ensures alignment with the Group's credit risk tolerance.

3.1.1 Risk governance and responsibilities

Credit risk is managed in line with the principles of the three-lines-of-defence model. Business-facing units and direct support functions make up the first line of defence.

Delegated lending authorities

The mandate for approving credit risk is cascaded from the Board of Directors to the Executive Leadership Team and further down the organisation through lending authorities that are delegated on the basis of e.g. qualifications and need. If a credit application exceeds the delegated lending authority of the individual mandate holder, the application will be submitted to a lending officer with the necessary authority. The second line of defence must be involved in the credit sanctioning process for credit applications and renewals above a certain materiality threshold, while both the Executive Leadership Team and the Board of Directors are involved in the approval process for credit applications of a reputational or material financial nature.

3.1.2 Monitoring and reporting

At the group level, Group Risk Management oversees the Group's credit activities and reports on developments in the credit portfolios. Portfolio reports are presented to the Executive Leadership Team's Group All Risk Committee and the Board of Directors' Risk Committee on a monthly basis and to the Board of Directors on a quarterly basis.

3.1.3 Credit risk tolerance and concentration frameworks

The Group's credit risk tolerance specifies the level of credit risk that the Group is willing to assume, or avoid, in pursuit of its long-term strategic objectives in its strategic core markets. The Board of Directors articulates the long-term view of the boundaries within which the Group is expected to operate.

Managing credit concentrations

The Group has implemented a set of frameworks to manage credit risk concentration. The frameworks cover the following:

- Single-name concentrations and large exposures: Limits are set on credit risk exposures to single names, thus protecting the Group from excessive losses resulting from the default of a single customer group. The limits on large exposures are defined within the large exposure restrictions of article 391 of the Capital Requirements Regulation (EU) No 575/2013 (CRR). The limits on single-name concentrations are as follows:
  - an absolute limit on the largest single aggregate exposure
  - the sum of the 20 largest exposures
- Industry concentrations
- Geographical concentrations

3.1.4 Risk identification and assessment

The Group's credit process ensures that loans are granted to customers within their financial capacity. This is a key element in the credit approval process. Close collaboration with specialised units ensures that weak customers are identified as soon as possible. This takes place through ongoing credit assessment, controlling and monitoring of customers when early warning signals are observed or significant deteriorations in performance, ratings or downgrades are detected.

The Group has a high focus on early collection activities for personal and small business customers, and early signs of inability to repay are addressed by dedicated teams specialised in identifying and mitigating such issues. This allows the Group to work with customers to remediate issues in a timely manner and to reduce the volume of non-performing loans to personal and small business customers.

Similarly, the Group uses early warning indicators for business customers that show poor performance. This enables relationship managers to be more proactive at an earlier stage, thus providing better outcomes for the Group and customers.

The Group engages in work-out processes with customers in order to minimise losses and help healthy customers in temporary financial difficulty. During the work-out process, the Group makes use of forbearance measures to assist non-performing customers.

3.1.5 Stress testing

To set the overall credit risk tolerance at group and business unit levels, the Group stress-tests the total portfolio using the severe recession scenario used as the foundation for the ICAAP stress tests. The Group's credit risk tolerance is thus based on forward-looking parameters.

The Group conducts bottom-up stress tests on selected industries. These stress tests form part of extensive sector and portfolio reviews, and they are used for the assessment of specific risk strategies for individual sectors. These portfolio reviews are presented to the Executive Leadership Team and to the Board of Directors' Risk Committee. For relevant sectors, stress tests using climate scenarios are performed to assess climate risk exposure at the portfolio level.

3.1.6 Rating and scoring processes

Group Risk Management is responsible for the overall rating and scoring processes, including the underlying rating and scoring models.

The ratings of large customers are reassessed periodically on the basis of new information that affects the individual customer's creditworthiness.

For small customers, such as personal customers and small businesses, the Group uses fully automated and statistically based scoring models. Credit scores are updated monthly in a process subject to automated controls.

Both rating and scoring models as well as the rating process are validated annually by an independent unit (Model Risk Management) to assess model performance and highlight any deficiencies that need to be addressed in the models or in relation to the use of such models.

Risk classification distribution

Both the scoring and the rating of customers are integral elements of the credit approval and overall credit risk management processes. The Group's internal classifications are based on point-in-time (PIT) parameters and reflect the probability of default within a year.

The Group's classification scale consists of 11 main categories. Categories 1–5 apply to investment grade customers, categories 6–7 apply to non-investment grade customers, and categories 8, 9 and 10 cover vulnerable customers, while category 11 covers customers in default.

3.1.7 Risk mitigation and collateral management

The Group uses several measures to mitigate credit risk, including collateral, guarantees and covenants. Measured by volume, the main types of collateral are properties, guarantees, vehicles and vessels.

The value of collateral is monitored and reassessed by advisers, internal or external assessors, and automatic valuation models to ensure that it reflects current market prices. The Group's Collateral System supports this process by accepting only up-to-date values, thus ensuring that the Group complies with regulatory requirements.

The validity of the internal and external input on which the valuation models depend is assessed regularly, and the performance of the models themselves is validated annually by Model Risk Management to assess their performance and highlight any deficiencies that need to be addressed.

The market value of collateral is subject to a haircut to reflect the fact that the Group may not be able to obtain the estimated market value upon the sale of the individual asset in a distressed situation. Hence, the haircut includes a forced sale reduction, price volatility during the sales period, realisation costs and maintenance costs. The haircut applied depends on the type of collateral. For regulatory purposes, the Group also applies more conservative haircuts in order to capture the risk of an economic downturn.

3.1.8 Support systems

The Group has a number of systems for measuring and controlling credit risk. Among the most important systems are the Credit System, the Collateral System, the Rating/Scoring System and a number of follow-up systems.

The Credit System is the foundation of the credit process. It contains all relevant details about credit facilities, financial circumstances and customer relations. The system is used for all customer segments and products across all sales channels. It ensures that the basis for decision-making is established and stored properly.

Pillar III disclosures

Table 3.1
EU CQ1 – Credit quality of forborne exposure

At 31 December 2024
(DKK millions)

		Gross carrying amount of forborne exposures / Nominal amount				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures	
			Non-performing forborne						
		Performing forborne		Of which: Defaulted	Of which: Impaired	On performing forborne exposures	On non-performing forborne exposures		Of which: Collateral and financial guarantees received on non-performing exposures with forbearance measures
005	**Cash balances at central banks and other demand deposits**								
010	**Loans and advances**	**7,577**	**8,612**	**8,612**	**7,726**	**-871**	**-2,651**	**7,152**	**3,533**
020	Central banks								
030	General governments		100	100	8		-7	45	45
040	Credit institutions								1
050	Other financial corporations	58	56	56	55	0	-7	53	49
060	Non-financial corporations	5,758	6,602	6,602	6,177	-764	-2,067	4,561	2,451
070	Households	1,761	1,855	1,855	1,486	-107	-570	2,494	987
080	**Debt Securities**								
090	**Loan commitments given**	**2,379**	**2,126**	**2,126**	**2,095**	**359**	**693**	**489**	**427**
100	**Total**	**9,956**	**10,738**	**10,738**	**9,821**	**-1,230**	**-3,344**	**7,641**	**3,960**

Table 3.2
EU CQ3 – Credit quality of performing and non-performing exposures by past due days

At 31 December 2024
(DKK millions)

		Gross carrying amount/nominal amount											
		Performing exposures			Non-performing exposures								
			Not past due or past due ≤ 30 days	Past due > 30 days ≤ 90 days		Unlikely to pay that are not past due or are past due ≤ 90 days	Past due > 90 days ≤ 180 days	Past due > 180 days ≤ 1 year	Past due > 1 year ≤ 2 years	Past due > 2 years ≤ 5 years	Past due > 5 years ≤ 7 years	Past due > 7 years	Of which: Defaulted
005	**Cash balances at central banks and other demand deposits**	**105,172**	**105,172**	**-**	**1**	**1**	**-**	**-**	**-**	**-**	**-**	**-**	**1**
010	**Loans and advances**	**2,128,947**	**2,126,911**	**2,036**	**29,574**	**27,841**	**725**	**692**	**198**	**91**	**19**	**9**	**29,574**
020	Central banks	91,217	91,217	-	-	-	-	-	-	-	-	-	-
030	General governments	44,315	44,314	1	931	840	91	-	-	-	-	-	931
040	Credit institutions	54,037	54,037	-	-	-	-	-	-	-	-	-	-
050	Other financial corporations	359,032	359,032	-	111	106	-	-	-	-	5	-	111
060	Non-financial corporations	831,610	830,731	879	15,274	14,639	242	355	19	18	1	-	15,274
070	*of which: SMEs*	*370,458*	*370,201*	*258*	*8,557*	*8,093*	*82*	*344*	*19*	*18*	*1*	-	*8,557*
080	Households	748,736	747,580	1,156	13,259	12,257	392	337	179	73	13	9	13,259
090	**Debt securities**	**269,687**	**269,687**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
100	Central banks	-	-	-	-	-	-	-	-	-	-	-	-
110	General governments	49,898	49,898	-	-	-	-	-	-	-	-	-	-
120	Credit institutions	218,106	218,106	-	-	-	-	-	-	-	-	-	-
130	Other financial corporations	1,682	1,682	-	-	-	-	-	-	-	-	-	-
140	Non-financial corporations	-	-	-	-	-	-	-	-	-	-	-	-
150	**Off-balance-sheet exposures**	**834,572**			**4,673**								**4,673**
160	Central banks	4			-								-
170	General governments	69,900			11								11
180	Credit institutions	59,332			-								-
190	Other financial corporations	56,060			9								9
200	Non-financial corporations	544,209			4,176								4,176
210	Households	105,067			477								477
220	**Total**	**3,338,378**	**2,501,770**	**2,036**	**34,248**	**27,842**	**725**	**692**	**198**	**91**	**19**	**9**	**34,248**

Table 3.3
EU CQ4 – Quality of non-performing exposures by geography

At 31 December 2024
(DKK millions)

		Gross carrying/Nominal amount				Accumulated impairment	Provisions on off-balance sheet commitments and financial guarantee given	Accumulated negative changes in fair value due to credit risk on non-performing exposures
			Of which: non-performing					
				Of which: defaulted	Of which: subject to impairment			
010	**On balance sheet exposures**	**2,428,202**	**29,571**	**29,571**	**1,261,796**	**-13,807**		**-1,043**
020	Denmark	1,298,855	14,955	14,955	398,482	-5,862		-1,043
030	Sweden	351,487	4,255	4,255	335,608	-3,793		0
040	Norway	123,234	2,574	2,574	117,999	-1,028		0
050	Finland	210,589	4,717	4,717	209,606	-2,279		0
060	United Kingdom	109,592	1,413	1,413	103,810	-548		0
070	Other countries	334,445	1,657	1,657	96,291	-297		0
080	**Off balance sheet exposures**	**839,239**	**4,672**	**4,672**			**2,891**	
090	Denmark	294,999	1,362	1,362			890	
100	Sweden	191,245	1,528	1,528			1,003	
110	Norway	78,172	507	507			313	
120	Finland	85,778	959	959			434	
130	United Kingdom	54,433	143	143			49	
140	Other countries	134,612	173	173			202	
150	**Total**	**3,267,441**	**34,243**	**34,243**	**1,261,796**	**-13,807**	**2,891**	**-1,043**

Table 3.4
EU CQ5 – Credit quality of loans and advances to non-financial corporations by industry

At 31 December 2024
(DKK millions)

		Gross carrying amount					
			Of which: non-performing				
				Of which: defaulted	Of which: loans and advances subject to impairment	Accumulated impairment	Accumulated negative changes in fair value due to credit risk on non-performing exposures
010	Agriculture, forestry and fishing	25,857	484	484	18,656	-344	-4
020	Mining and quarrying	2,910	17	17	2,790	-16	0
030	Manufacturing	110,145	2,255	2,255	101,453	-1,456	-5
040	Electricity, gas, steam and air conditioning supply	32,967	12	12	19,351	-16	0
050	Water supply	7,299	82	82	7,135	-46	0
060	Construction	21,358	1,231	1,231	16,096	-1,179	-4
070	Wholesale and retail trade	62,392	3,279	3,279	56,935	-1,817	-4
080	Transport and storage	37,567	2,234	2,234	33,657	-557	0
090	Accommodation and food service activities	7,969	365	365	3,580	-93	0
100	Information and communication	21,816	296	296	17,882	-233	0
110	Financial and insurance actvities	424,486	3,076	3,076	165,777	-1,684	-213
120	Real estate activities	24,789	406	406	22,096	-272	0
130	Professional, scientific and technical activities	36,979	947	947	34,978	-507	-1
140	Administrative and support service activities	16,562	216	216	15,850	-585	0
150	Public administration and defense, compulsory social security	1,216	0	0	1,216	0	0
160	Education	1,388	21	21	750	-12	0
170	Human health services and social work activities	6,155	135	135	4,860	-52	-20
180	Arts, entertainment and recreation	1,478	130	130	1,089	-62	0
190	Other services	3,548	86	86	2,170	-23	-16
200	**Total**	**846,884**	**15,274**	**15,274**	**526,323**	**-8,955**	**-267**

Note
The total gross carrying amount declined slightly from 2023 levels, mainly due to a slight increase in activities in the manufacturing and real estate industries.

Table 3.5
EU CQ7 – Collateral obtained by taking possession and execution processes

At 31 December 2024
(DKK millions)

		Collateral obtained by taking possession	
	Name of the entity	Value at initial recognition	Accumulated negative changes
010	Property, plant and equipment (PP&E)		
020	Other than PP&E	12	0
030	*Residential immovable property*	*12*	*0*
040	*Commercial Immovable property*	*0*	
050	*Movable property (auto, shipping, etc.)*		
060	*Equity and debt instruments*		
070	*Other collateral*		
080	**Total**	**12**	**0**

Table 3.6
EU CR1 – Performing and non-performing exposures and related provisions

At 31 December 2024 (DKK millions)		Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions							Collateral and financial guarantees received	
		Performing exposures			Non-performing exposures			Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions					
			Of which: Stage 1	Of which: Stage 2		Of which: Stage 2	Of which: Stage 3		Of which: Stage 1	Of which: Stage 2		Of which: Stage 2	Of which: Stage 3	Accumu-lated partial write-off	On performing exposures	On non-performing exposures
005	**Cash balances at central banks and other demand deposits**	**105,172**	**105,163**	**8**	**1**	**-**	**1**								**-**	**-**
010	**Loans and advances**	**2,128,947**	**905,528**	**90,207**	**29,574**	**920**	**15,836**	**-7,165**	**-1,696**	**-5,413**	**-7,688**	**-84**	**-5,159**	**-826**	**1,625,206**	**17,964**
020	Central banks	91,217	43,911	-	-	-	-	0	0	0	0	0	0	0	47,307	-
030	General governments	44,315	34,514	462	931	608	229	-4	-1	-3	-16	0	-8	0	14,533	867
040	Credit institutions	54,037	39,215	-	-	-	-	-5	-5	0	0	0	0	0	14,963	-
050	Other financial corporations	359,032	42,866	1,498	111	-	88	-120	-16	-104	-24	0	-22	0	325,903	84
060	Non-financial corporations	831,610	449,477	60,759	15,274	192	9,869	-4,636	-752	-3,854	-4,586	-68	-3,288	-695	545,183	7,617
070	*of which: SMEs*	*370,458*	*138,862*	*25,803*	*8,557*	*162*	*4,849*	*-2,041*	*-336*	*-1,687*	*-2,883*	*-65*	*-1,948*	*-291*	*321,799*	*4,495*
080	Households	748,736	295,546	27,487	13,259	120	5,649	-2,400	-923	-1,452	-3,062	-16	-1,841	-131	677,318	9,396
090	**Debt securities**	**269,687**	**241,843**	**-**	**-**	**-**	**-**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**-**	**-**
100	Central banks	-	-	-	-	-	-	0	0	0	0	0	0	0	-	-
110	General governments	49,898	44,958	-	-	-	-	0	0	0	0	0	0	0	-	-
120	Credit institutions	218,106	195,203	-	-	-	-	0	0	0	0	0	0	0	-	-
130	Other financial corporations	1,682	1,682	-	-	-	-	0	0	0	0	0	0	0	-	-
140	Non-financial corporations	-	-	-	-	-	-	0	0	0	0	0	0	0	-	-
150	**Off-balance-sheet exposures**	**834,572**	**794,816**	**39,756**	**4,673**	**105**	**4,568**	**1,687**	**281**	**1,406**	**1,207**	**5**	**1,202**		**94,814**	**1,485**
160	Central banks	4	3	1	-	-	-	0	0	0	0	0	0		-	-
170	General governments	69,900	69,833	66	11	6	4	2	0	2	0	0	0		2,965	10
180	Credit institutions	59,332	58,414	919	-	-	-	4	3	1	0	0	0		13,347	-
190	Other financial corporations	56,060	55,363	698	9	-	9	35	13	22	1	0	1		3,932	6
200	Non-financial corporations	544,209	511,175	33,034	4,176	93	4,084	1,286	153	1,133	1,074	3	1,071		65,185	1,417
210	Households	105,067	100,029	5,038	477	5	471	361	111	249	131	1	129		9,386	53
220	**Total**	**3,338,378**	**2,047,350**	**129,971**	**34,248**	**1,025**	**20,405**	**-5,478**	**-1,415**	**-4,007**	**-6,481**	**-79**	**-3,957**	**-826**	**1,720,020**	**19,449**

Note
In terms of credit exposure, the Group's Pillar III disclosures meet the Capital Requirements Regulation, whereas the Group's Annual Report 2024 includes loans, amounts due from credit institutions and central banks, guarantees, and irrevocable loan commitments. This causes differences between the Pillar III disclosures and Annual Report 2024.

The definition of SMEs has been redefined, affecting the total exposure to SMEs in the EU CR1 table.

Table 3.7
EU CR1-A – Maturity of exposures

At 31 December 2024
(DKK millions)

		Net exposure value					
		On demand	**≤ 1 year**	**> 1 year ≤ 5 years**	**> 5 years**	**No stated maturity**	**Total**
1	Loans and advances	112,833	793,821	157,306	1,078,957	752	2,143,669
2	Debt Securities		87,417	146,293	35,977	0	269,687
3	**Total**	**112,833**	**881,238**	**303,599**	**1,114,934**	**752**	**2,413,356**

Table 3.8
EU CR2 – Changes in the stock of non-performing loans and advances

At 31 December 2024
(DKK millions)

		Gross carrying amount
010	**Initial stock of non-performing loans and advances**	**30,943**
020	Inflows to non-performing portfolios	13,163
030	Outflows from non-performing portfolios	-14,531
040	Outflows due to write-offs	-413
050	Outflow due to other situations	-14,118
060	**Final stock of non-performing loanss and advances**	**29,574**

Table 3.9
EU CR3 – Credit risk mitigation techniques

At 31 December 2023
(DKK millions)

			Secured carrying amount			
					Of which secured by financial guarantees	
		Unsecured carrying amount		Of which secured by collateral		Of which secured by credit derivatives
1	Loans and advances	**605,663**	**1,643,171**	**1,590,642**	**52,529**	**-**
2	Debt securities	269,687	-	-	-	-
3	**Total exposures**	**875,350**	**1,643,171**	**1,590,642**	**52,529**	**-**
4	*of which non-performing exposures*	*3,922*	*17,964*	*15,267*	*2,698*	-
5	*of which defaulted*					

3.1.9 Securitisation activities

The Group books its portfolio of securitisation assets at amortised cost. When objective evidence of impairment is identified, the asset in question is written down to the discounted value of expected future cash flows.

For accounting purposes, the Group treats the exposure in the form of loan commitments to securitisation entities as lending activities. This means that, if it is likely that a loan commitment will be drawn, if the obligation can be reliably measured, and if the net present value of the expected payments discounted at the interest rates agreed upon is negative, then a liability equal to this amount will be recognised.

For drawn loan commitments, the Group recognises impairment charges if objective evidence of impairment is identified after the commitment was made.

The Group has no intention of assuming the role of sponsor for securitisation transactions but will consider selling credit risks through securitisation transactions if market conditions are sufficiently attractive. The Group remains reluctant to invest in securitisation bonds. There are no simple, transparent and standardised securitisations, and no re-securitisation cases are held.

The most significant risk in relation to the portfolio is the credit risk associated with the underlying assets. The Group's strategy to acquire only securitisation assets that had (or could obtain) a triple-A rating from one of the major rating agencies has protected the Group reasonably well from losses in most cases although the credit quality of some of the financed asset portfolios has declined since inception.

The portfolio was originally acquired for the purpose of holding it until maturity. That is why it is booked at amortised cost and is considered to be investment holdings.

Super senior transactions make up 99% of the total portfolio. These transactions consist of credit facilities that were not part of the original financing of the asset portfolio. The facilities acted as committed overdraft facilities to ensure liquidity for the ongoing payment of interest, principal and costs. The repayment of drawings under these facilities ranked above the best tranches in the financing structure in question. In many cases, the original basis of the agreement specified a minimum requirement for the Group's rating.

The Group monitors the credit quality of the underlying asset portfolios. It also follows external news about the individual transactions and asset classes. Together, these two sources of information create a basis for an ongoing revaluation of the ratings of the transactions in question.

In most cases, losses on the underlying asset portfolio are larger than assumed at the beginning of a transaction. The ongoing risk assessment includes stress tests and an analysis of whether losses on the Group's assets can be expected in the period until the expected time of redemption.

When calculating the REA for securitisations, the Group uses the ratings-based method for IRB institutions. This means that the Group uses external ratings.

The Group has not entered into transactions as the originator for a long time. The existing portfolio has been redeemed, and there are no securitisation assets on the books for which the Group is the originator.

Pillar III disclosures

Table 3.10
EU SEC1 – Securitisation exposures in the non-trading book

At 31 December 2024
(DKK millions)

		Institution acts as originator							Institution acts as sponsor				Institution acts as investor			
		Traditional				Synthetic			Traditional				Traditional			
		STS		Non-STS												
			Of which SRT		Of which SRT		Of which SRT	Sub-total	STS	Non-STS	Synthetic	Sub-total	STS	Non-STS	Synthetic	Sub-total
1	**Total exposures**													**2,450**	**0**	**2,450**
2	**Retail (total)**													**2,450**	**0**	**2,450**
3	*of which: residential mortgage*													*2,448*	*0*	*2,448*
4	*of which: credit card*													*0*		*0*
5	*of which: other retail exposures*													*2*		*2*
6	*of which: re-securitisation*															
7	**Wholesale (total)**															
8	*of which: loans to corporates*															
9	*of which: commercial mortgage*															
10	*of which: lease and receivables*															
11	*of which: other wholesale*															
12	*of which: re-securitisation*															

Table 3.11
EU SEC4 – Securitisation exposures in the non-trading book and associated regulatory capital requirements – institution acting as investor

At 30 December 2024
(DKK millions)

		Exposure values (by RW bands/deductions)					Exposure values (by regulatory approach)				RWEA (by regulatory approach)				Capital charge after cap			
		≤20% RW	>20% to 50% RW	>50% to 100% RW	>100% to <1250% RW	1250% RW/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250%/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250%/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250%/ deductions
1	**Total exposures**	**-**	**2,027**	**423**	**-**			**2,450**				**764**				**61**		
2	Traditional securitisation	-	2,027	423	-			2,450				764				61		
3	Securitisation	-	2,027	423	-			2,450				764				61		
4	Retail underlying		2,027	423				2,450				764				61		
5	*of which STS*																	
6	Wholesale																	
7	*of which STS*																	
8	Re-securitisation																	
9	Synthetic securitisation																	
10	Securitisation																	
11	Retail underlying																	
12	Wholesale																	
13	Re-securitisation																	

3.2 IRB framework and model development

In 2008, the Danish Financial Supervisory Authority (the Danish FSA) approved the Group's application to use the advanced internal ratings-based (A-IRB) approach for calculating its total risk exposure amount (REA). The Group is currently using the A-IRB approach for the majority of the Group's exposures, the foundation IRB (F-IRB) approach for a small portfolio in Finland and the standardised approach for IRB exemptions.

3.2.1 Organisation of the IRB framework

The IRB framework is organised in teams dedicated to specific roles. This means that there are specific teams that consider the following:

- IRB model development:
  - probability of default (PD) model development (for scoring and rating models, respectively)
  - loss given default (LGD) and conversion factor (CF) model development
  - asset valuation model (AVM) development
- IRB framework maintenance and governance
- rating of large customers
- credit REA calculations

These teams are anchored in organisational units that have no direct involvement in credit granting. Control mechanisms are incorporated in their processes. Deep-dive controls are described in section 3.3.4.

3.2.2 IRB exemptions

The Danish FSA has granted the Group exemptions for the following exposure types:

- sovereigns, regional authorities and central banks
- local authorities treated as institutions and public-sector entities
- equity exposures
- exposure to covered bonds in the banking book
- exposures to Danica Pension companies
- equity and other exposures to subsidiaries
- exposures held by Danske Capital A/S
- exposures consisting of purchased receivables
- housing companies in Finland
- retail exposures held by Danske Finance and through the branch in the Republic of Ireland
- exposures originated by the legal entity Northern Bank Limited (Northern Ireland)
- Danske Bank Group internal exposures
- corporate and institutional exposures held by the legal entities Danske Hypotek AB and Danske Mortgage Bank

3.2.3 Models in the IRB framework

The Group classifies customers by means of PD models and uses LGD models to estimate the loss on facilities in case of default. The CF models express an EAD (exposure at default) estimate for off-balance exposures.

The Group uses the PD models to assess the probability of default of customers in various segments. Business and financial customers[1] are classified by rating models, while small business customers and personal customers are classified by scoring models. The rating models rely mainly on financial data and qualitative company characteristics. Rating officers may choose to adjust the modelled ratings if they have relevant information that is not covered by the models. In contrast, behavioural data is, to a wider extent, used as input in scoring models, which are therefore updated at a higher frequency than rating models.

The general drivers for differences observed between PD and actual default rates include changes in economic conditions and model drivers, portfolio population changes, and increased uncertainty surrounding low default or low customer count portfolios.

For regulatory purposes in relation to the REA, in the majority of the models, point-in-time (PIT) PDs are converted into through-the-cycle (TTC) PDs by means of a scaling mechanism that ensures fixed-target levels while preserving the customer rankings. TTC PDs take into account regulatory floors where applicable.

IRB PD models by exposure class

Exposure class		Classification process	Key model segmentation
Central governments and central banks		Permanent exemption from IRB	Permanent exemption from IRB
Institutions		1 rating model (hybrid)	Banking
Corporates excluding SMEs		1 scoring and 13 rating models (1 hybrid)	Several sub-segments with different characteristics. e.g. models differentiate between agriculture, non-profit customers, large corporates, insurance and property rental
Corporate SMEs		2 rating models	Sole proprietorships are handled separately from other corporate SME customers
Retail	SMEs	10 scoring models	Country-specific models for new and existing customers
	Personal	10 scoring models	
Equities		Permanent exemption from IRB	Permanent exemption from IRB

1 Customers with facilities exceeding DKK 2 million and customer groups with facilities exceeding DKK 7 million.

Two models use a hybrid PD approach in which PDs are not scaled to fixed-target levels – the hybrid models serve specifically to accommodate the low-default characteristics of banks and large corporates.

The Group's LGD models are primarily statistically driven models, but parameters for low-default portfolios rely to a high degree on benchmarks, external data and expert opinions. CF models are statistically driven for the credit cards and credits portfolios, including student loans, while other portfolios are based on expert opinions and relevant input. Downturn LGDs and downturn CFs are used for regulatory purposes, and they include regulatory floors and additional prudential margins. The downturn LGD parameter incorporates ongoing adjustments from collateral movements to ensure a stable level that reflects downturn conditions. LGD and CF model estimates are used only for exposures for which the Group is allowed to use the advanced IRB approach.

3.2.4 IRB framework monitoring

Group Risk Management reviews and follows up on compliance with the IRB minimum requirements of the Capital Requirements Regulation/Capital Requirements Directive.

The IRB governance structure and the modelling framework are evaluated regularly.

Reports on all changes and ongoing activities as well as reports on model performance and model risk status in relation to the IRB framework are prepared and shared with internal committees. Independent units monitor the IRB framework.

Validation of credit risk models

Model validation is the main component for identifying model risk in the IRB framework. The Group has an internal framework for validating models. Model Risk Management owns the validation process and methodology and has a reporting line that is separate from the teams that develop, maintain and run IRB models.

All new models included in the validation scope are subject to initial validation, while models in the production environment are validated at least once a year independently of the business units and the team that develops the models. The current validation scope encompasses PD models for the rating and scoring of customers as well as LGD, CF and collateral value models. The validation scope also includes the framework across models, such as TTC calibration and downturn adjustment. As part of the validation, certain models are also assessed for purposes other than the IRB framework where this is relevant, such as expected credit loss and risk tolerance calculations.

Changes to the IRB framework and the IRB audit process

The Group has a governance structure for all changes made to the IRB framework to ensure the right level of management attention. Depending on the materiality of the individual changes, a minimum level of evaluation, challenge and signoff is required from management and the relevant control units in the second and third lines of defence.

Group Internal Audit, the Group's third line of defence, performs the independent audit of the IRB framework. The audit scope is determined from a risk- and control-based approach set out by Group Internal Audit. In respect of material changes to the IRB framework, Group Internal Audit performs a review of the documentation describing the changes and assesses the completeness of the application before it is submitted to the competent authority for approval.

The Danish FSA and/or the local supervisory authorities approve material changes to the IRB framework. The Group is required to notify authorities of less material changes.

Pillar III disclosures

Table 3.12
EU CR4 – Credit risk exposure and credit risk mitigation effects under standardized approach

At 31 December 2024
(DKK millions)

		Exposures before CCF and CRM		Exposures post CCF and CRM		RWAs and RWA density	
		On-balance-sheet exposures	Off-balance-sheet exposures	On-balance-sheet exposures	Off-balance-sheet amount	RWAs	RWA density (%)
1	Central governments or central banks	215,552	24,263	285,956	25,429	387	0.1
2	Regional governments or local authorities	27,621	19,506	37,860	10,459	364	0.8
3	Public sector entities	1,322	642	1,856	338	326	14.9
4	Multilateral development banks	10,408	106	10,408	50		-
5	International organisations						
6	Institutions	578	26	578	10	119	20.2
7	Corporates	38,400	14,738	38,223	2,491	34,455	84.6
8	Retail	12,830	6,902	12,043	736	8,871	69.4
9	Secured by mortgages on immovable property	77,404	4,385	77,404	437	24,356	31.3
10	Exposures in default	3,012	74	1,694	1	1,921	113.3
11	Higher-risk categories	517	407	474	34	762	150.0
12	Covered bonds	195,187		195,187		19,519	10.0
13	Institutions and corporates with a short-term credit assessment						
14	Collective investment undertakings		7		3	42	1,400.0
15	Equity	18,980		18,980		18,980	100.0
16	Other items	62,935		62,935		62,928	100.0
17	**Total**	**664,746**	**71,056**	**743,597**	**39,987**	**173,029**	**22.1**

Note
Exposures post CCF and CRM are higher than exposures before CCF and CRM due to substitution effects.

Table 3.13
EU CR5 – Exposures by asset classes and risk weights under standardized approach

At 31 December 2024
(DKK millions)

		Risk weight																
		0%	2%	4%	10%	20%	35%	50%	70%	75%	100%	150%	250%	370%	1250%	Others	Total	Of which unrated
1	Central governments or central banks	310,997	-	-	-	-	-	-	-	-	387	-	-	-	-	-	311,384	220,405
2	Regional governments or local authorities	46,526	-	-	-	1,786	-	-	-	-	7	-	-	-	-	-	48,319	42,038
3	Public sector entities	563	-	-	-	1,630	-	-	-	-	-	-	-	-	-	-	2,193	1,784
4	Multilateral development banks	10,458	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10,458	326
5	International organisations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Institutions	-	-	-	-	584	-	4	-	-	-	-	-	-	-	-	588	91
7	Corporates	-	-	-	-	4,780	-	1,818	-	-	34,116	-	-	-	-	-	40,714	34,083
8	Retail	-	-	-	-	-	-	-	-	12,779	-	-	-	-	-	-	12,779	12,779
9	Secured by mortgages on immovable property	-	-	-	-	-	77,380	32	-		429	-	-	-	-	-	77,841	77,841
10	Exposures in default	-	-	-	-	-	-	-	-	-	1,242	453	-	-	-	-	1,695	1,695
11	Higher-risk categories	-	-	-	-	-	-	-	-	-	-	508	-	-	-	-	508	508
12	Covered bonds	-	-	-	195,187	-	-	-	-	-	-	-	-	-	-	-	195,187	34,248
13	Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Collective investment undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-	3	-	3	3
15	Equity	-	-	-	-	-	-	-	-	-	18,980	-	-	-	-	-	18,980	18,783
16	Other items	-	-	-	-	4		2	-	-	62,925	-	-	-	-	5	62,936	62,926
17	**Total**	**368,545**	**0**	**0**	**195,187**	**8,783**	**77,380**	**1,857**		**12,779**	**118,085**	**961**			**3**	**5**	**783,585**	**507,510**

Table 3.14
AIRB CR6 – Credit risk exposures by exposure classes and PD range

At 31 December 2024
(DKK millions)

	PD range	Original on-balance-sheet gross exposures	Off-balance-sheet exposures pre-CCF	Average CCF (%)	EAD post CRM and post CCF	Average PD (%)	Number of obligors	Average LGD (%)	Average maturity	RWAs	RWA density (%)	EL	Value adjustments and provisions
Institutions													
	0.00 to < 0.15	9,438	11,819	23.5	12,361	0.1	166	30.4	2.3	1,960	15.9	2	-2
	0.00 to <0.10	9,425	11,416	23.6	12,266	0.1	143	30.4	2.3	1,933	15.8	2	-2
	0.10 to <0.15	13	403	20.4	95	0.1	23	31.8	2.4	27	28.4	-	-
	0.15 to < 0.25	3,172	6,191	79.7	8,104	0.2	37	27.4	1.0	1,794	22.1	5	-
	0.25 to < 0.50	213	1,693	39.0	873	0.3	51	43.0	1.0	419	48.0	1	-1
	0.50 to < 0.75	65	922	23.9	285	0.7	26	34.8	2.7	227	79.6	1	-4
	0.75 to < 2.50	61	325	23.4	135	1.6	44	50.7	1.3	160	118.5	1	-2
	0.75 to <1.75	27	246	21.8	80	1.1	24	45.5	1.8	78	97.5	-	-1
	1.75 to <2.50	35	80	28.3	55	2.4	20	58.2	0.7	82	149.1	1	-1
	2.50 to < 10.00	1	37	17.5	7	3.7	17	47.8	3.4	14	200.0	-	-
	2.50 to <5	-	32	15.7	5	3.0	13	43.0	3.4	10	200.0	-	-
	5 to <10	-	4	30.3	2	5.9	4	62.0	3.6	4	200.0	-	-
	10.00 to < 100.00		179	20.0	36	29.0	2	4.4	1.0	8	22.2	-	-
	10 to <20		17	20.0	3	19.5	1	26.1	0.9	5	166.7	-	
	20 to <30		162	20.0	32	30.0	1	2.1	1.0	4	12.5	-	-
	30.00 to <100.00					0.0		0.0			0.0		
	100.00 (Defaulted)	1			1	100.0	2	17.9	0.0		0.0	-	-
	Subtotal	**12,950**	**21,166**	**41.1**	**21,802**	**0.2**	**345**	**29.9**	**1.8**	**4,583**	**21**	**11**	**11**
Corporates – Specialised lending													
	0.00 to < 0.15	21	2	87.5	22	0.1	1	0.1	5.0	2	0.1	-	-
	0.00 to <0.10										0.0		
	0.10 to <0.15	21	2	87.5	22	0.1	1	0.1	5.0	2	0.1	-	-
	0.15 to < 0.25		-	90.0	-		1	0.1	5.0	-	0.0	-	-
	0.25 to < 0.50	46			46	0.4	3	0.1	1.7	3	0.1	-	-
	0.50 to < 0.75	38			38	0.6	3	0.1	5.0	5	0.1	-	-
	0.75 to < 2.50	27	2	68.7	28	1.0	15	0.1	4.7	9	0.3	-	-
	0.75 to <1.75	24			24	0.8	4	0.1	5.0	4	0.2	-	-
	1.75 to <2.50	3	2	68.7	4	2.1	11	0.5	2.6	5	1.3	-	-
	2.50 to < 10.00	7	-	76.6	7	4.6	11	0.1	4.6	2	0.3	-	-
	2.50 to <5	7	-	10.0	7	4.6	9	0.1	4.6	2	0.3	-	-

> Table 3.14 (continued)
AIRB CR6 – Credit risk exposures by exposure classes and PD range

	PD range	Original on-balance-sheet gross exposures	Off-balance-sheet exposures pre-CCF	Average CCF (%)	EAD post CRM and post CCF	Average PD (%)	Number of obligors	Average LGD (%)	Average maturity	RWAs	RWA density (%)	EL	Value adjustments and provisions
	5 to <10	-	-	76.6	-	8.8	2	0.6	5.0	-	0.0	-	-
	10.00 to < 100.00	-			-					-	0.0	-	-
	10 to <20	-			-					-	0.0	-	-
	20 to <30				-					-	0.0	-	-
	30.00 to <100.00				-					-	0.0	-	-
	100.00 (Defaulted)	104	-	10.0	104	100.0	4	0.4	5.0	59	0.6	36	-36
	Subtotal	**242**	**4**	**78.7**	**245**	**42.7**	**39**	**0.2**	**4.3**	**80**	**32.5**	**36**	**-36**
Corporates – SMEs													
	0.00 to < 0.15	28,199	16,457	45.5	34,662	0.1	1,209	14.7	3.4	3,297	9.5	5	-4
	0.00 to <0.10	6,664	11,735	40.4	10,852	0.1	196	20.3	2.6	1,026	9.5	1	-1
	0.10 to <0.15	21,535	4,721	58.2	23,809	0.1	1,013	12.1	3.7	2,271	9.5	4	-3
	0.15 to < 0.25	66,031	14,247	39.5	41,648	0.2	915	16.6	4.0	6,329	15.2	13	-9
	0.25 to < 0.50	76,628	15,518	45.8	60,850	0.4	1,308	19.4	3.7	15,134	24.9	44	-48
	0.50 to < 0.75	60,538	12,820	42.3	59,202	0.6	2,062	18.0	4.0	18,024	30.4	66	-132
	0.75 to < 2.50	110,246	21,021	37.6	115,015	1.2	4,212	17.5	3.9	42,589	37.0	249	-1,282
	0.75 to <1.75	97,528	19,335	36.3	101,487	1.1	3,321	17.1	3.9	36,024	35.5	192	-874
	1.75 to <2.50	12,718	1,687	52.4	13,528	2.1	891	19.7	3.9	6,565	48.5	57	-408
	2.50 to < 10.00	15,342	1,689	52.3	16,050	4.3	1,337	18.1	3.9	8,290	51.7	122	-961
	2.50 to <5	10,842	1,360	51.7	11,392	3.4	992	19.6	4.0	6,156	54.0	76	-639
	5 to <10	4,499	329	55	4,658	6.6	345	14.6	3.6	2,133	45.8	46	-323
	10.00 to < 100.00	3,162	358	51.9	3,203	32.3	272	21.7	3.9	3,177	99.2	224	-463
	10 to <20	1,004	169	46.4	1,059	13.8	122	20.8	3.6	964	91.0	31	-242
	20 to <30	302	42	58	326	28.1	26	26.1	3.0	391	119.9	24	-54
	30.00 to <100.00	1,856	147	56.4	1,818	43.8	124	21.4	4.2	1,822	100.2	169	-167
	100.00 (Defaulted)	6,702	841	53.9	6,968	100.0	514	35.0	4.4	8,326	119.5	1,776	-1,818
	Subtotal	**366,848**	**82,950**	**42.3**	**337,598**	**3.2**	**11,829**	**17.9**	**3.9**	**105,166**	**31.2**	**2,499**	**-4,717**
Corporates – Other													
	0.00 to < 0.15	165,892	276,009	48.7	296,481	0.1	618	29.0	2.4	49,278	16.6	67	-88
	0.00 to <0.10	113,433	218,863	48.6	217,525	0.1	416	29.7	2.4	32,985	15.2	41	-53
	0.10 to <0.15	52,459	57,146	49.3	78,957	0.1	202	27.3	2.6	16,293	20.6	26	-35
	0.15 to < 0.25	61,613	56,456	44.3	85,268	0.2	326	27.8	2.8	24,946	29.3	44	-121
	0.25 to < 0.50	111,274	53,826	50.7	138,439	0.4	489	23.1	3.2	49,722	35.9	111	-224

> Table 3.14 (continued)
AIRB CR6 – Credit risk exposures by exposure classes and PD range

	PD range	Original on-balance-sheet gross exposures	Off-balance-sheet exposures pre-CCF	Average CCF (%)	EAD post CRM and post CCF	Average PD (%)	Number of obligors	Average LGD (%)	Average maturity	RWAs	RWA density (%)	EL	Value adjustments and provisions
	0.50 to < 0.75	40,964	20,519	49.5	51,076	0.6	352	24.8	2.9	24,943	48.8	79	-199
	0.75 to < 2.50	51,274	19,081	44.4	59,621	1.2	700	19.7	3.3	30,430	51.0	139	-522
	0.75 to <1.75	48,009	17,361	43.3	55,416	1.1	441	19.2	3.3	27,077	48.9	115	-420
	1.75 to <2.50	3,265	1,720	54.7	4,204	2.2	259	25.8	2.8	3,354	79.8	24	-102
	2.50 to < 10.00	8,161	5,145	35.9	10,006	4.1	453	22.9	2.5	8,352	83.5	97	-496
	2.50 to <5	7,164	2,926	35.8	8,211	3.4	307	22.0	2.5	6,130	74.7	62	-353
	5 to <10	996	2,218	36	1,795	7.2	146	27.1	2.6	2,223	123.8	36	-143
	10.00 to < 100.00	8,819	4,068	47.7	10,714	32.7	142	30.0	2.1	18,947	176.8	1,015	-1,741
	10 to <20	1,013	177	48.1	1,099	17.3	59	28.1	3.0	1,806	164.3	55	-249
	20 to <30	4,379	2,656	55.7	5,859	29.5	29	34.6	2.0	11,795	201.3	600	-1,196
	30.00 to <100.00	3,426	1,234	30.6	3,757	42.0	54	23.4	1.9	5,346	142.3	360	-297
	100.00 (Defaulted)	5,754	2,466	54.6	6,223	100.0	61	39.4	2.6	3,230	51.9	2,194	-2,237
	Subtotal	**453,751**	**437,570**	**48.1**	**657,828**	**1.8**	**3,141**	**26.5**	**2.8**	**209,848**	**31.9**	**3,746**	**-5,628**
Retail – Immov prop/SME													
	0.00 to < 0.15	996	280	73.5	1,130	0.1	1,007	12.1	-	27	2.4	-	-
	0.00 to <0.10	959	175	76.6	1,022	0.1	669	10.5	-	20	2.0	-	-
	0.10 to <0.15	37	105	68.2	108	0.1	338	27.8	-	7	6.5	-	-
	0.15 to < 0.25	579	171	68.6	693	0.2	1,186	18.5	-	44	6.3	-	-1
	0.25 to < 0.50	3,177	229	68.1	3,229	0.3	2,675	13.4	-	227	7.0	2	-2
	0.50 to < 0.75	5,722	111	63.1	5,592	0.6	3,495	12.2	-	508	9.1	4	-6
	0.75 to < 2.50	5,155	283	64.4	5,239	1.3	4,043	12.4	-	803	15.3	8	-39
	0.75 to <1.75	4,278	205	62.6	4,324	1.1	3,241	12.4	-	604	14.0	6	-22
	1.75 to <2.50	877	78	69.1	915	2.1	802	12.3	-	200	21.9	2	-18
	2.50 to < 10.00	2,640	94	60.5	2,636	4.3	1,601	11.8	-	816	31.0	13	-87
	2.50 to <5	2,340	76	61.8	2,333	4.0	1,368	11.5	-	685	29.4	11	-64
	5 to <10	300	18	54.6	303	6.8	233	13.5	-	130	42.9	3	-23
	10.00 to < 100.00	304	36	64.6	322	27.0	349	16.5	-	225	69.9	15	-43
	10 to <20	160	20	76.1	175	13.1	239	16.1	-	117	66.9	4	-24
	20 to <30	42	11	38.5	45	27.1	43	14.5	-	32	71.1	2	-9
	30.00 to <100.00	102	5	73.1	102	50.6	67	18.0	-	76	74.5	9	-10
	100.00 (Defaulted)	691	41	62.8	708	100.0	874	37.4	-	1,441	203.5	149	-151
	Subtotal	**19,264**	**1,245**	**67.2**	**19,549**	**5.2**	**15,230**	**13.6**	**-**	**4,091**	**20.9**	**191**	**-329**

> Table 3.14 (continued)
AIRB CR6 – Credit risk exposures by exposure classes and PD range

	PD range	Original on-balance-sheet gross exposures	Off-balance-sheet exposures pre-CCF	Average CCF (%)	EAD post CRM and post CCF	Average PD (%)	Number of obligors	Average LGD (%)	Average maturity	RWAs	RWA density (%)	EL	Value adjustments and provisions
Retail – immov prop/ non SME													
	0.00 to < 0.15	116,625	2,825	36.3	117,607	0.1	137,507	13.4	-	4,146	3.5	14	-20
	0.00 to <0.10	62,725	2,239	36.6	63,524	0.1	85,482	14.0	-	1,771	2.8	5	-8
	0.10 to <0.15	53,899	586	35.2	54,082	0.1	52,025	12.6	-	2,375	4.4	9	-12
	0.15 to < 0.25	105,706	842	32.8	105,908	0.2	81,625	11.8	-	6,119	5.8	25	-24
	0.25 to < 0.50	128,857	908	35.2	128,972	0.4	92,646	11.5	-	11,109	8.6	53	-45
	0.50 to < 0.75	70,131	687	42.5	70,341	0.6	48,921	11.6	-	9,082	12.9	50	-45
	0.75 to < 2.50	133,000	696	32.5	132,846	1.3	79,304	11.5	-	27,632	20.8	199	-176
	0.75 to <1.75	109,735	574	33.1	109,619	1.1	66,523	11.5	-	21,018	19.2	143	-126
	1.75 to <2.50	23,265	122	29.7	23,227	2.1	12,781	11.6	-	6,614	28.5	56	-50
	2.50 to < 10.00	41,658	326	27.1	41,562	4.3	24,454	11.7	-	17,802	42.8	208	-361
	2.50 to <5	31,481	244	28	31,403	3.5	19,814	11.9	-	12,622	40.2	132	-254
	5 to <10	10,177	82	22.7	10,160	6.8	4,640	11.0	-	5,180	51.0	76	-107
	10.00 to < 100.00	11,635	66	56.8	11,583	33.0	10,387	13.4	-	10,112	87.3	533	-494
	10 to <20	3,219	11	48.7	3,208	13.5	1,755	11.1	-	2,114	65.9	48	-90
	20 to <30	4,487	-	40.7	4,480	29.2	3,943	13.3	-	4,225	94.3	175	-136
	30.00 to <100.00	3,929	55	58.5	3,895	53.6	4,689	15.5	-	3,773	96.9	310	-268
	100.00 (Defaulted)	8,470	53	50.4	8,447	100.0	8,509	23.1	-	11,371	134.6	1,046	-1,052
	Subtotal	**616,082**	**6,403**	**35.8**	**617,266**	**2.8**	**483,353**	**12.1**	**-**	**97,373**	**15.8**	**2,128**	**-2,217**
Retail – other SME													
	0.00 to < 0.15	139	781	55.1	568	0.1	3,717	50.5	-	47	8.3	-	-1
	0.00 to <0.10	77	553	53.4	372	0.1	2,727	52.4	-	26	7.0	-	-
	0.10 to <0.15	62	228	59	196	0.1	990	46.8	-	22	11.2	-	-
	0.15 to < 0.25	239	520	57.4	536	0.2	3,240	44.7	-	80	14.9	-	-1
	0.25 to < 0.50	641	949	54	1,147	0.4	6,896	40.3	-	223	19.4	2	-4
	0.50 to < 0.75	408	608	56	742	0.6	3,768	40.7	-	202	27.2	2	-6
	0.75 to < 2.50	1,386	1,239	48.3	1,943	1.5	11,149	38.4	-	709	36.5	11	-82
	0.75 to <1.75	948	869	48.4	1,336	1.2	7,032	39.3	-	457	34.2	6	-41
	1.75 to <2.50	438	370	48.2	607	2.1	4,117	36.3	-	252	41.5	5	-40
	2.50 to < 10.00	1,051	822	41.6	1,383	4.6	11,448	35.4	-	604	43.7	23	-130
	2.50 to <5	771	641	39.8	1,023	3.7	8,160	33.6	-	420	41.1	13	-76
	5 to <10	280	181	47.9	361	7.1	3,288	40.4	-	184	51.0	10	-55

> Table 3.14 (continued)
AIRB CR6 – Credit risk exposures by exposure classes and PD range

	PD range	Original on-balance-sheet gross exposures	Off-balance-sheet exposures pre-CCF	Average CCF (%)	EAD post CRM and post CCF	Average PD (%)	Number of obligors	Average LGD (%)	Average maturity	RWAs	RWA density (%)	EL	Value adjustments and provisions
	10.00 to < 100.00	326	138	53.5	391	20.9	2,789	40.4	-	268	68.5	33	-97
	10 to <20	203	96	55.4	252	13.5	1,903	39.8	-	154	61.1	14	-57
	20 to <30	60	21	45.2	65	25.4	447	41.0	-	52	80.0	7	-18
	30.00 to <100.00	63	22	53.2	74	42.4	439	41.8	-	62	83.8	13	-22
	100.00 (Defaulted)	498	208	43.1	563	100.0	4,021	73.8	-	838	148.8	348	-355
	Subtotal	**4,688**	**5,265**	**51**	**7,273**	**10.3**	**47,028**	**42.6**	**-**	**2,971**	**40.8**	**419**	**-676**
Retail – other non-SME													
	0.00 to < 0.15	10,768	37,328	31.1	22,326	0.1	487,534	49.6	-	2,482	11.1	7	-9
	0.00 to <0.10	7,844	31,252	31.5	17,673	0.0	421,156	51.9	-	1,732	9.8	4	-6
	0.10 to <0.15	2,924	6,076	29.1	4,653	0.1	66,378	40.9	-	750	16.1	2	-4
	0.15 to < 0.250	4,495	9,977	27.6	7,127	0.2	90,475	37.5	-	1,412	19.8	5	-8
	0.25 to < 0.50	3,924	12,537	25.3	6,735	0.4	97,237	36.3	-	1,891	28.1	9	-21
	0.50 to < 0.75	5,414	8,697	29.8	7,253	0.6	49,601	34.2	-	2,631	36.3	14	-28
	0.75 to < 2.50	5,177	9,499	24.3	5,830	1.3	107,600	36.9	-	2,980	51.1	28	-100
	0.75 to <1.75	4,184	7,602	24.6	4,643	1.1	88,726	38.3	-	2,371	51.1	20	-68
	1.75 to <2.50	993	1,897	23	1,187	2.1	18,874	31.7	-	610	51.4	8	-32
	2.50 to < 10.00	4,333	4,973	26.2	5,234	3.9	158,908	28.7	-	2,922	55.8	61	-254
	2.50 to <5	3,883	4,059	27	4,728	3.5	145,301	27.5	-	2,510	53.1	46	-169
	5 to <10	450	914	23	506	7.3	13,607	39.9	-	413	81.6	15	-85
	10.00 to < 100.00	751	435	32.2	647	33.7	21,230	44.0	-	920	142.2	95	-163
	10 to <20	191	178	27.4	167	13.6	6,968	44.5	-	165	98.8	10	-54
	20 to <30	65	52	22	37	25.0	2,602	44.4	-	48	129.7	4	-13
	30.00 to <100.00	495	205	38.9	444	41.9	11,660	43.7	-	707	159.2	81	-96
	100.00 (Defaulted)	1,549	309	47.6	1,503	100.0	44,168	73.9	-	613	40.8	1,066	-1,088
	Subtotal	**36,411**	**83,755**	**28.7**	**56,655**	**3.7**	**1,056,753**	**41.9**	**-**	**15,851**	**28**	**1,285**	**-1,671**
Total (all portfolios)		**1,510,238**	**638,359**	**44.5**	**1,718,216**	**2.6**	**1,617,718**	**20.1**	**1.8**	**439,962**	**25.6**	**10,314**	**-15,283**

Note
Some obligors can be assigned to several exposure classes.

Table 3.15
FIRB CR6 – Credit risk exposures by exposure classes and PD range

At 31 December 2024
(DKK millions)

	PD range	Original on-balance-sheet gross exposures	Off-balance-sheet exposures pre-CCF	Average CCF (%)	EAD post CRM and post CCF	Average PD (%)	Number of obligors	Average LGD (%)	Average maturity	RWAs	RWA density (%)	EL	Value adjustments and provisions
Institutions													
	0.00 to < 0.15	62	725	23.4	278	0.1	34	45.0	2.5	77	27.7	-	-
	0.00 to <0.10	61	708	22.8	224	0.1	29	45.0	2.5	58	25.9	-	-
	0.10 to <0.15	1	16	50.3	54	0.1	5	45.0	2.5	19	35.2	-	-
	0.15 to < 0.25	52	41	20.0	60	0.2	7	28.8	2.5	20	33.3	-	-
	0.25 to < 0.50	163	37	20.0	170	0.3	9	45.0	2.5	118	69.4	-	-
	0.50 to < 0.75	1	145	20.0	30	0.7	8	45.0	2.5	29	96.7	-	-
	0.75 to < 2.50	6	48	20.0	15	2.2	9	45.0	2.5	22	146.7	-	-
	0.75 to <1.75		13	20.0	3	1.0	3	45.0	2.5	3	100.0	-	-
	1.75 to <2.50	6	34	20.0	13	2.4	6	45.0	2.5	20	153.8	-	-
	2.50 to < 10.00	-	-	75.0	-	5.0	3	45.0	2.5	-	0.0	-	-
	2.50 to <5	-	-	75.0	-	3.7	2	45.0	2.5	-	0.0	-	-
	5 to <10		-	75.0	-	8.2	1	45.0	2.5	-	0.0	-	-
	10.00 to < 100.00												
	10 to <20												
	20 to <30												
	30.00 to <100.00												
	100.00 (Defaulted)												
	Subtotal	**284**	**996**	**22.5**	**553**	**0.2**	**70**	**43.2**	**2.5**	**266**	**48.1**	**-**	**-**
Corporates – Specialised lending													
	0.00 to < 0.15												
	0.00 to <0.10												
	0.10 to <0.15												
	0.15 to < 0.25												
	0.25 to < 0.50	-	-	75.0	-	0.4	1	45.0	2.5	-	-	-	-
	0.50 to < 0.75					0.0		0.0			0.0		
	0.75 to < 2.50	10	-	75.0	10	0.8	2	38.2	2.5	50	51.1	-	-
	0.75 to <1.75	10	-	75.0	10	0.8	2	38.2	2.5	50	51.1	-	-
	1.75 to <2.50					0.0					0.0		
	2.50 to < 10.00	-		0.0	-	4.1	1	45.0	2.5	-	-	-	-

> Table 3.15 (continued)
FIRB CR6 – Credit risk exposures by exposure classes and PD range

	PD range	Original on-balance-sheet gross exposures	Off-balance-sheet exposures pre-CCF	Average CCF (%)	EAD post CRM and post CCF	Average PD (%)	Number of obligors	Average LGD(%)	Average maturity	RWAs	WA density (%)	EL	Value adjustments and provisions
	2.50 to <5	-		0.0	-	4.1	1	45.0	2.5	-	-	-	-
	5 to <10												
	10.00 to < 100.00												
	10 to <20												
	20 to <30												
	30.00 to <100.00												
	100.00 (Defaulted)										-		
	Subtotal	**10**	**-**	**75.0**	**10**	**0.8**	**4**	**38.2**	**2.5**	**50**	**51.1**	**-**	**-**
Corporates – SMEs													
	0.00 to < 0.15	3,592	1,664	63.5	3,273	0.1	155	41.5	2.5	579	17.7	1	-1
	0.00 to <0.10	2,754	1,182	66.7	2,606	0.1	104	42.3	2.5	427	16.4	1	-
	0.10 to <0.15	838	482	55.5	667	0.1	51	38.4	2.5	152	22.8	-	-
	0.15 to < 0.25	1,204	353	65.8	1,319	0.2	53	41.3	2.5	394	29.9	1	-
	0.25 to < 0.50	1,610	620	64.7	1,938	0.4	155	40.7	2.5	791	40.8	3	-2
	0.50 to < 0.75	1,708	673	61.4	2,094	0.6	142	41.6	2.5	1,094	52.2	5	-12
	0.75 to < 2.50	3,973	1,197	52.2	4,396	1.4	377	41.8	2.5	2,918	66.4	26	-75
	0.75 to <1.75	2,633	937	51.0	2,986	1.1	253	41.4	2.5	1,829	61.3	14	-37
	1.75 to <2.50	1,339	260	56.7	1,409	2.0	124	42.6	2.5	1,089	77.3	12	-37
	2.50 to < 10.00	1,386	424	48.0	1,233	4.7	163	41.9	2.5	1,164	94.4	24	-110
	2.50 to <5	1,078	359	44.9	912	3.8	129	41.5	2.5	814	89.3	14	-68
	5 to <10	308	64	65.0	321	7.3	34	42.8	2.5	351	109.3	10	-42
	10.00 to < 100.00	357	108	47.0	317	27.0	33	44.5	2.5	530	167.2	38	-55
	10 to <20	115	53	41.0	117	13.9	11	44.6	2.5	177	151.3	7	-29
	20 to <30	36	3	63.0	12	23.7	5	45.0	2.5	19	158.3	1	-3
	30.00 to <100.00	207	52	52.0	189	35.4	17	44.4	2.5	334	176.7	30	-22
	100.00 (Defaulted)	1,256	260	-	1,256	100.0	116	44.9	2.5		-	564	-518
	Subtotal	**15,086**	**5,299**	**56.3**	**15,826**	**9.4**	**1,194**	**41.8**	**2.5**	**7,470**	**47.2**	**662**	**-773**
Corporates – Other													
	0.00 to < 0.15	9,277	13,091	57.3	16,406	0.1	239	44.1	2.5	4,330	26.4	6	-4
	0.00 to <0.10	6,651	10,190	56	11,998	0.1	178	43.8	2.5	2,806	23.4	3	-2
	0.10 to <0.15	2,625	2,901	61.9	4,408	0.1	61	44.8	2.5	1,524	34.6	2	-2
	0.15 to < 0.25	2,577	2,539	71.6	4,574	0.2	87	44.8	2.5	2,097	45.8	4	-3

> Table 3.15 (continued)
FIRB CR6 – Credit risk exposures by exposure classes and PD range

	PD range	Original on-balance-sheet gross exposures	Off-balance-sheet exposures pre-CCF	Average CCF (%)	EAD post CRM and post CCF	Average PD (%)	Number of obligors	Average LGD(%)	Average maturity	RWAs	WA density (%)	EL	Value adjustments and provisions
	0.25 to < 0.50	3,442	2,983	55.5	4,892	0.3	112	43.1	2.5	2,871	58.7	7	-6
	0.50 to < 0.75	2,557	1,440	62.1	3,425	0.6	68	42.4	2.5	2,452	71.6	9	-18
	0.75 to < 2.50	2,089	1,304	50.6	2,571	1.3	95	42.7	2.5	2,621	101.9	14	-33
	0.75 to <1.75	1,486	634	58.8	1,798	1.0	65	43.0	2.5	1,746	97.1	8	-25
	1.75 to <2.50	602	670	42.9	773	2.0	30	42.0	2.5	875	113.2	6	-8
	2.50 to < 10.00	923	1,132	43.7	1,330	4.3	92	44.8	2.5	2,001	150.5	26	-86
	2.50 to <5	603	1,023	41.6	992	3.1	77	44.7	2.5	1,357	136.8	14	-18
	5 to <10	320	109	63.0	338	8.1	15	44.9	2.5	644	190.5	12	-68
	10.00 to < 100.00	501	295	68.0	695	39.3	25	42.7	2.5	1,652	237.7	114	-123
	10 to <20	11	11	23.0	14	14.8	6	45.0	2.5	32	228.6	1	-2
	20 to <30		74	74.0	55	30.0	5	45.0	2.5	146	265.5	7	-
	30.00 to <100.00	490	210	68.0	626	40.7	14	42.4	2.5	1,475	235.6	106	-121
	100.00 (Defaulted)	443	400	16.0	507	100.0	21	45.0	2.5		-	228	-153
	Subtotal	**21,809**	**23,184**	**57.3**	**34,400**	**2.7**	**739**	**43.8**	**2.5**	**18,024**	**52.4**	**408**	**-426**
Total (all portfolios)		**37,189**	**29,479**	**55.9**	**50,789**	**4.7**	**2,007**	**43.2**	**2.5**	**25,767**	**50.7**	**1,072**	**-1,199**

Note
Some obligors can be assigned to several exposure classes.

Table 3.16
EU CR6A – Scope of the use of IRB and SA approaches

At 31 December 2024
(DKK millions)

		Exposure value as defined in Article 166 CRR for exposures subject to IRB approach	Total exposure value for exposures subject to the Standardised approach and to the IRB approach	Percentage of total exposure value subject to the permanent partial use of the SA (%)	Percentage of total exposure value subject to a roll-out plan (%)	Percentage of total exposure value subject to IRB Approach (%)
1	Central governments or central banks	-	296,715	100.0%		
1.1	*of which Regional governments or local authorities*		*47,127*	*100.0%*		
1.2	*of which Public sector entities*		*1,965*	*100.0%*		
2	Institutions	35,393	235,070	1.7%	83.2%	15.1%
3	Corporates	1,406,752	1,490,612	3.9%	1.7%	94.4%
3.1	*of which Corporates – Specialised lending, excluding slotting approach*		*257*	*0.2%*	*0.2%*	*99.6%*
3.2	*of which Corporates – Specialised lending under slotting approach*					
4	Retail	773,111	846,808	7.6%	1.1%	91.3%
4.1	*of which Retail – Secured by real estate SMEs*		*40,440*	*48.1%*	*1.2%*	*50.7%*
4.2	*of which Retail – Secured by real estate non-SMEs*		*655,133*	*5.0%*		*95.0%*
4.3	*of which Retail – Qualifying revolving*					
4.4	*of which Retail – Other SMEs*		*21,196*	*32.7%*	*20.4%*	*47.0%*
4.5	*of which Retail – Other non-SMEs*		*130,040*	*4.3%*	*3.3%*	*92.4%*
5	Equity	-	19,916	100.0%		
6	Other non-credit obligation assets	16,890	79,826	78.7%	0.1%	21.2%
7	**Total**	**2,232,146**	**2,968,947**	**17.1%**	**7.8%**	**75.2%**

Table 3.17
EU CR7 – Effect on risk-weighted assets of credit derivatives used as CRM techniques under internal risk-based approach

At 31 December 2024
(DKK millions)

		Pre-credit derivatives risk weighted exposure amount	Actual risk weighted exposure amount
1	**Exposures under FIRB**	**25,767**	**25,767**
2	Central governments and central banks		
3	Institutions	267	267
4	Corporates	25,500	25,500
4.1	*of which SMEs*	*7,472*	*7,472*
4.2	*of which Specialised lending*	*5*	*5*
5	**Exposures under AIRB**	**439,961**	**439,961**
6	Central governments and central banks		
7	Institutions	4,583	4,583
8	Corporates	315,093	315,093
8.1	*of which Corporates – SMEs*	*105,166*	*105,166*
8.2	*of which Corporates – specialised lending*	*80*	*80*
9	Retail	120,285	120,285
9.1	*of which Retail – SMEs – Secured by immovable property collateral*	*4,090*	*4,090*
9.2	*of which Retail – non-SMEs – Secured by immovable property collateral*	*97,372*	*97,372*
9.3	*of which Retail – Qualifying revolving*		
9.4	*of which Retail – SMEs – Other*	*2,971*	*2,971*
9.5	*of which Retail – Non-SMEs – Other*	*15,852*	*15,852*
10	**Total (including FIRB exposures and AIRB exposures)**	**465,728**	**465,728**
	Securitisations	764	764
	Other non-credit obligation assets	16,038	16,038
	Total (including FIRB exposures and AIRB exposures)	**482,530**	**482,530**

Table 3.18
EU CR7-A – Disclosure of the extent of the use of CRM techniques

At 31 December 2024
(DKK millions)

			Credit risk Mitigation techniques											Credit risk Mitigation methods in the calculation of RWEAs	
			Funded credit Protection (FCP)									Unfunded credit Protection (UFCP)			
				Part of exposures covered by Other eligible collaterals (%)				Part of exposures covered by Other funded credit protection (%)							
A-IRB		Total exposures	Part of exposures covered by Financial Collaterals (%)		Part of exposures covered by Immovable property Collaterals (%)	Part of exposures covered by Receivables (%)	Part of exposures covered by Other physical collateral (%)		Part of exposures covered by Cash on deposit (%)	Part of exposures covered by Life insurance policies (%)	Part of exposures covered by Instruments held by a third party (%)	Part of exposures covered by Guarantees (%)	Part of exposures covered by Credit Derivatives (%)	RWEA without substitution effects (reduction effects only)	RWEA with substitution effects (both reduction and sustitution effects)
1	Central governments and central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	Institutions	21,803	0.2%	0.1%	0.0%	-	0.1%	-	-	-	-	-	-	4,541	4,583
3	Corporates	995,671	1.8%	38.9%	27.8%	-	11.1%	-	-	-	-	-	-	350,278	315,093
3.1	*of which Corporates – SMEs*	*337,598*	*2.6%*	*62.7%*	*53.1%*	-	*9.6%*	-	-	-	-	-	-	*136,939*	*105,166*
3.2	*of which Corporates – Specialised lending*	*245*	*0.0%*	*72.0%*	*59.6%*	-	*12.4%*	-	-	-	-	-	-	*80*	*80*
3.3	*of which Corporates – Other*	*657,828*	*1.3%*	*26.6%*	*14.7%*	-	*11.9%*	-	-	-	-	-	-	*213,529*	*209,847*
4	Retail	700,744	0.7%	77.4%	75.6%	-	1.8%	-	-	-	-	-	-	121,806	120,285
4.1	*of which Retail – Immovable property SMEs*	*19,549*	*0.1%*	*83.1%*	*78.8%*	-	*4.3%*	-	-	-	-	-	-	*4,220*	*4,090*
4.2	*of which Retail – Immovable property non-SMEs*	*617,266*	*0.1%*	*83.5%*	*83.4%*	-	*0.1%*	-	-	-	-	-	-	*96,480*	*97,372*
4.3	*of which Retail – Qualifying revolving*				*0.0%*	-	*0.0%*	-	-	-	-	-	-		
4.4	*of which Retail – Other SMEs*	*7,274*	*3.5%*	*26.1%*	*0.0%*	-	*26.1%*	-	-	-	-	-	-	*3,061*	*2,971*
4.5	*of which Retail – Other non-SMEs*	*56,655*	*7.3%*	*16.5%*	*0.0%*	-	*16.5%*	-	-	-	-	-	-	*18,045*	*15,852*
5	**Total**	**1,718,218**	**1.3%**	**54.1%**	**46.9%**	**-**	**7.2%**	**-**	**-**	**-**	**-**	**-**	**-**	**476,625**	**439,961**

F-IRB															
1	Central governments and central banks		-	-	-	-	-	-	-	-	-	-	-	-	-
2	Institutions	553	0.0%	0.0%	0.0%	-	0.0%	-	-	-	-	0.0%	-	250	267
3	Corporates	50,236	3.3%	156.2%	149.2%	-	7.0%	-	-	-	-	23.4%	-	27,313	25,500
3.1	*of which Corporates – SMEs*	*15,825*	*2.9%*	*30.5%*	*29.6%*	-	*0.9%*	-	-	-	-	*16.8%*	-	*8,509*	*7,472*
3.2	*of which Corporates – Specialised lending*	*10*	*0.0%*	*104.1%*	*104.1%*	-	*0.0%*	-	-	-	-	*0.0%*	-	*5*	*5*
3.3	*of which Corporates – other*	*34,401*	*0.4%*	*21.6%*	*15.4%*	-	*6.1%*	-	-	-	-	*6.6%*	-	*18,799*	*18,023*
4	**Total**	**50,789**	**1.2%**	**24.1%**	**19.7%**	**-**	**4.4%**	**-**	**-**	**-**	**-**	**9.7%**	**-**	**27,564**	**25,767**

Table 3.19
EU CR8 – Risk-weighted assets flow statements of credit exposures under internal risk-based approach

At 31 December 2024
(DKK millions)

		RWA amounts	Capital requirements
1	**RWAs as at 30 September 2024**	**524,082**	**41,927**
2	Asset size	-9,263	-741
3	Asset quality	-15,574	-1,246
4	Model updates		-
5	Methodology and policy		-
6	Acquisitions and disposals		-
7	Foreign exchange movements	-492	-39
8	Other	5,609	449
9	**RWAs as at 31 December 2024**	**504,360**	**40,349**

Table 3.20
AIRB CR9 – Back-testing of PD per exposure class (fixed PD scale)

At 31 December 2024
(DKK millions)

A-IRB Exposure class	PD range	Number of obligors at the end of the previous year	Of which: number of obligors which defaulted during the year	Observed average default rate (%)	Exposures weighted average PD (%)	Average PD (%)	Average historical annual default rate (%)
Institutions							
	0.00 to < 0.15	386	0	0.00	0.06	0.06	0.00
	0.00 to < 0.10	355	0	0.00	0.06	0.05	0.09
	0.10 to < 0.15	31	0	0.00	0.12	0.12	0.00
	0.15 to < 0.25	72	0	0.00	0.24	0.19	0.00
	0.25 to < 0.50	73	0	0.00	0.31	0.33	1.43
	0.50 to < 0.75	18	0	0.00	0.73	0.71	0.00
	0.75 to <2.50	63	0	0.00	1.62	1.63	1.30
	0.75 to <1.75	46	0	0.00	1.08	1.40	0.00
	1.75 to <2.50	17	0	0.00	2.40	2.38	5.11
	2.50 to <10.00	11	0	0.00	3.74	3.00	12.28
	2.50 to <5	10	0	0.00	3.02	2.77	2.78
	5 to <10	1	0	0.00	5.87	5.87	28.57
	10.00 to <100.00	6	0	0.00	28.98	15.52	25.00
	10 to <20	5	0	0.00	19.55	12.62	0.00
	20 to <30	1	0	0.00	29.99	29.99	38.89
	30.00 to <100.00	0	0	0.00	0.00	0.00	0.00
	100.00 (Default)	4	4	100.00	100.00	100.00	100.00
	Subtotal	**633**	**4**	**0.01**	**0.20**	**0.01**	**0.01**
	Subtotal (excl. Default)	**629**	**-**	**0.00**	**0.20**	**0.00**	**0.01**
Corporates – Specialised Lending							
	0.00 to < 0.15	2	0	0.00	0.14	0.10	0.00
	0.00 to < 0.10	0	0	0.00	0.00	0.04	0.00
	0.10 to < 0.15	2	0	0.00	0.14	0.13	0.00
	0.15 to < 0.25	0	0	0.00	0.19	0.00	0.00
	0.25 to < 0.50	4	0	0.00	0.38	0.40	0.00
	0.50 to < 0.75	4	1	25.00	0.63	0.66	41.67
	0.75 to <2.50	11	0	25.00	1.00	1.99	1.19
	0.75 to <1.75	2	0	25.00	0.82	1.59	1.96
	1.75 to <2.50	9	0	25.00	2.12	2.28	0.00
	2.50 to <10.00	14	0	25.00	4.65	5.25	0.00
	2.50 to <5	8	0	25.00	4.55	3.91	0.00
	5 to <10	6	0	25.00	8.80	6.59	0.00
	10.00 to <100.00	0	0	25.00	13.50	0.00	16.67
	10 to <20	0	0	25.00	13.50	0.00	0.00
	20 to <30	0	0	25.00	0.00	0.00	16.67
	30.00 to <100.00	0	0	0.00	0.00	0.00	0.00
	100.00 (Default)	4	4	100.00	100.00	100.00	100.00
	Subtotal	**39**	**5**	**0.13**	**42.70**	**0.16**	**0.10**
	Subtotal (excl. Default)	**35**	**1**	**0.03**	**0.70**	**0.03**	**0.04**
Corporates – SME							
	0.00 to < 0.15	1,557	2	0.13	0.11	0.12	0.00
	0.00 to < 0.10	331	0	0.16	0.05	0.06	0.01
	0.10 to < 0.15	1,226	2	0.16	0.13	0.13	0.07
	0.15 to < 0.25	3,623	0	0.00	0.19	0.18	0.04
	0.25 to < 0.50	3,661	4	0.11	0.38	0.39	0.18
	0.50 to < 0.75	3,431	23	0.67	0.61	0.62	0.52
	0.75 to <2.50	8,902	93	1.04	1.23	1.32	1.10
	0.75 to <1.75	6,917	55	0.80	1.11	1.11	0.84

> Table 3.20 (continued)
AIRB CR9 – Back-testing of PD per exposure class (fixed PD scale)

A-IRB Exposure class	PD range	Number of obligors at the end of the previous year	Of which: number of obligors which defaulted during the year	Observed average default rate (%)	Exposures weighted average PD (%)	Average PD (%)	Average historical annual default rate (%)
	1.75 to <2.50	1,985	38	1.91	2.10	2.09	2.12
	2.50 to <10.00	2,090	92	4.40	4.34	4.30	3.05
	2.50 to <5	1,522	46	3.02	3.42	3.52	2.31
	5 to <10	568	46	8.10	6.60	6.36	5.37
	10.00 to <100.00	452	97	21.46	32.25	28.51	34.73
	10 to <20	195	21	10.77	13.75	13.05	23.14
	20 to <30	32	5	15.63	28.14	24.40	37.48
	30.00 to <100.00	225	71	31.56	43.77	43.50	38.81
	100.00 (Default)	823	822	99.88	100.00	100.00	99.92
	Subtotal	**24,539**	**1,133**	**0.05**	**3.20**	**0.05**	**0.05**
	Subtotal (excl. Default)	**23,716**	**311**	**0.01**	**1.20**	**0.02**	**0.02**
Corporates – Others							
	0.00 to < 0.15	2,513	4	0.16	0.08	0.08	0.00
	0.00 to < 0.10	1,789	3	0.17	0.06	0.06	0.13
	0.10 to < 0.15	724	1	0.14	0.12	0.12	0.12
	0.15 to < 0.25	1,171	2	0.17	0.18	0.19	0.20
	0.25 to < 0.50	1,796	13	0.72	0.35	0.35	0.46
	0.50 to < 0.75	838	16	1.91	0.62	0.62	1.12
	0.75 to <2.50	1,759	21	1.19	1.16	1.35	1.30
	0.75 to <1.75	1,455	18	1.24	1.08	1.15	1.25
	1.75 to <2.50	304	3	0.99	2.18	2.20	1.45
	2.50 to <10.00	889	20	2.25	4.09	4.66	1.12
	2.50 to <5	588	13	2.21	3.40	3.56	1.24
	5 to <10	301	7	2.33	7.25	6.78	0.88
	10.00 to <100.00	213	24	11.27	32.66	27.67	27.00
	10 to <20	86	8	9.30	17.27	13.97	5.88
	20 to <30	36	1	2.78	29.53	26.35	24.80
	30.00 to <100.00	91	15	16.48	42.03	45.07	38.56
	100.00 (Default)	132	131	99.24	100.00	100.00	99.52
	Subtotal	**9,311**	**231**	**0.02**	**1.80**	**0.03**	**0.03**
	Subtotal (excl. Default)	**9,179**	**100**	**0.01**	**0.90**	**0.02**	**0.01**
Retail – Other SME							
	0.00 to < 0.15	3,807	14	0.37	0.08	0.07	0.00
	0.00 to < 0.10	2,784	8	0.29	0.06	0.05	0.34
	0.10 to < 0.15	1,023	6	0.59	0.12	0.12	0.61
	0.15 to < 0.25	3,572	20	0.56	0.20	0.20	0.55
	0.25 to < 0.50	7,116	44	0.62	0.37	0.37	0.74
	0.50 to < 0.75	4,476	56	1.25	0.61	0.60	1.49
	0.75 to <2.50	11,844	400	3.38	1.47	1.49	2.76
	0.75 to <1.75	7,877	196	2.49	1.19	1.22	2.28
	1.75 to <2.50	3,967	204	5.14	2.11	2.15	3.69
	2.50 to <10.00	12,689	675	5.32	4.57	4.81	5.19
	2.50 to <5	8,273	333	4.03	3.69	3.72	4.36
	5 to <10	4,416	342	7.74	7.07	7.34	6.96
	10.00 to <100.00	2,973	433	14.56	20.93	18.73	25.88
	10 to <20	2,095	260	12.41	13.45	12.92	11.07
	20 to <30	424	85	20.05	25.36	24.98	36.05
	30.00 to <100.00	454	88	19.38	42.44	43.29	34.81
	100.00 (Default)	3,773	3756	99.55	100.00	100.00	99.48
	Subtotal	**50,250**	**5,398**	**0.11**	**10.30**	**0.10**	**0.10**
	Subtotal (excl. Default)	**46,477**	**1,642**	**0.04**	**2.80**	**0.03**	**0.04**

> Table 3.20 (continued)
AIRB CR9 – Back-testing of PD per exposure class (fixed PD scale)

A-IRB Exposure class	PD range	Number of obligors at the end of the previous year	Of which: number of obligors which defaulted during the year	Observed average default rate (%)	Exposures weighted average PD (%)	Average PD (%)	Average historical annual default rate (%)
Retail – Secured by immovable property SME							
	0.00 to < 0.15	1,256	1	0.08	0.09	0.09	0.00
	0.00 to < 0.10	778	0	0.21	0.09	0.06	0.18
	0.10 to < 0.15	478	1	0.21	0.12	0.12	0.23
	0.15 to < 0.25	1,328	3	0.23	0.21	0.20	0.44
	0.25 to < 0.50	3,500	15	0.43	0.34	0.37	0.73
	0.50 to < 0.75	3,521	21	0.60	0.58	0.61	1.32
	0.75 to <2.50	4,126	50	1.21	1.28	1.31	1.92
	0.75 to <1.75	3,260	30	0.92	1.10	1.10	1.70
	1.75 to <2.50	866	20	2.31	2.11	2.15	2.74
	2.50 to <10.00	1,566	63	4.02	4.29	4.36	5.05
	2.50 to <5	1,179	34	2.88	3.96	3.73	3.93
	5 to <10	387	29	7.49	6.82	6.30	9.64
	10.00 to <100.00	450	62	13.78	27.00	21.96	28.79
	10 to <20	279	22	7.89	13.13	12.62	10.22
	20 to <30	59	15	25.42	27.12	26.39	41.18
	30.00 to <100.00	112	25	22.32	50.63	46.70	33.06
	100.00 (Default)	904	901	99.67	100.00	100.00	99.82
	Subtotal	**16,651**	**1,116**	**0.07**	**5.20**	**0.07**	**0.07**
	Subtotal (excl. Default)	**15,747**	**215**	**0.01**	**1.70**	**0.02**	**0.03**
Retail – Other non-SME							
	0.00 to < 0.15	496,230	580	0.12	0.07	0.06	0.00
	0.00 to < 0.10	426,577	426	0.10	0.05	0.04	0.09
	0.10 to < 0.15	69,653	154	0.22	0.12	0.12	0.25
	0.15 to < 0.25	124,202	311	0.25	0.19	0.20	0.27
	0.25 to < 0.50	128,710	681	0.53	0.35	0.35	0.51
	0.50 to < 0.75	68,724	536	0.78	0.57	0.61	0.75
	0.75 to <2.50	170,429	2069	1.21	1.33	1.34	1.27
	0.75 to <1.75	136,993	1463	1.07	1.15	1.16	1.02
	1.75 to <2.50	33,436	606	1.81	2.06	2.08	1.84
	2.50 to <10.00	215,182	7922	3.68	3.90	4.54	2.63
	2.50 to <5	119,452	5465	4.58	3.53	3.75	2.82
	5 to <10	95,730	2457	2.57	7.32	7.37	2.61
	10.00 to <100.00	27,140	3334	12.28	33.66	29.71	18.30
	10 to <20	11,539	1010	8.75	13.57	13.67	7.71
	20 to <30	3,730	436	11.69	25.01	24.87	14.12
	30.00 to <100.00	11,871	1888	15.90	41.93	44.50	25.80
	100.00 (Default)	39,948	39556	99.02	100.00	100.00	99.24
	Subtotal	**1,270,565**	**54,989**	**0.04**	**3.70**	**0.05**	**0.04**
	Subtotal (excl. Default)	**1,230,617**	**15,433**	**0.01**	**1.10**	**0.02**	**0.01**
Retail – Secured by immovable property non-SME							
	0.00 to < 0.15	146,915	192	0.13	0.09	0.08	0.00
	0.00 to < 0.10	91,316	107	0.12	0.06	0.05	0.14
	0.10 to < 0.15	55,599	85	0.15	0.12	0.12	0.22
	0.15 to < 0.25	98,409	135	0.14	0.20	0.20	0.23
	0.25 to < 0.50	106,908	279	0.26	0.35	0.36	0.40
	0.50 to < 0.75	58,455	192	0.33	0.61	0.61	0.59
	0.75 to <2.50	94,259	539	0.57	1.30	1.27	1.00
	0.75 to <1.75	78,453	400	0.51	1.13	1.11	0.83

> Table 3.20 (continued)
AIRB CR9 – Back-testing of PD per exposure class (fixed PD scale)

A-IRB Exposure class	PD range	Number of obligors at the end of the previous year	Of which: number of obligors which defaulted during the year	Observed average default rate (%)	Exposures weighted average PD (%)	Average PD (%)	Average historical annual default rate (%)
	1.75 to <2.50	15,806	139	0.88	2.08	2.08	1.67
	2.50 to <10.00	28,211	776	2.75	4.34	4.20	3.49
	2.50 to <5	19,888	472	2.37	3.54	3.37	3.07
	5 to <10	8,323	304	3.65	6.81	6.22	4.72
	10.00 to <100.00	10,761	906	8.42	33.04	35.39	16.09
	10 to <20	2,381	153	6.43	13.46	13.77	8.49
	20 to <30	3,620	240	6.63	29.18	29.24	18.35
	30.00 to <100.00	4,760	513	10.78	53.61	50.23	19.25
	100.00 (Default)	9,042	8932	98.78	100.00	100.00	98.44
	Subtotal	**552,960**	**11,951**	**0.02**	**2.80**	**0.03**	**0.02**
	Subtotal (excl. Default)	**543,918**	**3,019**	**0.01**	**1.40**	**0.01**	**0.01**

Note
Subtotal rows are adjusted to reflect data before the inclusion of 100.00 (Default) category. The average historical annual default rate includes three years of default data following the implementation of the EBA's new Definition of Default (DoD) requirements.

Table 3.21
FIRB CR9 – Back-testing of PD per exposure class (fixed PD scale)

At 31 December 2024
(DKK millions)

F-IRB Exposure class	PD range	Number of obligors at the end of the previous year	Of which: number of obligors which defaulted during the year	Observed average default rate (%)	Exposures weighted average PD (%)	Average PD (%)	Average historical annual default rate (%)
Institutions							
	0.00 to < 0.15	64	0	0.00	0.07	0.05	0.00
	0.00 to < 0.10	60	0	0.00	0.05	0.05	0.00
	0.10 to < 0.15	4	0	0.00	0.12	0.12	0.00
	0.15 to < 0.25	9	0	0.00	0.24	0.20	0.00
	0.25 to < 0.50	7	0	0.00	0.28	0.29	5.56
	0.50 to < 0.75	0	0	0.00	0.73	0.00	0.00
	0.75 to <2.50	15	0	0.00	2.16	1.63	0.00
	0.75 to <1.75	11	0	0.00	1.03	1.37	0.00
	1.75 to <2.50	4	0	0.00	2.40	2.40	0.00
	2.50 to <10.00	3	0	0.00	4.96	5.13	13.33
	2.50 to <5	2	0	0.00	3.67	3.57	5.56
	5 to <10	1	0	0.00	8.19	6.70	25.00
	10.00 to <100.00	1	0	0.00	0.00	0.00	33.33
	10 to <20	1	0	0.00	0.00	0.00	0.00
	20 to <30	0	0	0.00	0.00	0.00	33.33
	30.00 to <100.00	0	0	0.00	0.00	0.00	0.00
	100.00 (Default)	1	1	100.00	0.00	100.00	33.33
	Subtotal	**100**	**1**	**0.01**	**0.20**	**0.02**	**0.02**
	Subtotal (excl. Default)	**99**	**0**	**0.00**	**0.20**	**0.00**	**0.02**
Corporates – Specialised Lending							
	0.00 to < 0.15	0	0	0.00	0.00	0.00	0.00
	0.00 to < 0.10	0	0	0.00	0.00	0.00	0.00
	0.10 to < 0.15	0	0	0.00	0.00	0.00	0.00
	0.15 to < 0.25	0	0	0.00	0.00	0.00	0.00
	0.25 to < 0.50	0	0	0.00	0.39	0.00	0.00
	0.50 to < 0.75	1	0	0.00	0.00	0.65	0.00
	0.75 to <2.50	3	0	0.00	0.81	0.95	0.00
	0.75 to <1.75	3	0	0.00	0.81	0.95	0.00
	1.75 to <2.50	0	0	0.00	0.00	0.00	0.00
	2.50 to <10.00	1	0	0.00	4.06	3.91	0.00
	2.50 to <5	1	0	0.00	4.06	3.91	0.00
	5 to <10	0	0	0.00	0.00	0.00	0.00
	10.00 to <100.00	0	0	0.00	0.00	0.00	33.33
	10 to <20	0	0	0.00	0.00	0.00	0.00
	20 to <30	0	0	0.00	0.00	0.00	0.00
	30.00 to <100.00	0	0	0.00	0.00	0.00	33.33
	100.00 (Default)	0	0	0.00	0.00	0.00	0.00
	Subtotal	**5**	**0**	**0.00**	**0.80**	**0.01**	**0.05**
	Subtotal (excl. Default)	**5**	**0**	**0.00**	**0.80**	**0.01**	**0.05**
Corporates – SME							
	0.00 to < 0.15	156	0	0.00	0.07	0.07	0.00
	0.00 to < 0.10	107	0	0.00	0.06	0.05	0.00
	0.10 to < 0.15	49	0	0.00	0.13	0.13	1.15
	0.15 to < 0.25	98	0	0.00	0.19	0.19	0.00
	0.25 to < 0.50	183	1	0.55	0.37	0.38	0.18
	0.50 to < 0.75	166	1	0.60	0.61	0.61	0.52
	0.75 to <2.50	512	10	1.95	1.40	1.33	1.70

> Table 3.21 (continued)
FIRB CR9 – Back-testing of PD per exposure class (fixed PD scale)

A-IRB Exposure class	PD range	Number of obligors at the end of the previous year		Observed average default rate (%)	Exposures weighted average PD (%)	Average PD (%)	Average historical annual default rate (%)
			Of which: number of obligors which defaulted during the year				
	0.75 to <1.75	411	5	1.22	1.10	1.13	1.23
	1.75 to <2.50	101	5	4.95	2.04	2.11	3.54
	2.50 to <10.00	220	17	7.73	4.71	4.29	6.33
	2.50 to <5	156	10	6.41	3.81	3.37	5.69
	5 to <10	64	7	10.94	7.27	6.72	9.10
	10.00 to <100.00	44	9	20.45	27.02	26.91	21.22
	10 to <20	17	3	17.65	13.86	13.26	8.55
	20 to <30	9	0	0.00	23.67	26.73	19.44
	30.00 to <100.00	18	6	33.33	35.40	39.14	35.80
	100.00 (Default)	141	140	99.29	100.00	100.00	98.94
	Subtotal	**1,520**	**178**	**0.12**	**9.40**	**0.11**	**0.11**
	Subtotal (excl. Default)	**1,379**	**38**	**0.03**	**1.50**	**0.02**	**0.02**
Corporates – Others							
	0.00 to < 0.15	464	0	0.00	0.08	0.08	0.00
	0.00 to < 0.10	349	0	0.00	0.06	0.06	0.00
	0.10 to < 0.15	115	0	0.00	0.12	0.12	0.00
	0.15 to < 0.25	124	0	0.00	0.20	0.19	0.00
	0.25 to < 0.50	231	0	0.00	0.33	0.37	0.72
	0.50 to < 0.75	143	1	0.70	0.60	0.61	0.75
	0.75 to <2.50	180	4	2.22	1.31	1.33	1.71
	0.75 to <1.75	139	2	1.44	1.03	1.06	1.60
	1.75 to <2.50	41	2	4.88	1.98	2.17	1.63
	2.50 to <10.00	107	6	5.61	4.35	3.96	4.05
	2.50 to <5	92	3	3.26	3.08	3.62	1.80
	5 to <10	15	3	20.00	8.07	6.32	18.57
	10.00 to <100.00	32	1	3.13	39.32	27.46	16.39
	10 to <20	10	0	0.00	14.81	12.75	8.33
	20 to <30	8	1	12.50	29.99	29.03	9.72
	30.00 to <100.00	14	0	0.00	40.68	39.17	25.59
	100.00 (Default)	30	30	100.00	100.00	100.00	93.10
	Subtotal	**1,311**	**42**	**0.03**	**2.70**	**0.04**	**0.03**
	Subtotal (excl. Default)	**1,281**	**12**	**0.01**	**1.20**	**0.01**	**0.01**

Note
Subtotal rows are adjusted to reflect data before the inclusion of 100.00 (Default) category.
The average historical annual default rate includes three years of default data following the implementation of the EBA's new Definition of Default (DoD) requirements.

Table 3.22
AIRB LGD – Exposure-weighted LGD and PD under AIRB approach by geography

At 31 December 2024
(DKK millions)

	Loss given default (LGD)								
	Denmark	Sweden	Norway	Finland	United Kingdom	Baltics	Rest of Europe	Other	Total
Central governments or central banks	-	-	-	-	-	-	-	-	-
Institutions	31%	24%	25%	26%	29%	26%	31%	49%	32%
Corporates	20%	26%	24%	30%	33%	11%	31%	24%	23%
Retail	15%	13%	23%	15%	14%	29%	20%	15%	15%
Secured by mortgages on immovable property	12%	11%	18%	13%	13%	20%	13%	13%	12%
Other retail exposures	43%	30%	36%	42%	36%	46%	48%	58%	41%
Equity	-	-	-	-	-	-	-	-	-
Securitisations	-	-	-	-	-	-	-	-	-
Other non credit-obligation assets	-	-	-	-	-	-	-	-	-
Total AIRB approach	**17%**	**22%**	**24%**	**21%**	**32%**	**12%**	**30%**	**27%**	**20%**

	Probability of default (PD)								
	Denmark	Sweden	Norway	Finland	United Kingdom	Baltics	Rest of Europe	Other	Total
Central governments or central banks	-	-	-	-	-	-	-	-	-
Institutions	0.23%	0.04%	0.03%	0.08%	0.40%	0.03%	0.13%	0.46%	0.18%
Corporates	0.93%	1.51%	0.78%	0.57%	0.72%	0.55%	0.28%	0.34%	0.98%
Retail	1.34%	1.00%	4.44%	2.09%	3.31%	5.89%	2.03%	2.70%	1.40%
Secured by mortgages on immovable property	1.37%	0.92%	5.01%	2.11%	3.37%	7.60%	2.22%	2.79%	1.41%
Other retail exposures	1.09%	1.68%	2.96%	1.76%	1.69%	2.11%	1.23%	0.90%	1.26%
Equity	-	-	-	-	-	-	-	-	-
Securitisations	-	-	-	-	-	-	-	-	-
Other non credit-obligation assets	-	-	-	-	-	-	-	-	-
Total AIRB approach	**1.14%**	**1.36%**	**0.83%**	**1.42%**	**0.82%**	**0.76%**	**0.34%**	**0.56%**	**1.15%**

Note
Exposure-weighted PD differences (compared against data from previous years) arise because of a few customers with a significantly changed PD, new customers in the portfolio with a high share of exposure and PD, or a significant number of customers with minor PD changes or changes in exposure.

Table 3.23
FIRB LGD – Exposure-weighted LGD and PD under FIRB approach by geography

At 31 December 2023
(DKK millions)

	Probability of default (PD)								
	Denmark	Sweden	Norway	Finland	United Kingdom	Baltics	Rest of Europe	Other	Total
Central governments or central banks	-	-	-	-	-	-	-	-	-
Institutions	-	0.03%	0.01%	0.10%	-	-	0.68%	0.24%	0.24%
Corporates	1.39%	0.26%	0.15%	1.35%	0.87%	0.65%	0.50%	14.30%	1.35%
Retail	-	-	-	-	-	-	-	-	-
Secured by mortgages on immovable property	-	-	-	-	-	-	-	-	-
Other retail exposures	-	-	-	-	-	-	-	-	-
Equity	-	-	-	-	-	-	-	-	-
Securitisations	-	-	-	-	-	-	-	-	-
Other non credit-obligation assets	-	-	-	-	-	-	-	-	-
Total FIRB approach	**1.39%**	**0.26%**	**0.15%**	**1.35%**	**0.87%**	**0.65%**	**0.53%**	**0.35%**	**1.34%**

Note
Exposure-weighted PD differences (compared against data from previous years) arise because of a few customers with a significantly changed PD, new customers in the portfolio with a high share of exposure and PD, or a significant number of customers with minor PD changes or changes in exposure.

3.3 Counterparty credit risk management

Counterparty credit risk is the risk that the counterparty to a transaction defaults on obligations before the final settlement of the transaction's cash flows. Counterparty credit risk is a combination of credit risk (a deterioration in the creditworthiness of a counterparty) and market risk (the potential value of derivatives contracts).

The Danske Bank Group takes on counterparty credit risk when it enters into over-the-counter derivative contracts, securities financing transactions and exchange-traded derivative contracts.

The transaction types derive their value from the performance of an underlying asset and have an associated future market value that may generate an exchange of payments or financial instruments depending on the terms of the transaction.

The Group mitigates counterparty credit risk through pre-deal controls, post-deal monitoring, clearing, close-out netting agreements and collateral agreements. The Group incurs a financial loss if a counterparty defaults on obligations and the market value of the derivatives transactions is not covered after netting and the realisation of collateral.

At the customer level, counterparty credit risk is managed by means of potential future exposure (PFE) lines on a set of maturity buckets. Prior to trading, PFE lines are approved by the relevant credit unit. At the portfolio level, the Group uses additional metrics to help set and monitor counterparty credit risk tolerances, including current exposure (CE) and exposure at default (EAD).

The Group has set limitations and introduced portfolio-level monitoring mechanisms. This includes monitoring wrong-way risk (the risk that arises when credit exposure to a counterparty increases while the counterparty's creditworthiness deteriorates), concentration risk and stress tests. The limitations cover the product range, the individual counterparty rating and the rating of the underlying securities.

The Group also manages its exposure to the market risk on fair value adjustments (xVA), including credit value adjustments (CVA), under separate limits in the xVA framework as described in section 5, Market risk.

3.3.1 Risk governance and responsibilities

The Group organises its counterparty credit risk activities in line with the principles of the three-lines-of-defence model.

Senior management oversees all financial risks in relation to trading activities and ensures that these risks remain within the Group's tolerance. Furthermore, senior management serves as a platform between the first and the second lines of defence to discuss and escalate to the Board of Directors financial risks if necessary.

3.3.2 Methodologies and models

The Group uses a number of metrics to capture counterparty credit risk, including CE, PFE and EAD.

CE is a simple measure of counterparty credit risk exposure that takes into account only current mark-to-market values and collateral.

For risk management purposes, counterparty credit risk is measured as PFE at the 97.5% percentile for a set of future time horizons. All transactions are assumed to be held to contractual maturity.

The Group uses simulation-based models to calculate potential future counterparty credit risk exposure. The models simulate the potential future market value of each counterparty portfolio of transactions while taking netting and collateral management agreements into account. For transactions not included in the internal simulation model (about 6%), the potential change in market value is determined as a percentage (add-on) of the nominal principal amount. The size of the add-on depends on the transaction type, maturity, currency and collateral coverage and is determined using a conservative approach to ensure estimation adequacy.

The Danish Financial Supervisory Authority (the Danish FSA) approved the Group's simulation model for calculating the regulatory capital requirement for counterparty credit risk in 2015.

More advanced measures such as EAD, which is a regulatory measure, express potential future losses and are based on internal models for future scenarios of market data.

3.3.3 Monitoring and reporting

The Group carries out daily counterparty credit risk measurement and monitoring as well as intraday line utilisation monitoring. An overview of counterparty credit risk exposures is reported to the Executive Leadership Team and other senior management on a monthly basis.

The internal simulation model is subject to quarterly backtesting of the underlying risk factors and resulting exposures. A key control activity is model risk management, which includes independent validation of models.

3.3.4 Data and systems

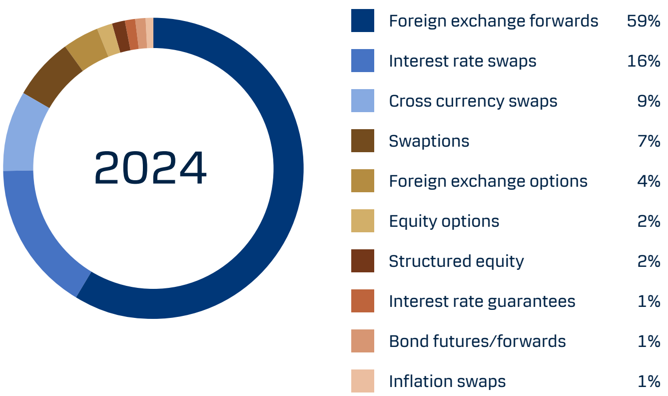
The Group has a system covering all aspects of counterparty credit risk management. The system is integrated with all trading systems, the master agreement management system, the collateral management system and market data systems.

Internal management and monitoring of counterparty credit risk are processes that are performed in the Group's line system. The system covers all aspects of the internal counterparty credit risk management process, including the assignment of lines, monitoring and control of line utilisations, registration of master agreements, measurement, and management reporting.

3.3.5 Product composition

At the end of 2024, in trade count terms, the Group's non-cleared OTC derivatives were concentrated in interest rates and foreign exchange contracts, with foreign exchange forwards accounting for just above half of the trade count, cross currency swaps for 9% and interest rate swaps for about 16%. The remainder consisted of a broad range of primarily other plain vanilla products. The distribution was similar to the levels seen at the end of 2023.

Trade count of the portfolio's trading book by product type



Pillar III disclosures

Table 3.24
EU CCR1 – Analysis of counterparty credit risk exposure by approach

At 31 December 2024
(DKK millions)

		Replacement cost (RC)	Potential future credit exposure (PFE)	EEPE	Alpha used for computing regulatory exposure value	Exposure value pre-CRM	Exposure value post-CRM	Exposure value	RWEA
EU1	EU – Original Exposure Method (for derivatives)	-	-		1.4	-	-	-	-
EU2	EU – Simplified SA-CCR (for derivatives)	-	-		1.4	-	-	-	-
1	SA-CCR (for derivatives)	1,658	11,428		1.4	40,031	18,658	18,658	4,739
2	IMM (for derivatives and SFTs)			43,731	1.4	112,453	61,224	61,224	15,800
2a	*of which securities financing transactions netting sets*			*892*		*1,848*	*1,248*	*1,248*	*262*
2b	*of which derivatives and long settlement transactions netting sets*			*42,840*		*110,605*	*59,976*	*59,976*	*15,538*
2c	*of which from contractual cross-product netting sets*					-	-	-	-
3	Financial collateral simple method (for SFTs)					-	-	-	-
4	Financial collateral comprehensive method (for SFTs)					374,316	59,681	59,681	2,280
5	VaR for SFTs					-	-	-	-
6	**Total**					**526,800**	**139,563**	**139,563**	**22,819**

Table 3.25
EU CCR2 – CVA capital charge

At 31 December 2024
(DKK millions)

		Exposure value	RWAs
1	Total portfolios subject to the advanced method	35,285	2,597
2	(i) VaR component (including the 3x multiplier)		583
3	(ii) SVaR component (including the 3x multiplier)		2,014
4	All portfolios subject to the standardised method	21,111	856
EU 4	Based on the original exposure method		-
5	**Total subject to the CVA capital charge**	**56,396**	**3,453**

Table 3.26
EU CCR3 – CCR exposures by asset classes and risk weights under standardised approach

At 31 December 2024
(DKK millions)

		Risk weight												
		0%	2%	4%	10%	20%	50%	70%	75%	100%	150%	Others	Total	Of which unrated
1	Central governments or central banks	52,021	-	-	-	-	-	-	-	5	-	-	52,026	49,756
2	Regional governments or local authorities	1,112	-	-	-	82	-	-	-	-	-	-	1,194	833
3	Public sector entities	220	-	-	-	-	-	-	-	-	-	-	220	13
4	Multilateral development banks	701	-	-	-	-	-	-	-	-	-	-	701	-
5	International organisations	63	-	-	-	-	-	-	-	-	-	-	63	63
6	Institutions	-	-	-	-	1,119	9	-	-	155	-	-	1,283	978
7	Corporates	-	-	-	-	-	922	-	-	-	-	-	922	155
8	Retail	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Other items	-	-	-	-	-	-	-	-	-	2	-	2	2
11	**Total**	**54,117**	**-**	**-**	**-**	**1,201**	**931**	**-**	**-**	**160**	**2**	**-**	**56,411**	**51,800**

Table 3.27
AIRB CCR4 – CCR exposures by portfolio and PD scale

At 31 December 2024
(DKK millions)

	PD scale	EAD post CRM	Average PD (%)	Number of obligors	Average LGD (%)	Exposure weighted average maturity (years)	RWAs	RWA density (%)
Institutions								
	0.00 to < 0.15	38,532	0.0	184	44.92	2	6,994	18
	0.15 to < 0.25	523	0.2	7	48.05	1	225	43
	0.25 to < 0.50	1,916	0.3	11	14.27	1	374	20
	0.50 to < 0.75	4	0.6	1	48.05	0	3	66
	0.75 to < 2.50	-	1.6	1	48.05	1	-	-
	2.50 to < 10.00							
	10.00 to < 100.00							
	100.00 (Defaulted)							
	Subtotal	**40,975**	**0.1**	**204**	**43.53**	**1**	**7,597**	**19**
Corporates								
	0.00 to < 0.15	44,321	0.1	453	53.77	1	6,120	14
	0.15 to < 0.25	4,443	0.2	191	52.94	1	1,997	45
	0.25 to < 0.50	3,463	0.4	290	51.65	2	2,262	65
	0.50 to < 0.75	1,628	0.6	210	54.52	1	1,446	89
	0.75 to < 2.50	1,228	1.2	343	50.85	2	1,378	112
	2.50 to < 10.00	169	4.6	49	48.72	4	266	157
	10.00 to < 100.00	263	31.5	28	48.03	2	709	270
	100.00 (Defaulted)	35	100	23	-	2	-	
	Subtotal	**55,551**	**0.4**	**1,587**	**53.46**	**1**	**14,178**	**26**
Retail								
	0.00 to < 0.15	2	0.1	52	48.00	-	-	
	0.15 to < 0.25	1	0.2	14	48.00	-	-	
	0.25 to < 0.50	2	0.4	33	48.00	-	1	28
	0.50 to < 0.75	2	0.6	25	55.00	-	1	43
	0.75 to < 2.50	4	2.0	32	55.00	-	2	63
	2.50 to < 10.00	-	4.0	24	50.00		-	
	10.00 to < 100.00	-	13.7	5	48.00		-	
	100.00 (Defaulted)	-	100.0	2	-		-	
	Subtotal	**12**	**2.0**	**187**	**51.00**	**-**	**4**	**37**
Total (all portfolios)		**96,538**	**0.2**	**1,978**	**49.24**	**1**	**21,779**	**23**

Note
Some obligors can be assigned to several exposure classes.

Table 3.28
FIRB CCR4 – CCR exposures by portfolio and PD scale

At 31 December 2024
(DKK millions)

	PD scale	EAD post CRM	Average PD (%)	Number of obligors	Average LGD (%)	Exposure weighted average maturity (years)	RWAs	RWA density (%)
Institutions								
	0.00 to < 0.15	64	5.00	2	45.00	3	14	21.48
	0.15 to < 0.25				-			0
	0.25 to < 0.50							
	0.50 to < 0.75							
	0.75 to < 2.50							
	2.50 to < 10.00							
	10.00 to < 100.00							
	100.00 (Defaulted)							
	Subtotal	**64**	**5.00**	**2**	**45.00**	**3**	**14**	**21.48**
Corporates								
	0.00 to < 0.15	1,575	0.05	93	45.00	3	307	19.47
	0.15 to < 0.25	179	0.19	29	45.00	3	83	46.56
	0.25 to < 0.50	81	0.33	41	45.00	3	48	59.83
	0.50 to < 0.75	40	0.58	25	45.00	3	31	77.48
	0.75 to < 2.50	13	1.21	38	45.00	3	12	29.87
	2.50 to < 10.00	1	3.82	13	45.00	3	1	141.24
	10.00 to < 100.00	2	30.36	6	45.00	3	4	261.95
	100.00 (Defaulted)	3	100.00	9	45.00	3	-	
	Subtotal	**1,894**	**28.00**	**254**	**45.00**	**3**	**487**	**25.71**
Total (all portfolios)		**1,958**	**27.25**	**256**	**45.00**	**3**	**501**	**25.59**

Note
Some obligors can be assigned to several exposure classes.

Table 3.29
EU CCR5 – Composition of collateral for CCR exposures

At 31 December 2024
(DKK millions)

		Collateral used in derivative transactions				Collateral used in SFTs			
		Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received		Fair value of posted collateral	
		Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated
1	Cash – domestic currency	-	5,377	-	1,752	-	15,563	-	165,470
2	Cash – other currencies	-	67,930	445	51,528	-	184,944	-	187,131
3	Domestic sovereign debt	-	18,082	4,940	831	-	164,456	2,246	103,506
4	Other sovereign debt	241	15,552	10,763	5,571	-	147,794	-	71,772
5	Government agency debt	-	-	-	-	-	-	-	-
6	Corporate bonds	-	-	-	-	-	7,591	-	3,325
7	Equity securities	-	-	-	-	-	314	-	338
8	Other collateral	-	8,792	2,934	24	-	92,183	-	83,896
9	**Total**	**241**	**115,734**	**19,082**	**59,707**	**-**	**612,845**	**2,246**	**615,438**

Table 3.30
EU CCR6 – Credit derivative exposures under CCR framework

At 31 December 2024
(DKK millions)

	Credit derivative hedges	
	Protection bought	Protection sold
Notionals		
Single-name credit default swaps	316	233
Index credit default swaps	10,531	3,751
Total return swaps	915	107,466
Credit options	-	-
Other credit derivatives	-	-
Total notionals	**11,763**	**111,449**
Fair values		
Positive fair value (asset)	*10*	*3,383*
Negative fair value (liability)	*-223*	*-2,413*

Table 3.31
EU CCR7 – Risk-weighted assets flow statement of CCR exposures under IMM

At 31 December 2024
(DKK millions)

		RWA amounts	Capital requirements
1	**RWAs as at 30 September 2024**	**15,115**	**1,209**
2	Asset size	929	74
3	Credit quality of counterparties	191	15
4	Model updates (IMM only)	-232	-19
5	Methodology and policy (IMM only)	-	-
6	Acquisitions and disposals	-	-
7	Foreign exchange movements	-	-
8	Other	-	-
9	**RWAs as at 31 December 2024**	**16,003**	**1,280**

Table 3.32
EU CCR8 – Exposures to CCPs

At 31 December 2024
(DKK millions)

		EAD post CRM	RWAs
1	**Exposured to QCCPs (total)**		**761**
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	10,366	229
3	(i) OTC derivatives	3,682	95
4	(ii) Exchange-traded derivatives	1,778	36
5	(iii) SFTs	4,905	98
6	(iv) Netting sets where cross-product netting has been approved	-	-
7	Segregated initial margin	18,176	
8	Non-segregated initial margin	4,978	-
9	Prefunded default fund contributions	1,025	-
10	Alternative calculation of own funds requirements for exposures		-
11	**Exposured to non-QCCPs (total)**		**-**
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which	-	-
13	(i) OTC derivatives	-	-
14	(ii) Exchange-traded derivatives	-	-
15	(iii) SFTs	-	-
16	(iv) Netting sets where cross-product netting has been approved	-	-
17	Segregated initial margin	-	
18	Non-segregated initial margin	-	-
19	Prefunded default fund contributions	-	-
20	Unfunded default fund contributions	-	-

4.
Sustainability risk

4.1 Sustainability risk management

The Danske Bank Group may be exposed to sustainability risk through its own operations and strategic commitments and from the activities of its customers, the companies in which it invests on behalf of its customers, its suppliers and other third-party business partners upstream and downstream in the value chain. Especially climate change and the transition to a low-carbon economy are the defining challenges of this decade. Managing transition-related risks is therefore key to the Group's strategy and purpose, and the Group remains committed to supporting and financing customers undertaking the necessary transition in the Nordic economies.

The Group defines sustainability risk as the risk of a significant negative effect on the Group's performance – including financial and reputational effects – due to current or future environmental, social and governance (ESG) events or conditions. Sustainability risk is considered a cross-taxonomy driver in the Group's risk taxonomy. This means that relevant ESG events or conditions are factors capable of further driving or intensifying the Group's current risks as identified in the Group's taxonomy.

4.1.1 Governance and responsibilities

Sustainability risk is managed and governed in line with the principles of the Group's three-lines-of-defence model. The potential effects from sustainability risk must be identified, assessed, monitored and mitigated as part of the existing management of the Group's various risk categories. The group-level principles for sustainability risk management are outlined in the Group's Enterprise Risk Management Policy, and specifications are provided in and governed through relevant risk policies to enable the consideration of sustainability factors in the existing risk management processes across the Group's business activities.

Sustainability principles are incorporated into the governance frameworks of the Group's Credit Policy and Responsible Investment Policy. This integration specifies the Group's expectations and incorporates sustainability as a key factor in credit applications and outlines restrictions on both loans granted and investments made on behalf of customers that are particularly exposed to sustainability risks. Restrictions are integrated into the Group's Credit Risk Policy to allow for proper governance of the Group's due diligence to identify, assess and manage the relevant risks in credit processes at both customer and portfolio levels.

4.1.2 Monitoring and reporting

To determine the areas in which the Group is most materially exposed to sustainability risk, the Group consistently assesses and reviews the ways in which ESG events and conditions may increase financial and non-financial risks. Taking a risk-based approach, the Group prioritises its efforts to manage sustainability risk where the negative effect on the Group is deemed to be high. Sustainability risk reports are presented to the Executive Leadership Team on a quarterly basis. An annual report on sustainability risk is also submitted to the Board of Directors, and, where relevant, sustainability risk is also reported through credit risk reports.

4.2 Sustainability and financial risks

From a group perspective, credit risk is deemed to be the risk type most materially affected by sustainability risk. Other financial risks are mostly deemed to be of low or medium materiality at the moment, and they are incorporated into relevant processes such as climate stress testing in respect of market risk.

4.2.1 Sustainability and credit risk

Sustainability risks are identified, assessed and monitored at the portfolio level as part of the annual sector reviews, which include an in-depth assessment of sub-sectors and customers with the largest exposures. This enables the Group to map the most material sustainability risks facing the individual portfolios, monitor aggregate risk levels on an ongoing basis, and identify additional Credit Risk Policy requirements. When deemed necessary, the sustainability risk findings are integrated into the Group's credit risk tolerance to allow for portfolio management.

Relationship managers use a digital system to identify and assess each customer's sustainability risk level through a set of sector-specific ESG questions for both new and existing business customers. The customer-level sustainability risk assessments serve as input factors in the overall credit decision process and enable the Group to monitor the overall sustainability risk level. All counterparties with a total exposure exceeding DKK 7 million are in scope for assessment. The scope of analysis is adjusted to capture the size and complexity of the individual counterparty, with a higher level of risk and exposure requiring a more detailed analysis. This requirement applies to business counterparties in all of the Group's business units, i.e. small and medium-sized businesses as well as mid-sized and large corporates. On the back of the results, relationship managers are required to engage with customers with a significant exposure and a high level of identified risks to agree on a future action plan to mitigate these risks.

In 2024, around 90% of the Group's total business exposure in scope was assessed for sustainability risk. The Group implemented a more in-depth analysis of drivers of customers' ESG risk levels. These bottom-up customer assessments will increasingly be tied to top-down portfolio risk management efforts at the group level. This will ensure a consistent feedback loop between strategic and customer considerations in the Group's sustainability risk management.

Climate risk management

Climate risk is identified as the predominant ESG-related factor influencing the Group's credit risk, and risk practices are being enhanced in accordance with regulatory and industry developments.

Climate risk is primarily categorised into transition risks associated with moving towards a low-carbon economy and into physical risks stemming from projected climate changes, including both long-term shifts (chronic changes) and event-driven changes (acute changes) to weather patterns. Both climate-related risks will affect credit risk in the medium and long term. To address these risks, the Group is actively improving its climate data collection to refine the long-term view of climate-related risks across sectors.

At the portfolio level, the Group's exposure to sectors that face high climate transition and physical risks is outlined in the Pillar III disclosures, such as the disclosure of the energy efficiency of collateral.

On the basis of the latest Intergovernmental Panel on Climate Change (IPCC) report on Europe, the Group has identified flooding risk (river and coastal flooding) as the most important physical hazard applicable to the portfolio. The current mapping of exposures subject to flooding risk focuses on residential and commercial property and forms part of the Pillar III disclosures.

In accordance with Pillar III transition risk disclosure requirements, the Group reports on its financed emissions and the energy efficiency of collateral. The Group has taken into consideration the financed emissions of the sector portfolios identified as climate change contributors and has identified that the majority of emissions are attributable to only a few sectors, specifically agriculture, shipping, and oil and gas. The Group actively monitors and manages these sectors at both customer and portfolio levels. For instance, this is evidenced by the decline in the oil and gas portfolio in recent years.

The Group performs quantitative climate scenario analyses, including bottom-up climate stress tests to assess the effects of both physical and transition climate-related risks over short-, medium- and long-term horizons. Stress tests related to physical risks focus on collateral-related exposures based on expected loss calculations related to river and coastal flooding. In relation to transition risks, the Group has analysed scenarios for carbon taxes as a key driver for this transition in different sectors. The Group has a special focus on transition-risk scenario analyses in the Danish agricultural sector, and the Danish government plans to introduce a carbon tax in this sector by 2030. For the Danish agricultural sector, the stress testing analysis results are directly used in the impairment post-model adjustment process. Moreover, the Group performs detailed bottom-up climate analyses on the commercial real estate sector, which constitutes a large part of the total Group's exposure, with a particular focus on the EU's Energy Performance of Buildings Directive.

Customer transition risk assessments

Managing climate transition risks takes place at both portfolio and customer levels. At the portfolio level, the Group sets long-term targets for sectors with high financed emissions, such as oil and gas, as outlined in the Group's CSRD reporting. Climate risks are also taken into consideration when the Group determines its risk tolerance process for high-risk segments to further manage the portfolios.

The Group has developed a methodology to assess transition risks at the customer level to gain a more granular overview of transition risks in relevant high-emitting sectors. The methodology considers the customers' current performance as well as their short-, medium-, and long-term ambitions and plans to meet their decarbonisation strategy and targets. In addition, the assessments include an evaluation of the customers' risk of not executing on their strategies because of external factors that affect their ability to transition, i.e. technology and government support factors.

Transition risk assessment scores are divided into four categories on the basis of alignment assessment, technology and government factors. The transition risk assessments contribute to the overall credit evaluation of customers by comparing the individual portfolio's transition risk to the estimated average credit ratings within each category.

Customer transition risk assessments – criteria and scoring

		2023		2024	
Assessment score	Assessment criteria	% of assessed exposure	Average rating*	% of assessed exposure	Average rating*
Transitioned	• Current emissions are at or close to the 2050 net-zero level. • Investment plan/business model in line with the net-zero pathway.	17%	A4-1	17%	A4-2
Transitioning	• Fulfilment of all criteria on ambitions, targets, emissions, decarbonisation and CAPEX/OPEX, and technological elements exist or some government incentives are needed.	28%	A4-1	24%	A4-3
Start of transition	• Fulfilment of all criteria on ambitions, targets, emissions, decarbonisation and CAPEX/OPEX, but the necessary technology does not exist or depends to a large extent on government incentives. • Or, partial fulfilment of criteria on ambitions, targets, emissions, decarbonisation and CAPEX/OPEX, and technological elements exist or some government incentives are needed.	44%	A4-2	48%	A4-3
Lagging transition	• Poor alignment for any criteria on ambitions, targets, emissions, decarbonisation and CAPEX/OPEX. • Or, partial fulfilment of criteria on ambitions, targets, emissions, decarbonisation and CAPEX/OPEX, but the necessary technology does not exist or depends to a large extent on government incentives.	12%	B1-2	10%	B1-2
Assessment rate		78%		91%	

* Average credit rating of assessed customers.

The Group focuses on financially weak laggards in the transition process since they are subject to an increased risk of impairment. For these customers, the Group has identified mitigating actions, which include collaborating to develop a transition plan that ensures alignment with established standards. Financially weak transition laggards represent approximately 10% of the Group's assessed exposure, and they will be monitored on an ongoing basis.

4.3 Sustainability and non-financial risks

The Group's non-financial risks most materially affected by sustainability drivers relate specifically to regulatory compliance risk, i.e. the risk of not treating customers fairly by misselling and/or providing misinformation to customers. This includes risks in relation to marketing, branding and communications, and to operational risk, i.e. practices and arrangements for product governance and product and service practices related to investment products.

4.3.1 Sustainability and treating customers fairly

The Group's Treating Customers Fairly Policy defines the principles, and they are the further detailed in the Group's instructions and standard operating procedures that address customer needs, profiling and information. In addition, the Group increased the oversight of positioning and marketing activities in 2023 to ensure a fair representation of the Group's ESG-related products and service offerings and to maintain a balance between risk related to fair representation and opportunities to communicate the Group's efforts. This includes the Group's sustainability strategy, targets and commitments.

4.3.2 Sustainability and product practices

The Group's New & Amended Product Approval Policy and the related instruction for product governance practices state that sustainability risks are integral to the design, approval and supply of products and services.

In the asset management area for example, sustainability risks are integrated into product practices because sustainability impacts, risks and opportunities may affect customer and investor returns. Various tools and analyses are applied in order to determine the right approach for a given investee. This includes a digital system for determining each customer's sustainability preferences as part of the suitability assessment through a set of questions based on the MiFID II and the Insurance Distribution Directive regulatory requirements for sustainability preferences. To ensure a product match between customer sustainability preferences and product recommendation, the Group's sustainability preferences approach is designed to ensure a link between the individual customer's sustainability preferences and the Group's product offerings.

The Group's Responsible Investment Policy and Sustainability Risk Integration Instruction govern the identification and assessment of sustainability risks in investment decisions.

Sustainability risks can be addressed through inclusions, active ownership and exclusions as further detailed in the Group's Responsible Investment Policy and Sustainability Risk Integration Instruction with other instructions supplementing the Responsible Investment Policy.

Pillar III disclosures

Table 4.1
Template 1: Banking book – Indicators of potential climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity

At 31 December 2024
(DKK millions)

	Sector/Subsector	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
		Gross carrying amount					Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions (Mln)			GHG financed emissions (scope 1, scope 2 and scope 3 emissions of the counterparty) (in tons of CO2 equivalent)		GHG emissions (column i): gross carrying amount percentage of the portfolio derived from company-specific reporting	<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity
			Of which exposures towards companies excluded from EU Paris-aligned Benchmarks in accordance with Article 12(1) points (d) to (g) and Article 12(2) of Regulation (EU) 2020/1818	Of which environmentally sustainable (CCM)	Of which stage 2 exposures	Of which non-performing exposures		On non-performing forborne exposures	Of which non-performing exposures		Of which Scope 3 financed emissions						
1	Exposures towards sectors that highly contribute to climate change*	733,229	15,539	8,026	59,670	13,036	-7,438	-3,081	-3,790	17,106,928	13,883,763	11.31	341,385	37,206	113,669	240,703	10.26
2	A – Agriculture, forestry and fishing	25,857	-	30	1,931	484	-348	-200	-133	497,802	105,809	20.97	11,733	1,741	1,766	10,617	8.84
3	B – Mining and quarrying	2,910	973	0	50	17	-16	-0	-12	338,417	192,649	21.37	2,300	92	1	516	2.07
4	*B.05 – Mining of coal and lignite*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	*B.06 – Extraction of crude petroleum and natural gas*	55	55	-	1	0	-0	-0	-0	48,745	48,136	6.45	54	-	-	1	0.44
6	*B.07 – Mining of metal ores*	415	-	-	-	0	-1	-	-0	14,656	-	45.75	192	-	-	223	2.79
7	*B.08 – Other mining and quarrying*	1,162	-	0	41	6	-4	-0	-2	198,413	144,512	36.86	785	92	1	284	3.92
8	*B.09 – Mining support service activities*	1,278	919	-	8	11	-11	-0	-10	76,603	1	-	1,270	1	-	8	0.23
9	C – Manufacturing	110,148	3,025	1,080	8,019	2,255	-1,461	-577	-783	7,250,776	6,541,602	42.01	85,916	3,543	4,426	16,263	1.95
10	*C.10 – Manufacture of food products*	16,910	-	-	581	285	-108	-30	-70	645,913	520,486	18.35	9,364	966	2,647	3,933	4.15
11	*C.11 – Manufacture of beverages*	2,515	-	-	4	2	-3	-1	-1	42,222	28,023	42.58	1,886	39	-	590	1.58
12	*C.12 – Manufacture of tobacco products*	0	-	-	0	-	-0	-	-	-	-	96.65	0	-	-	0	1.15
13	*C.13 – Manufacture of textiles*	551	-	0	48	1	-9	-9	-0	916	-	1.26	100	10	149	292	7.34
14	*C.14 – Manufacture of wearing apparel*	713	-	-	5	23	-7	-1	-6	1,323	-	-	112	3	28	570	4.77
15	*C.15 – Manufacture of leather and related products*	25	-	-	20	0	-1	-1	-0	119	-	-	7	16	-	2	4.86
16	*C.16 – Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials*	3,579	-	3	439	319	-122	-29	-89	50,675	725	22.71	2,562	503	10	505	2.58
17	*C.17 – Manufacture of paper and paper products*	5,068	-	9	154	1	-25	-19	-0	85,537	6,080	70.71	4,462	123	78	405	1.28
18	*C.18 – Printing and reproduction of recorded media*	328	-	-	39	38	-20	-1	-18	931	-	-	219	17	-	92	2.96
19	*C.19 – Manufacture of coke and refined petroleum products*	3,025	3,025	-	0	-	-1	-0	-	1,596,702	1,524,322	99.79	3,019	-	-	6	0.34
20	*C.20 – Manufacture of chemicals and chemical products*	3,979	-	6	594	149	-116	-20	-93	94,625	122	45.38	2,870	59	210	841	2.43

> Table 4.1 (continued)
Template 1: Banking book – Indicators of potential climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
	Sector/Subsector	**Gross carrying amount**					**Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions (Mln)**			**GHG financed emissions (scope 1, scope 2 and scope 3 emissions of the counterparty) (in tons of CO2 equivalent)**		**GHG emissions (column i): gross carrying amount percentage of the portfolio derived from company-specific reporting**	**<= 5 years**	**> 5 year <= 10 years**	**> 10 year <= 20 years**	**> 20 years**	**Average weighted maturity**
			Of which exposures towards companies excluded from EU Paris-aligned Benchmarks in accordance with Article 12(1) points (d) to (g) and Article 12(2) of Regulation (EU) 2020/1818	Of which environ-mentally sustain-able (CCM)	Of which stage 2 exposures	Of which non-per-forming exposures		On non-per-forming forborne exposures	Of which non-per-forming exposures		Of which Scope 3 financed emissions						
21	*C.21 – Manufacture of basic pharmaceutical products and pharmaceutical preparations*	16,166	-	0	11	1	-12	-2	-1	15,423	8,023	74.35	15,343	168	186	469	0.49
22	*C.22 – Manufacture of rubber products*	5,330	-	18	1,041	55	-72	-18	-35	16,937	-	16.00	4,815	81	80	355	1.17
23	*C.23 – Manufacture of other non-metallic mineral products*	2,247	-	4	406	26	-49	-35	-7	150,380	33,059	29.93	1,497	236	66	448	3.41
24	*C.24 – Manufacture of basic metals*	1,694	-	448	151	1	-10	-8	-0	125,254	106,916	52.85	1,339	185	75	94	2.28
25	*C.25 – Manufacture of fabricated metal products, except machinery and equipment*	8,318	-	44	1,033	201	-81	-26	-38	2,177,445	2,161,390	48.82	6,436	429	181	1,273	2.10
26	*C.26 – Manufacture of computer, electronic and optical products*	11,396	-	77	147	58	-47	-8	-32	97,008	59,101	22.82	10,156	28	130	1,082	0.91
27	*C.27 – Manufacture of electrical equipment*	5,595	-	393	219	758	-293	-9	-277	1,721,860	1,712,414	49.35	4,950	266	54	325	0.96
28	*C.28 – Manufacture of machinery and equipment n.e.c.*	11,111	-	77	1,286	220	-205	-125	-72	400,265	380,941	33.29	8,745	175	232	1,959	1.83
29	*C.29 – Manufacture of motor vehicles, trailers and semi-trailers*	1,261	-	0	162	2	-7	-6	-1	2,799	-	48.90	921	70	117	152	3.09
30	*C.30 – Manufacture of other transport equipment*	1,386	-	0	845	31	-140	-131	-10	1,854	-	-	356	25	18	987	4.58
31	*C.31 – Manufacture of furniture*	807	-	0	392	65	-87	-60	-26	2,948	-	-	319	123	91	274	5.00
32	*C.32 – Other manufacturing*	6,941	-	-	345	4	-39	-35	-2	17,729	-	67.57	5,413	4	51	1,473	1.46
33	*C.33 – Repair and installation of machinery and equipment*	1,200	-	-	96	18	-8	-3	-4	1,911	-	0.01	1,024	17	25	134	1.74
34	D – Electricity, gas, steam and air conditioning supply	32,967	1,142	2,740	122	12	-16	-5	-3	2,368,723	1,947,716	12.94	20,263	988	3,097	8,620	8.38
35	*D35.1 – Electric power generation, transmission and distribution*	29,693	954	2,740	75	1	-10	-1	-1	2,258,707	1,947,716	14.37	19,608	614	2,263	7,208	7.66
36	*D35.11 – Production of electricity*	14,651	954	949	7	1	-7	-0	-1	2,253,994	1,947,716	28.05	12,059	431	1,083	1,078	2.95
37	*D35.2 – Manufacture of gas; distribution of gaseous fuels through mains*	348	187	0	1	2	-0	-0	-0	14,120	-	0.01	227	106	-	14	4.58
38	*D35.3 – Steam and air conditioning supply*	2,926	-	-	46	9	-5	-4	-2	95,896	-	-	428	268	834	1,397	16.16
39	E – Water supply; sewerage, waste management and remediation activities	7,299	1	190	1,007	82	-46	-23	-19	23,978	1,411	0.15	4,757	1,050	384	1,108	3.52
40	F – Construction	21,358	-	134	3,720	1,231	-1,183	-477	-621	33,324	36	6.17	13,033	1,287	614	6,424	7.95
41	*F.41 – Construction of buildings*	10,722	-	10	1,218	821	-623	-135	-458	11,539	-	0.98	4,354	491	442	5,435	12.67
42	*F.42 – Civil engineering*	2,813	-	64	879	159	-164	-68	-84	5,870	33	21.78	2,451	105	16	241	2.59

> Table 4.1 (continued)
Template 1: Banking book – Indicators of potential climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
	Sector/Subsector	**Gross carrying amount**					**Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions (Mln)**			**GHG financed emissions (scope 1, scope 2 and scope 3 emissions of the counterparty) (in tons of CO2 equivalent)**		**GHG emissions (column i): gross carrying amount percentage of the portfolio derived from company-specific reporting**	**<= 5 years**	**> 5 year <= 10 years**	**> 10 year <= 20 years**	**> 20 years**	**Average weighted maturity**
			Of which exposures towards companies excluded from EU Paris-aligned Benchmarks in accordance with Article 12(1) points (d) to (g) and Article 12(2) of Regulation (EU) 2020/1818	Of which environmentally sustainable (CCM)	Of which stage 2 exposures	Of which non-performing exposures		On non-performing forborne exposures	Of which non-performing exposures		Of which Scope 3 financed emissions						
43	*F.43 – Specialised construction activities*	*7,824*	*-*	*60*	*1,623*	*251*	*-395*	*-274*	*-80*	*15,915*	*3*	*7.68*	*6,229*	*691*	*156*	*748*	*3.40*
44	G – Wholesale and retail trade; repair of motor vehicles and motorcycles	62,657	2,788	134	8,856	3,279	-1,821	-806	-1,010	5,147,487	4,860,257	15.10	36,146	1,989	6,182	18,074	3.96
45	H – Transportation and storage	37,567	7,512	541	6,432	2,234	-557	-151	-381	1,021,798	641	36.74	27,860	4,365	2,780	2,562	3.68
46	*H.49 – Land transport and transport via pipelines*	*9,204*	*-*	*9*	*1,163*	*1,095*	*-356*	*-50*	*-299*	*9,769*	*-*	*2.00*	*5,336*	*3,273*	*226*	*369*	*4.59*
47	*H.50 – Water transport*	*18,887*	*7,512*	*532*	*4,715*	*1,103*	*-164*	*-85*	*-65*	*999,244*	*641*	*65.05*	*18,707*	*2*	*1*	*178*	*0.21*
48	*H.51 – Air transport*	*160*	*-*	*-*	*1*	*0*	*-1*	*-1*	*-0*	*679*	*-*	*0.11*	*159*	*-*	*1*	*0*	*0.44*
49	*H.52 – Warehousing and support activities for transportation*	*9,113*	*-*	*0*	*546*	*36*	*-36*	*-15*	*-17*	*11,867*	*-*	*13.89*	*3,545*	*1,065*	*2,497*	*2,006*	*9.93*
50	*H.53 – Postal and courier activities*	*202*	*-*	*-*	*7*	*1*	*-1*	*-0*	*-0*	*239*	*-*	*33.80*	*114*	*25*	*56*	*9*	*6.97*
51	I – Accommodation and food service activities	7,969	-	-	566	365	-93	-12	-80	6,292	-	-	2,988	432	2,313	2,237	10.83
52	L – Real estate activities	424,495	99	3,178	28,967	3,076	-1,897	-831	-748	418,331	233,642	0.42	136,388	21,719	92,105	174,283	14.43
53	**Exposures towards sectors other than those that highly contribute to climate change***	**114,063**	**9**	**262**	**11,543**	**2,256**	**-1,784**	**-871**	**-796**				**80,652**	**6,706**	**3,614**	**23,091**	**3.17**
54	K – Financial and insurance activities	24,827	0	33	2,143	406	-272	-145	-105				17,373	226	432	6,795	2.75
55	Exposures to other sectors (NACE codes J, M – U)	89,237	9	230	9,400	1,849	-1,512	-726	-691				63,279	6,480	3,183	16,295	3.28
56	**Total**	**847,292**	**15,548**	**8,289**	**71,213**	**15,292**	**-9,222**	**-3,952**	**-4,586**	**17,106,928**	**13,883,763**	**11.87**	**422,037**	**43,912**	**117,284**	**263,794**	**9.30**

* In accordance with the Commission Delegated Regulation EU) 2020/1818 supplementing Regulation (EU) 2016/1011 as regards minimum standards for EU Climate Transition Benchmarks and EU Paris-aligned Benchmarks – Climate Benchmark Standards Regulation – Recital 6: Sectors listed in Sections A to H and Section L of Annex I to Regulation (EC) No 1893/2006.

Note
Sector classifications used in this template are based on sector classifications defined for regulatory reporting purposes, such as FINREP, and may differ from those used in other external reporting published by the Group.

Companies excluded from EU PAB (column b)
To identify counterparties excluded from the EU Paris-aligned benchmarks as specified in article 12(1)(d)-(g) and article 12(2) of Delegated Regulation (EU) 2020/1818, the Group has identified exposures to customers with activities in relevant sectors, i.e. oil and gas, mining, and power generation. Due to the lack of data on revenue from activities specified in article 12(1)(d)-(f), especially in respect of non-listed companies, the template includes all customers operating in these sectors. For the purposes of article 12(1)(g), the template includes power generation customers whose emission intensities are above 100gCO2/kWh using the most recent available data.

Financed emissions (columns i, j and k)
Financed emissions are disclosed for counterparties' scope 1, 2 and 3 emissions. The scope 1 and 2 emissions include all PCAF quality score estimates. Counterparties' scope 3 emissions include emissions from the value chains of these companies. The current uncertainty related to estimation approaches of counterparties' scope 3 emissions is so significant and non-transparent that only emissions with PCAF quality scores of 1 and 2, i.e. company-reported emissions, are included in most of the scope 3 reporting. The only exception is the oil and gas exploration and production sector for which all scope 3 PCAF quality scores are accepted. As the number of companies that disclose value chain emissions increases, the level of disclosure at PCAF data quality scores 1 and 2 is likely to increase. Therefore, the level of disclosure by the Group is likely to increase as well. For more details on the Group's financed emissions and methodology, see the Sustainability Statement in the Group's Annual Report 2024.

Table 4.2

Template 2: Banking book – Indicators of potential climate change transition risk: Loans collateralised by immovable property – Energy efficiency of the collateral

At 31 December 2024
(DKK millions)

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
	Counterparty/sector	Total gross carrying amount															
			Level of energy efficiency (EP score in kWh/m² of collateral)						Level of energy efficiency (EPC label of collateral)							Without EPC label of collateral	
			0; <= 100	> 100; <= 200	> 200; <= 300	> 300; <= 400	> 400; <= 500	> 500	A	B	C	D	E	F	G		Of which level of energy efficiency (EP score in kWh/m² of collateral) estimated
1	**Total EU area**	**1,130,747**	**306,027**	**436,776**	**54,921**	**4,894**	**240**	**5**	**114,533**	**71,497**	**184,655**	**136,327**	**72,989**	**32,820**	**15,663**	**502,263**	**62.04%**
2	*of which Loans collateralised by commercial immovable property*	236,736	36,089	54,775	19,029	563	188	-	17,786	14,574	23,610	20,051	11,992	7,873	7,361	133,491	28.90%
3	*of which Loans collateralised by residential immovable property*	893,998	269,938	381,994	35,886	4,331	52	5	96,747	56,923	161,045	116,274	60,995	24,943	8,301	368,768	74.03%
4	*of which Collateral obtained by taking possession: residential and commercial immovable properties*	13	-	7	6	0	-	-	-	-	-	2	3	4	0	4	100.00%
5	*of which Level of energy efficiency (EP score in kWh/m² of collateral) estimated*	311,583	51,133	227,726	31,279	1,411	34	-								311,583	100.00%
6	**Total non-EU area**	**98,513**	**194**	**287**	**24**	**3**	**-**	**-**	**463**	**7,272**	**5,596**	**4,088**	**2,587**	**1,150**	**398**	**76,959**	**0.20%**
7	*of which Loans collateralised by commercial immovable property*	50,236	4	15	8	2	-	-	43	42	488	5	26	82	4	49,546	0.02%
8	*of which Loans collateralised by residential immovable property*	48,276	190	272	15	1	-	-	419	7,231	5,108	4,083	2,560	1,068	394	27,413	0.51%
9	*of which Collateral obtained by taking possession: residential and commercial immovable properties*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00%
10	*of which Level of energy efficiency (EP score in kWh/m² of collateral) estimated*	150	22	115	12	2	-	-								150	100.00%

Note
This template shows gross carrying amounts of loans secured by commercial and residential property and gross carrying amounts of repossessed real estate collateral for all counterparty sectors, including non-financial corporates and households.

Energy efficiency (columns b–g)
Where possible, the level of energy efficiency is estimated. The level of energy efficiency is included only if the energy efficiency can be estimated using either an actual EPC or from the distribution of EPCs.

EPC label of collateral (columns h–n)
For collateral where the EPC label is available, the latest available and valid EPC label is used. When a property or a loan covers multiple buildings with different EPC labels, the EPC label with the lowest performance is applied.

The exposure coverage of collateral with EPC labels has mainly changed from previous disclosures due to the following two changes:
1. Divestment of the personal customer business in Norway.
2. Increased EPC-related data coverage from the implementation of new data for Finland.

Table 4.3
Template 3: Banking book – Indicators of potential climate change transition risk: Alignment metrics

At 31 December 2024
(DKK millions)

	a	b	c	d	e	f	g
	Sector	NACE Sectors (a minima)	Portfolio gross carrying amount (Mn DKK)	Alignment metric	Year of reference	Distance to IEA NZE2050 in % *	Target (year of reference + 3 years)
1	Power		30,398	kgCO2/MWh	2024	-59%	55.4
2	Fossil fuel combustion		11,127				
3	Automotive		1,386				
4	Aviation		2,858				
5	Maritime transport		25,334				
6	Cement, clinker and lime production		2,127	tCO2/t	2024	35%	0.5
7	Iron and steel, coke, and metal ore production		3,871	tCO2/t	2024	-30%	0.6

* Point-in-time (PIT) distance to 2030 NZE2050 scenario in % (for each metric).

Note
Disclosures included in this template relate to the Group's 2030 climate targets for its lending portfolio that can be measured against the Net Zero Emissions by 2050 Scenario as put forward by the International Energy Agency (IEA NEZ2050), covering the power generation, steel and cement sectors. The Group has set climate targets for more sectors that are not measured against IEA NEZ2050 or which are set using other metrics. For more information about methodology and climate targets, see the Sustainability Statement in the Group's Annual Report 2024.

The targets are set against a 2020 baseline. In this template, reference year (2024) intensities are measured against the IEA NEZ2050 pathways calculated using data provided by IEA (the Net Zero by 2050 dataset). Targets (year of reference + 3 years) are estimated using a linear trajectory between the reference year intensities and the Group's 2030 targets. If the emission intensity at the year of reference is already below the Group's 2030 climate target, the target (year of reference + 3 years) equals the target (year of reference). Calculations of portfolio-weighted average emission intensities are highly dependent on customers' ESG disclosures and are currently thus updated on an annual basis.

Table 4.4
Template 4: Banking book – Indicators of potential climate change transition risk: Exposures to top 20 carbon-intensive firms

At 31 December 2024
(DKK millions)

a	b	c	d	e
Gross carrying amount (aggregate)	Gross carrying amount towards the counterparties compared to total gross carrying amount (aggregate)*	Of which environmentally sustainable (CCM)	Weighted average maturity	Number of top 20 polluting firms included
6	0.000259%	-	2.30	2

* For counterparties among the top 20 carbon-emitting companies in the world.

Note
To identify the top 20 carbon-intensive companies in the world, the publicly available Carbon Majors update is used as a source (2022 update released in 2024).

All exposures related to the Group are included if the companies are on the list.

Table 4.5
Template 5: Banking book – Indicators of potential climate change physical risk: Exposures subject to physical risk

At 31 December 2024
(DKK millions)

	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
			Total gross carrying amount												
			Of which exposures sensitive to impact from climate change physical events												
			Breakdown by maturity bucket					Of which exposures sensitive to impact from chronic climate change events	Of which exposures sensitive to impact from acute climate change events	Of which exposures sensitive to impact both from chronic and acute climate change events	Of which Stage 2 exposures	Of which non-performing exposures	Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		
			<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity							Of which Stage 2 exposures	Of which non-performing exposures
1	A – Agriculture, forestry and fishing	25,857	279	4	13	86	3.32	0	17	364	3	-	-0	-0	-
2	B – Mining and quarrying	2,910	-	-	-	-	-	-	-	-	-	-	-	-	-
3	C – Manufacturing	110,148	111	22	91	103	6.84	-	17	311	11	2	-1	-0	-0
4	D – Electricity, gas, steam and air conditioning supply	32,967	-	100	376	724	18.49	1,199	-	-	-	-	-	-	-
5	E – Water supply; sewerage, waste management and remediation activities	7,299	12	-	-	-	2.49	-	-	12	-	-	-0	-	-
6	F – Construction	21,358	54	3	24	356	21.77	26	42	369	19	-	-4	-4	-
7	G – Wholesale and retail trade; repair of motor vehicles and motorcycles	62,392	64	9	1,755	57	18.29	8	38	1,838	40	21	-9	-1	-8
8	H – Transportation and storage	37,567	47	62	64	1,159	25.51	-	14	1,320	8	-	-0	-0	-
9	L – Real estate activities	424,495	6,120	329	3,604	9,568	15.48	4,420	3,731	11,470	1,411	72	-43	-27	-8
10	Loans collateralised by residential immovable property	942,274	3,401	691	3,643	25,366	23.54	6,560	7,772	18,769	1,658	312	-68	-29	-32
11	Loans collateralised by commercial immovable property	286,956	4,624	415	4,930	6,439	15.02	3,341	2,441	10,625	1,077	104	-49	-22	-20
12	Repossessed collaterals	13	-	-	-	-	-	-	-	-	-	-	-	-	-

Note
Rows 10–12 in this template show gross carrying amounts of loans secured by commercial and residential property and gross carrying amounts of repossessed real estate collateral for all counterparty sectors, including non-financial corporates and households.

Gross carrying amount (column b)
All geographical areas are covered, i.e. EU and non-EU countries. Row 13 shows no exposures since exposures mapped to physical risk are disclosed in rows 10–11, and most of the exposures to non-financial corporates are included in rows 1–9.

Of which exposures sensitive to impact from climate change physical events (columns c–o)
To identify exposures subject to physical risks, the Group uses the latest IPCC report as a starting point to look at hazards of high confidence of increases/decreases in Northern Europe. Of hazards with high confidence, the Group identifies the risks of flooding, including rising sea levels (both acute and chronic hazards), as the most material hazards in the Nordic region. The Group uses geospatial data and local hazard maps, where available, to map exposure at risk. For the purposes of this reporting, the Group maps residential and commercial real estate in Denmark, Finland and Northern Ireland as well as residential real estate in Norway and Sweden.

The Group has not yet been able to apply location-specific hazard maps to other sectors. Thus, exposures disclosed as being at risk in rows 1–9 cover loans in the sectors secured by commercial or residential real estate. An exposure is marked as being at flood risk whenever a single property provided as security for the exposure is marked as being at risk, which is a conservative approach. Other hazards and sectoral impacts are still to be explored, pending sufficiently granular climate data.

The methodology for defining acute and chronic physical risk events is selected separately for each country due to inherent differences in the hazard maps for each country. In Denmark, maps prepared by the Danish Coastal Authority are used for 14 high-risk areas. Acute risk events refer to coastal and river floods with a return period of 1 in 1,000 years, whereas chronic risk events are identified as 1-in-100-year coastal and river floods projected for the year 2115. Projections are based on the high-emissions RCP 8.5 global warming scenario.

To identify the areas at risk of river and coastal water flooding in Northern Ireland, a third-party provider, RHDHV, provides access to flood risk data at the property level. Acute risk events refer to events in which a property is likely to flood as a result of river or tidal flooding across several return periods ranging from 1 in 30 years to 1 in 1,000 years at present. Chronic risk events refer to events in which a property is likely to flood as a result of river or tidal flooding across several return periods ranging from 1 in 30 years to 1 in 1,000 years by the year 2050, thus taking into account the effects of climate change under the RCP scenario 6.0.

Flooding analysis in Finland is performed by using maps provided by the Finnish Centres for Economic Development, Transport and the Environment (ELY Centres). In total, around 100 river basin and coastal areas are investigated to estimate hazard levels (the probability of flooding) across the country. Flooding maps for return periods of 1 in 1,000 years and 1 in 100 years are selected to represent acute and chronic physical risk events respectively. Only basic scenarios based on current climate are available.

Analysis in Norway is based on (1) river flood maps prepared by the Norwegian Water Resources and Energy Directorate and on (2) coastal hazard maps prepared by the Norwegian Mapping Authority. River floods are modelled for flood-prone areas only, whereas coastal hazard maps cover approximately 80% of the coast and consider regional variations in land uplift and sea level rise. Acute risk events refer to river and coastal floods with a return period of 1 in 1,000 years. Chronic risk events refer to 1-in-200-year river floods projected for the year 2100 in areas where climate projections predict a 20% increase in water discharge over the next 20–100 years as well as 1-in-20-year coastal floods predicted for the year 2090 (based on the high-emissions RCP 8.5 global warming scenario).

Analysis in Sweden is based on (1) river and coastal flood risk mapping for significant risk areas and on (2) coastal floods assessed by the Swedish Civil Contingencies Agency (MSB) and the Swedish Meteorological and Hydrological Institute (SMHI). The assessment of coastal and river floods has identified 33 zones subject to significant flood risk, taking into account climate change projections. The identified significant risk zones are small, however, and located in the most densely populated geographical areas. The SMHI predicts a median sea levels rise for 87 coastal municipalities on the basis of projections for five different IPCC emissions scenarios, taking into account local land uplift. The MSB provides nine shoreline projection maps for sea level rise from 1 m up to 5 m. On the basis of results from both the MSB and the SMHI, the flooding analyses (scenario SSP5-8.5) consider a sea level rise of 1.5 m in the south of Sweden and a sea level rise of 1 m in the rest of the country. Acute risks refer to 1-in-200-year coastal and river floods. Chronic risks refer to 1-in-100-year coastal and river floods for climate-adjusted projection for the year 2100 and to a median sea level rise in coastal municipalities for the year 2120.

It should be noted that a number of technical corrections in the definition of flooding risk cause some small changes in the total exposure at flood risk.

Impairments (columns m, n, o)
As regards property-related exposures, the residual risk from physical hazards is currently considered to be sufficiently captured through existing credit parameters, such as haircuts and post-model adjustments.

Table 4.6
Template 6 – Summary of key performance indicators (KPIs) on the Taxonomy-aligned exposures

At 31 December 2024

	KPI			
	Climate change mitigation	Climate change adaptation	Total (Climate change mitigation + Climate change adaptation)	% coverage (over total assets)*
GAR stock	1.92	0.06	1.98	73.71
GAR flow	4.5	0	4.5	100

* % of assets covered by the KPI over banks' total assets.

Note
Templates 6–8 reflect the Group's EU Taxonomy reporting with regard to the environmental objectives of climate change mitigation and climate change adaptation as referred to in article 9(a) and (b) of Regulation (EU) 2020/852. The templates include GARs (green asset ratios) based on turnover alignment only. For more details, see the Sustainability Statement in the Group's Annual Report 2024.

Table 4.7
Template 7 – Mitigating actions: Assets for the calculation of GAR

At 31 December 2024
(DKK millions)

		a	b	c	d	e	f	g	h	i		j	k	l	m	n	o
			Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)				
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
				Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)			
		Total (gross) carrying amount			Of which specialised lending	Of which transitional	Of which enabling			Of which specialised lending	Of which adaptation	Of which enabling			Of which specialised lending	Of which adaptation	Of which enabling
GAR – Covered assets in both numerator and denominator																	
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	1,075,274	736,722	45,044	-	28,219	4,113	2,652	1,470	-	-	2	739,374	46,514	-	28,219	4,115
2	**Financial corporations**	**216,790**	**101,091**	**9,923**	**-**	**508**	**12**	**1,969**	**1,468**	**-**	**-**	**-**	**103,060**	**11,392**	**-**	**508**	**12**
3	Credit institutions	202,998	99,488	9,844	-	504	12	1,969	1,468	-	-	-	101,457	11,312	-	504	12
4	Loans and advances	18,775	5,840	411	-	39	11	183	0	-	-	-	6,023	411	-	39	11
5	Debt securities, including UoP	184,223	93,648	9,433	-	464	1	1,786	1,468	-	-	-	95,434	10,901	-	464	1
6	Equity instruments	-	-	-		-	-	-	-		-	-	-	-		-	-
7	Other financial corporations	13,792	1,603	79	-	4	0	0	0	-	-	-	1,603	80	-	4	0
8	*of which investment firms*	*411*	*0*	*0*	-	*0*	*0*	*0*	*0*	-	-	-	*0*	*0*	-	0	*0*
9	Loans and advances	411	0	0	-	0	0	0	0	-	-	-	0	0	-	0	0
10	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Equity instruments	-	-	-		-	-	-	-		-	-	-	-		-	-
12	*of which management companies*	*4,017*	*1,602*	*79*	-	4	*0*	*0*	*0*	-	-	-	*1,602*	*79*	-	4	*0*
13	Loans and advances	4,017	1,602	79	-	4	0	0	0	-	-	-	1,602	79	-	4	0
14	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity instruments	-	-	-		-	-	-	-		-	-	-	-		-	-
16	*of which insurance undertakings*	*4,353*	*0*	*0*	-	0	*0*	*0*	*0*	-	-	-	*1*	*0*	-	0	*0*
17	Loans and advances	4,353	0	0	-	0	0	0	0	-	-	-	1	0	-	0	0
18	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	Equity instruments	-	-	-		-	-	-	-		-	-	-	-		-	-
20	**Non-financial corporations (subject to NFRD disclosure obligations)**	**96,489**	**22,230**	**7,987**	**-**	**578**	**4,101**	**683**	**2**	**-**	**-**	**2**	**22,913**	**7,989**	**-**	**578**	**4,102**
21	Loans and advances	96,489	22,230	7,987	-	578	4,101	683	2	-	-	2	22,913	7,989	-	578	4,102
22	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
23	Equity instruments	-	-	-		-	-	-	-		-	-	-	-		-	-
24	**Households**	**761,995**	**613,402**	**27,133**	**-**	**27,133**	**-**						**613,402**	**27,133**	**-**	**27,133**	**-**
25	*of which loans collateralised by residential immovable property*	*664,634*	*612,630*	*27,133*	-	*27,133*	-						*612,630*	*27,133*	-	*27,133*	-
26	*of which building renovation loans*	-	-	-	-	-	-						-	-	-	-	-
27	*of which motor vehicle loans*	*12,379*	*772*	-	-	-	-						*772*	-	-	-	-
28	**Local governments financing**	**-**	**-**	**-**	**-**	-	**-**	**-**	**-**	**-**	**-**	**-**	-	**-**	**-**	-	**-**
29	Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

> Table 4.7
Template 7 – Mitigating actions: Assets for the calculation of GAR

		a	b	c	d	e	f	g	h	i		j	k	l	m	n	o
			Climate Change Mitigation (CCM)					**Climate Change Adaptation (CCA)**					**TOTAL (CCM + CCA)**				
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
				Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)			
		Total (gross) carrying amount			Of which specialised lending	Of which transitional	Of which enabling			Of which specialised lending	Of which adaptation	Of which enabling			Of which specialised lending	Of which adaptation	Of which enabling
30	Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31	Collateral obtained by taking possession: residential and commercial immovable properties	13	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32	**Total GAR assets**	**1,075,287**	**736,722**	**45,044**	**-**	**28,219**	**4,113**	**2,652**	**1,470**	**-**	**-**	**2**	**739,374**	**46,514**	**-**	**28,219**	**4,115**
	Assets excluded from the numerator for GAR calculation (covered in the denominator)																
33	**EU Non-financial corporations (not subject to NFRD disclosure obligations)**	**1,005,966**															
34	Loans and advances	984,932															
35	Debt securities	20,614															
36	Equity instruments	420															
37	**EU Non-financial corporations (not subject to NFRD disclosure obligations)**	**150,135**															
38	Loans and advances	144,907															
39	Debt securities	5,130															
40	Equity instruments	98															
41	Derivatives	279															
42	On demand interbank loans	3,586															
43	Cash and cash-related assets	6,909															
44	Other categories of assets (e.g. Goodwill, commodities etc.)	108,245															
45	**Total assets in the denominator (GAR)**	**2,350,407**															
	Other assets excluded from both the numerator and denominator for GAR calculation																
46	Sovereigns	243,403															
47	Central banks exposure	179,899															
48	Trading book	415,174															
49	**Total assets excluded from numerator and denominator**	**838,476**															
50	**Total assets**	**3,188,883**															

Note
Templates 6–8 reflect the Group's EU Taxonomy reporting with regard to the environmental objectives of climate change mitigation and climate change adaptation as referred to in article 9(a) and (b) of Regulation (EU) 2020/852. The templates include GARs (green asset ratios) based on turnover alignment only. For more details, see the Sustainability Statement in the Group's Annual Report 2024.

Table 4.8
Template 8 – GAR (%)

At 31 December 2024

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
		Disclosure reference 2024-12-31: KPIs on stock															
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)					
		Proportion of eligible assets funding taxonomy relevant sectors					Proportion of eligible assets funding taxonomy relevant sectors					Proportion of eligible assets funding taxonomy relevant sectors					
			Of which environmentally sustainable					Of which environmentally sustainable					Of which environmentally sustainable				
				Of which specialised lending	Of which transitional	Of which enabling			Of which specialised lending	Of which adaptation	Of which enabling			Of which specialised lending	Of which transitional/ adaptation	Of which enabling	Proportion of total assets covered
1	**GAR**	**31.34**	**1.92**	**-**	**1.20**	**0.17**	**0.11**	**0.06**	**-**	**-**	**-**	**31.45**	**1.98**	**-**	**1.20**	**0.17**	**73.71**
2	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	68.51	4.19	-	2.62	0.38	0.25	0.14	-	-	-	68.76	4.33	-	2.62	0.38	33.72
3	**Financial corporations**	**46.63**	**4.58**	**-**	**0.23**	**0.01**	**0.91**	**0.68**	**-**	**-**	**-**	**47.54**	**5.26**	**-**	**0.23**	**0.01**	**6.80**
4	Credit institutions	49.01	4.85	-	0.25	0.01	0.97	0.72	-	-	-	49.98	5.57	-	0.25	0.01	6.37
5	Other financial corporations	11.62	0.58	-	0.03	-	-	-	-	-	-	11.62	0.58	-	0.03	-	0.43
6	*of which investment firms*	*0.11*	-	-	-	-	-	-	-	-	-	*0.11*	-	-	-	-	*0.01*
7	*of which management companies*	*39.89*	*1.97*	-	*0.10*	-	-	-	-	-	-	*39.89*	*1.97*	-	*0.10*	-	*0.13*
8	*of which insurance undertakings*	*0.01*	*0.01*	-	-	-	-	-	-	-	-	*0.01*	*0.01*	-	-	-	*0.14*
9	**Non-financial corporations subject to NFRD disclosure obligations**	**23.04**	**8.28**	**-**	**0.60**	**4.25**	**0.71**	**-**	**-**	**-**	**-**	**23.75**	**8.28**	**-**	**0.60**	**4.25**	**3.03**
10	**Households**	**80.50**	**3.56**	**-**	**3.56**	**-**						**80.50**	**3.56**	**-**	**3.56**	**-**	**23.90**
11	*of which loans collateralised by residential immovable property*	*92.18*	*4.08*	-	*4.08*	-						*92.18*	*4.08*	-	*4.08*	-	*20.84*
12	*of which building renovation loans*	-	-	-	-	-						-	-	-	-	-	-
13	*of which motor vehicle loans*	*6.24*	-	-	-	-						*6.24*	-	-	-	-	*0.39*
14	**Local governments financing**	**-**	**-**	**-**	-	**-**						**-**	**-**	**-**	-	**-**	**-**
15	Housing financing	-	-	-	-	-						-	-	-	-	-	-
16	Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
17	**Collateral obtained by taking possession: residential and commercial immovable properties**	**-**	**-**	**-**	-	**-**						**-**	**-**	**-**	**-**	**-**	**-**

> Table 4.8 (continued)
Template 8 – GAR (%)

		q	r	s	t	u	v	w	x	y	z	aa	ab	ac	ad	ae	af
		Disclosure reference date 2024-12-31: KPIs on flows															
		Climate Change Mitigation (CCM)					**Climate Change Adaptation (CCA)**					**TOTAL (CCM + CCA)**					
		Proportion of new eligible assets funding taxonomy relevant sectors					Proportion of new eligible assets funding taxonomy relevant sectors					Proportion of new eligible assets funding taxonomy relevant sectors					
			Of which environmentally sustainable					Of which environmentally sustainable					Of which environmentally sustainable				
				Of which specialised lending	Of which transitional	Of which enabling			Of which specialised lending	Of which adaptation	Of which enabling			Of which specialised lending	Of which transitional/ adaptation	Of which enabling	Proportion of total new assets covered
1	**GAR**	**50.59**	**4.50**	**-**	**2.67**	**0.86**	**0.11**	**-**	**-**	**-**	**-**	**50.70**	**4.50**	**-**	**2.67**	**0.86**	**100.00**
2	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	50.59	4.50	-	2.67	0.86	0.11	-	-	-	-	50.70	4.50	-	2.67	0.86	100.00
3	**Financial corporations**	**19.98**	**1.36**	**-**	**0.03**	**0.04**	**0.12**	**-**	**-**	**-**	**-**	**20.10**	**1.36**	**-**	**0.03**	**0.04**	**10.21**
4	Credit institutions	35.91	2.97	-	0.03	0.13	0.39	-	-	-	-	36.30	2.97	-	0.03	0.13	3.14
5	Other financial corporations	12.91	0.64	-	0.03	-	-	-	-	-	-	12.91	0.64	-	0.03	-	7.07
6	*of which investment firms*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	*of which management companies*	*40.50*	*2.00*	-	*0.10*	-	-	-	-	-	-	*40.50*	*2.00*	-	*0.10*	-	*2.25*
8	*of which insurance undertakings*	*0.01*	*0.01*	-	-	-	-	-	-	-	-	*0.01*	*0.01*	-	-	-	*2.34*
9	**Non-financial corporations subject to NFRD disclosure obligations**	**20.83**	**7.02**	**-**	**1.00**	**3.06**	**0.36**	**-**	**-**	**-**	**-**	**21.19**	**7.02**	**-**	**1.00**	**3.06**	**28.09**
10	**Households**	**69.21**	**3.87**	**-**	**3.87**	**-**						**69.21**	**3.87**	**-**	**3.87**	**-**	**61.70**
11	*of which loans collateralised by residential immovable property*	*86.66*	*4.87*	-	*4.87*	-						*86.66*	*4.87*	-	*4.87*	-	*49.06*
12	*of which building renovation loans*	-	-	-	-	-						-	-	-	-	-	-
13	*of which motor vehicle loans*	*8.78*	-	-	-	-						*8.78*	-	-	-	-	*2.12*
14	**Local governments financing**	**-**	**-**	**-**	-	**-**						**-**	**-**	**-**	-	**-**	**-**
15	Housing financing	-	-	-	-	-						-	-	-	-	-	-
16	Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
17	**Collateral obtained by taking possession: residential and commercial immovable properties**	**-**	**-**	**-**	-	**-**						**-**	**-**	**-**	-	**-**	**-**

Note
Templates 6-8 reflect the Group's EU Taxonomy reporting with regard to the environmental objectives of climate change mitigation and climate change adaptation as referred to in article 9(a) and (b) of Regulation (EU) 2020/852. The templates include GARs (green asset ratios) based on turnover alignment only. For more details, see the Sustainability Statement in the Group's Annual Report 2024.

Table 4.9
Template 10 – Other climate change mitigating actions that are not covered in Regulation (EU) 2020/852

At 31 December 2024
(DKK millions)

	a	b	c	d	e	f
	Type of counterparty	Type of counterparty	Gross carrying amount	Type of risk mitigated (Climate change transition risk)	Type of risk mitigated (Climate change physical risk)	Qualitative information on the nature of the mitigating actions
1	Bonds (e.g. green, sustainable, sustainability-linked under standards other than the EU standards)	Financial corporations	2,888	Yes	No	Green bonds held in Danske Bank's green bond portfolio fund activities in the following categories: Renewable energy, energy-smart technologies and energy efficiency, green buildings and infrastructure, clean transportation, sustainable water management, pollution prevention and control, agriculture and forestry, climate change adaptation, eco-efficient products and production technologies and processes.
2		Non-financial corporations	-	N/A	N/A	N/A
3		*of which Loans collateralised by commercial immovable property*	*-*	*N/A*	*N/A*	*N/A*
4		Other counterparties	3,024	Yes	No	Green bonds held in Danske Bank's green bond portfolio fund activities in the following categories: Renewable energy, energy-smart technologies and energy efficiency, green buildings and infrastructure, clean transportation, sustainable water management, pollution prevention and control, agriculture and forestry, climate change adaptation, eco-efficient products and production technologies and processes.
5	Loans (e.g. green, sustainable, sustainability-linked under standards other than the EU standards)	Financial corporations	6,067	Yes	No	The majority of green loans issued by Danske Bank finance green buildings, renewable energy such as hydro, wind, bio and solar, and low carbon vehicles. The sustainability-linked loans included in the template are linked to at least one climate change-related KPI, such as emission reductions or renewable energy.
6		Non-financial corporations	103,004	Yes	No	The majority of green loans issued by Danske Bank finance green buildings, renewable energy such as hydro, wind, bio and solar, and low carbon vehicles. The sustainability-linked loans included in the template are linked to at least one climate change-related KPI, such as emission reductions or renewable energy.
7		*of which Loans collateralised by commercial immovable property*	*35,496*	*Yes*	*No*	*The majority of green loans issued by Danske Bank finance green buildings, renewable energy such as hydro, wind, bio and solar, and low carbon vehicles. The sustainability-linked loans included in the template are linked to at least one climate change-related KPI, such as emission reductions or renewable energy.*
8		Households	4,395	Yes	No	The majority of green loans issued by Danske Bank finance green buildings, renewable energy such as hydro, wind, bio and solar, and low carbon vehicles. The sustainability-linked loans included in the template are linked to at least one climate change-related KPI, such as emission reductions or renewable energy.
9		*of which Loans collateralised by residential immovable property*	*2,343*	*Yes*	*No*	*The majority of green loans issued by Danske Bank finance green buildings, renewable energy such as hydro, wind, bio and solar, and low carbon vehicles. The sustainability-linked loans included in the template are linked to at least one climate change-related KPI, such as emission reductions or renewable energy.*
10		*of which building renovation loans*	*-*	*N/A*	*N/A*	*N/A*
11		Other counterparties	2,024	Yes	No	The majority of green loans issued by Danske Bank finance green buildings, renewable energy such as hydro, wind, bio and solar, and low carbon vehicles. The sustainability-linked loans included in the template are linked to at least one climate change-related KPI, such as emission reductions or renewable energy.

Note
The objective of template 10 is to cover exposures to actions that are not covered by Regulation (EU) 2020/852, but which still support counterparties in the transition and adaptation process for the purposes of climate change mitigation and climate change adaptation. Exposures in scope for the GAR calculation, i.e. eligible exposures, are therefore excluded from this template.

Green loans disclosed in the template include issued loans that qualify for funding under the Group's Green Bond Framework from 2019. The framework was relaunched in 2022 as the Green Finance Framework and forms the basis for future green loans. The Group issues loans that promote the transition to low-carbon, climate-resilient and sustainable economies – each individual case is determined by the Group in accordance with the Green Loan categories: clear transportation, renewable energy, transmission and energy storage, green and energy-efficient buildings, environmentally sustainable management of living natural resources and land use, sustainable water and wastewater management, pollution prevention and control, and climate change adaptation. For more information about criteria and processes, see the Group's Green Bond Framework and Danske Bank's Green Financing Framework.

Sustainability-linked loans disclosed in the template include bilateral or syndicated committed loans with large corporate customers. Exposures represented are specific to the Group's share of syndicated loan transactions if such transactions are not bilateral transactions. The exposures encompass actual drawdowns on committed sustainability-linked loans associated with deals featuring one or multiple key performance indicators (KPIs) pertaining to climate change. It is important to note that a borrower may have multiple KPIs linked to the same loan, and not all of them are necessarily related to climate change. Currently, there is no established methodology to determine the weight of each KPI for a given exposure. Therefore, the entire exposure relating to revolving credit facilities and term loan facilities is considered to be related to climate change as long as there is at least one KPI and target linked to climate change (e.g., scope 1, scope 2, or scope 3 emissions, renewable energy etc.).

Green bonds disclosed in the template cover the Group's Green Bond Portfolio, i.e. the Group's treasury funds placed in bonds that contribute to the UN sustainable development goals. To be accepted in the Green Bond Portfolio, bonds require a second opinion from a recognised provider such as Cicero, Oekom or Sustainalytics. Moreover, the Group identifies green bonds using the green flag provided by Refinitiv.

It should be noted that there are differences when sustainable financing volumes are compared across the Group's sustainability-related disclosures. Disclosures in this template include on-balance exposures only.

5. Market risk

5.1 Market risk management

Market risk is defined as the risk of losses arising from adverse movements in market prices affecting on-balance-sheet and off-balance-sheet positions. The Group's market risk management is intended to ensure proper oversight of all market risks, including both trading-related market risk and non-trading-related market risk as well as market risk in relation to fair value adjustments. The market risk framework is designed to systematically identify, assess, measure, monitor, control, and report on market risk.

5.1.1 Risk governance and responsibilities

The Market Risk Policy set by the Board of Directors lays out the overall framework for market risk management and identifies the boundaries that define the Group's market risk profile and business strategy. The Market Risk Policy also defines the overall limits for various market risk factors and additional boundaries within which trading activities are performed.

Market risks are managed by Large Corporates & Institutions, Group Treasury and Group Finance (the first line of defence) through implementation of the Market Risk Policy into standard operating procedures and the control environment. Interest rate risks in relation to other business units are transferred to and managed by Group Treasury. The units own, identify and manage the market risks and perform operational and managerial controls in the day-to-day risk management.

Large Corporates & Institutions manages the market risks (such as interest rate risk, equity risk and foreign exchange risk) associated with the Group's trading activities in the financial markets. Group Treasury manages the interest rate risk, credit spread risk and structural foreign exchange risk associated with the assets and liabilities of the non-trading portfolio. Group Treasury also monitors the risks associated with the Group's legacy defined benefit pension plans. The equity risk in relation to the non-trading portfolio is managed by Group Strategic Steering.

The Market & Counterparty Credit Risk Committee gains assurance that both risk-taking and the framework are prudent in relation to trading activities. The Group Asset & Liability Committee (Group ALCO) ensures that balance-sheet risks are aligned with the Group's tolerances and facilitates a coordinated approach to asset and liability management.

In the day-to-day management of activities, Group Risk Management (the second line of defence) owns the market risk framework and is in charge of market risk oversight and control of the units in the first line of defence. It also maintains the limit framework and monitors adherence to limits. Oversight and control processes at Market & Liquidity Risk encompass current and emerging risk monitoring, limit control, portfolio analysis, stress testing, reporting to senior management and challenging the risk management practices performed by the units in the first line of defence. Group Finance is accountable for the independent price verification (IPV) framework, prudent valuation, and profit and loss (P/L) control.

Market risk tolerance

The Group has set a risk tolerance for its trading portfolio covering trading-related market risk and xVA-related market risk that determines how much the Group is prepared to lose on its exposure over a period of one year in a severely stressed market environment. The risk tolerance is based on the Group's business strategy, the expected future market environment and the expected earnings.

The Group's exposure to market risks in the non-trading portfolio is managed according to a set of risk tolerances for interest rate risk in the non-trading portfolio (both economic value and net interest income), bond portfolio risk and structural foreign exchange risk.

The market risk tolerances are approved by the Board of Directors and reassessed at least once a year. In addition, the Board of Directors has defined limits that support daily market risk management in keeping with the above-mentioned risk tolerances.

Limit framework

Market risk limits are set in terms of various metrics so that activities subject to market risk are covered from several perspectives. The Group operates with three levels in the limit hierarchy for market risk (encompassing trading-related, xVA-related and non-trading portfolio market risks):

1. Board of Directors limits
2. All Risk Committee limits
3. Detailed operational limits

Limits set by the Board of Directors in the Market Risk Policy cover material risk factors and are supplemented by Value-at-Risk (VaR) and Stressed Value-at-Risk (SVaR) limits for trading-related market risk. The Group All Risk Committee delegates the Board limits to business units and assigns additional limits for less material risk factors. Business units and trading sections set detailed operational limits and targets at sufficiently granular levels. Stop-loss triggers for trading-related market risk supplement the forward-looking market risk limits.

5.2 Market risk profile

Taking on market risk in relation to the Group's trading and treasury activities is an integral part of the Group's business.

5.2.1 Trading-related market risk at Large Corporates & Institutions

The strategic focus is to provide global fixed income, currency and capital market products to institutional and corporate customers in the Nordic countries and to offer local Nordic products to global customers. Principal risk-taking takes place mainly in fixed income products.

The Group's business activities involve a natural flow of various currencies. These are primarily currencies related to the Group's domestic markets in the Nordic region. However, taking on foreign exchange risk is limited relative to the market risk derived from interest rates.

The Group provides liquidity and engages in market-making in equity-related assets. The Group's equity market risk is limited as compared with the market risk derived from interest rates. The exposure to commodity market risk is insignificant since the Group does not want to take on material commodity market risk. However, a very small amount of market risk in respect of oil futures may be assumed as a hedging tool for the inflation trading book.

5.2.2 Market risk in relation to fair value adjustments

The Group's fair value accounting includes various valuation adjustments (referred to as xVA) inherent in the Group's derivatives portfolio – specifically credit value adjustments (CVA), funding value adjustments (FVA) and collateral value adjustments (ColVA). The Group applies a market-implied approach that is in line with industry best practice. Hence, these valuation adjustments are sensitive to market risks that materialise due to changes in interest rates, funding spreads and credit spreads. These market risks can give rise to volatility in the fair value adjustments.

Credit, funding and collateral valuation adjustments are substantial because of the size and nature of the Group's derivatives portfolio, and the associated market risks are similarly of a considerable size. The strategy is therefore to hedge large parts of the market risks, while the default risks are capitalised in accordance with regulation. When managing xVA, the Group focuses on managing economic risk rather than regulatory capital. This means that the Group also manages market risks originating from counterparties outside the scope of the CVA risk charge.

The Group manages all xVAs of the derivatives trading books centrally according to a clearly defined hedging strategy for each risk type associated with the xVA portfolio. The credit spread risk of CVA is significantly hedged using credit default swaps (CDS) based on liquid indices or selected single-name CDS contracts. Funding spread risk is a key risk factor for xVA and is managed collectively with credit spread risk. Overall, foreign exchange risks and interest rate risks from the xVA positions are almost fully hedged, with a very limited residual P/L effect.

In addition to the fair value adjustment, further adjustments are made to ensure that prices are not only fair but also prudent. The applied methodology and the adjustments based on the methodology ensure that positions can be exited at a given price at a confidence level of 90%. Adjustments are made for multiple sources of uncertainty such as market price uncertainty, close-out costs, model risk, unearned credit spreads, concentrated positions, future administrative expenses and operational risk. Whenever possible, the calculation of the adjustments is based entirely on market data, but when such data is insufficient, individual input may be based on expert opinions. When market data is unavailable in its entirety, the application of methodologies such as the costs of hedging and generic haircuts will ensure prudence in prices as well as compliance with regulatory standards.

5.2.3 Market risk in relation to the non-trading portfolio

The Group's exposure to market risk in the non-trading portfolio originates mainly from interest rate risk in the banking book, credit spread risk in the banking book and, to a far lesser extent, from the equity risk associated with a small portfolio of equity investments.

Furthermore, the Group is exposed to market risk arising from the hedge of structural foreign exchange risk.

Interest rate risk in the banking book

Interest rate risk in the banking book (IRRBB) derives from providing the Group's core banking customers with conventional banking products and from the Group's funding and liquidity management activities at Group Treasury. IRRBB arises from adverse movements in interest rates, and in turn they change the underlying value of the Group's assets, liabilities and off-balance sheet items and its economic value.

This means that IRRBB is driven by several factors: repricing mismatches between assets and liabilities, customer behaviour optionality within customer products booked within the non-trading portfolio, and interest rate floors and options on assets and liabilities held by the Group. Consequently, IRRBB covers interest rate risk, yield curve risk as well as option risk and behavioural characteristics risk.

The Group hedges its debt issuance programmes back to a short floating rate. For the purpose of preventing accounting mismatches, the hedged positions are treated using fair value hedge accounting. Moreover, the risk on material fixed-rate items is managed daily in accordance with the limit framework.

Credit spread risk in the banking book

Credit spread risk in the banking book (CSRBB) derives from bond positions related primarily to the Group's funding and liquidity management activities at Group Treasury. As the second line of defence, Market, Liquidity & Non-Financial Risk monitors adherence to limits.

Equity investments

The equity investments are divided into core and non-core investments. Core investments comprise investments that are of strategic value to the Group. That is, the Group is often a shareholder, and the target companies provide services to the Group that are needed for operational purposes. Non-core investments are investments of a non-strategic nature, such as equity for debt-converted credit facilities, and the Group is actively seeking to divest such investments.

Structural foreign exchange risk

Structural foreign exchange risk arises as the Group's CET1 capital is denominated in its domestic currency (DKK), while some of its assets and liabilities are denominated in foreign currencies. Although a fully matched foreign currency position will protect the Group against losses from movements in exchange rates, the Group's CET1 capital ratio will fall if the domestic currency depreciates because of the imbalance between the CET1 capital in a particular foreign currency and the CET1 capital required to support the risk exposure amount (REA) denominated in that same currency. This risk is labelled structural foreign exchange risk.

The Group's objective is to manage structural foreign exchange risk to reduce the potential effect of fluctuations in exchange rates on the CET1 capital ratio in a manner that avoids income statement volatility, while at the same time acknowledging potential increased volatility in other comprehensive income. The Group pursues a strategy of hedging the foreign exchange sensitivity of the CET1 capital ratio stemming from the allocated capital that reflects credit and operational risk REAs in the three most significant balance-sheet currencies (NOK, SEK and EUR). By nature, structural foreign exchange (hedge) positions are long-term and non-trading positions, and they also remain relatively stable over time.

5.3 Monitoring and reporting

The Group carries out daily market risk monitoring, control and reporting. The control process involves continuous intraday monitoring of limit utilisations with a full portfolio update every 30 minutes. Limit breaches are reported to the relevant units within the limit structure without undo delay.

Another important control activity is model risk management, which includes independent validation of models.

The Board of Directors and the Group All Risk Committee receive regular reports that provide an overview of the Group's portfolios, main risk drivers and stress testing results for decision-making purposes. Furthermore, detailed reporting provides granular metrics to management at Large Corporates & Institutions and Group Treasury for day-to-day risk management purposes.

5.4 Risk methodologies

The Group uses a range of measures forming a framework that captures the material market risks to which the Group is exposed. Both conventional risk measures, such as sensitivity and market value, and mathematical and statistical measures, such as VaR, are used in day-to-day trading portfolio market risk management.

The level of IRRBB is monitored using several risk measures, such as prescribed regulatory metrics, the risk tolerances set by the Board of Directors, and other risk measures that are considered appropriate.

For regulatory purposes, the Group calculates economic value (EV) under six regulatory stress scenarios (economic value of equity or EVE): a short interest rate up shock, a short interest rate down shock, a parallel upward shift in interest rates, a parallel downward shift in interest rates, a non-parallel flattener shift in interest rates and a non-parallel steepener shift in interest rates. In these regulatory EV calculations, the maturity of NMDs is capped to five years.

Stress testing

The Group supplements risk measurement with regular stress testing and in relation to specific events in the trading and financial markets. Efforts are made to ensure that the outcome under various stressed conditions is taken into consideration in the risk assessment and monitoring processes.

The stress testing programme provides additional perspectives on market risk by applying multiple methodologies that have various levels of severity. In general, the Group's stress testing practices can be divided into the following three categories: 1) sensitivity analysis, which examines the effect of a market movement in one, two or more specific risk factors at various levels of severity without relating the change(s) to a specific event; 2) scenario analysis, which assesses the consequences of specific events covering hypothetical and historical shocks to multiple risk factors simultaneously; and 3) reverse stress testing, which identifies extreme but plausible single- or two-factor scenarios that could result in significant adverse outcomes that may potentially threaten the viability of the business model or the set market risk tolerance.

5.5 Risk models

Value-at-Risk model

The current internal market risk model was approved by the Danish Financial Supervisory Authority (the Danish FSA) in 2007 and has since then been used for the calculation of regulatory capital for the Danske Bank Group and Danske Bank A/S. The model covers interest rate risk, equity market risk and exchange rate risk. At the end of 2011, the model was approved to cover interest rate basis risk, interest rate volatility risk and inflation risk. In 2015, the model was further approved to include bond-specific risk and equity-specific risk. At the same time, the Group's incremental risk model (see section 5.2.2) was significantly enhanced and subsequently included in the framework. Consequently, the Group's internal model is enhanced on an ongoing basis to cater for new risk factors and products.

In general, VaR is a quantitative measure that shows, with a certain probability, the maximum potential loss that the Group may suffer within a specified holding period. A VaR model estimates a portfolio's aggregate market risk by incorporating a range of risk factors and assets. All figures are calculated daily using full revaluations. The SVaR measures used for risk monitoring and capital requirement calculations are calculated using a holding period and historical data from a continued 12-month period of significant financial stress. The periods since 2008 with the highest level of stress are identified and analysed to determine the period to be used for calculating SVaR for capital requirements. In addition to the SVaR measure for capital requirements, the Group also calculates SVaR for internal limit purposes on the basis of the financial crisis period.

The following table provides an overview of the VaR and SVaR measures used for risk monitoring and capital requirement calculations.

Value-at-Risk model

Value-at-Risk	Risk monitoring: VaR limit	Risk monitoring: SVaR limit	Capital requirement: VaR	Capital requirement: SVaR	Backtesting
Percentile	95	95	99	99	99
Holding period	1 day	1 day	10 days	10 days	1 day
Historical data used	2 years	1 year	2 years	1 year	1 year
Period	Recent	Financial crisis (2008-2009)	Recent	1-year period of significant financial stress relevant to the Group's trading book	Recent

Backtesting of the internal VaR model
Regulatory backtesting is conducted daily to document the performance of the internal VaR model. The backtesting procedure compares the one-day VaR on trading book positions with actual and hypothetical P/L results.

Definition of actual and hypothetical profit and loss

Actual P/L is defined as the loss or gain from actual changes in the market value of the trading book when daily closing values are compared with the subsequent business day's closing values (that is, intraday trades on the subsequent business day are included).

Hypothetical P/L is defined as the loss or gain calculated within the model framework as a result of keeping the portfolio unchanged for one business day (that is, no intraday trades are included although market prices change).

If the hypothetical or actual loss exceeds the predicted possible loss (VaR), an exception has occurred. Since the VaR figures used for backtesting are based on a confidence level of 99% (as in the calculation of regulatory capital), the expected number of exceptions per year is two or three.

Incremental risk model
The incremental risk model captures rating migration and default risk on a one-year horizon for all instruments subject to specific interest rate risk. The model applies Monte Carlo simulations of credit events in respect of all issuers based on transition matrices.

Ratings and transition matrices used in the model are based on information from the major rating agencies. A constant liquidity horizon of one year is used for all instruments. A cross-sectional model including factors such as rating, sector, region and maturity is used for the translation of simulated rating migrations to corresponding spread changes.

IRRBB models
The EV risk metric is used for measuring the long-term effect of movements in interest rates by discounting future cash flows using relevant interest rate swap curves. In the modelling of future cash flows in non-trading portfolio, an overnight duration is used for own equity, while commercial margins are excluded.

The Earnings-at-Risk (EaR) model is used for measuring the change in net interest income (NII) over a forecast horizon of 12 months in several different scenarios. From a modelling perspective, commercial margins are included in the NII calculations. Furthermore, a constant balance-sheet approach is used for creating a base scenario over a 12-month time horizon. This means that maturing and amortising positions within the 12-month time horizon are replaced with new positions that have identical features (such as amount, duration and the most recent margins originated).

The sensitivity of NII is assessed under the six regulatory stress scenarios mentioned above and under two additional scenarios in which interest rates experience unfloored parallel +/-100 basis point shifts. In the six regulatory scenarios, additional artificial interest rate floors are implemented in the NII calculations so that DKK and EUR rates are floored at -200 basis points, while SEK, NOK, GBP, and USD rates are floored at -100 basis points.

In the day-to-day risk management of IRRBB, the Group uses an EV risk metric based on unfloored parallel +/-100 basis point shifts in interest rates. These EV measures are calculated and evaluated against limits on an intraday basis by Group Treasury. Group Treasury also tracks, comments and reports on the daily, monthly, quarterly and annual changes in EV. The EVE calculations are performed daily and evaluated monthly, while NII is calculated and evaluated once a month.

Product models
For the trading portfolio, the Group also develops and maintains internal valuation models used for the pricing and risk management of financial products that cannot be valued directly or risk-managed on the basis of quoted market prices.

In relation to non-trading portfolio products, allowance is made for contractual interest rate floors on customer products. In addition, debt issued by the Group and customer behaviour are taken into consideration when future cash flows are determined. The latter is an important component and encompasses the ongoing assessment of non-maturing deposits (NMDs). The volume of NMDs is recalibrated monthly, while the duration is reviewed annually. The assumed average duration of the full amount of the aggregate portfolio of NMDs is 1.95 years, and the longest repricing maturity is 14 years.

5.6 Regulatory capital for market risk

The minimum capital requirement for market risk is measured on the basis of positions in the trading book.

The Group uses mainly the internal model approach (IMA) to measure the REA used for determining the minimum capital requirement for market risk in the trading book. The IMA comprises the VaR capital charge, the SVaR capital charge and the incremental risk charge (IRC). The Group uses the internal VaR model to calculate the VaR and SVaR capital charges, whereas the IRC is calculated on the basis of the incremental risk model. No diversification effects between capital charges are considered.

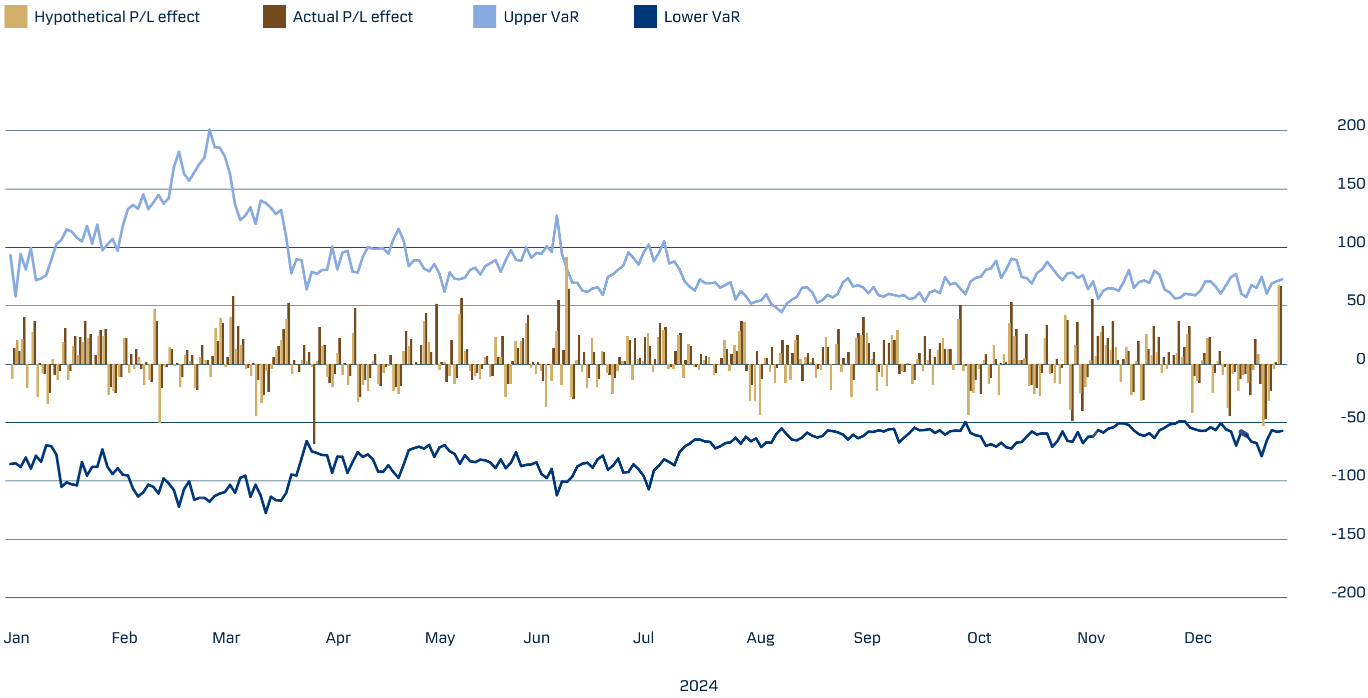
The VaR and SVaR components of the REA are multiplied by a VaR multiplier. The VaR multiplier is dependent on the number of backtesting exceptions in the preceding 250-business-day window. The Danish FSA has set a model multiplier of 0.5 that must be added to the VaR multiplier to allow for any uncertainties or imperfections in the Group's internal VaR model. The REA for the Group's minor exposures to commodity risk and collective investment undertakings is calculated according to the standardised approach.

The REA for CVA risk is measured mainly on the basis of the internal VaR model using exposure calculations from the counterparty risk exposure model and allocated CDS spread hedges. The REA for CVA risk from the Group's minor exposures to transactions not included in the counterparty credit risk exposure model is calculated according to the standardised approach.

Pillar III disclosures

Chart 5.1
EU MR4 – Comparison of VaR estimates with gains/losses

(DKK millions)



Note
Daily end-of-day VaR figures relative to one-day changes in the portfolio's value by the end of the subsequent business day and an analysis of any important overshooting during the reporting period.

The backtesting of the internal VaR model showed no actual or hypothetical exceptions in 2024.

Table 5.2
EU MR2-A – Market risk under internal model approach

At 31 December 2024
(DKK millions)

		RWAs	Capital requirements
1	**VaR (higher of values a and b)**	**6,838**	**547**
(a)	Previous day's VaR (Article 365(1) of the CRR (VaRt-1))	1,962	157
(b)	Average of the daily VaR (Article 365(1)) of the CRR on each of the preceding 60 business days (VaRavg) x multiplication factor (mc) in accordance with Article 366 of the CRR	6,838	547
2	**SVaR (higher of values a and b)**	**15,200**	**1,216**
(a)	Latest SVaR (Article 365(2) of the CRR (SVaRt-1))	4,472	358
(b)	Average of the SVaR (Article 365(2) of the CRR) during the preceding 60 business days (SVaRavg) x multiplication factor (mc) (Article 366 of the CRR)	15,200	1,216
3	**IRC (higher of values a and b)**	**5,700**	**456**
(a)	Most recent IRC value (incremental default and migration risks calculated in accordance with Article 370 and Article 371 of the CRR)	5,208	417
(b)	Average of the IRC number over the preceding 12 weeks	5,700	456
4	**Comprehensive risk measure (higher of values a, b and c)**	**-**	**-**
(a)	Most recent risk number for the correlation trading portfolio (Article 377 of the CRR)	-	-
(b)	Average of the risk number for the correlation trading portfolio over the preceding 12 weeks	-	-
(c)	8% of the own funds requirement in the standardised approach on the most recent risk number for the correlation trading portfolio (Article 338(4) of the CRR)	-	-
5	**Other**	**-**	**-**
6	**Total**	**27,738**	**2,219**

Note
The total REA for the fourth quarter of 2024 rose by DKK 1.8 billion or 7% from the level in the previous quarter. The increase in SVaR was primarily driven by interest rate risk due to a model change to add tenors to yield curves. The REA from the VaR measure decreased slightly due to an offsetting effect between interest rate risk and bond spread risk. The IRC measures increased slightly during the period.

Table 5.3
EU MR2-B – Risk-weighted assets flow statements of market risk exposures under the internal model approach

At 31 December 2024
(DKK millions)

		VaR	SVaR	IRC	Comprehensive risk measure	Other	Total RWAs	Total capital requirements
1	**RWAs at 30 September 2024**	**6,874**	**13,417**	**5,598**	**-**	**-**	**25,889**	**2,071**
1a	*Regulatory adjustment*	*5,023*	*9,705*	*0*	-	-	*14,727*	*1,178*
1b	*RWAs at the previous year-end (end of the day)*	*1,851*	*3,713*	*5,598*	-	-	*11,162*	*893*
2	Movement in risk levels	-57	509	-390	-	-	63	5
3a	*Model updates/changes - model change*	*167*	*250*	-	-	-	*417*	*33*
3b	*Model updates/changes - update SVaR period*	-	-	-	-	-	-	-
4	Methodology and policy	-	-	-	-	-	-	-
5	Acquisitions and disposals	-	-	-	-	-	-	-
6	Foreign exhange movements	-	-	-	-	-	-	-
7	Other	-	-	-	-	-	-	-
8a	*RWAs at the end of the reporting period (end of the day)*	*1,962*	*4,472*	*5,208*	-	-	*11,642*	*931*
8b	*Regulatory adjustment*	*4,876*	*10,728*	*492*	-	-	*16,095*	*1,288*
8	**RWAs as at 31 December 2024**	**6,838**	**15,200**	**5,700**	**-**	**-**	**27,738**	**2,219**

Note
A model change in the fourth quarter of 2024 was made to add tenors to yield curves in the VaR model. The model change resulted in an increase in SVaR of DKK 250 million and an increase in VaR of DKK 167 million.

Table 5.4
EU MR3 – IMA values for trading portfolios

At 31 December 2024
(DKK millions)

VaR (10 day 99%)		
1	Maximum value	218
2	Average value	156
3	Minimum value	112
4	Period end	157
SVaR (10 day 99%)		
5	Maximum value	610
6	Average value	346
7	Minimum value	185
8	Period end	358
IRC (99.9%)		
9	Maximum value	536
10	Average value	460
11	Minimum value	402
12	Period end	417
Comprehensive risk capital charge (99.9%)		
13	Maximum value	0
14	Average value	0
15	Minimum value	0
16	Period end	0

Note
The average VaR for the fourth quarter of 2024 decreased by 3% from the previous quarter.
The average SVaR for the fourth quarter of 2024 increased by 11% from the previous quarter, primarily due to interest rate risk driven by a model change.
The average IRC for the fourth quarter of 2024 increased by 5% from the previous quarter.

Table 5.5
IRRBB1 – Interest rate risks of non-trading book activities

At 31 December 2024
(DKK millions)

		Changes of the economic value of equity		Changes of the net interest income	
Supervisory shock scenarios		31 December 2024	30 June 2024	31 December 2024	30 June 2024
1	Parallel up	-2,986	-1,382	3,143	4,329
2	Parallel down	2,457	-1,042	-5,229	-5,140
3	Steepener	751	3,174		
4	Flattener	-1,949	-3,596		
5	Short rates up	-2,983	-3,541		
6	Short rates down	1,569	1,314		

5.7 Defined benefit pension plan risk management

Defined benefit pension plan risk is the risk in relation to legacy defined benefit pension plans resulting from changes in market prices or interest rates.

Due to the overall size and maturity of the underlying liabilities (defined benefit pension plans closed to new members), this risk is now considered a legacy risk that the Group expects to be reduced going forward.

For accounting purposes, defined benefit pension plans are valued in accordance with IFRSs (IAS 19). The Group's defined benefit pension plans are funded by contributions from the Group and by individual contributions from employees. Each pension plan is controlled by a separate board that consists of current and former employees as well as independent members. These boards are independent and manage the full operations of each pension plan.

The Group All Risk Committee has defined risk targets for the Group's pension plans. To follow up on the objectives, the Group prepares quarterly risk reports to stress the pension plans. This process uses the Group's VaR model to stress interest rates and risk assets. In addition, the liabilities are calculated on the basis of swap rates rather than actuarial discount rates. The quarterly VaR model outputs are compared against the risk targets, and follow-up takes place if certain thresholds are exceeded.

The interest rate and inflation risk hedging levels of each pension plan are constantly monitored. The Group's ambition is to externalise risks wherever possible through the purchase of bulk annuity buy-in policies. To date, such transactions have been executed for the liabilities in Northern Ireland and for a proportion of the liabilities in Ireland and Denmark.

5.7.1 Group pension plans

The Group's defined benefit pension obligations consist of pension plans in Northern Ireland, the Republic of Ireland and Sweden as well as a number of small pension plans in Denmark. In addition, the Group has unfunded defined benefit pension plans that are recognised directly on the balance sheet. All plans are closed to new members.

5.7.2 Liability recognition

The Group's defined benefit pension plans are recognised as a balance-sheet liability subject to valuation. As the pension benefits will typically be payable for the rest of the individual employee's life, this increases the Group's uncertainty about the amount of future obligations since the liability and pension expenses are measured actuarially.

Various assumptions need to be made. Some are financial (such as the discount rate used for calculating the net present value of the pension cash flows and rates of salary and pension increases), while some are demographic (such as rates of mortality, ill health, early retirement and resignation).

The Group calculates the market risk on defined benefit plans on a quarterly basis. The risk is expressed as VaR at a confidence level of 99.97% and on a one-year horizon. In this scenario, equity price volatility and the correlation between interest rates and equity prices are set at values reflecting normal market data. The duration of the pension obligations is reduced by half to take inflation risk into account.

Overview of the Group's pension plans

At 31 December 2024
(DKK millions)

Exposure class	Northern Ireland	Ireland	Denmark	Sweden
Pension plan for new employees	Defined contribution	Cash balance	Defined contribution	Defined contribution
Status of defined benefit pension plan	Closed to new members in 2004	Closed to new members in 2008	Closed to new members	Closed to new members in 2013
Gross liabilities	6,225	2,670	664	1,604
Assets at fair value	6,251	3,252	437	1,856
Net assets (net liabilities)	25	582	-226	252

Note
In Norway, Finland and the Baltic states, the Group operates defined contribution plans under which it pays fixed contributions into separate, legally independent entities but subsequently has no further obligations. The Group wound up its Norwegian defined benefit plan in 2005, but still has an early retirement pension obligation. The obligation amounted to DKK 11 million at 31 December 2024.

6.
Liquidity risk

6.1 Liquidity risk management

Liquidity risk arises from the basic activities of banks such as deposit-taking and lending. Liquidity risk is the risk that a lack of funding leads to excessive costs or prevents the Group from maintaining its business model or fulfilling its payment obligations. The Group manages liquidity risk by holding sufficient liquidity reserves to meet its obligations and support customers through business cycles.

6.1.1 Risk governance and responsibilities

The Board of Directors sets the overall principles and standards for managing liquidity and funding across the Group in the Group's Liquidity Policy. It defines the overall liquidity risk profile and outlines the supporting principles and related governance, including for the funding plan, internal allocation of liquidity costs, monitoring and reporting, the Internal Liquidity Adequacy Assessment Process (ILAAP), and the contingency plan for funding and liquidity. The Liquidity Policy also includes guidelines and limits set by the Board of Directors to ensure that liquidity and funding risks are adequately captured, managed and mitigated.

Like other risk types, liquidity risk is governed in line with the principles of the three-lines-of-defence model. Group Treasury and Group Finance make up the first line of defence for liquidity risk. With the support of Group Finance, Group Treasury is responsible for managing overall liquidity and ensures compliance with limits. Group Finance is in charge of the capital and funding planning process.

Group Risk Management acts as the second line of defence. Liquidity Risk Management reviews and challenges the methodologies and metrics applied in order to manage liquidity and funding and has oversight responsibility for monitoring compliance with limits and for reporting on liquidity risk indicators to the relevant parties and committees.

The Group All Risk Committee oversees the framework for liquidity and funding risks at the group level, and it monitors and challenges the management of those risks. The Group All Risk Committee outlines operational standards for the risk framework in the Liquidity Instruction, in which the committee also sets further limits and thresholds to ensure awareness and timely action if the Group's liquidity position deteriorates. All members of the Executive Leadership Team, including the CRO, sit on the committee, and it is chaired by the CEO.

The Group Asset & Liability Committee (the Group ALCO) has a strategic focus on asset and liability management components, such as net interest income, capital allocation, funds transfer pricing as well as interest and FX risks on the balance sheet. The majority of the members of the Executive Leadership Team, including the CRO, sit on the committee, and it is chaired by the CFO. The Group ALCO has established a sub-committee (the Liquidity & Funding Committee) to oversee liquidity management at the group level, including the execution and oversight of the Group's liquidity and funding strategy.

Liquidity management is coordinated centrally to ensure regulatory compliance at the group level and compliance with internal requirements. Regulatory compliance and the maintenance of adequate liquidity reserves at subsidiaries are managed locally.[1]

Liquidity management objectives and limit framework

The overall purpose of the Group's liquidity management is to have a prudent liquidity position to ensure that the Group is always in a position to meet its payment obligations. The following liquidity risk management objectives are pivotal:

Key element	Objectives
Distance to non-viability	A sufficient distance to non-viability should always be maintained: In a crisis, there must be sufficient time to respond to events and avoid bankruptcy or closure due to regulatory compliance failure.
Market reliance	Market reliance should be limited: If the Group relies on its ability to issue debt at all times, it becomes vulnerable to market stress. The volume and maturity profile of debt instruments must therefore be prudently managed.

With sufficient preparation for a crisis, the Group[2] is able to adapt effectively to market volatility, to preserve its long-term business model and to provide continued services to its customers, even during severe market conditions.

In the Group's Liquidity Policy, the Board of Directors has set limits for key metrics to ensure that the objectives stated above are achieved, including limits on regulatory metrics such as the liquidity coverage ratio (LCR) and the net stable funding ratio (NSFR). Additional limits, thresholds and indicators are set by the Group ARC in the Liquidity Instruction to further ensure awareness and timely action.

The overall principles and standards set out in the Liquidity Policy and the Liquidity Instruction are further specified in other governance documents, including the Group's contingency funding plan, which is approved by the Board of Directors.

The Group's funding plan seeks to balance long-term commitments with stable funding in each of the relevant currencies. To achieve this, the Group has a number of wholesale-funding programmes that can be used along with strategic cross-currency swaps to obtain additional funding in specific currencies. As such, stable sources provide all the necessary funding, and no gaps need to be filled on an ongoing basis by the use of short-term instruments. Each wholesale funding programme is approved by the Board of Directors along with a limit.

1 Realkredit Danmark and Danica Pension manage their own liquidity risks. Realkredit Danmark is subject to special legislation on mortgage credit institutions and is largely self-financing. Danica Pension's balance sheet includes assets and long-term life insurance liabilities. A large part of Danica Pension's assets are readily marketable securities. Both companies are subject to statutory limits on their exposures to Danske Bank A/S.

2 For liquidity management purposes, the term 'Group' (the Danske Bank Group) does not include Danica Pension because it is not a credit institution. This means that Danica Pension is excluded from the prudential consolidation because it is not subject to the same liquidity regulations as credit institutions. Realkredit Danmark is included in the prudential consolidation and recognised in Group aggregates unless explicitly stated otherwise.

Realkredit Danmark's funding

Realkredit Danmark funds its mortgage lending activities by issuing covered bonds. Mortgage finance in Denmark is subject to asset-liability balance requirements, and Realkredit Danmark complies with these requirements by applying a strict pass-through structure. This implies that

- all mortgages are funded by means of covered bonds with a matching cash flow
- all funding costs are absorbed by borrowers
- payments of interest, redemptions and margins from borrowers fall due in advance of interest payments and principal repayments to bondholders
- covered bonds are issued on tap when mortgages are originated

The pass-through structure allows for interest-reset loans with maturities ranging up to 30 years, while the underlying bonds are typically issued with maturities ranging from one to five years. The refinancing risk is mitigated by regulatory and internal caps on the volume of interest-reset loans to be refinanced each quarter and each year. As a last resort, Realkredit Danmark is required by law to extend the maturity of maturing covered bonds in the following situations: 1) failed refinancing or 2) the yield to maturity achieved at the time of refinancing has increased by more than 500 bps since the completion of the previous refinancing transaction.

The contingency funding plan outlines a process for proactively identifying a situation of stress by monitoring early warning indicators. These are defined in addition to the liquidity metrics and indicators set in the Liquidity Policy. The contingency funding plan also includes an overview of the division of roles and responsibilities as well as escalation procedures to ensure timely and sufficient information to management. Additionally, it provides an overview of instruments available for improving the Group's liquidity and capital position, including testing requirements.

Other governance documents set additional limits and thresholds, including more detailed operational limits and thresholds on currencies and the funding profile.

6.1.2 Monitoring and reporting

Liquidity management encompasses monitoring, managing and reporting on short- and long-term liquidity risks. Adherence to all limits and thresholds is monitored on an ongoing basis at internally set frequencies. All limit breaches are reported to the relevant body within the governance structure. The second line of defence, Group Risk Management, monitors compliance with internal limits.

The Board of Directors and senior management regularly receive reports that provide an overview of the Group's current liquidity risk profile and outline the drivers for changes in liquidity and funding. Furthermore, regular detailed reporting provides more granular information to the Liquidity & Funding Committee (a sub-committee of the Group ALCO).

ILAAP

The ILAAP is a process that evaluates the adequacy of the Group's and Danske Bank A/S's liquidity profile, liquidity risk and governance framework.

The process highlights key developments during the past year and identifies new or changed risk drivers. Detailed quantitative analyses of liquidity and funding risks are performed and presented in an ILAAP report. The second line of defence, Group Risk Management, is responsible for the ILAAP report and submits it to the Board of Directors for approval.

The ILAAP reports of the Group and relevant subsidiaries are the basis for dialogue with the supervisory authorities on the Group's liquidity risks in the annual Supervisory Review and Evaluation Process (SREP). The ILAAP report is submitted annually to the supervisory authorities along with the Group's ICAAP report.

6.1.3 Methodologies and models

The Group applies a range of methodologies, risk metrics, indicators and triggers in day-to-day liquidity risk management. This includes regulatory defined metrics, projected cash flows, what-if analysis and observable market prices.

Liquidity curves and intraday liquidity management

Liquidity curves based on contractual liquidity flows are monitored against limits on a daily basis. Intraday liquidity is monitored and reported by currency in accordance with the guidelines issued by the Basel Committee.

LCR

The LCR is based on a fixed 30-day stress scenario defined by regulators. This includes liquidity reservations for stipulated deposit outflows and other outflows related to adverse market and credit events. The potential outflow related to an adverse market scenario on derivatives is calculated using the historical look back-approach (HLBA). The potential additional collateral requirements are estimated as an effect of a 3-notch rating downgrade of the Group.

The LCR regulation requires the composition of high-quality liquid assets (HQLA) in the liquidity reserve to be consistent with the currency distribution of the potential net liquidity outflows. Consequently, the actual and forecast developments in the overall LCR and the LCRs for significant currencies are monitored daily and lay the foundation for the Group's liquidity management. As a SIFI in Denmark, Danske Bank is subject to currency-specific liquidity requirements for EUR and USD and has internal liquidity limits for SEK and NOK. In addition, a 90-day modified version of the LCR is also calculated as part of the supervisory process in Denmark.

NSFR

While the LCR focuses on short-term liquidity risk, the NSFR addresses the balance between the funding needs for assets and the stability of funding sources. The NSFR applies to all individual banking units within the Group and to the Group as a whole. The risk indicator is an effective management tool to ensure an appropriate level of market reliance in order to reduce any pressure on the Group to fund large amounts during a liquidity crisis. The NSFR is measured and monitored monthly.

Stress testing

Stress tests are a core element of managing liquidity risk. Monthly stress tests are carried out for the Group and for Danske Bank A/S to measure the stressed liquidity survival horizon and to detect signs of possible vulnerabilities to different adverse events. The stressed liquidity survival horizon is defined as the period during which the liquidity reserve remains positive in a stress scenario. The stress tests estimate liquidity risk in various scenarios, including three standard scenarios: a scenario specific to Danske Bank, a general market crisis scenario and a combination of the two scenarios. Stress-to-failure and LCR-in-stress calculations are also performed as part of the Group's stress testing.

All stress tests assume that the Group continues to serve its customers and does not reduce its lending activities. This means that an unchanged volume of lending will continue to require funding. The availability of funding varies depending on the scenario and the type of funding source. The assessment of funding stability is based on the maturity structure for debt and behavioural data for deposits.

FTP framework

The funds transfer pricing (FTP) framework is the Group's central management tool to adjust and manage the balance-sheet composition of its business units. Through the FTP framework, business unit activities are managed by assigning internal funding prices based on the matched-maturity principle. The FTP framework applies charges to loans and credits to deposits and other funding on the basis of the characteristics of the individual balance-sheet items, such as product type, customer type, maturity, currency, amortisation profile, modelled behaviour and interest rate risk as well as LCR and NSFR effect.

The FTP framework links the balance-sheet composition directly to the income statement, and it is a key component in determining the Group's overall funding position. As such, it links the Group's liquidity risk assessment, product pricing, balance-sheet valuation and profitability analysis.

Pillar III disclosures

Table 6.1
EU LIQ1 – Liquidity coverage ratio

(DKK millions)

Scope of consolidation (consolidated)		Total unweighted value (average)				Total weighted value (average)			
		31 Dec 2024	30 Sep 2024	30 Jun 2024	31 Mar 2024	31 Dec 2024	30 Sep 2024	30 Jun 2024	31 Mar 2024
Number of data points used in the calculation of averages		12	12	12	12	12	12	12	12
High-quality liquid assets									
1	Total high-quality liquid assets (HQLA)					563,599	574,557	577,901	579,616
Cash – outflows									
2	Retail deposits and deposits from small business customers, of which:	559,620	560,628	557,520	556,058	40,016	39,818	39,591	39,708
3	*Stable deposits*	362,720	366,264	367,674	369,990	18,136	18,313	18,384	18,500
4	*Less stable deposits*	164,818	162,750	161,219	161,790	21,704	21,344	21,072	21,100
5	Unsecured wholesale funding	563,239	563,178	563,026	572,159	226,302	226,127	224,613	230,437
6	*Operational deposits (all counterparties) and deposits in networks of cooperative banks*	299,071	299,128	298,354	300,613	72,863	72,878	72,666	73,234
7	*Non-operational deposits (all counterparties)*	251,167	252,155	254,868	259,801	140,438	141,355	142,143	145,457
8	*Unsecured debt*	13,001	11,895	9,804	11,745	13,001	11,895	9,804	11,745
9	Secured wholesale funding					27,905	26,046	24,336	24,013
10	Additional requirements	350,727	352,046	351,818	350,149	79,263	82,144	85,101	87,950
11	*Outflows related to derivative exposures and other collateral requirements*	41,622	42,223	42,519	44,416	35,072	35,721	36,277	37,846
12	*Outflows related to loss of funding on debt products*		-	-	-		-	-	-
13	*Credit and liquidity facilities*	309,105	309,823	309,299	305,732	44,191	46,423	48,824	50,104
14	Other contractual funding obligations	47,595	48,639	48,765	50,860	12,360	12,810	12,750	11,876
15	Other contingent funding obligations	519,715	616,370	703,345	756,470	62,683	64,467	68,585	72,967
16	**Total cash outflows**					**448,530**	**451,413**	**454,977**	**466,951**
Cash – inflows									
17	Secured lending (e.g. reverse repos)	464,215	441,773	420,741	407,055	76,664	69,155	64,114	62,270
18	Inflows from fully performing exposures	25,299	24,972	24,664	23,905	18,466	18,500	17,996	17,159
19	Other cash inflows	79,312	83,278	83,529	85,220	39,171	39,476	38,367	37,801
EU-19a	*(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)*						-	-	-
EU-19b	*(Excess inflows from a related specialised credit institution)*						-	-	-
20	**Total cash inflows**	568,826	550,023	528,934	516,180	134,301	127,131	120,478	117,230
EU-20a	*Fully exempt inflows*	-	-	-	-		-	-	-
EU-20b	*Inflows subject to 90% cap*	-	-	-	-		-	-	-
EU-20c	*Inflows subject to 75% cap*	568,826	550,023	528,934	516,180	134,301	127,131	120,478	117,230
Total adjusted value									
EU-21	**Liquidity buffer**					563,599	574,557	577,901	579,616
22	**Total net cash outflows**					314,229	324,281	334,499	349,721
23	**Liquidity coverage ratio (%)**					180%	178%	173%	166%

Note
The Group maintained a prudent liquidity position throughout 2024. The Group's LCR decreased from 170% at the end of 2023 to 167% at the end of 2024.

The sale of the personal customer business in Norway reduced the Group's loan portfolio. Together with an increase in the overall deposit volume, this had a positive effect on the LCR. Additional liquidity was allocated to the equity finance business. Coupled with a change in the collateral composition related to derivatives trading, this reduced the LCR and the liquidity surplus.

The decline in the liquidity surplus resulted in a reduction of high-quality liquid assets (HQLA) with a decrease in central bank reserves that was partly offset by an increase in other level 1 assets. More than 95% of the HQLA holdings continued to be composed of level 1 assets, with extremely high-quality covered bonds, central bank reserves and central government debt accounting for the majority.

The disclosure template captures all material items affecting the Group's LCRs.

Table 6.2
EU LIQ2 – Net Stable Funding Ratio

At 31 December 2024
(DKK millions)

		Unweighted value by residual maturity				
		No maturity	**< 6 months**	**6 months to < 1yr**	**≥ 1yr**	**Weighted value**
Available stable funding (ASF) Items						
1	**Capital items and instruments**	**157,011**	**10,949**	**3,730**	**17,677**	**174,688**
2	*Own funds*	*157,011*	*10,949*	*3,730*	*17,677*	*174,688*
3	*Other capital instruments*		-	-	-	-
4	**Retail deposits**		**536,551**	**5,452**	**3,072**	**508,795**
5	*Stable deposits*		*356,877*	*1,534*	*829*	*341,320*
6	*Less stable deposits*		*179,674*	*3,918*	*2,243*	*167,475*
7	**Wholesale funding:**		**1,100,972**	**63,776**	**231,564**	**554,186**
8	*Operational deposits*		*301,227*			*35,685*
9	*Other wholesale funding*		*799,745*	*63,776*	*231,564*	*518,501*
10	Interdependent liabilities		**99,629**	**48,233**	**620,911**	
11	**Other liabilities:**		**192,643**	**-**	**1,727**	**1,727**
12	*NSFR derivative liabilities*					
13	*All other liabilities and capital instruments not included in the above categories*		*192,643*	-	*1,727*	*1,727*
14	**Total available stable funding (ASF)**					**1,239,397**
Required stable funding (RSF) Items						
15	**Total high-quality liquid assets (HQLA)**					**40,728**
EU-15a	**Assets encumbered for more than 12m in cover pool**		**2,607**	**6,457**	**148,250**	**133,716**
16	Deposits held at other financial institutions for operational purposes		**4,059**			**2,030**
17	**Performing loans and securities:**		**601,827**	**58,914**	**788,652**	**759,154**
18	*Performing securities financing transactions with financial customerscollateralised by Level 1 HQLA subject to 0% haircut*		*176,305*		-	
19	*Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions*		*290,585*	*15,475*	*31,725*	*56,267*
20	*Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:*		*123,801*	*39,690*	*450,539*	*540,987*
21	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		*14,562*	*10,250*	*84,770*	*145,736*
22	*Performing residential mortgages, of which:*		*3,711*	*2,815*	*131,423*	-
23	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		*3,255*	*2,546*	*114,194*	-
24	*Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products*		*7,425*	*934*	*174,965*	*161,900*
25	**Interdependent assets**		**12,560**	**9,528**	**736,422**	
26	**Other assets:**		**99,180**	**1,764**	**83,365**	**94,220**
27	*Physical traded commodities*				-	-
28	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*			-	*35,120*	*29,852*
29	*NSFR derivative assets*		*10,717*			*10,717*
30	*NSFR derivative liabilities before deduction of variation margin posted*		*44,034*	-	-	*2,202*
31	*All other assets not included in the above categories*		*44,429*	*1,764*	*48,245*	*51,449*
32	**Off-balance sheet items**		**25,188**	**22,310**	**275,605**	**20,555**
33	**Total RSF**					**1,050,402**
34	**Net Stable Funding Ratio (%)**					**117.99%**

Note
The Group's NSFR decreased from 126% at the end of 2023 to 118% at the end of 2024. The sale of the personal customer business in Norway reduced the loan portfolio, thereby reducing the amount of required stable funding. The sale also led to a reduction in outstanding long-term debt and a change in the composition of the overall deposit portfolio, reducing the amount of available stable funding. A rise in the amount of liquidity allocated to equity finance positions caused the amount of required stable funding to increase. Finally, derivatives and a changed collateral composition also led to an increase in the amount of required stable funding.

Deposits remained the Group's main funding source. At the end of 2024, deposits constituted 69% of the Group's total funding and the amount of issued equity was 10%. Senior debt comprised 9%, covered bonds came to 7%, and subordinated debt amounted to 2%. The remaining 3% came from commercial paper and certificates of deposit. The Group continues to pay special attention to the SEK markets, where there is a structural difference between deposits and lending.

During 2024, the Group issued long-term debt in the amount of DKK 78 billion, down from DKK 95 billion in 2023. Covered bonds were issued primarily through the SEK and EUR domestic markets, with Danske Hypotek AB issuing covered bonds in SEK in Sweden and Danske Mortgage Bank Plc issuing covered bonds in EUR in Finland. The Group issued non-preferred senior debt in the amount of EUR 1.75 billion and for USD 2.25 billion. Additionally, the Group issued subordinated tier 2 debt to the tune of EUR 1.25 billion.

The Group increased the issuance of certificates of deposit and commercial paper. However, the short-term funding programmes (funding instruments with a maturity of less than a year) continue to see a lower level of utilisation than the levels mandated by the Board of Directors. This is due primarily to the lack of investment opportunities with a similar maturity profile that are both profitable and consistent with the Group's Liquidity Policy and its focus on stable funding.

The Group's credit ratings affect its ability to obtain market funding and the costs of such funding. Changes in credit ratings may also have liquidity implications through changes in the amount of collateral needed in certain transactions. In 2024, Moody's raised the Group's credit ratings by one/two notches. For more information, see the Group's Annual Report 2024.

Table 6.3
EU AE1 – Encumbered and unencumbered assets

At 31 December 2024
(DKK millions)

		Carrying amount of encumbered assets		Fair value of encumbered assets		Carrying amount of unencumbered assets		Fair value of unencumbered assets	
			Of which: notionally elligible EHQLA and HQLA		Of which: notionally elligible EHQLA and HQLA		Of which: EHQLA and HQLA		Of which: EHQLA and HQLA
10	**Assets of the reporting institution**	**1,158,925**	**160,616**			**2,052,373**	**483,185**		
30	Equity instruments	3,727	-	3,727	-	54,916	-	54,914	-
40	Debt securities	177,520	151,326	168,879	151,326	266,484	*181,596*	*266,484*	*181,596*
50	*of which: covered bonds*	75,670	51,808	67,028	51,808	174,451	*129,081*	*174,451*	*129,081*
60	*of which: asset-backed securities*	-	-	-	-	-	-	-	-
70	*of which: issued by general governments*	99,058	98,894	99,058	98,894	52,511	52,021	52,511	52,021
80	*of which: issued by financial corporations*	77,223	52,014	68,582	52,014	211,327	*129,493*	*211,327*	*129,493*
90	*of which: issued by non-financial corporations*	1,238	418	1,238	418	2,443	81	2,443	81
100	Other assets	977,678	9,290			1,730,974	301,589		

Table 6.4
EU AE2 – Asset emcumbrance – collateral received

At 31 December 2024
(DKK millions)

		Fair value of encumbered collateral received or own debt securities issued		Fair value of collateral received or own debt securities issued available for encumbrance	
			Of which: notionally eligible EHQLA and HQLA		Of which: EHQLA and HQLA
130	**Collateral received by the dislosing institution**	**225,760**	**200,941**	**336,209**	**272,146**
140	Loans on demand	-	-	-	-
150	Equity instruments	-	-	-	-
160	Debt securities	221,088	200,941	325,211	272,146
170	*of which: covered bonds*	97,254	78,451	143,248	97,049
180	*of which: asset-backed securities*	-	-	-	-
190	*of which: issued by general governments*	123,805	122,486	181,662	174,998
200	*of which: issued by financial corporations*	97,276	78,451	143,397	97,086
210	*of which: issued by non-financial corporations*	7	3	152	61
220	Loans and advances other than loans on demand	-	-	-	-
230	Other collateral received	*4,672*	-	*10,999*	-
240	Own debt securities issued other than own covered bonds or ABSs	-	-	-	-
241	Own covered bonds and securitisation issued and not yet pledged			*67,522*	*25,871*
250	**Total collateral received and own debt securities issued**	**1,384,685**	**361,557**		

Table 6.5
EU AE3 – Sources of encumbrance

At 31 December 2024
(DKK millions)

	Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than covered bonds and ABSs encumbered
Carrying amount of selected financial liabilities	1,270,038	1,375,892

Note to table 6.3 EU AE1, table 6.4 EU AE2 and table 6.5 EU AE3

Amounts are median values based on end-of-period carrying amounts of asset encumbrance reporting for each of the latest four quarters and are determined by interpolation.

The Group's reporting follows the method set out in the EBA's implementing standard on asset encumbrance. All figures are stated for the Danske Bank Group excluding Danica Pension.

Asset encumbrance remained at the same year-end level for 2024 as for 2023. Asset encumbrance from banking activities excluding mortgage banks is considered to be at a comfortable level.

The Group's asset encumbrance has three main sources:

- loans and securities serving as collateral for covered bond issues
- securities provided as collateral in repo and securities-lending transactions
- cash and securities provided as collateral for derivatives and clearing transactions in which pledging or mortgaging collateral is an operational requirement to support business activities and secure counterparty credit risk mitigation

By their nature as specialised mortgage institutions, the Group's subsidiaries that provide mortgage loans are almost entirely encumbered, and this contributes significantly to the Group's total encumbrance. Issuance of covered and mortgage bonds is a strategic long-term funding measure that entails ring-fencing assets according to statutory regulation. Portions of the covered bond issues are retained by the issuing entity and also purchased by other entities within the Group. All of the issued covered bonds have a minimum overcollateralisation in line with legal requirements. Furthermore, the maintained level of overcollateralisation is commensurate with highly rated covered bond issues.

The Group's repo activities consist of business-driven transactions that can be wound up relatively quickly and transactions for short- or long-term funding purposes. In repo transactions, the securities remain on the Group's balance sheet, and the amounts received are recognised as deposits. The Group's repo and reverse repo exposures are collateralised by high-quality collateral (mostly AAA) and are mostly short-dated exposures (maturing within one month). Additionally, the repo agreements may have overcollateralisation in the form of a haircut, meaning that the amount of collateral pledged or mortgaged exceeds the amount borrowed. However, the large majority of repos have a small haircut. The Group engages in repo transactions between Danske Bank A/S and its subsidiaries, particularly Realkredit Danmark.

Standard CSA agreements are used for collateralising most of the derivatives exposures.

With respect to the items included in the EU AE1 table (column 060, 'Carrying amount of unencumbered assets', and row 120, 'Other assets'), most of this amount is not considered available for encumbrance with the exception of loans eligible for encumbrance through covered bond issuance.

7.
Life insurance risk

7.1 Life insurance risk management

The Danske Bank Group's life insurance risk consists of risks originating from its ownership of Danica Pension. This includes pension-related market risk and insurance risk. In addition, the operations of Danica Pension are exposed to non-financial risk and ESG risk. The Group runs its life insurance operations with the aim of providing best-in-class services to customers while at the same time maintaining a predictable risk profile.

Danske Bank's financial results are affected by Danica Pension's financial position. Earnings from Danica Pension and their underlying volatility consist mainly of the risk allowance from with-profits policies, earnings from unit-linked products and from health and accident products, and the investment return on Danica Pension's equity capital.

Furthermore, Danica Pension has a financial effect on the Group's capital through a capital deduction from its CET1 capital. The deduction is driven by Danica Pension's solvency capital requirement and basic own funds, which again are driven primarily by pension-related market risk, insurance risk and the size of the buffers for with-profits products.

The life insurance risk framework is governed by Danica Pension's Board of Directors. On a daily basis, Danica Pension's risk management function monitors both the risk and the asset-liability management (ALM) limits set by its Board of Directors, including limits set for the solvency coverage ratio, basic own funds in excess of the solvency capital requirement, and the own funds loss exposure in a risk scenario defined by Danica Pension's Board of Directors. The risk management function also follows up on investment limits and calculates key risk figures for ALM purposes.

Danica Pension's CRO reports to Danica Pension's CEO and to the Group's head of Market and Liquidity Risk at Group Risk Management. Group Risk Management thus has oversight of Danica Pension's life insurance risk.

For more information about Danica Pension's risk management practices, see Danica Pension's annual and interim reports.

8. Non-financial risk

Pillar III disclosures

8.1 Non-financial risk management

Non-financial risk is defined as the risk of financial losses or gains, regulatory impact, reputational impact or customer impact resulting from inadequate or failed internal processes or from people, systems or external events, including legal and compliance risks.

8.1.1 Risk governance and responsibilities

The Board of Directors is responsible for establishing a group-wide framework for managing non-financial risk. All non-financial risk policies are approved by the Board of Directors and implemented in day-to-day non-financial risk management practices across the Group. The policies set the framework for the expectations and boundaries for the underlying instructions.

Compliance with the Group's Non-Financial Risk Policy and related governance documents is ensured through continuous oversight and monitoring by a number of Board of Directors and Executive Leadership Team sub-committees and councils, including the Non-Financial Risk Committee, the Conduct & Compliance Committee, the Reputational Risk Committee and the Model Risk Committee. If required by the Group's policies, matters are escalated to the Group All Risk Committee and the Board Risk Committee.

Non-financial risks must be managed within the Group's risk tolerances and in line with a sound risk and compliance culture. The overarching non-financial risk tolerance threshold for loss exposure is set for net losses after recoveries for events that occur in the current calendar year. Where individual boundaries are set for non-financial risk types, these are outlined in the respective policies and instructions. Compliance with these tolerances is monitored and reported on in accordance with internal procedures.

The Group's risk taxonomy is set out in its Enterprise Risk Management Policy and Non-Financial Risk Policy. Non-financial risk consists of five risk types, and the Group's approach to non-financial risk management is laid out in the Non-Financial Risk Policy supplemented by the Group Compliance Policy and associated policies/instructions and standard operating procedures.

Non-financial risk types

Operational risk	Information technology (IT) and security risk	Data risk	Financial crime risk	Regulatory compliance risk

The Group Non-Financial Risk Policy is the overarching policy and defines the principles and responsibilities for managing non-financial risk across the three lines of defence. Policies, instructions and standard operating procedures are in place and reviewed annually to ensure alignment with regulatory developments. Implementation of the non-financial risk management framework is linked to the process of maintaining a strong risk and compliance culture across the Group.

Identifying, assessing, mitigating and reporting on all five risk types in accordance with the Group's taxonomy for non-financial risks are key to the Group's non-financial risk management. The Group also conducts scenario analyses to understand exposure to low-frequency high-severity events. Results from risk assessments and stress tests are used as input for the Group's Internal Capital Adequacy Assessment Process (ICAAP).

The Group's non-financial risk management is based on the three-lines-of-defence model. Business units and support functions constitute the first line of defence, Group Risk Management (Non-Financial Risk) and Group Compliance constitute the second line, and Group Internal Audit acts as the third line of defence.

The Group consistently evaluates non-financial risk events and take mitigating actions to ensure that the risk of re-occurrence is minimised.

8.1.2 Risk assessment and risk event management

It is a prerequisite for non-financial risk management that the Group understands and maintains an overview of its organisation and takes ownership of its activities.

The Group's standard approach to risk assessment of its non-financial risks and controls is in line with industry standards and comprises the following steps:

1. **Scoping** – Achieve a thorough understanding of the subject under risk assessment to further enable the identification of most significant risk types.
2. **Risk identification** – Identify and describe the risk(s) in scope of the assessment.
3. **Inherent risk assessment** – Consider impacts on a realistic worst-case basis and in a scenario without any control implemented.
4. **Control self-assessment** – Identify, describe and assess the design and operational effectiveness of controls.
5. **Residual risk assessment** – Consider the net risk exposure remaining after taking into consideration the effect of all relevant existing controls in place to reduce the inherent exposure.
6. **Risk response** – Ensure that a risk response is in place when it is assessed that the controls do not reduce the risk to an acceptable level.

Risk event management aims to ensure timely and appropriate handling of detected events in order to minimise the potential impact on the Group and its stakeholders and to prevent reoccurrence.

In 2024, the majority of loss events fell into following two Basel II event type categories: *Execution, delivery and process management* and *External fraud*. There were losses relating to legacy systems and limitations in manual processes as well as product and services-related events.

8.1.3 Monitoring and reporting

The purpose of the Group's weekly/monthly/quarterly monitoring is to identify trends in risk performance data that may require further analysis, mitigation and/or managerial intervention. The Group's risk tolerance is expressed in tolerance limits that ensure timely intervention if exceeded.

In addition, reports on compliance-related risks are submitted quarterly to the Executive Leadership Team, the Board of Directors' Conduct & Compliance Committee, and the Board of Directors.

Reports on the Group's non-financial risk loss events are submitted annually to the Danish Financial Supervisory Authority (the Danish FSA) on the basis of the EBA standards for common reporting (COREP). The Group's ICAAP requires that operational risk be reassessed with regard to capital adequacy planning and stress testing.

8.2 Non-financial risk types

In addition to the Group's general approach to non-financial risk management, each non-financial risk type, as defined by the Group's risk taxonomy, is managed in accordance with specific regulatory requirements and business objectives.

8.2.1 Operational risk management

Operational risk is defined as the risk of losses resulting from inadequate or failed internal processes or from people, systems or external events, including legal risks. Operational risk is inherent in the Group's day-to-day operations and may occur in relation to the Group's products and services, reporting procedures, employment practices, workplace safety, damage to physical assets, outsourcing agreements, third parties dealing with the Group, mismanagement of legal disputes or contractual rights and obligations, or as the result of business continuity events (such as natural disasters, pandemics or power outages).

Risk event management: Risk event awareness is a focus area across the Group, and effective event management remains a priority with timely registration, approval and escalation processes in place. All employees are instructed and required to register risk events in the Group's risk event registration system. This information is analysed to identify root causes, estimate the exposure and perform the remediation actions needed. Where the level of impact exceeds agreed thresholds, risk events are escalated to the relevant internal and external bodies.

Risk and control self-assessment: The risk and control self-assessment procedures facilitate the assessment of risks associated with end-to-end critical and important business processes through perspectives of likelihood, non-financial/financial impact, and control design and operating effectiveness. The Group's approach to risk assessment provides a common methodology for all business units and subsidiaries.

Control management: Effective control management is critical to risk management practices. The instructions provide a standardised and unified framework to identify, design, document, manage, evaluate, remediate and report on controls to meet regulatory requirements and the objectives of the Group's Non-Financial Risk Policy.

New and amended product approval (NAPA): The NAPA process ensures that the products and services offered by the Group are in the interests of customers and comply with relevant regulations. The NAPA Policy defines roles and responsibilities, including, but not limited to, those of the product managers, the manufacturing and distributing business units, and the approving body. The policy requires the product managers to consider all relevant risks in line with the Group's enterprise risk management framework.

For investment products manufactured for and/or distributed to customers requesting financial instruments with a sustainability-related profile, the underlying instructions for the NAPA Policy require consideration of sustainability factors such as environmental, social and employee-related matters, respect for human rights, and anti-corruption and anti-bribery matters.

Business continuity risk management
Business continuity risk management is a holistic approach resulting in proactive measures that enable the Group to identify potential threats and their impacts on business operations, effectively respond to such threats and continue the delivery of products and services supported by functions at acceptable predefined levels following a disruption. The Business Continuity & Crisis Management Policy sets control requirements for business continuity risk.

Third-party risk management
Third-party risk management is the process of identifying, analysing and controlling risks arising from engaging with third parties. Third-party arrangements classified as *outsourcing* or *critical or important outsourcing* are subject to specific regulatory requirements listed in the EBA Guidelines on Outsourcing Arrangements and the Danish Executive Order on Outsourcing for Credit Institutions etc. Outsourcing arrangements are to be managed in accordance with the Group's Third-Party Risk Management Policy.

Model risk management
Models form a key part of the Group's core business processes and play a critical role in the day-to-day delivery of services to customers and in the processes that the Group uses to manage its risks. Models are also essential to the Group's ambition of improving customer experience and driving efficiency and agility. The use of models generates model risk, which is the potential risk of adverse consequences resulting from decisions based on incorrect or misused model output and reports.

The Group manages model risk in accordance with its Model Risk Policy. This policy sets out standards and principles for the identification, management and governance of model risk.

Each model identified is assigned a risk tier based on its size and significance as well as a model owner. The model owner has the primary responsibility for managing model risk and adhering to the principles of the Model Risk Policy. This includes identification of new models in the individual area, implementation of new models, adherence to the model risk tolerance statement, maintenance of data quality, development of model risk instructions, validation of new models and significant changes, implementation of model performance controls, risk tier updates where relevant, and reaffirmation that models are suitable for ongoing use on a periodic basis.

The Model Risk Management (MRM) function is responsible for developing and maintaining the Model Risk Policy and for overseeing all aspects of model risk, including independent model validation. The MRM function acts as the second line of defence within Group Risk Management and maintains a separate reporting line from the model owners and the teams that develop and run models. This structural separation is crucial to ensuring unbiased risk assessments and enhancing the integrity of the risk management process.

A key component of second-line-of-defence oversight by the MRM function is the independent validation of existing and new models. Such validation is key to verifying that models perform as expected. Because the Group embraces the transformative potential of artificial intelligence, the MRM function is playing a pivotal role in ensuring that these advanced technologies are implemented securely and effectively.

The scope of independent validation covers all capital models in the IRB, market risk and credit counterparty risk areas as well as liquidity risk models, as required by regulation. In other areas that are not subject to explicit regulation, models with a 'high' risk tier are validated annually. Information about the overall status of the Group's model risk and the outcome of model validations is stored in a model inventory repository. Reports are submitted periodically to the Executive Leadership Team and the Board of Directors to ensure that all stakeholders are well informed and engaged in the model risk management process.

8.2.2 Information technology and security risk management
Information technology (IT) and security risk is the risk of losses due to the breach of confidentiality, the failure of integrity of systems and data or the inappropriateness or unavailability of systems and data. This includes security risks resulting from inadequate or failed internal processes or external events, including cyber-related attacks or inadequate physical security.

The requirements for managing IT and security risk are integrated into the Group's Non-Financial Risk Policy, IT Risk Management Policy and Security Policy. The objective of the IT Risk Management Policy is to set out the principles for managing IT and security risks, while the objective of the Security Policy is to set control requirements for managing such risks.

A biannual security and resilience update and a quarterly update on IT resilience are provided to the Non-Financial Risk Committee. A new committee called the Cyber, Data and Third-Party Case-Decision Committee has been established to make decisions on individual cases submitted by business units or Group functions that expose the Group to cyber-related, data and third-party risks.

The Group's ability to respond to cyber risk events and major IT disruptions is assessed on a regular basis, and the Group also participates in the Danish FSA's annual cyber stress test. The management of cyber-related risk is covered within the Group's risk management framework.

8.2.3 Data risk management
Data risk is defined as the risk of losses resulting from untimely or flawed decision-making based on insufficient or inappropriate data. The Group's Non-Financial Risk Policy and Data Risk Management Policy are the tools used by the Board of Directors to regulate and delegate mandates for data risk management. The Non-Financial Risk Policy and the Data Risk Management Policy are owned by the Group's chief risk officer and approved by the Board of Directors.

Group functions and business units are primarily responsible for identifying and managing their own data risks, with the support of local data officers. The Data Management and Data Protection Programmes have each established a quarterly council, the Data Management Council and the Data Protection Council respectively, and they both are chaired and governed by the Group's chief data officer. If required by Group policies, matters are escalated to the Group All Risk Committee and the Board of Directors' Risk Committee. The chief risk officer receives monthly updates on the Group's risk profile, including data risk.

In February 2024, the Danish FSA concluded an inspection of Danske Bank's management of data quality and issued two orders. The orders required the Group to take specified actions and to include a DKK 2 billion Pillar II add-on in its solvency need. Remediation activities are predominately included in the Data Management Programme, which implements the principles of the Data Risk Management Policy introduced in June 2023. Activities to support data risk management began in 2023, and data management remains a key risk focus area for the Group.

8.2.4 Financial crime risk management

Financial crime risk is the risk that internal or external parties misuse the Group's infrastructure and services to steal, defraud, manipulate or circumvent established rules, laws and regulations through money laundering, terrorist financing, sanctions violations, bribery and corruption, tax evasion or fraud.

8.2.4.1 Financial crime risk governance and responsibilities

The Board of Directors is ultimately accountable for the Group's financial crime risks, whilst the Executive Leadership Team retains managerial responsibility for implementing appropriate systems, processes and controls to identify and manage such risks. Supported and advised by Group Compliance, the Executive Leadership Team is responsible for implementing and ensuring adherence to the Group's Financial Crime Policy. Approved by the Board of Directors, this policy and its underlying instructions set out the Group's risk strategy and risk tolerance in relation to financial crime.

Group Compliance is responsible for challenging units in the first line of defence when decisions, actions or activities are not aligned with existing requirements in internal governance documents and/or risk tolerances. The chief compliance officer may veto any significant decision and demand escalation and/or final approval from the Board of Directors.

8.2.4.2 Identification and assessment

The Group identifies and measures its financial crime risks and evaluates the design and effectiveness of its controls to determine residual risks. The risk assessment forms the basis for the Group's control framework and implementation of a risk-based approach to the prevention of such risks. Among other risk indicators, the findings of the risk assessment process are fundamental to the Group's allocation of resources, business decisions, risk ratings and identification of weaknesses.

8.2.4.3 Monitoring and reporting

In line with the principles of the Group's three-lines-of-defence model, the first line of defence consistently monitors and tests relevant processes, systems and controls to maintain an effective control framework for financial crime risks.

Group Compliance undertakes independent monitoring and oversight and provides advice as to whether the Group's methods and procedures are suitable to identify, manage and reduce the risk of non-compliance. Group Compliance is also responsible for testing whether the Group has sufficient and effective controls in place and that measures taken to address deficiencies are effective.

Group Compliance provides independent quarterly reporting to the Executive Leadership Team and the Board of Directors on the Group's financial crime compliance risk profile.

8.2.4.4 Areas of risk and enhancements in 2024

Sustainable financial crime control framework: One of the Group's key priorities is to have a sustainable financial crime control framework in place that adapts to changes and enhances risk management while focusing on customer-centric controls. In 2024, the Group established governance structures and business-as-usual processes as part of its Financial Crime Plan to ensure that its controls are sufficient and respond to changes in the external threat landscape and in its business.

In 2023, the Group launched its Forward '28 strategy to become an efficient and resilient bank. Subsequently, in 2024, financial crime functions in both the first and second lines of defence developed strategies to support the Group's goals, with initiatives progressing through specific projects and daily operations.

The Group has processes in place to manage financial crime risk in alignment with the risk tolerances approved by the Board of Directors. These tolerances are defined in the *Group's Risk Tolerance Statements – Guidelines* and in its Financial Crime Policy and underlying instructions, which apply to all employees, subsidiaries, consultants and temporary staff. The measures specify acceptable risk levels for achieving business targets and outline how these are set and monitored. Group Compliance provides quarterly reporting to the Executive Leadership Team and the Board of Directors on the Group's compliance risk tolerance measures. Such reporting includes updates and insights on specific financial crime metrics.

Advancements following the finalisation of the Financial Crime Compliance Programme: The Group completed its Financial Crime Plan in the period from 2020 to 2023, and its financial crime control framework now meets regulatory requirements and is assessed to be reasonably designed to manage the Group's risk in line with its risk tolerance.

In 2024, the Group continued to mature its business-as-usual risk management practices and made progress in its efforts to test controls to ensure that what is implemented is fully embedded and works effectively.

In addition, the Group continued its work to simplify governance structures and create effective escalation processes to support sound risk management.

Obligations to the US Department of Justice: In December 2022, Danske Bank entered into final coordinated resolutions with the US Department of Justice (the DoJ), the US Securities and Exchange Commission and the Danish Special Crime Unit following the investigations into failings and misconduct related to the non-resident portfolio at Danske Bank's former Estonia branch. The coordinated resolutions marked the end of the criminal and regulatory investigations into Danske Bank by Danish and US authorities. As part of the agreement with the DoJ, Danske Bank was placed on corporate probation for three years from 13 December 2022 until 13 December 2025, and Danske Bank committed to continue improving its compliance programmes. Danske Bank has taken extensive remediation action to address those failings to prevent any similar occurrences, and Danske Bank remains in contact with the DoJ as a matter of post-resolution obligations set forth in the agreement.

Digitalisation and tools: In 2024, the Group increased its focus on digitalisation and process simplification and will continue to implement tools to support its financial crime prevention, detection and investigation activities as well as further planning to digitalise systems as part of its Forward '28 Strategy. The benefit of using these tools further strengthens the financial crime controls.

Industry collaboration: Effectively combatting financial crime requires strong industry collaboration to ensure the safety and soundness of the entire financial system. In 2024, the Group actively participated in public-private partnerships across the Nordic region. The objective of these initiatives is to increase the effectiveness of the public and private sectors in reaching the common goal.

8.2.5 Regulatory compliance risk management

Regulatory compliance risk is the risk of regulatory, criminal or administrative sanctions, material financial losses or the loss of reputation as a result of failure to comply with laws, rules and regulations in the areas of fair treatment of customers, market integrity, data protection and confidentiality or because of the breach of licensing, accreditation and/or individual registration requirements.

8.2.5.1 Compliance risk governance and responsibilities

The Board of Directors is responsible for overseeing the management of the Group's compliance risks as set out in the Compliance Policy, which is approved by the Board of Directors. The Executive Leadership Team retains managerial responsibility for implementing appropriate systems, processes and controls to identify and manage compliance obligations and to manage compliance risks, including associated reporting. Approved by the Board of Directors, the Group's tolerance statement sets regulatory compliance risk levels and is supported by underlying measures and reporting to ensure that risk-taking does not exceed the set level of tolerance.

Group Compliance is responsible for challenging the units in the first line of defence when decisions, actions or activities are not aligned with existing requirements in internal governance documents and/or risk tolerances. The chief compliance officer may veto any significant decision and demand escalation and/or final approval from the Board of Directors.

8.2.5.2 Identification and assessment

Group Compliance designs and maintains a methodology for compliance risk assessment and appropriate tools to ensure effective assessment of regulatory compliance risk. Group Compliance performs independent regulatory compliance risk assessments using such methodology and tools.

Regulatory compliance risk assessments are used to prioritise the focus of monitoring, testing, training and managing governance documents and advisory activities performed by Group Compliance. The assessment results are used for the purpose of informing the design, development, maintenance and implementation of the Group's control framework.

8.2.5.3 Monitoring and reporting

In line with the principles of the Group's three-lines-of-defence model, the first line of defence consistently monitors and tests relevant processes, systems and controls to maintain an effective control framework for regulatory compliance risks.

Group Compliance undertakes independent monitoring and oversight and provides advice as to whether the Group's methods and procedures are suitable to identify, manage and reduce the risk of non-compliance. Group Compliance is also responsible for testing whether the Group has sufficient and effective controls in place and that measures taken to address deficiencies are effective.

Group Compliance provides quarterly reporting to the Executive Leadership Team and the Board of Directors on the Group's regulatory compliance risk profile.

8.2.5.4 Areas of risk and enhancements in 2024

Treating customers fairly (TCF) and conduct risk: TCF risk is described as the risk of not treating customers fairly or failing to act with integrity by breaching financial services rules and regulations. This includes the risk of the Group's behaviour compromising the delivery of good customer outcomes in relation to the supply of financial services.

The focus of the Group's Forward '28 Strategy is to make Danske Bank a simple, efficient and secure bank. Therefore, in 2024, the Conduct Risk Policy was integrated into the Treating Customers Fairly Policy and the Market Integrity Policy. The purpose was to simplify the Group's policy structure and reduce the number of policies.

Conduct risk is defined as the risk that the Group's behaviour in providing financial services is to the detriment of customers and/or damages the integrity of financial markets. While the customer aspects related to conduct risk are now covered by the Treating Customers Fairly Policy, the market integrity (MI) aspects are captured in the Market Integrity Policy. As a result, TCF risk is now a level 2 risk type in the Group's risk taxonomy, and conduct risk will no longer be a cross-taxonomy risk driver category in 2025.

The first and second lines of defence provide TCF and MI risk reporting to senior management. This includes Group Compliance's reporting to the Executive Leadership Team, the Board of Directors' Conduct & Compliance Committee, and the Board of Directors.

In 2024, the regulatory compliance risk governance framework was further enhanced to codify the Group's requirements in respect of marketing communication, vulnerable customers and customer remediation. The Group's risk management approach to conduct risk was simplified by integrating it into existing governance documents and processes.

The management of customer complaints forms part of the Treating Customers Fairly Policy, and governance documents outline governance, standards, roles and responsibilities as well as risk mitigation to support effective risk management and control of complaints handling. In 2024, Group Compliance further detailed the procedures supporting effective risk management and control of complaints handling in the Complaints Handling Instruction.

Market integrity: Trading and communication surveillance capabilities were enhanced in 2024, resulting in a higher precision in alert identification and an overall improvement in alert quality.

Data protection and confidentiality: The Group's Personal Data Protection Policy sets the principles and standards for managing personal data protection and confidentiality risk across the Group's activities.

The policy is designed to facilitate compliance with relevant data protection law, including article 8(1) of the Charter of Fundamental Rights and article 16(1) of the Treaty on the Functioning of the European Union, the General Data Protection Regulation (EU) 2016/679 (the GDPR) and national data protection laws.

The Group's privacy notices are public documents that explain how personal data is processed in line with GDPR requirements. They also cover the rights of data subjects, including, but not limited to, data access, automated decision-making, data erasure and data correction.

Data subjects can exercise their rights by sending an email to GDPR-insight@danskebank.dk, contacting their advisers or by sending a message in Danske eBanking or Danske Mobile Banking.

In the event of a data breach, the Group adheres to a protocol for managing such incidents. This involves documenting the incident in a specialised internal tool regulated by a standard operating procedure. Additionally, predefined escalation channels are used to ensure a structured and effective response process.

The Group applies a streamlined approach to data privacy and has defined data protection and confidentiality risk as a risk type in its enterprise risk management framework. Furthermore, in addition to the data protection officer function, the Group has a specific centre of excellence for data protection embedded in Group Legal and Group Compliance.

The Group has a set of controls and technical and organisational measures for managing the risks to data subjects arising from the Group's data processing activities. These measures are aligned with the Security Policy and the IT Risk Management Policy. Data protection and intrusion counter measures also take into account the nature, scope, context and purpose of personal data processing.

The Group uses customer personal data for the purposes for which the data was collected. Further considerations are outlined in the Group's privacy notices, which are available on the Group's websites.

All the Group's employees are required to complete mandatory personal data protection and security training within two weeks of starting their employment with the Group and subsequently once a year. Additional training is available in the form of advanced e-learning for employees based on their individual roles.

Licensing, accreditation and registration: In 2024, the Group further matured its approach to the identification and assessment of licensing, accreditation and registration risks.

Pillar III disclosures

Table 8.1
EU OR1 – Operational risk own funds requirements and risk-weighted exposure amounts

At 31 December 2024
(DKK millions)

		Relevant indicator				
		2021	**2022**	**2023**	Own funds requirements	Risk exposure amount
Banking activities						
1	Banking activities subject to basic indicator approach (BIA)	-	-	-	-	-
2	Banking activities subject to standardised (TSA) / alternative standardised (ASA) approaches	42,194	51,490	52,957	6,559	81,988
3	*Subject to TSA*	*42,194*	*51,490*	*52,957*		
4	*Subject to ASA*	-	-	-		
5	Banking activities subject to advanced measurement approaches AMA	-	-	-	-	-

Management declaration

Management declaration

As stated in article 435(1)(e) and (f) of the Capital Requirements Regulation (CRR), Danske Bank must publish a declaration and a risk statement approved by its management body (the Board of Directors):

- Board declaration: a declaration approved by the management body on the adequacy of the risk management arrangements of the institution providing assurance that the risk management systems put in place are adequate with regard to the institution's profile and strategy
- Risk statement: a concise risk statement approved by the management body succinctly describing the institution's overall risk profile associated with the business strategy. This statement must include
  - key ratios and figures providing external stakeholders with a comprehensive view of the institution's management of risk, including how the risk profile of the institution interacts with the risk tolerance set by the management body
  - information on intragroup transactions and transactions with related parties that may have a material impact on the risk profile of the consolidated group

Board declaration

In accordance with the responsibilities placed on a company's board of directors as stipulated in the Danish Executive Order on Management and Control of Banks etc., Danske Bank's Board of Directors assesses the Group's individual and overall risks on an ongoing basis and at least once a year in the form of a comprehensive report from the Executive Leadership Team. The Board of Directors, as set out in the Rules of Procedure of the Board of Directors, oversees the risk management arrangements of the Group and is supported in its oversight by information supplied by the independent control functions, auditors and, where relevant, external regulators. Such information provides the Board of Directors with a comprehensive understanding of the risk management arrangements in place and their performance and enables the Board of Directors to identify areas where improvements are necessary. On that basis, the Board of Directors is satisfied that the overall risk management arrangements are adequate with regard to the Group's risk profile and strategy.

Risk statement

Key ratios, figures and risk profile
Danske Bank is a Nordic universal bank offering a full range of financial and banking services to personal, business and institutional customers across the Group's home markets. The Group has a diversified business model that spreads across various industries, customer types and countries.

At the end of December 2024, the Group's solvency need ratio was 11.2%.

The target for the Group's CET1 capital ratio of above 16% was re-affirmed at the Group's Investor Update on 7 June 2023 and ensures a sufficiently prudent buffer in relation to the capital requirements. At the end of December 2024, the Group's CET1 capital ratio was 17.8%.

Credit risk is managed in accordance with the Group's Credit Policy, credit risk tolerance and related governance documents. The Group operates with a credit risk tolerance to achieve its long-term strategic ambitions and to ensure the stability of its financial position by limiting impairment volatility through the business cycle and managing credit risk concentrations (including limits on single names, industries and geographical regions). Risk reporting enables ongoing monitoring of the Group's credit risk profile to ensure that it remains in line with the credit risk tolerance.

The Group's market risk comprises three separate frameworks for the following areas: trading-related activities at Large Corporates & Institutions, fair value adjustments (xVA) at Large Corporates & Institutions, and the non-trading portfolio at Group Treasury. Market risk is managed in accordance with the Group's Market Risk Policy. The Group operates with a market risk tolerance for the various areas.

The Group manages its liquidity on a daily basis by using risk indicators and limits as defined in the Group's Liquidity Policy and related governance documents. The policy documents define the limits and methods for calculating liquidity risk and set the overall principles and standards for the Group's liquidity management. At the end of December 2024, the Group's liquidity coverage ratio was 167.4% and its net stable funding ratio was 118.0% – well above the internal limits set by the Board of Directors. The long-term issuer credit rating of Danske Bank A/S was 'A+'/'A+'/'A1' (S&P Global/Fitch Ratings/Moody's Investors Service) at the end of December 2024.

Non-financial risk, which covers operational risk, information technology and security risk, data risk, financial crime risk and regulatory compliance risk, is managed in accordance with the overarching Group Non-Financial Risk Policy and a number of supplementary policies and instructions. The Group monitors non-financial risk tolerance limits to ensure that the Group pursues its business strategy according to its risk tolerance.

Intragroup transactions and transactions with related parties
The Group conducts intragroup transactions with its undertakings and foreign branches, and they cover mainly provision of short- and long-term financing in relation to lending activities, depositing of surplus liquidity, guarantees, payment services, and trading in securities and other instruments. The Group conducts such transactions on the basis of market conditions, applied limits and risk tolerances/appetites in order to set a sufficient level of risk-taking. The undertakings and foreign branches operate mainly in the Group's strategic core markets. This limits the Group's risk since the Group has detailed knowledge of these markets and holds a diversified portfolio and collateral assets. As a result, intragroup transactions are not considered to have any material impact on the Group's risk profile.

The Group conducts transactions with related parties. Related parties with a significant influence are shareholders with holdings exceeding 20% of Danske Bank A/S's share capital. Between them, the A.P. Møller and Chastine Mc-Kinney Møller Foundation and the companies of the A.P. Møller Holding group hold 21% of the share capital. The Group's other related parties comprise associates and key management staff defined as members of the Board of Directors and the Executive Leadership Team. The consolidated financial statements specify holdings in associates. Transactions with the members of the Board of Directors and the Executive Leadership Team and their dependants cover personal facilities, deposits, etc. and facilities with businesses on which these parties have a controlling or significant influence. Transactions with related parties are settled on an arm's-length basis and are not considered to have any material impact on the Group's risk profile.

Moreover, the Group does not conduct business with any single customer generating 10% or more of the Group's total income, and the Group is not financially dependent of any of its single customers.

For more information about intragroup transactions and transactions with related parties, see notes G34, G37, G38 and P27 of the Group's Annual report 2024 as well as the annual reports of the Group's individual undertakings.

Board of Directors

Martin Blessing
Chairman

Martin Nørkjær Larsen
Vice Chairman

Lars-Erik Brenøe

Jacob Dahl

Raija-Leena Hankonen-Nybom

Lieve Mostrey

Allan Polack

Helle Valentin

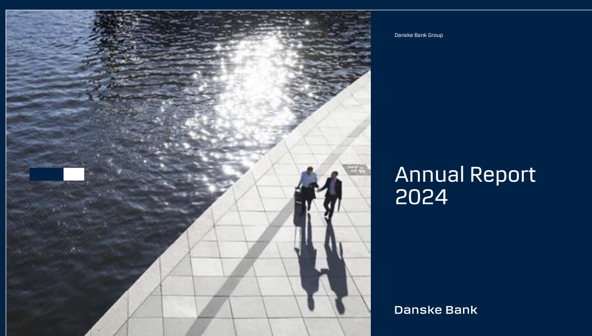
Bente Bang
Elected by the employees

Kirsten Ebbe Brich
Elected by the employees

Aleksandras Cicasovas
Elected by the employees

Louise Aggerstrøm Hansen
Elected by the employees

Other Danske Bank Group publication,
available at danskebank.com/reports:



Annual Report 2024

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